

FIVE NATIONS ENERGY INC.

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2016 Transmission Rates Application

EB-2016-0231

Submitted: July 27, 2016

NON-CONFIDENTIAL

Osler, Hoskin & Harcourt LLP
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OSLER

Toronto

July 27, 2016

Montréal

Richard King
Direct Dial: 416.862.6626
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Our Matter Number: 1144209

Calgary

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

Ottawa

Vancouver

New York

Dear Ms. Wali,

Five Nations Energy Rate Application – Confidentiality Request

Five Nations Energy Inc. ("FNEI") is filing a transmission rate application with the Ontario Energy Board ("OEB") on July 27, 2017 (the "Application"). FNEI kindly requests that certain information included in the Application be filed on a confidential basis, in accordance with the OEB *Practice Direction on Confidential Filings*, revised April 24, 2014.

This confidentiality request specifically relates to customer information set out in the Charge Determinant Forecast, at Exhibit 5, Tab 1, Schedule 3 of the Application. This information should be treated as confidential because FNEI has only a limited number of customers and revealing such information, even in the aggregate, would disclose confidential information about each customer. Furthermore, such limited information being filed in confidence should not in any way detract from the accountability and transparency of the public application process.

Yours truly,
FIVE NATIONS ENERGY INC.

 FOR RICHARD J. KING

By its counsel, Osler, Hoskin & Harcourt LLP
Per: Richard J. King

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- b) adjusts the base transmission revenue requirement over the remaining four years of the IR period (ending December 31, 2020) by an inflation factor (“I”), a productivity factor (“X”) and a stretch factor (“S”);
 - c) incorporates a Z-factor for prudently incurred, material costs beyond the control of FNEI; and
 - d) incorporates a regulatory review in the event of a 300 basis point variance in normalized earnings from the Board approved ROE.
4. FNEI further applies to the Board for such final and interim Orders, accounting orders and deferral and variance accounts as may be necessary in relation to the approving or fixing of just and reasonable rates for the transmission of electricity effective January 1, 2016, including the establishment of a deferral account to track revenue requirement deficiencies incurred from January 1, 2016 until FNEI’s proposed 2016 revenue requirement is approved.
5. With respect to item 3(a) above, FNEI’s current Board-approved revenue requirement was made interim effective January 1, 2016 by virtue of the Board’s Decision and Interim Order dated December 29, 2015 (EB-2015-0368).
6. This Application is made in substantial accordance with Chapter 2 of the Board’s *Filing Requirements for Electricity Transmission Applications*, dated February 11, 2016.
7. This Application is supported by written evidence. The written pre-filed evidence may be amended from time to time, prior to the Board’s final decision on this Application.

8. This Application is being filed with a request that certain load forecast information be considered confidential. FNEI has only four customers, so aggregation of customer load data is, in FNEI's view, insufficient to protect customer confidentiality.

9. The Applicant requests that a copy of all documents filed with the Board in this proceeding be served on the Applicant and the Applicant's counsel, as follows:

The Applicant:

Five Nations Energy Inc.
P.O. Box 370
Moose Factory, ON P0L 1W0

Attention:
Patrick S. Chilton, Chief Executive Officer
pchilton@fivenations.ca
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Fax: (705) 268-0071

- and -

Rod Reimer, Financial Controller
rreimer@ontera.net
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Applicant's Counsel:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
100 King Street West
Suite 6200, P.O. Box 50
Toronto, ON M5X 1B8

Attention:
Mr. Richard King
rking@osler.com

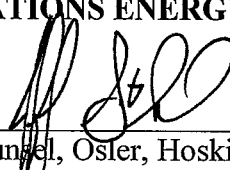
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3 - and -

4 Mr. Jeff St. Aubin
5 jstaubin@osler.com
6 Telephone: (416) 862-5972
7 Fax: (416) 862-6666

8
9 **DATED** at Toronto, Ontario, this 27th day of July, 2016.
10

FIVE NATIONS ENERGY INC.

 FOR RICHARD J. KING

By its counsel, Osler, Hoskin, Harcourt LLP
Per: Richard J. King

EXECUTIVE SUMMARY

1.0 Introduction

This transmission rate application (the “Application”) filed by Five Nations Energy Inc. (“FNEI”) is based on a 2016 test year. FNEI is applying for rates that will allow FNEI to recover its forecast 2016 transmission revenue requirement of \$7,894,200. Appendix I to this Schedule shows the calculation of the 2016 test year revenue requirement (as compared to historical years). FNEI represents such a small portion of the provincial transmission revenue requirement that the approval of FNEI’s applied-for revenue requirement would not result in any change to the Uniform Transmission Rates.

FNEI is a non-profit, non-share capital, federally-incorporated corporation with its head office in Moose Factory, Ontario, and main operational office located in Timmins, Ontario. FNEI is a licensed transmitter of electricity in Ontario (ET-2003-0074), owning and operating transmission facilities along the western coast of James Bay. The FNEI transmission line serves the three First Nation communities of Attawapiskat, Fort Albany and Kashechewan, as well as the DeBeers Victor Diamond Mine.

FNEI was incorporated in 1997 by the three First Nation communities of Attawapiskat, Fort Albany and Kashechewan. The three members of FNEI are the Attawapiskat Power Corporation, the Fort Albany Power Corporation and the Kashechewan Power Corporation, each of which in turn is controlled by its respective First Nation (see Exhibit 1, Tab 5, Schedule 13, Appendix II). FNEI’s Board of Directors contains representation from not only its three owner

1 First Nations, but also has representation from Moose Cree First Nation and Taykwa Tagamou
2 First Nation, because FNEI's assets pass through the traditional territories of these two First
3 Nations.

4 Prior to FNEI's coming into service in 2001, all three communities were electrically remote
5 because the provincial transmission grid extended only as far north as Moosonee, Ontario (at the
6 southern tip of James Bay). Each of the three First Nations was serviced by a localized
7 electricity distribution system powered by a diesel generation plant. Hydro One Remote
8 Communities Inc. ("HORCI") operated the diesel generation plants and local distribution
9 systems in each of the three communities.

10 The FNEI project was conceived in the mid-1990s and had three components: (a) to extend the
11 provincial transmission grid north from Moosonee to Attawapiskat in order to connect the three
12 remote communities to the provincial transmission grid; (b) to transfer the electricity distribution
13 system in each community from HORCI to local, First Nation-owned and operated distribution
14 companies; and (c) improve the socio-economic well-being in the three communities, consistent
15 with FNEI's Letters Patent. The entire project was initiated and implemented by the three First
16 Nations, through a mix of public-sector and private-sector financing. Construction of the
17 transmission line was not completed until March 2002, but the communities of Fort Albany and
18 Kashechewan were connected in November and December 2001. Attawapiskat was energized in
19 December 2003.

20 Since coming into service, FNEI has made substantial capital improvements to what was initially
21 a "bare bones" radial line. These improvements include: installing and putting spare

transformers on potential, installing fibre optic communications to better monitor system outages, and twinning the line from Kashechewan to Moosonee in order to accommodate new load from the DeBeers Victor Diamond Mine.

FNEI's previous rate application was filed in February 2010 (EB-2009-0387). The Board rendered its decision in respect of that application on November 1, 2010. This Application will be FNEI's third rate case.

The remainder of this Schedule sets out the key aspects of this Application that the Board should consider.

2.0 Key Aspects

There are a few key aspects to this Application:

- FNEI's Non-Profit Status: In this Application, FNEI is requesting that the Board allow FNEI to earn a return on equity ("ROE") in the same manner as any other rate-regulated utility in the province. FNEI's status as a non-profit corporation should have no bearing on whether it is entitled to earn an ROE. In its last rate application, the Board directed FNEI to establish certain reserve accounts that, once fully funded, would cause FNEI to lose the ROE component from its revenue requirement. The Board's decision on this point is unsupported at law, and would impose significant negative consequences on FNEI for no good reason. Subsequent to that decision, FNEI met with senior Board representatives about the issue. A discussion of this issue is found at Exhibit 7, Tab 2,

1 Schedule 1 (Not-for-Profit Corporations). FNEI is, in essence, asking the Board to
2 reconsider its earlier finding on the implications of operating as a non-profit utility.

- 3 • FNEI Operates in a High-Cost Environment: FNEI is a small company, operating assets
4 in a very remote part of the province – the west coast of James Bay, a vast swampy plain
5 (i.e., muskeg) that is not serviced by road or rail (with the exception of a winter ice road
6 which is operational a few weeks each winter). The remoteness, harsh climate and
7 difficult physical geography of the region means that the cost of doing business for FNEI
8 is more expensive than if the assets could be more easily accessed, transported and
9 stored. This includes not only the physical/technical work (e.g., inspection, maintenance,
10 vegetation management, repairs, etc.), but also the administrative work of the company
11 (e.g., travel for Directors' and Committee meetings, etc.). See Exhibit 1, Tab 5, Schedule
12 12 for a description of FNEI's service area.

- 13 • Value of FNEI System Far Outweighs Rate Base: Although FNEI's current Board-
14 approved rate base is \$28.683 million, the value of the system that FNEI owns and
15 operates is significantly in excess of that amount. This is due to the fact that the bulk of
16 the initial funding for the FNEI transmission line came via a multi-year funding
17 agreement (i.e., grant) from INAC – the funds of which were disbursed directly to FNEI.
18 As such, this amount was treated akin to an aid-to-construct, and excluded from FNEI's
19 rate base. The multi-year funding agreement alone was in the amount of \$33 million.
20 The initial project constructed in 2001 had a capital cost of approximately \$55 million.

3.0 Overview

3.1 Rate Base

FNEI's rate base for 2016 is forecasted to be \$35.776 million, being the average of the net fixed assets (\$35.626 million) and allowance for working capital (\$150,000). This represents an increase in the Board-approved rate base from RP-2009-0387 (which was \$28.688 million).

3.2 OM&A Expenses

FNEI's OM&A expenses are estimated to be \$4.336 million for 2016. The existing Board-approved OM&A from 2010 is \$3.355 million. The explanation for the increase, and year-over-year variances, is set out in Exhibit 6, Tab 1, Schedule 1, and Exhibit 6, Tab 2, Schedule 1. The increase in FNEI's OM&A expense is driven by three main factors: (a) inflation, given that much of FNEI's OM&A expenditures arise from third party contracts; (b) the addition of three full-time equivalent staff positions, and adjustments to employee compensation; and (c) the acquisition of an additional 80 km of transmission line to FNEI's system.

Operations: FNEI's main operations expenses are those incurred under Account 4810 (Load Dispatching) and Account 4820 (Transformer Station Equipment – Operating Labour). In the 2016 test year, the amounts in these two accounts total \$1,121,900. This compares to \$412,900 in these accounts in 2011 (actual).

Maintenance: FNEI's maintenance expenses are made up of those in Account 4916 (Maintenance of Transformer Station Equipment) and Account 4930 (Maintenance of Towers, Poles & Fixtures). In the 2016 test year, the amounts in these two accounts total \$870,700. This compares to \$546,600 in these accounts in 2011 (actual).

Administration: FNEI's administration expenses are made up primarily of those in Account 5605 (Executive Salaries and Expenses), Account 5610 (Management Salaries and Expenses), Account 5630 (Outside Services Employed), Account 5635 (Property Insurance), and Account 5655 (Regulatory Expenses). In the 2016 test year, the amounts in these five accounts total \$1.708 million. This compares to \$1.530 million in these accounts in 2011 (actual).

3.3 Operating Revenue

FNEI is forecasting operating revenue of \$6.447 million for 2016, consisting almost entirely of transmission service revenue from the IESO. Variances in transmission service revenue are driven primarily by variations in the provincial peak loads from year to year. Details about FNEI's forecasted revenues are found at Exhibit 5, Tab 1, Schedule 1.

3.4 Cost of Capital

FNEI is proposing the Board's deemed capital structure of 60% debt (56% long-term and 4% short-term) and 40% equity, as well as the Board's approved cost-of-capital parameters for 2016 (i.e., return on equity of 9.19% and short-term debt rate of 1.65%). For the cost of long-term debt, FNEI is proposing to use the weighted cost of actual debt.

With respect to FNEI's debt, FNEI has a Credit Agreement with Manulife and Pacific & Western Bank ("PWB") which provides FNEI with a term credit facility of up to \$11 million (at 5.49%), a second term loan with BMO of up to \$1.675 (at 4.61%), and a more recent loan used to finance the transmission line purchase from HONI. This latter loan is for up to \$5.8 million (at 4.71%). FNEI's total cost of capital, described in Exhibit 7, Tab 1, Schedule 1, is \$2.365 million.

3.5 Deferral and Variance Accounts

FNEI has no deferral or variance accounts, but is requesting one deferral account as part of this Application.

FNEI is requesting a deferral account for the purpose of recording the revenue requirement deficiencies incurred from January 1, 2016 until FNEI's proposed 2016 revenue requirement is approved by the Board. The deferral account will be updated monthly and interest will be applied consistent with Board-approved rates.

3.6 Rate Design and Rates

FNEI's evidence with respect to the calculation of Uniform Transmission Rates in the test year is set out at Exhibit 11, Tab 1, Schedules 1 and 2. In calculating Uniform Transmission Rates, FNEI has used the revenue requirement applied for in this Application (i.e., \$7.989 million). Given FNEI's small size in relation to the provincial transmission system, an increase in FNEI's revenue requirement will have no effect on transmission customers.

FNEI is proposing for the first time the establishment of a five-year incentive rate-setting plan ("IR Plan") comprised of the following key elements:

- a base year (2016) revenue requirement of \$7.989 million (effective January 1, 2016), established using a traditional cost-of-service methodology;
- an annual adjustment to the base year revenue requirement over the next four years of the IR period (ending December 31, 2020) by an inflation factor ("I"), a productivity factor ("X") and a stretch factor ("S");

- 1 • the incorporation of a Z-factor for prudently-incurred, material costs beyond the control
- 2 of FNEI; and,
- 3 • the incorporation of a trigger mechanism for a regulatory review in the event of a 300
- 4 basis point variance in normalized earnings from the Board-approved ROE.

5 Details about the FNEI's specific IR Plan proposal are set out at Exhibit 10, Tab 1, Schedule 1.

1

APPENDIX I

2

CALCULATION OF TRANSMISSION REVENUE REQUIREMENT

FIVE NATIONS ENERGY INC.

Calculation of Transmission Revenue Requirement
(\$000's)

	<u>Board Approved</u> <u>EB-2009-0387</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operation, Maintenance & Admin	3,354.9	3,081.8	3,229.2	3,045.8	3,299.8	3,426.0	3,741.4	4,336.0
Depreciation & Amortization	1,187.4	1,186.5	1,207.5	1,217.6	1,050.3	1,192.5	1,263.0	1,293.3
Interest on Debt	744.8	742.0	720.6	709.8	727.7	789.4	822.9	1,044.7
Return on Equity	<u>1,090.0</u>	<u>1,084.8</u>	<u>1,053.5</u>	<u>1,037.7</u>	<u>1,063.9</u>	<u>1,154.1</u>	<u>1,203.0</u>	<u>1,315.1</u>
Total Transmission Revenue Requirement	6,377.1	6,095.2	6,210.8	6,010.9	6,141.6	6,562.1	7,030.2	7,989.2

FIVE NATIONS ENERGY INC.

Numerical Description of Deficiency/Sufficiency in 2016

<u>Change In Rate Base</u>	<u>(\$'s)</u>	<u>Deficiency (Increase)/ Decrease</u>
2016 Test Year	\$35,776,319	
RP-2009-0387 Board Approved	<u>\$28,683,452</u>	
Increase in Rate Base	\$7,092,867	
RP-2009-0387 Approved Rate of Return	6.40%	(\$453,708)
<u>Change in Rate of Return</u>		
2016 Test Year Requested Rate of Return	6.60%	
RP-2009-0387 Approved Rate of Return	<u>6.40%</u>	
Change in Rate of Return	0.20%	
2016 Test Year Rate Base	\$35,776,319	(\$71,383)
<u>Change in Utility Net Income</u>		
2016 Test Year	\$847,783	
RP-2009-0387 Board Approved	<u>\$1,834,787</u>	
Change in Utility Income	(\$987,004)	<u>(\$987,004)</u>
Sub-Total		(\$1,512,095)
Rounding Adjustment		<u>\$0</u>
Net Revenue (Deficiency)/Sufficiency		(\$1,512,095)
Gross Revenue (Deficiency)/Sufficiency		(\$1,512,095)

FIVE NATIONS ENERGY INC.

Numerical Description of Deficiency/Sufficiency in 2016

	<u>(\$'s)</u>	<u>(\$'s)</u>
<u>Cost of Capital</u>		
Rate Base	\$35,776,319	
Requested Rate of Return	6.60%	\$2,359,878
<u>Cost of Service</u>		
Operations, Maintenance & Admin	\$4,335,984	
Depreciation & Amortization	\$1,293,322	\$5,629,306
<u>Operating Revenue</u>		
Transmission Revenue	\$6,327,089	
Net Revenues from Merchandising, Jobbing, Etc.	\$150,000	<u>(\$6,477,089)</u>
Sub-Total		\$1,512,095
Rounding Adjustment		<u>\$0</u>
Gross Revenue (Deficiency)/Sufficiency		(\$1,512,095)



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

[10. Tracking Sheet](#)

Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists
- (4) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (5) **Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel**



Revenue Requirement Workform (RRWF) for 2016 Filers

Data Input ⁽¹⁾

	Initial Application	(2)	(6)	Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$47,448,383		\$ 47,448,383	\$47,448,383
Accumulated Depreciation (average)	(\$11,822,090)	(5)	(\$11,822,090)	(\$11,822,090)
Allowance for Working Capital:				
Controllable Expenses	\$4,336,000		\$ 4,336,000	\$4,336,000
Cost of Power				
Working Capital Rate (%)	3.46%	(9)	3.46%	3.46% (9)
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$6,327,089			
Distribution Revenue at Proposed Rates	\$7,839,188			
Other Revenue:				
Specific Service Charges				
Late Payment Charges				
Other Distribution Revenue				
Other Income and Deductions	\$150,000			
Total Revenue Offsets	\$150,000	(7)		
Operating Expenses:				
OM+A Expenses	\$4,335,984		\$ 4,335,984	\$4,335,984
Depreciation/Amortization	\$1,293,322		\$ 1,293,322	\$1,293,322
Property taxes				
Other expenses				
3 Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	\$ -	(3)		
Utility Income Taxes and Rates:				
Income taxes (not grossed up)				
Income taxes (grossed up)				
Federal tax (%)				
Provincial tax (%)				
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	5.10%			
Short-term debt Cost Rate (%)	1.65%			
Common Equity Cost Rate (%)	9.19%			
Preferred Shares Cost Rate (%)				

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$47,448,383		\$ -		\$47,448,383		\$ -	\$47,448,383
2	Accumulated Depreciation (average)	(3)	(\$11,822,090)		\$ -		(\$11,822,090)		\$ -	(\$11,822,090)
3	Net Fixed Assets (average)	(3)	\$35,626,294		\$ -		\$35,626,294		\$ -	\$35,626,294
4	Allowance for Working Capital	(1)	\$150,026		\$ -		\$150,026		\$ -	\$150,026
5	Total Rate Base		\$35,776,319		\$ -		\$35,776,319		\$ -	\$35,776,319

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$4,336,000	\$ -	\$4,336,000	\$ -	\$4,336,000
7	Cost of Power	\$ -	\$ -	\$ -	\$ -	\$ -
8	Working Capital Base	\$4,336,000	\$ -	\$4,336,000	\$ -	\$4,336,000
9	Working Capital Rate % (2)	3.46%	0.00%	3.46%	0.00%	3.46%
10	Working Capital Allowance	\$150,026	\$ -	\$150,026	\$ -	\$150,026

Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.
- (3) Average of opening and closing balances for the year.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision
	Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$7,839,188	(\$7,839,188)	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$150,000	(\$150,000)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$7,989,188	(\$7,989,188)	\$ -	\$ -	\$ -
	Operating Expenses:					
4	OM+A Expenses	\$4,335,984	\$ -	\$4,335,984	\$ -	\$4,335,984
5	Depreciation/Amortization	\$1,293,322	\$ -	\$1,293,322	\$ -	\$1,293,322
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$5,629,306	\$ -	\$5,629,306	\$ -	\$5,629,306
10	Deemed Interest Expense	\$1,044,743	(\$1,044,743)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$6,674,049	(\$1,044,743)	\$5,629,306	\$ -	\$5,629,306
12	Utility income before income taxes	\$1,315,139	(\$6,944,445)	(\$5,629,306)	\$ -	(\$5,629,306)
13	Income taxes (grossed-up)	\$ -	\$ -	\$ -	\$ -	\$ -
14	Utility net income	\$1,315,139	(\$6,944,445)	(\$5,629,306)	\$ -	(\$5,629,306)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$ -		\$ -		\$ -
	Late Payment Charges	\$ -		\$ -		\$ -
	Other Distribution Revenue	\$ -		\$ -		\$ -
	Other Income and Deductions	\$150,000		\$ -		\$ -
	Total Revenue Offsets	\$150,000	\$ -	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2016 Filers

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$1,315,137		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	\$ -		\$ -		\$ -	
3	Taxable income	<u>\$1,315,137</u>		<u>\$ -</u>		<u>\$ -</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$ -		\$ -		\$ -	
6	Total taxes	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
7	Gross-up of Income Taxes	\$ -		\$ -		\$ -	
8	Grossed-up Income Taxes	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
10	Other tax Credits	\$ -		\$ -		\$ -	
<u>Tax Rates</u>							
11	Federal tax (%)	0.00%		0.00%		0.00%	
12	Provincial tax (%)	0.00%		0.00%		0.00%	
13	Total tax rate (%)	0.00%		0.00%		0.00%	

Notes



Revenue Requirement Workform (RRWF) for 2016 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$20,034,739	5.10%		\$1,021,131
2	Short-term Debt	4.00%	\$1,431,053	1.65%		\$23,612
3	Total Debt	60.00%	\$21,465,792	4.87%		\$1,044,743
	Equity					
4	Common Equity	40.00%	\$14,310,528	9.19%		\$1,315,137
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$14,310,528	9.19%		\$1,315,137
7	Total	100.00%	\$35,776,319	6.60%		\$2,359,880
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	0.00%	\$ -	0.00%		\$ -
2	Short-term Debt	0.00%	\$ -	0.00%		\$ -
3	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
4	Common Equity	0.00%	\$ -	0.00%		\$ -
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	0.00%	\$ -	0.00%		\$ -
7	Total	0.00%	\$35,776,319	0.00%		\$ -
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	0.00%	\$ -	5.10%		\$ -
9	Short-term Debt	0.00%	\$ -	1.65%		\$ -
10	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
11	Common Equity	0.00%	\$ -	9.19%		\$ -
12	Preferred Shares	0.00%	\$ -	0.00%		\$ -
13	Total Equity	0.00%	\$ -	0.00%		\$ -
14	Total	0.00%	\$35,776,319	0.00%		\$ -

Notes

(1)

Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I



Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,512,098		(\$697,783)
2	Distribution Revenue	\$6,327,089	\$6,327,090	\$6,327,089	\$8,536,971
3	Other Operating Revenue	\$150,000	\$150,000	\$ -	\$ -
	Offsets - net				
4	Total Revenue	\$6,477,089	\$7,989,188	\$6,327,089	\$7,839,188
5	Operating Expenses	\$5,629,306	\$5,629,306	\$5,629,306	\$5,629,306
6	Deemed Interest Expense	\$1,044,743	\$1,044,743	\$ -	\$ -
8	Total Cost and Expenses	\$6,674,049	\$6,674,049	\$5,629,306	\$5,629,306
9	Utility Income Before Income Taxes	(\$196,960)	\$1,315,139	\$697,783	\$2,209,882
10	Tax Adjustments to Accounting Income per 2013 PILs model	\$ -	\$ -	\$ -	\$ -
11	Taxable Income	(\$196,960)	\$1,315,139	\$697,783	\$2,209,882
12	Income Tax Rate	0.00%	0.00%	0.00%	0.00%
13	Income Tax on Taxable Income	\$ -	\$ -	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	(\$196,960)	\$1,315,139	\$697,783	(\$5,629,306)
16	Utility Rate Base	\$35,776,319	\$35,776,319	\$35,776,319	\$35,776,319
17	Deemed Equity Portion of Rate Base	\$14,310,528	\$14,310,528	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-1.38%	9.19%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.19%	9.19%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-10.57%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.37%	6.60%	1.95%	0.00%
22	Requested Rate of Return on Rate Base	6.60%	6.60%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-4.23%	0.00%	1.95%	0.00%
24	Target Return on Equity	\$1,315,137	\$1,315,137	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,512,098	\$1	(\$697,783)	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$1,512,098 (1)		(\$697,783) (1)	\$5,629,306 (1)

Notes:

(1)

Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)



Ontario Energy Board

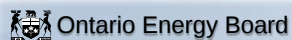
Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$4,335,984		\$4,335,984	
2	Amortization/Depreciation	\$1,293,322		\$1,293,322	
3	Property Taxes	\$ -		\$ -	
5	Income Taxes (Grossed up)	\$ -		\$ -	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$1,044,743		\$ -	
	Return on Deemed Equity	\$1,315,137		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$7,989,187</u>		<u>\$5,629,306</u>	
9	Revenue Offsets	<u>\$150,000</u>		<u>\$ -</u>	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$7,839,187</u>		<u>\$5,629,306</u>	
11	Distribution revenue	\$7,839,188		\$ -	
12	Other revenue	<u>\$150,000</u>		<u>\$ -</u>	
13	Total revenue	<u>\$7,989,188</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$1</u>	(1)	<u>(\$5,629,306)</u>	(1)

Notes

(1) Line 11 - Line 8



Revenue Requirement Workform (RRWF) for 2016 Filers

Tracking Form

The last row shown is the last current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

⁽¹⁾ Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

(2) Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ IndustryRelations@ontarioenergyboard.ca.

Summary of Proposed Changes

[illegible]

CUSTOMER ENGAGEMENT

1.0 Introduction

FNEI has only four Transmission Customers connected to the FNEI system:

- Attawapiskat Power Corporation
- Fort Albany Power Corporation
- Kashechewan Power Corporation
- DeBeers Canada Inc.

FNEI is in regular contact with the three Power Corporations for a variety of reasons:

- The three Power Corporations are the “owners” of FNEI. As a result, representatives of the Power Corporations routinely serve as directors on the FNEI Board. As such, there is a direct corporate relationship between FNEI and three of its customers, which is not typical of other Ontario transmitters.
- Given the remoteness of the FNEI system, FNEI utilizes the services of the Power Corporations’ employees to carry out work at the three transformer stations located in Attawapiskat, Fort Albany and Kashechewan. Consequently, there is a direct relationship at the technical level between FNEI and three of its customers.
- Given the nature of the cold climate in FNEI’s service area, and the reliance on baseboard heating at the residential level, FNEI has to liaise closely with the Power Corporations to

1 coordinate planned outages, and communicate during unplanned outages and trouble
2 calls.

- 3 • Because the three Power Corporations have chosen to work cooperatively on their
4 conservation and demand management (“CDM”) initiatives, and FNEI has played a
5 coordinating role, this has further enabled FNEI to better understand the electricity needs
6 within the three communities.

7 In addition, given the prominent role FNEI plays in the region, the management of FNEI makes
8 it a point to regularly liaise with the Power Corporations and the elected leaders in the three
9 remote communities. This is done via regular community visits and teleconferences with the
10 General Managers of the Power Corporations. It is also common for the General Managers to
11 meet with FNEI management and technical staff on trips to Timmins, the regional centre. For
12 instance, all three General Managers of the Power Corporations met with FNEI staff on March 4
13 and July 21 of 2016 to discuss a variety of issues.

14
15 With respect to DeBeers, FNEI is also in regular communications – particularly leading up to
16 and during planned outages, and via real-time communication during forced outages. In
17 addition, the connection of DeBeers to FNEI’s transmission system in 2007 required FNEI to
18 twin much of its existing system. As a result of that process, the costs of operating and
19 maintaining the twinned assets is borne by DeBeers, and FNEI is in regular communication with
20 DeBeers about that work and the associated costs. FNEI communicates or meets with DeBeers
21 on power supply numerous times per year.

Regional Planning

For the purposes of regional planning, FNEI is the lead transmitter in the “North of Moosonee” Region (Group 3). The limits of the North of Moosonee region are set out in the *Planning Process Working Group Report to the Board: The Process for Regional Infrastructure Planning in Ontario*, dated March 13, 2013 and revised May 17, 2013.

FNEI complied with its obligations under Section 3C.4.1 of the Transmission System Code (“TSC”) to contact each distributor connected to its transmission system within ten (10) days of August 26, 2013 to determine whether the distributor anticipated a potential need for additional transmission connection capacity over the next five years. In response to these queries, all connected distributors confirmed that they did not anticipate any potential need for additional transmission connection capacity.

It has not been necessary for FNEI to complete a needs assessment to date, as there is no forecasted load or demand growth, requests for connection, or any other event that would trigger the need for investment in transmission facilities.

FNEI will complete a needs assessment by August 27, 2017, as per the requirement of Section 3C.4.4, or sooner if required by the occurrence of any of the triggering events enumerated in Section 3C.2.2(c) of the TSC.

1 **AUDITED FINANCIAL STATEMENTS**

2 FNEI's audited financial statements for the years 2012-2015 are set out in the balance of
3 this Schedule.

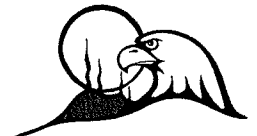
FIVE NATIONS ENERGY INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 & 2011



Ross, Pope & Company LLP

Chartered Accountants

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Timmins, Ontario
P4N 2G7



Partners with Aboriginals

Telephone: (705) 264-9484

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INDEPENDENT AUDITORS' REPORT

To the Members of Five Nations Energy Inc.

We have audited the accompanying financial statements of Five Nations Energy Inc., which comprise the balance sheet as at December 31, 2012, and the statements of income and utility equity and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Five Nations Energy Inc. as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ross, Pope & Company LLP

June 5, 2013
Timmins, Ontario

Ross, Pope & Company LLP
Chartered Accountants
Licensed Public Accountants

FIVE NATIONS ENERGY INC.

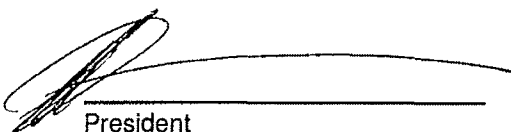
BALANCE SHEET

AS AT DECEMBER 31

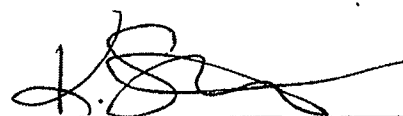
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,431,549	\$ 2,031,308
Accounts receivable (Note 5)	1,291,149	1,360,426
Prepaid expenses	291,357	209,203
	3,014,055	3,600,937
RESTRICTED DEPOSITS (Note 6, 8 & 10)	5,250,320	4,000,000
CAPITAL ASSETS (Notes 1, 3)	27,236,034	27,014,147
	\$ 35,500,409	\$ 34,615,084
LIABILITIES AND UTILITY EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 743,969	\$ 627,594
Current portion of long-term debt (Note 7)	1,303,252	1,244,136
	2,047,221	1,871,730
LONG-TERM DEBT (Note 7)	9,799,777	11,097,753
	11,846,998	12,969,483
UTILITY EQUITY (Notes 1, 8)		
EQUITY IN GENERAL FUND	3,520,406	2,973,343
EQUITY IN INSURANCE RESERVE FUND	4,000,000	4,000,000
EQUITY IN CAPITAL FUND	16,133,005	14,672,258
	23,653,411	21,645,601
	\$ 35,500,409	\$ 34,615,084

Commitments and contingencies (Note 10)

Approved by:



President



Treasurer

See accompanying notes.

FIVE NATIONS ENERGY INC.

STATEMENT OF INCOME AND UTILITY EQUITY

YEARS ENDED DECEMBER 31

	2012	2011
REVENUE		
Transmission services	\$ 6,598,532	\$ 6,458,064
Miscellaneous services	214,688	296,415
Interest income	75,626	57,204
	6,888,846	6,811,683
EXPENSES		
Amortization	1,217,605	1,207,495
Bad debt	-	9,000
Board of directors	296,502	259,517
Insurance	288,902	286,400
Interest on long-term debt	609,703	663,647
Maintenance	904,446	924,667
Office and other	364,780	528,948
Outside services	516,780	604,314
Salaries and benefits	624,536	500,387
Travel	57,782	124,041
	4,881,036	5,108,416
INCOME BEFORE UNDERNOTED	2,007,810	1,703,267
Gain on disposal of capital assets	-	7,000
NET INCOME FROM OPERATIONS	2,007,810	1,710,267
UTILITY EQUITY, beginning of year	21,645,601	19,935,334
UTILITY EQUITY, end of year	\$ 23,653,411	\$ 21,645,601

FIVE NATIONS ENERGY INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2012	2011
OPERATING ACTIVITIES		
NET INCOME FROM OPERATIONS	\$ 2,007,810	\$ 1,710,267
ADD ITEMS NOT REQUIRING A CASH OUTLAY:		
Amortization	1,217,605	1,207,495
DECREASE (INCREASE) IN:		
Accounts receivable	69,277	556,251
Prepaid expenses	(82,154)	142,064
INCREASE (DECREASE) IN:		
Accounts payable	116,375	(234,164)
CASH PROVIDED BY OPERATING ACTIVITIES	3,328,913	3,381,913
FINANCING ACTIVITIES		
Repayment of long-term debt	(1,238,860)	(1,184,916)
INVESTING ACTIVITIES		
Purchase of restricted term deposits	(1,250,320)	-
Additions to capital assets	(1,439,492)	(539,613)
CASH USED IN INVESTING ACTIVITIES	(2,689,812)	(539,613)
CHANGE IN CASH	(599,759)	1,657,384
CASH, beginning of year	2,031,308	373,924
CASH, end of year	\$ 1,431,549	\$ 2,031,308
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 609,703	\$ 663,647

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 & 2011

NATURE OF BUSINESS

The corporation owns and operates electricity transmission lines along the western James Bay coast to the three First Nation communities of Attawapiskat, Kashechewan and Fort Albany, Ontario. The corporation is a non-profit corporation without share capital with its head office located in Moose Factory, Ontario. The Board of Directors is controlled by representatives of the participating First Nation communities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the accounting principles set forth for utility companies by the Ontario Energy Board's "Accounting Procedures Handbook", which conform with Canadian generally accepted accounting principles. The accrual basis of accounting is followed for all revenues and expenses.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

(c) REVENUE RECOGNITION

The corporation recognizes revenue from transmission services when they are received by the customer, as determined by the Independent Electricity System Operator, a not-for-profit entity established by the Government of Ontario.

(d) CAPITAL ASSETS, CONTRIBUTIONS IN AID OF CONSTRUCTION AND AMORTIZATION

All capital assets are recorded at cost. Funding received specifically for the construction of assets is credited to capital assets in accordance with Canadian generally accepted accounting principles for utilities. Amortization is charged to operations over the estimated service life of the assets on a straight-line basis as follows:

Station equipment	40 years
Poles and fixtures	25 years
Overhead conductors and devices	25 years
Buildings, automotive and other equipment	2 to 25 years
Contributions in aid of construction	25 to 40 years

(e) FUND ACCOUNTING

The corporation uses fund accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Funds are maintained as follows:

GENERAL FUND - reports on the general transmission activities of the corporation.

CAPITAL FUND - reports on the capital assets of the corporation, together with related financing.

INSURANCE RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for damages to poles, fixtures, overhead conductors and devices.

OPERATING RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated operational requirements. There are currently no appropriations to this fund.

CAPITAL RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated future capital improvements. There are currently no appropriations to this fund.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2012 & 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The corporation is considering the adoption of International Financial Reporting Standards. The Accounting Standards Board has deferred the changeover date for entities with qualifying rate regulated activities to January 1, 2015. The corporation is currently evaluating the effect of adopting these standards on their financial statements.

2. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, accounts receivable, restricted deposits, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to credit risk from customers. The corporation's only material revenue generating customer is the Independent Electricity System Operator, and accordingly, the corporation does not have significant exposure.

The corporation's carrying value of cash, accounts receivable, restricted deposits, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the corporation for debt with similar terms.

3. CAPITAL ASSETS AND AMORTIZATION

	COST	ACCUMULATED AMORTIZATION	2012	NET 2011
Station equipment	\$ 32,643,151	\$ 5,044,647	\$ 27,598,504	\$ 28,325,701
Poles and fixtures	47,183,631	12,566,659	34,616,972	36,504,308
Overhead conductors and devices	19,165,546	4,570,249	14,595,297	15,360,848
Building, automotive and other equipment	2,913,998	828,981	2,085,017	867,050
	101,906,326	23,010,536	78,895,790	81,057,907
Less contributions in aid of construction				
Indian and Northern Affairs Canada	34,285,460	12,654,536	21,630,924	21,716,400
De Beers Canada Inc.	32,423,132	2,394,300	30,028,832	32,327,360
	66,708,592	15,048,836	51,659,756	54,043,760
	\$ 35,197,734	\$ 7,961,700	\$ 27,236,034	\$ 27,014,147

Buildings, automotive and other equipment include \$1,310,379 expended on the construction of a new office building. This amount is not being amortized. Amortization will commence during the month the building becomes ready for use.

Indian and Northern Affairs Canada (INAC) contributions in aid of construction consist of funding received for the acquisition and construction of station equipment, poles and fixtures and overhead conductors and devices.

De Beers Canada Inc. (De Beers) contributions in aid of construction consist of a transmission line between Moosonee and Kashechewan, Ontario and related station equipment constructed by De Beers and transferred to the corporation in December 2010 at the turnkey contract price. De Beers will reimburse the corporation annually for incremental costs of operating the line during the life of the Victor mine near Attawapiskat, Ontario. The life of the Victor mine is currently anticipated to be in excess of 10 years.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2012 & 2011

4. BANK INDEBTEDNESS

The corporation has an authorized operating facility of \$500,000 with the Bank of Montreal bearing interest at bank prime. The facility was not being utilized at December 31, 2012.

5. RELATED PARTY TRANSACTIONS

The corporation is related to the individual First Nations and their respective power corporations by virtue of significant influence. Accounts receivable includes the following amounts due for services in the regular course of business:

	2012	2011
Attawapiskat Power Corporation	\$ -	\$ 11,749
Fort Albany First Nation	-	23,535
Fort Albany Power Corporation	1,617	1,617
Kashechewan First Nation	-	10,170
Kashechewan Power Corporation	-	84,009
	1,617	131,080
Less: Allowance for doubtful accounts	-	114,598
	\$ 1,617	\$ 16,482

Accounts payable and accrued liabilities include the following amounts due for services in the regular course of business:

	2012	2011
Attawapiskat Power Corporation	\$ 1,902	\$ 1,675
Fort Albany First Nation	18,583	62,323
Fort Albany Power Corporation	1,727	22,921
Kashechewan First Nation	8,583	9,083
Kashechewan Power Corporation	3,988	4,953
	\$ 34,783	\$ 100,955

The corporation purchases goods and services from the member power corporations in the normal course of operations including the following:

	2012	2011
Electricity	\$ 28,536	\$ 30,569
Weekly station checks	\$ 6,192	\$ 5,384

6. RESTRICTED DEPOSITS

	2012	2011
Insurance Reserve (Note 8)	\$ 4,000,000	\$ 4,000,000
Bank of Montreal GIC as required for security for BMO loans, bearing interest at 1.35% (Note 10)	750,320	-
Bank of Montreal GIC as required by PWB/Manulife for additional BMO borrowing, bearing interest at 1.9%, maturing November 2015 (Note 10)	500,000	-
	\$ 5,250,320	\$ 4,000,000

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2012 & 2011

7. LONG-TERM DEBT

	2012	2011
Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable bearing interest at 5.5%, secured by a general security agreement, repayable in blended monthly payments \$75,246, maturing February 2028.	\$ 9,283,632	\$ 9,668,092
Northern Ontario Heritage Fund loan payable, secured by a promissory note, bearing interest at 4% per annum, repayable in blended monthly payments of \$78,801, maturing December 2014.	1,819,397	2,673,797
	11,103,029	12,341,889
Less: Current portion.	(1,303,252)	(1,244,136)
	\$ 9,799,777	\$ 11,097,753

Principal payments due within the next five years and thereafter are approximately as follows:

2013	\$ 1,303,252
2014	1,356,968
2015	455,565
2016	480,937
2017	507,722
Thereafter	6,998,585
	\$ 11,103,029

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2012 & 2011

8. UTILITY EQUITY

	General Fund	Capital Fund	Insurance Reserve Fund	Total
Balance at December 31, 2010	\$ 1,780,110	\$ 14,155,224	\$ 4,000,000	\$ 19,935,334
Net income for year 2011	1,710,267	-	-	1,710,267
Appropriations for year 2011:				
Capital asset additions	(539,613)	539,613	-	-
Amortization	1,207,495	(1,207,495)	-	-
Repayment of long-term debt	(1,184,916)	1,184,916	-	-
Balance at December 31, 2011	2,973,343	14,672,258	4,000,000	21,645,601
Net income for period ended 2012	2,007,810	-	-	2,007,810
Appropriations for the period ended 2012:				
Capital asset additions	(1,439,492)	1,439,492	-	-
Amortization	1,217,605	(1,217,605)	-	-
Repayment of long-term debt	(1,238,860)	1,238,860	-	-
Balance at December 31, 2012	\$ 3,520,406	\$ 16,133,005	\$ 4,000,000	\$ 23,653,411

Pursuant to the OEB rate decision dated November 1, 2010, the company must establish an operating reserve fund and a capital reserve fund. The OEB requires that these be cash funded. The maximum permitted amounts of these funds is currently \$1,750,000 and \$275,000 respectively. The policies for funding and accessing these reserves have been established and approved by the company and are subject to OEB approval. Application of the policies will commence upon approval by the OEB. Once fully funded, transmission rates will be reduced by approximately \$1,000,000 annually.

Under the terms of the Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable, the corporation must establish and maintain an insurance reserve fund of \$4,000,000. Cash set aside for the insurance reserve are reported as restricted deposits.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2012 & 2011

9. CAPITAL MANAGEMENT

Capital is comprised of the corporation's utility equity and long-term debt. As at December 31, 2012, the corporation's utility equity was \$23,653,411 and its outstanding long-term debt was \$11,103,029. The corporation's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities and to minimize expenditures over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum debt covenant levels and internally determined capital guidelines based on risk management policies.

The long-term debt is subject to loan covenants which require the corporation to maintain a minimum debt service ratio of 1.20:1 and a debt to equity ratio of 1.50:1. For the purposes of the debt to equity ratio, equity is calculated as utility equity plus 30% of contributions in aid as disclosed in Note 3.

The corporation was in compliance with these covenants at December 31, 2012.

10. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The corporation has entered into an Operating Services Agreement with Hydro One Networks Inc. expiring September, 2014. Under the agreement, the corporation is obligated to make minimum annual payments of \$233,219 of which \$55,832 is recoverable from De Beers pursuant to a connection and cost recovery agreement.

The corporation has entered into a capital lease arrangement for 2 compact track loaders with the equipment to be delivered in January 2013 at which time monthly lease payments of \$6,663 will commence for a period of 35 months. A deposit of \$29,279 has been made and is included in prepaid expenses.

The corporation is involved in claims and litigation arising in the normal course of business. Any settlements or awards will be reflected in the period in which they become determinable. It is management's opinion that no amounts will be payable by the corporation as a result of these claims and litigation.

On June 13, 2012, the corporation agreed to pay \$110,000 per year for the period September 1, 2010 to August 31, 2016 (\$45,980 to Fort Albany First Nation and \$64,020 to Kashechewan First Nation) in respect to the transmission line's right of way across the Albany 67 reserve lands near the communities of Kashechewan and Fort Albany, Ontario. Pursuant to the connection and cost recovery agreement, \$55,000 of the annual fee is recoverable from De Beers.

On October 9, 2012, the corporation entered into a fixed price contract with Cy Rheault Construction Ltd. for the construction of an office complex. The total amount of the contract, excluding costs associated with winter conditions, is \$3,442,600 plus applicable sales taxes. The construction is expected to be substantially complete by June 30, 2013.

On October 10, 2012, the corporation executed a letter of intent with the Bank of Montreal to finance the construction of the office complex referred to above. Under the agreement, the corporation will borrow \$3,675,000 during the construction period at a rate of bank prime plus 1.5% with interest payable monthly in arrears. Upon completion of the construction phase, this facility will be repaid by 2 facilities totalling \$3,675,000. The corporation will have the option of selecting a demand loan or a fixed rate term loan of one to seven years in duration for each of the replacement facilities. The bank requires that the corporation pledge cash collateral in the amount of \$750,000, prior to the first construction advance.

In order to receive consent from the existing senior lenders for the new Bank of Montreal loan, the corporation was required to pledge cash collateral in the amount of \$500,000, in favour of Pacific & Western Bank of Canada and Manulife Financial Corp. The pledge requirement is expected to be withdrawn once the corporation has paid off the Northern Ontario Heritage Fund loan in December 2014.

FIVE NATIONS ENERGY INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 & 2012



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INDEPENDENT AUDITOR'S REPORT

To the Members of Five Nations Energy Inc.

We have audited the accompanying financial statements of Five Nations Energy Inc., which comprise the balance sheet as at December 31, 2013, and the statements of income and utility equity and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Five Nations Energy Inc. as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

March 6, 2014
Timmins, Ontario

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

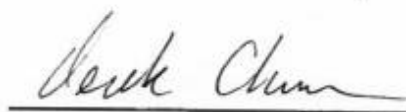
FIVE NATIONS ENERGY INC.**BALANCE SHEET****AS AT DECEMBER 31**

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,350,750	\$ 1,431,549
Accounts receivable (Note 5)	1,158,647	1,291,149
Prepaid expenses	307,526	291,357
	4,816,923	3,014,055
RESTRICTED DEPOSITS (Note 6)	4,500,000	5,250,320
CAPITAL ASSETS (Notes 1, 3)	29,942,434	27,236,033
	\$ 39,259,357	\$ 35,500,408
LIABILITIES AND UTILITY EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 884,589	\$ 743,969
Callable debt due in one year (Note 7)	109,995	-
Current portion of long-term debt (Note 8)	1,415,307	1,303,252
Current portion of capital lease (Note 9)	73,832	-
	2,483,723	2,047,221
Callable debt due thereafter (Note 7)	980,839	-
	3,464,562	2,047,221
LONG-TERM DEBT (Note 8)	10,055,376	9,799,777
CAPITAL LEASE (Note 9)	71,318	-
	13,591,256	11,846,998
UTILITY EQUITY (Notes 1, 10)		
EQUITY IN GENERAL FUND	4,432,333	3,520,406
EQUITY IN INSURANCE RESERVE FUND	4,000,000	4,000,000
EQUITY IN CAPITAL FUND	17,235,768	16,133,004
	25,668,101	23,653,410
	\$ 39,259,357	\$ 35,500,408

Commitments and contingencies (Note 12)

Approved by:



President

Treasurer

See accompanying notes.

FIVE NATIONS ENERGY INC.**STATEMENT OF INCOME AND UTILITY EQUITY****YEARS ENDED DECEMBER 31**

	2013	2012
REVENUE		
Transmission services	\$ 6,698,680	\$ 6,598,532
Miscellaneous services	175,113	214,688
Interest income	87,385	75,626
	6,961,178	6,888,846
EXPENSES		
Amortization	1,050,303	1,217,606
Board of directors	361,069	296,502
Insurance	301,457	288,902
Interest on long-term debt	585,079	609,703
Maintenance	1,181,056	904,446
Office and other	292,240	364,781
Outside services	469,041	516,780
Salaries and benefits	651,617	624,536
Travel	51,892	57,781
	4,943,754	4,881,037
INCOME BEFORE UNDERNOTED	2,017,424	2,007,809
Loss on disposal of capital assets	(2,733)	-
NET INCOME FROM OPERATIONS	2,014,691	2,007,809
UTILITY EQUITY, beginning of year	23,653,410	21,645,601
UTILITY EQUITY, end of year	\$ 25,668,101	\$ 23,653,410

FIVE NATIONS ENERGY INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2013	2012
OPERATING ACTIVITIES		
NET INCOME FROM OPERATIONS	\$ 2,014,691	\$ 2,007,809
ADD ITEMS NOT REQUIRING A CASH OUTLAY:		
Amortization	1,050,303	1,217,606
Loss on disposal of capital assets	2,733	-
DECREASE (INCREASE) IN:		
Accounts receivable	132,502	69,277
Prepaid expenses	(16,168)	(82,154)
INCREASE IN:		
Accounts payable	140,619	116,375
CASH PROVIDED BY OPERATING ACTIVITIES	3,324,680	3,328,913
FINANCING ACTIVITIES		
Proceeds of callable debt	1,100,000	-
Repayment of callable debt	(9,166)	-
Proceeds of long-term debt	1,675,000	-
Repayment of long-term debt	(1,307,346)	(1,238,860)
Proceeds of capital lease	215,040	-
Repayment of capital lease	(69,890)	-
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,603,638	(1,238,860)
INVESTING ACTIVITIES		
Decrease (increase) in restricted term deposits	750,320	(1,250,320)
Proceeds from sale of capital assets	10,000	-
Additions to capital assets	(3,769,437)	(1,439,492)
CASH USED IN INVESTING ACTIVITIES	(3,009,117)	(2,689,812)
CHANGE IN CASH	1,919,201	(599,759)
CASH, beginning of year	1,431,549	2,031,308
CASH, end of year	\$ 3,350,750	\$ 1,431,549

See accompanying notes.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 & 2012

NATURE OF BUSINESS

The corporation owns and operates electricity transmission lines along the western James Bay coast to the three First Nation communities of Attawapiskat, Kashechewan and Fort Albany, Ontario. The corporation is a non-profit corporation without share capital with its head office located in Moose Factory, Ontario. The Board of Directors is controlled by representatives of the participating First Nation communities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the accounting principles set forth for utility companies by the Ontario Energy Board's "Accounting Procedures Handbook", which conform with Canadian generally accepted accounting principles. The accrual basis of accounting is followed for all revenues and expenses.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

(c) REVENUE RECOGNITION

The corporation recognizes revenue from transmission services when they are received by the customer, as determined by the Independent Electricity System Operator, a not-for-profit entity established by the Government of Ontario.

(d) CAPITAL ASSETS, CONTRIBUTIONS IN AID OF CONSTRUCTION AND AMORTIZATION

All capital assets are recorded at cost. Funding received specifically for the construction of assets is credited to capital assets in accordance with Canadian generally accepted accounting principles for utilities. Amortization is charged to operations over the estimated service life of the assets on a straight-line basis as follows:

Station equipment	10 to 50 years
Poles and fixtures	15 to 40 years
Overhead conductors and devices	25 to 60 years
Land and buildings	20 to 40 years
Automotive and other equipment	2 to 7 years
Contributions in aid of construction	20 to 60 years

(e) FUND ACCOUNTING

The corporation uses fund accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Funds are maintained as follows:

GENERAL FUND - reports on the general transmission activities of the corporation.

CAPITAL FUND - reports on the capital assets of the corporation, together with related financing.

INSURANCE RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for damages to poles, fixtures, overhead conductors and devices.

OPERATING RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated operational requirements. There are currently no appropriations to this fund.

CAPITAL RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated future capital improvements. There are currently no appropriations to this fund.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The corporation is considering the adoption of International Financial Reporting Standards. The Accounting Standards Board has deferred the changeover date for entities with qualifying rate regulated activities to January 1, 2015. The corporation is currently evaluating the effect of adopting these standards on their financial statements.

2. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, accounts receivable, restricted deposits, accounts payable and accrued liabilities, callable debt, long-term debt and capital lease. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to credit risk from customers. The corporation's only material revenue generating customer is the Independent Electricity System Operator, and accordingly, the corporation does not have significant exposure.

The corporation's carrying value of cash, accounts receivable, restricted deposits, and accounts payable and accrued liabilities, callable debt approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the capital lease and the long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the corporation for debt with similar terms.

3. CAPITAL ASSETS AND AMORTIZATION

	COST	ACCUMULATED AMORTIZATION	2013	NET 2012
Station equipment	\$ 32,696,568	\$ 5,988,190	\$ 26,708,378	\$ 27,598,503
Poles and fixtures	47,190,028	13,756,894	33,433,134	34,616,972
Overhead conductors and devices	19,165,543	4,927,323	14,238,220	14,595,297
Land and buildings	5,232,570	163,079	5,069,491	1,827,484
Automotive and other equipment	1,082,035	573,116	508,919	257,533
	105,366,744	25,408,602	79,958,142	78,895,789
Less contributions in aid of construction	(66,708,592)	(16,692,884)	(50,015,708)	(51,659,756)
	\$ 38,658,152	\$ 8,715,718	\$ 29,942,434	\$ 27,236,033

Included in automotive and other equipment are assets under capital lease with a cost of \$256,328 and accumulated amortization of \$27,491.

Contributions in aid of construction consists of Aboriginal Affairs and Northern Development Canada (AANDC) funding received for the acquisition and construction of station equipment, poles and fixtures, overhead conductors and devices, the transmission line between Moosonee and Kashechewan, Ontario and related station equipment constructed by De Beers and transferred to the corporation in December 2010 at the turn-key contract price. De Beers will reimburse the corporation annually for incremental costs of operating the line during the life of the Victor mine near Attawapiskat, Ontario. The life of the Victor mine is currently anticipated to be approximately 6 years.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

4. BANK INDEBTEDNESS

The corporation has an authorized operating facility of \$500,000 with the Bank of Montreal bearing interest at bank prime. The facility was not being utilized at December 31, 2013.

5. RELATED PARTY TRANSACTIONS

The corporation is related to the individual First Nations and their respective power corporations by virtue of significant influence. Accounts receivable includes the following amounts due for services in the regular course of business:

	2013	2012
Attawapiskat Power Corporation	\$ 2,111	\$ -
Fort Albany Power Corporation	3,483	1,617
Kashechewan Power Corporation	3,120	-
	\$ 8,714	\$ 1,617

Accounts payable and accrued liabilities include the following amounts due for services in the regular course of business:

	2013	2012
Attawapiskat Power Corporation	\$ 76,924	\$ 1,902
Fort Albany First Nation	19,083	18,583
Fort Albany Power Corporation	8,220	1,727
Kashechewan First Nation	9,083	8,583
Kashechewan Power Corporation	19,498	3,989
	\$ 132,808	\$ 34,784

The corporation purchases goods and services from the member power corporations in the normal course of operations including the following:

	2013	2012
Electricity	\$ 29,786	\$ 28,536
Weekly station checks	\$ 5,750	\$ 6,192

FIVE NATIONS ENERGY INC.**NOTES TO FINANCIAL STATEMENTS (CONT'D)****YEARS ENDED DECEMBER 31, 2013 & 2012****6. RESTRICTED DEPOSITS**

	2013	2012
Insurance Reserve (Note 10)	\$ 4,000,000	\$ 4,000,000
Bank of Montreal GIC bearing interest at 1.35%	-	750,320
Bank of Montreal GIC bearing interest at 1.09%.	500,000	500,000
	\$ 4,500,000	\$ 5,250,320

In order to receive office building financing from the Bank of Montreal, the corporation was required to pledge cash collateral in the amount of \$750,000. This requirement was eliminated pursuant to an amended loan agreement executed November 26, 2013.

In order to receive consent from the existing senior lenders for the office building financing from the Bank of Montreal, the corporation was required to pledge cash collateral in the amount of \$500,000, in favour of Pacific & Western Bank of Canada and Manulife Financial Corp. The pledge requirement is expected to be withdrawn in June 2015, six months after the corporation is scheduled to have repaid the Northern Ontario Heritage Fund loan.

7. CALLABLE DEBT

	2013	2012
Bank of Montreal loan payable, secured by a general security agreement, bearing interest at prime plus 1.5% per annum, repayable in fixed monthly payments of \$9,166 plus interest. The loan is callable on demand.	\$ 1,090,834	\$ -
Principal due within one year.	(109,995)	-
	\$ 980,839	\$ -

Payments due within the next five years and thereafter are approximately as follows:

2014	\$ 109,995
2015	109,995
2016	109,995
2017	109,995
2018	109,995
Thereafter	540,859
	\$ 1,090,834

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

8. LONG-TERM DEBT

	2013	2012
Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable bearing interest at 5.5%, secured by a general security agreement, repayable in blended monthly payments of \$75,246, maturing February 2028.	\$ 8,874,585	\$ 9,283,632
Bank of Montreal loan payable, secured by land, office building and a general security agreement, bearing interest at 4.61% per annum, repayable in blended monthly payments of \$10,897, maturing November 2020.	1,670,661	-
Northern Ontario Heritage Fund loan payable, secured by a promissory note, bearing interest at 4% per annum, repayable in blended monthly payments of \$78,801, maturing December 2014.	925,437	1,819,397
	11,470,683	11,103,029
Less: Current portion.	(1,415,307)	(1,303,252)
	\$ 10,055,376	\$ 9,799,777

Principal payments due within the next five years and thereafter are approximately as follows:

2014	\$ 1,415,307
2015	626,141
2016	653,854
2017	683,880
2018	715,147
Thereafter	7,376,354
	\$ 11,470,683

9. CAPITAL LEASE

	2013	2012
Roynat Lease Finance capital lease payable bearing notional interest at 5.5%, repayable in blended monthly payments of \$6,663, maturing November 2015. At the end of the lease, there is an option to purchase the equipment for \$10.	\$ 145,150	\$ -
Less: Current portion.	(73,832)	-
	\$ 71,318	\$ -

NOTES TO FINANCIAL STATEMENTS (CONT'D)**YEARS ENDED DECEMBER 31, 2013 & 2012****9. CAPITAL LEASE (CONT'D)**

Payments due within the next two years are approximately as follows:

2014	\$	79,952
2015		73,289
		153,241
Less: Amount representing interest.		(8,091)
	\$	145,150

10. UTILITY EQUITY

	General Fund	Capital Fund	Insurance Reserve Fund	Total
Balance at December 31, 2011	\$ 2,973,343	\$ 14,672,258	\$ 4,000,000	\$ 21,645,601
Net income for year 2012	2,007,809	-	-	2,007,809
Appropriations for year 2012:				
Capital asset additions	(1,439,492)	1,439,492	-	-
Amortization	1,217,606	(1,217,606)	-	-
Repayment of long-term debt	(1,238,860)	1,238,860	-	-
Balance at December 31, 2012	3,520,406	16,133,004	4,000,000	23,653,410
Net income for period ended 2013	2,014,691	-	-	2,014,691
Appropriations for the period ended 2013:				
Capital asset additions	(3,769,437)	3,769,437	-	-
Amortization	1,050,303	(1,050,303)	-	-
Loss on disposal of capital assets	2,732	(2,732)	-	-
Proceeds on disposal of capital assets	10,000	(10,000)	-	-
Repayment (proceeds) of long-term debt	367,654	(367,654)	-	-
Repayment (proceeds) of callable debt	1,090,834	(1,090,834)	-	-
Repayment (proceeds) of capital lease	145,150	(145,150)	-	-
Balance at December 31, 2013	\$ 4,432,333	\$ 17,235,768	\$ 4,000,000	\$ 25,668,101

Pursuant to the OEB rate decision dated November 1, 2010, the company must establish an operating reserve fund and a capital reserve fund. The OEB requires that these be cash funded. The maximum permitted amounts of these funds is currently \$1,750,000 and \$275,000 respectively. The policies for funding and accessing these reserves have been established and approved by the company and are subject to OEB approval. Application of the policies will commence upon approval by the OEB. Once fully funded, transmission rates will be reduced by approximately \$1,000,000 annually.

Under the terms of the Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable, the corporation must establish and maintain an insurance reserve fund of \$4,000,000. Cash set aside for the insurance reserve are reported as restricted deposits.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

11. CAPITAL MANAGEMENT

Capital is comprised of the corporation's utility equity and long-term debt. As at December 31, 2013, the corporation's utility equity was \$25,668,101 and its outstanding long-term debt was \$11,470,683. The corporation's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities and to minimize expenditures over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum debt covenant levels and internally determined capital guidelines based on risk management policies.

The long-term debt is subject to loan covenants which require the corporation to maintain a minimum debt service ratio of 1.20:1 and a debt to equity ratio of 1.50:1. For the purposes of the debt to equity ratio, equity is calculated as utility equity plus 30% of contributions in aid as disclosed in Note 3.

The corporation was in compliance with these covenants at December 31, 2013.

12. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The corporation has entered into an Operating Services Agreement with Hydro One Networks Inc. expiring September 2014. Under the agreement, the corporation is obligated to make minimum annual payments of \$233,219 of which \$55,832 is recoverable from De Beers pursuant to a connection and cost recovery agreement.

The corporation is involved in claims and litigation arising in the normal course of business. Any settlements or awards will be reflected in the period in which they become determinable. It is management's opinion that no amounts will be payable by the corporation as a result of these claims and litigation.

The corporation has agreed to pay \$110,000 per year for the period September 1, 2010 to August 31, 2016 (\$45,980 to Fort Albany First Nation and \$64,020 to Kashechewan First Nation) in respect to the transmission line's right of way across the Albany 67 reserve lands near the communities of Kashechewan and Fort Albany, Ontario. Pursuant to the connection and cost recovery agreement, \$55,000 of the annual fee is recoverable from De Beers.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

FIVE NATIONS ENERGY INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 & 2013



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INDEPENDENT AUDITOR'S REPORT

To the Members of Five Nations Energy Inc.

We have audited the accompanying financial statements of Five Nations Energy Inc., which comprise the balance sheet as at December 31, 2014, and the statements of income and utility equity and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Five Nations Energy Inc. as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Timmins, Ontario
March 24, 2015

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

FIVE NATIONS ENERGY INC.

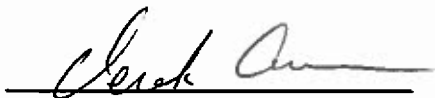
BALANCE SHEET

AS AT DECEMBER 31

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,533,308	\$ 3,350,750
Accounts receivable (Note 5)	1,037,193	1,158,647
Prepaid expenses	255,449	307,526
	5,825,950	4,816,923
RESTRICTED DEPOSITS (Note 6)	4,500,000	4,500,000
CAPITAL ASSETS (Notes 1, 3)	29,729,395	29,942,434
	\$ 40,055,345	\$ 39,259,357
LIABILITIES AND UTILITY EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 821,616	\$ 884,589
Conservation and Demand Management Program (Note 7)	746,444	-
Deferred revenue	39,017	-
Callable debt due in one year (Note 8)	109,995	109,995
Current portion of long-term debt (Note 9)	519,268	1,415,307
Current portion of capital lease (Note 10)	71,354	73,832
	2,307,694	2,483,723
Callable debt due thereafter (Note 8)	870,839	980,839
	3,178,533	3,464,562
LONG-TERM DEBT (Note 9)	9,539,229	10,055,376
CAPITAL LEASE (Note 10)	-	71,318
	12,717,762	13,591,256
UTILITY EQUITY		
EQUITY IN GENERAL FUND (Notes 1, 11)	4,718,874	4,432,333
EQUITY IN INSURANCE RESERVE FUND (Notes 1, 11)	4,000,000	4,000,000
EQUITY IN CAPITAL FUND (Notes 1, 11)	18,618,709	17,235,768
	27,337,583	25,668,101
	\$ 40,055,345	\$ 39,259,357

Commitments, contingencies and subsequent events (Note 13)
Comparative figures (Note 14)

Approved by:


Director


Director

See accompanying notes.

FIVE NATIONS ENERGY INC.**STATEMENT OF INCOME AND UTILITY EQUITY****YEARS ENDED DECEMBER 31**

	2014	2013
REVENUE		
Transmission services	\$ 6,635,377	\$ 6,698,680
Miscellaneous services	175,638	175,113
Interest income	92,931	87,385
	6,903,946	6,961,178
EXPENSES		
Administrative and general (Schedule 1)	1,826,312	1,872,811
Amortization	1,192,526	1,050,303
Interest	626,343	593,679
Transmission - Maintenance (Schedule 1)	747,372	750,264
Transmission - Operations (Schedule 1)	852,311	676,697
	5,244,864	4,943,754
INCOME BEFORE UNDERNOTED	1,659,082	2,017,424
Gain (loss) on disposal of capital assets	10,400	(2,733)
NET INCOME FROM OPERATIONS	1,669,482	2,014,691
UTILITY EQUITY, beginning of year	25,668,101	23,653,410
UTILITY EQUITY, end of year	\$ 27,337,583	\$ 25,668,101

FIVE NATIONS ENERGY INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2014	2013
OPERATING ACTIVITIES		
NET INCOME FROM OPERATIONS	\$ 1,669,482	\$ 2,014,691
ADD ITEMS NOT REQUIRING A CASH OUTLAY:		
Amortization	1,192,526	1,050,303
Loss (gain) on disposal of capital assets	(10,400)	2,733
DECREASE (INCREASE) IN:		
Accounts receivable	121,453	132,502
Prepaid expenses	52,076	(16,168)
INCREASE (DECREASE) IN:		
Accounts payable	(62,971)	140,619
Due to LDC CDM Program	746,444	-
Deferred revenue	39,017	-
CASH PROVIDED BY OPERATING ACTIVITIES	3,747,627	3,324,680
FINANCING ACTIVITIES		
Proceeds of callable debt	-	1,100,000
Repayment of callable debt	(110,000)	(9,166)
Proceeds of long-term debt	-	1,675,000
Repayment of long-term debt	(1,412,186)	(1,307,346)
Repayment of capital lease	(73,796)	(69,890)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(1,595,982)	1,388,598
INVESTING ACTIVITIES		
Decrease (increase) in restricted term deposits	-	750,320
Proceeds from sale of capital assets	10,400	10,000
Purchase and construction to capital assets	(979,487)	(3,554,397)
CASH USED IN INVESTING ACTIVITIES	(969,087)	(2,794,077)
CHANGE IN CASH	1,182,558	1,919,201
CASH, beginning of year	3,350,750	1,431,549
CASH, end of year	\$ 4,533,308	\$ 3,350,750

See accompanying notes.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 & 2013

NATURE OF BUSINESS

The corporation owns and operates electricity transmission lines along the western James Bay coast to the three First Nation communities of Attawapiskat, Kashechewan and Fort Albany, Ontario. The corporation is a non-profit corporation without share capital with its head office located in Moose Factory, Ontario. The Board of Directors is controlled by representatives of the participating First Nation communities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the accounting principles set forth for utility companies by the Ontario Energy Board's "Accounting Procedures Handbook", which conform with Canadian generally accepted accounting principles. The accrual basis of accounting is followed for all revenues and expenses.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

(c) REVENUE RECOGNITION

The corporation recognizes revenue from transmission services when they are received by the customer, as determined by the Independent Electricity System Operator, a not-for-profit entity established by the Government of Ontario.

(d) CAPITAL ASSETS, CONTRIBUTIONS IN AID OF CONSTRUCTION AND AMORTIZATION

All capital assets are recorded at cost. Funding received specifically for the construction of assets is credited to capital assets in accordance with Canadian generally accepted accounting principles for utilities. Amortization is charged to operations over the estimated service life of the assets on a straight-line basis as follows:

Station equipment	10 to 50 years
Poles and fixtures	15 to 40 years
Overhead conductors and devices	25 to 60 years
Land and buildings	20 to 40 years
Automotive and other equipment	2 to 7 years
Contributions in aid of construction	20 to 60 years

(e) FUND ACCOUNTING

The corporation uses fund accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Funds are maintained as follows:

GENERAL FUND - reports on the general transmission activities of the corporation.

CAPITAL FUND - reports on the capital assets of the corporation, together with related financing.

INSURANCE RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for damages to poles, fixtures, overhead conductors and devices.

OPERATING RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated operational requirements. There are currently no appropriations to this fund.

CAPITAL RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated future capital improvements. There are currently no appropriations to this fund.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The corporation is considering the adoption of International Financial Reporting Standards. The Accounting Standards Board has deferred the changeover date for entities with qualifying rate regulated activities to January 1, 2015. The corporation is currently evaluating the effect of adopting these standards on their financial statements.

2. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, accounts receivable, restricted deposits, accounts payable and accrued liabilities, callable debt, long-term debt and capital lease. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to credit risk from customers. The corporation's only material revenue generating customer is the Independent Electricity System Operator, and accordingly, the corporation does not have significant exposure.

The corporation's carrying value of cash, accounts receivable, restricted deposits, and accounts payable and accrued liabilities, callable debt approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the capital lease and the long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the corporation for debt with similar terms.

3. CAPITAL ASSETS AND AMORTIZATION

	COST	ACCUMULATED AMORTIZATION	NET 2014	2013
Station equipment	\$ 33,503,334	\$ 6,950,825	\$ 26,552,509	\$ 26,708,378
Poles and fixtures	47,190,028	14,947,212	32,242,816	33,433,134
Overhead conductors and devices	19,152,846	5,283,068	13,869,778	14,238,220
Land and buildings	5,253,015	347,972	4,905,043	5,069,491
Automotive and other equipment	1,227,350	666,442	560,908	508,919
	106,326,573	28,195,519	78,131,054	79,958,142
Less contributions in aid of construction	(66,738,592)	(18,336,933)	(48,401,659)	(50,015,708)
	\$ 39,587,981	\$ 9,858,586	\$ 29,729,395	\$ 29,942,434

Included in automotive and other equipment are assets under capital lease with a net book value of \$205,642 (cost of \$256,328 and accumulated amortization of \$50,686).

Contributions in aid of construction consists of Aboriginal Affairs and Northern Development Canada (AANDC) funding received for the acquisition and construction of station equipment, poles and fixtures, overhead conductors and devices, the transmission line between Moosonee and Kashechewan, Ontario and related station equipment constructed by De Beers and transferred to the corporation in December 2010 at the turn-key contract price. De Beers will reimburse the corporation annually for incremental costs of operating the line during the life of the Victor Mine near Attawapiskat, Ontario. The Victor Mine is currently expected to discontinue operations in March 2019.

4. BANK INDEBTEDNESS

The corporation has an authorized operating facility of \$500,000 with the Bank of Montreal bearing interest at bank prime. The facility was not being utilized at December 31, 2014.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

5. RELATED PARTY TRANSACTIONS

The corporation is related to the individual First Nations and their respective power corporations by virtue of significant influence. Accounts receivable includes the following amounts due for services in the regular course of business:

	2014	2013
Attawapiskat Power Corporation	\$ 2,800	\$ 2,111
Fort Albany Power Corporation	-	3,483
Kashechewan Power Corporation	-	3,120
	\$ 2,800	\$ 8,714

Accounts payable and accrued liabilities include the following amounts due for services in the regular course of business:

	2014	2013
Attawapiskat Power Corporation	\$ 77,059	\$ 76,924
Fort Albany First Nation (Note 13)	73,603	19,083
Fort Albany Power Corporation	3,999	8,220
Kashechewan First Nation (Note 13)	46,103	9,083
Kashechewan Power Corporation	4,160	19,498
	\$ 204,924	\$ 132,808

Transactions with related parties are in the normal course of operations and, except for electricity, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The company purchases goods and services from the member power corporations including the following:

	2014	2013
Electricity at OEB approved rates	\$ 38,186	\$ 35,834
Station checks at exchange amount	\$ 5,087	\$ 5,750
Construction and maintenance at exchange amount	\$ 352,942	\$ 367,663

6. RESTRICTED DEPOSITS

	2014	2013
Insurance Reserve (Note 11)	\$ 4,000,000	\$ 4,000,000
Bank of Montreal GIC as required by PWB/Manulife for additional BMO borrowing, bearing interest at 1.9%, maturing November 2015.	500,000	500,000
	\$ 4,500,000	\$ 4,500,000

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

7. CONSERVATION AND DEMAND MANAGEMENT PROGRAM

During September 2014, the corporation agreed to provide administrative services to the Conservation and Demand Management Program instituted by the Ontario Power Authority (IESO effective January 2015) for the three member distribution corporations. Revenues and expenses for this program are not included in the statement of income. The balance consists of unexpended receipts for the program.

8. CALLABLE DEBT

	2014	2013
Bank of Montreal loan payable, secured by a general security agreement, bearing interest at prime plus 1.5% per annum, repayable in fixed monthly payments of \$9,166 plus interest. The loan is callable on demand.	\$ 980,834	\$ 1,090,834
Principal due within one year.	(109,995)	(109,995)
	<u>\$ 870,839</u>	<u>\$ 980,839</u>

Payments due within the next five years and thereafter are approximately as follows:

2015	\$ 109,995
2016	109,995
2017	109,995
2018	109,995
2019	109,995
Thereafter	430,859
	<u>\$ 980,834</u>

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

9. LONG-TERM DEBT

	2014	2013
Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable bearing interest at 5.5%, secured by a general security agreement, repayable in blended monthly payments of \$75,246, maturing February 2028.	\$ 8,442,766	\$ 8,874,585
Bank of Montreal loan payable, secured by land, office building with a net book value of \$4,553,727 and a general security agreement, bearing interest at 4.61% per annum, repayable in blended monthly payments of \$10,897, maturing November 2020.	1,615,731	1,670,661
Northern Ontario Heritage Fund loan repaid during year.	-	925,437
	10,058,497	11,470,683
Less: Current portion.	(519,268)	(1,415,307)
	\$ 9,539,229	\$ 10,055,376

Principal payments due within the next five years and thereafter are approximately as follows:

2015	\$ 519,268
2016	543,859
2017	573,885
2018	605,152
2019	638,129
Thereafter	7,178,204
	\$ 10,058,497

10. CAPITAL LEASE

	2014	2013
Roynat Lease Finance capital lease payable bearing notional interest at 5.5%, repayable in blended monthly payments of \$6,663, maturing November 2015. At the end of the lease, there is an option to purchase the equipment for \$10.	\$ 71,354	\$ 145,150
Less: Current portion.	(71,354)	(73,832)
	\$ -	\$ 71,318

Payment due within the next year is approximately as follows:

2015	\$ 73,289
Less: Amount representing interest.	(1,935)
	\$ 71,354

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

11. UTILITY EQUITY

	General Fund	Capital Fund	Insurance Reserve Fund	Total
Balance at December 31, 2012	\$ 3,520,406	\$ 16,133,004	\$ 4,000,000	\$ 23,653,410
Net income for year 2013	2,014,691	-	-	2,014,691
Appropriations for year 2013:				
Capital asset additions	(3,554,398)	3,554,398	-	-
Amortization	1,050,303	(1,050,303)	-	-
Loss on disposal of capital assets	2,733	(2,733)	-	-
Proceeds on disposal of capital assets	10,000	(10,000)	-	-
Repayment (proceeds) of long-term debt	367,654	(367,654)	-	-
Repayment (proceeds) of callable debt	1,090,834	(1,090,834)	-	-
Repayment (proceeds) of capital lease	(69,890)	69,890	-	-
Balance at December 31, 2013	4,432,333	17,235,768	4,000,000	25,668,101
Net income for period ended 2014	1,669,482	-	-	1,669,482
Appropriations for the period ended 2014:				
Capital asset additions	(979,485)	979,485	-	-
Amortization	1,192,526	(1,192,526)	-	-
Gain on disposal of capital assets	(10,400)	10,400	-	-
Proceeds on disposal of capital assets	10,400	(10,400)	-	-
Repayment (proceeds) of long-term debt	(1,412,186)	1,412,186	-	-
Repayment (proceeds) of callable debt	(110,000)	110,000	-	-
Repayment (proceeds) of capital lease	(73,796)	73,796	-	-
Balance at December 31, 2014	\$ 4,718,874	\$ 18,618,709	\$ 4,000,000	\$ 27,337,583

Pursuant to the OEB rate decision dated November 1, 2010, the company must establish an operating reserve fund and a capital reserve fund. The OEB requires that these be cash funded. The maximum permitted amounts of these funds is currently \$1,750,000 and \$275,000 respectively. The policies for funding and accessing these reserves have been established and approved by the company and are subject to OEB approval. Application of the policies will commence upon approval by the OEB. Once fully funded, transmission rates will be reduced by approximately \$1,000,000 annually.

Under the terms of the Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable, the corporation must establish and maintain an insurance reserve fund of \$4,000,000. Cash set aside for the insurance reserve are reported as restricted deposits.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

12. CAPITAL MANAGEMENT

Capital is comprised of the corporation's utility equity and long-term debt. As at December 31, 2014, the corporation's utility equity was \$27,337,583 and its outstanding long-term debt was \$10,058,497. The corporation's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities and to minimize expenditures over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum debt covenant levels and internally determined capital guidelines based on risk management policies.

The long-term debt is subject to loan covenants which require the corporation to maintain a minimum debt service ratio of 1.20:1 and a debt to equity ratio of 1.50:1. For the purposes of the debt to equity ratio, equity is calculated as utility equity plus 30% of contributions in aid as disclosed in Note 3.

The corporation was in compliance with these covenants at December 31, 2014.

13. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The corporation renewed an Operating Services Agreement with Hydro One Networks Inc. which expired September 2014. The contract price for the renewal is currently under negotiation.

The corporation is involved in claims and litigation arising in the normal course of business. Any settlements or awards will be reflected in the period in which they become determinable. It is management's opinion that no amounts will be payable by the corporation as a result of these claims and litigation.

The corporation has agreed to pay \$110,000 per year for the period September 1, 2010 to August 31, 2016 (\$45,980 to Fort Albany First Nation and \$64,020 to Kashechewan First Nation) in respect to the transmission line's right of way across the Albany 67 reserve lands near the communities of Kashechewan and Fort Albany, Ontario. Pursuant to the connection and cost recovery agreement, \$55,000 of the annual fee is recoverable from De Beers.

The corporation intends to exercise its option with Hydro One Networks to reacquire 80 km of transmission line north of Moosonee, Ontario at the depreciated value, estimated to be \$5,200,000. On December 22, 2014, the corporation executed a term sheet with Manulife Financial to borrow up to \$6,200,000, repayable over 20 years. The loan is to be used for the transmission line reacquisition as well as the repayment of callable debt issued by the Bank of Montreal. The corporation is responsible for Manulife Financial's related legal costs whether or not the transaction closes.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

FIVE NATIONS ENERGY INC.

SCHEDULES OF EXPENSES

YEARS ENDED DECEMBER 31, 2014 & 2013

	2014	2013
Administrative and general		
Community relations	\$ 113,189	\$ 186,224
Administration salaries and expenses	713,695	822,992
Insurance	395,019	301,457
Maintenance of general plant	89,808	33,494
Office and other	58,372	24,644
Outside services	200,895	257,190
Regulatory expenses	255,334	246,810
	\$ 1,826,312	\$ 1,872,811
Transmission - Maintenance		
Transformer station equipment	\$ 233,662	\$ 214,432
Maintenance of towers, poles and structures	513,710	535,832
	\$ 747,372	\$ 750,264
Transmission - Operations		
Load dispatching	\$ 291,683	\$ 273,328
Stations buildings and fixtures	51,511	47,995
Station operations wages	423,613	269,522
Rent	85,504	85,852
	\$ 852,311	\$ 676,697

FIVE NATIONS ENERGY INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 & 2014
(Expressed in Canadian Dollars)



Ross Pope LLP

CPAs

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INDEPENDENT AUDITOR'S REPORT

To the Members of Five Nations Energy Inc.

We have audited the accompanying financial statements of Five Nations Energy Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of income and utility equity and cash flows for the year then ended, and 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 International Financial Reporting Standards, 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.

Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Five Nations Energy Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Five Nations Energy Inc. adopted International Financial Reporting Standards on January 1, 2015 with a transition date of January 1, 2014. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2014 and January 1, 2014 and the statement of income and utility equity and cash flow for the year ended December 31, 2015 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Timmins, Ontario
May 12, 2016

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

FIVE NATIONS ENERGY INC.

STATEMENT OF FINANCIAL POSITION

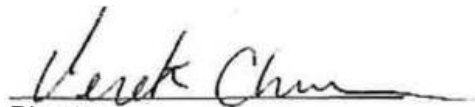
AS AT DECEMBER 31, 2015, 2014 & JANUARY 1, 2014

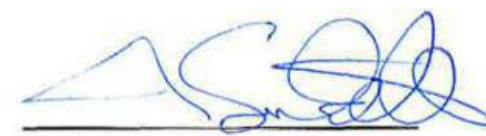
	Dec. 31 2015	Dec. 31 2014	Jan. 1 2014
ASSETS			
CURRENT ASSETS			
Cash	\$ 2,657,086	\$ 4,533,308	\$ 3,350,750
Accounts receivable (Note 7)	1,842,915	1,037,193	1,158,647
Prepaid expenses	-	255,449	307,526
Conservation and Demand Management Program (Note 9)	83,442	-	-
	4,583,443	5,825,950	4,816,923
RESTRICTED DEPOSITS (Note 8)	4,500,000	4,500,000	4,500,000
PROPERTY, PLANT AND EQUIPMENT (Notes 3, 5)	35,178,510	29,729,395	29,942,434
	\$ 44,261,953	\$ 40,055,345	\$ 39,259,357
LIABILITIES AND UTILITY EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities (Note 7)	\$ 713,676	\$ 821,616	\$ 884,589
Conservation and Demand Management Program (Note 9)	-	746,444	-
Deferred revenue	-	39,017	-
Callable debt due in one year	-	980,834	1,090,834
Current portion of long-term debt (Note 10)	729,295	519,268	1,415,307
Current portion of finance lease (Note 11)	-	71,354	73,832
	1,442,971	3,178,533	3,464,562
LONG-TERM DEBT (Note 10)	14,506,749	9,539,229	10,055,376
FINANCE LEASE (Note 11)	-	-	71,318
	15,949,720	12,717,762	13,591,256
UTILITY EQUITY			
EQUITY IN GENERAL FUND (Notes 3, 12)	4,369,766	4,718,874	4,432,333
EQUITY IN INSURANCE RESERVE FUND (Notes 3, 12)	4,000,000	4,000,000	4,000,000
EQUITY IN CAPITAL FUND (Notes 3, 12)	19,942,467	18,618,709	17,235,768
	28,312,233	27,337,583	25,668,101
	\$ 44,261,953	\$ 40,055,345	\$ 39,259,357

Commitments, contingencies and subsequent events (Note 14)

Comparative figures (Note 17)

Approved by:


Director


Director

FIVE NATIONS ENERGY INC.**STATEMENT OF INCOME AND UTILITY EQUITY****YEARS ENDED DECEMBER 31**

	2015	2014
REVENUE		
Transmission services	\$ 6,271,819	\$ 6,635,377
Miscellaneous services	245,468	175,638
Interest income	81,502	92,931
	6,598,789	6,903,946
EXPENSES (Schedule 1)		
Administrative and general	2,116,810	1,826,311
Amortization	1,262,954	1,192,526
Interest	623,831	626,344
Transmission - Maintenance	798,753	747,372
Transmission - Operations	825,791	852,311
	5,628,139	5,244,864
INCOME BEFORE UNDERNOTED	970,650	1,659,082
GAIN ON DISPOSAL OF ASSETS	4,000	10,400
INCOME FROM OPERATIONS	974,650	1,669,482
UTILITY EQUITY, beginning of year	27,337,583	25,668,101
UTILITY EQUITY, end of year	\$ 28,312,233	\$ 27,337,583

FIVE NATIONS ENERGY INC.**STATEMENT OF CASH FLOWS****YEARS ENDED DECEMBER 31**

	2015	2014
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 5,711,566	\$ 6,932,469
Cash paid to suppliers and employees	(4,462,748)	(2,651,429)
Interest receipts	81,502	92,931
Interest paid	(623,831)	(626,344)
CASH PROVIDED BY OPERATING ACTIVITIES	706,489	3,747,627
FINANCING ACTIVITIES		
Repayment of callable debt	(980,834)	(110,000)
Proceeds of long-term debt	5,800,000	-
Repayment of long-term debt	(622,454)	(1,412,186)
Repayment of capital lease	(71,354)	(73,796)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,125,358	(1,595,982)
INVESTING ACTIVITIES		
Proceeds from sale of property plant and equipment	4,000	10,400
Purchase and construction of property plant and equipment	(6,712,069)	(979,487)
CASH USED IN INVESTING ACTIVITIES	(6,708,069)	(969,087)
CHANGE IN CASH	(1,876,222)	1,182,558
CASH, beginning of year	4,533,308	3,350,750
CASH, end of year	\$ 2,657,086	\$ 4,533,308

NATURE OF BUSINESS

The corporation owns and operates electricity transmission lines along the western James Bay coast to the three First Nation communities of Attawapiskat, Kashechewan and Fort Albany, Ontario. The corporation is a non-profit corporation incorporated in Canada without share capital with its head office located in Moose Factory, Ontario, Canada. Its administration and operations office is located at 725 Highway 655 Timmins, Ontario. The Board of Directors is controlled by representatives of the participating First Nation communities.

The members are Attawapiskat Power Corporation, Fort Albany Power Corporation, and Kashechewan Power Corporation with the ultimate parents being the respective First Nations of the Power Corporations.

1. BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and using the accounting policies described herein.

The financial statements were authorized for issue by the Board of Directors on May 12, 2016.

(b) BASIS OF PRESENTATION

The financial statements have been prepared on a historical cost basis.

(c) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian dollars, which is the corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Note 16.

2. FIRST-TIME ADOPTION OF IFRS

The company's financial statements for the year ended December 31, 2015 are the first financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the company has applied IFRS was January 1, 2014 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the company is December 31, 2015. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the company's opening IFRS financial statements, the company has not adjusted amounts reported previously in the financial statements in accordance with pre-changeover Canadian GAAP. There are no adjustments to the financial position, financial performance or cash flows of the company as a result of adopting IFRS. Since there are no changes or adjustments required, reconciliations of assets, liabilities and equity, income and comprehensive income and cash flows have not been presented.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

2. FIRST-TIME ADOPTION OF IFRS (CONT'D)

There are no IFRS 1 optional exemptions that are applicable to the company. The following mandatory exception is applicable:

Estimates

The estimates previously made by the company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the company has not used hindsight to revise estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) FINANCIAL INSTRUMENTS

Non-derivative financial assets

The corporation initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the corporation becomes a party to the contractual provisions of the instrument.

The corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The corporation classifies non-derivative financial assets into the following categories: fair value through profit or loss and loans and receivables.

Fair value through profit or loss

Fair value through profit or loss are financial instruments either held for trading or designated as such upon initial recognition. Such assets are recognized at fair value, with changes in fair value recorded in net income in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and accounts receivables.

Non-derivative financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprises of accounts payable and amounts due to members. These liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date the corporation becomes a party to the contractual provisions of the instrument. The corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The corporation initially recognizes loans and receivables on the date that they are originated.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) REVENUE RECOGNITION

The corporation recognizes revenue from transmission services when they are received by the customer, as determined by the Independent Electricity System Operator (IESO), a not-for-profit entity established by the Government of Ontario. Revenue is measured at the fair value of the consideration received or receivable.

Miscellaneous service revenue is recorded on the date of invoice, which generally coincides with the date of the service.

(c) HARMONIZED SALES TAX

Revenue, expenses and assets are recognized net of the amount of harmonized sales tax (HST). The net amount of HST recoverable from the taxation authority is included as part of accounts receivable. Cash flows are included in the cash flow statement on a net basis. The HST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) PROPERTY, PLANT AND EQUIPMENT, CONTRIBUTIONS IN AID OF CONSTRUCTION AND AMORTIZATION

All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Funding received specifically for the construction of assets is credited to property, plant and equipment in accordance with International Financial Reporting Standards for utilities. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The annual depreciation rates used for each class of assets are as follows:

Station equipment	10 to 50 years
Poles and fixtures	15 to 40 years
Overhead conductors and devices	25 to 60 years
Buildings	20 to 40 years
Automotive and other equipment	2 to 7 years
Contributions in aid of construction	20 to 60 years

Gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

(e) FUND ACCOUNTING

The corporation uses fund accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Funds are maintained as follows:

GENERAL FUND - reports on the general transmission activities of the corporation.

CAPITAL FUND - reports on the property, plant and equipment of the corporation, together with related financing.

INSURANCE RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for damages to poles, fixtures, overhead conductors and devices.

OPERATING RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated operational requirements. There are currently no appropriations to this fund.

CAPITAL RESERVE FUND - reports on the cash funded appropriated retained earnings set aside for unanticipated future capital improvements. There are currently no appropriations to this fund.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. The corporation does not plan to adopt these standards early and the extent of the impact has not been determined:

IFRS 9: Financial Instruments, changes in the classification and measurement of financial assets (effective for periods beginning on or after January 1, 2018).

(g) PENSION COSTS

The corporation operates and contributes to a defined contribution pension plan. The assets of the plans are held separately from those of the corporation in independently administered funds. Contributions are recognised as an employee benefit expense in operations in the period in which the related services were performed.

4. FINANCIAL RISK MANAGEMENT

As at December 31, 2015, the financial instruments of the corporation consist of cash, accounts receivable, restricted deposits, accounts payable and accrued liabilities, due to conservation and demand program, callable debt, finance lease and long-term debt.

Overview

The corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

Risk management framework

The Board of Directors of the corporation has overall responsibility for the oversight of the corporation's risk management framework and the objectives of minimizing risk. Risk management procedures are established to monitor the risk faced by the corporation. There have been no changes in risk management objectives in the period.

The corporation's risk management policies are established to identify and analyse the risks faced by the corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the corporation's activities. The corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all management understand their roles and obligations.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to this risk through various financial instruments, for example by granting loans and receivables to customers and by placing deposits. The corporation's accounts receivable consists primarily (2015: 86%, 2014: 56%) of amounts due from Independent Electricity System Operator, a not-for-profit established by the Government of Ontario, in respect of revenue from transmission services. As such, management is of the opinion that credit risk is negligible. No allowance for doubtful accounts has been established in respect to these amounts.

(b) Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The corporation manages its liquidity needs by monitoring scheduled debt servicing payments for long-term debt as well as forecasting cash inflows and outflows due in day-to-day business.

The corporation ensures that it has sufficient cash on hand to meet expected operational expenses by preparing an annual budget; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the corporation maintains a \$500,000 line of credit, for which interest would be payable at the rate of prime.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Interest rate risk

The corporation is exposed to Interest rate risk through changes in interest rates through bank borrowings and other borrowings. The companies borrowings are all at fixed interest rates. The exposure to interest rates for the corporation is considered immaterial as the rates are fixed term.

5. PROPERTY, PLANT AND EQUIPMENT AND AMORTIZATION

	COST	ACCUMULATED AMORTIZATION	NET		
			Dec.31 2015	Dec.31 2014	Jan.1 2014
Station equipment	\$ 34,742,936	\$ 7,964,493	\$ 26,778,443	\$ 26,552,509	\$ 26,708,378
Poles and fixtures	50,926,533	16,137,856	34,788,677	32,242,816	33,433,134
Overhead conductors and devices	20,440,366	5,639,891	14,800,475	13,869,779	14,238,220
Land and buildings	5,344,505	533,811	4,810,694	4,905,042	5,069,491
Automotive and other equipment	1,614,302	829,470	784,832	560,908	508,919
	113,068,642	31,105,521	81,963,121	78,131,054	79,958,142
Less contributions in aid of construction	(66,768,592)	(19,983,981)	(46,784,611)	(48,401,659)	(50,015,708)
	\$ 46,300,050	\$ 11,121,540	\$ 35,178,510	\$ 29,729,395	\$ 29,942,434

Contributions in aid of construction consists of Indigenous and Northern Affairs Canada (INAC) funding received for the acquisition and construction of station equipment, poles and fixtures, overhead conductors and devices, the transmission line between Moosonee and Kashechewan, Ontario and related station equipment constructed by De Beers and transferred to the corporation in December 2010 at the turn-key contract price. De Beers will reimburse the corporation annually for incremental costs of operating the line during the life of the Victor Mine near Attawapiskat, Ontario. The Victor Mine is currently expected to discontinue operations in December 2018.

See schedule 2 for a full breakdown of property, plant and equipment.

6. BANK INDEBTEDNESS

The corporation has an authorized operating facility of \$500,000 with the Bank of Montreal bearing interest at bank prime. The facility was not being utilized at December 31, 2015.

7. RELATED PARTY TRANSACTIONS

The corporation is related to the individual First Nations and their respective power corporations by virtue of significant influence. Accounts receivable includes the following amounts due for services in the regular course of business:

	Dec.31 2015	Dec.31 2014	Jan.1 2014
Attawapiskat Power Corporation	\$ 17,802	\$ 2,800	\$ 2,111
Fort Albany Power Corporation	2,724	-	3,483
Kashechewan Power Corporation	2,858	-	3,120
	\$ 23,384	\$ 2,800	\$ 8,714

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

7. RELATED PARTY TRANSACTIONS (CONT'D)

Accounts payable and accrued liabilities include the following amounts due for services in the regular course of business:

	Dec.31 2015	Dec.31 2014	Jan.1 2014
Attawapiskat Power Corporation	\$ 70,180	\$ 77,059	\$ 76,924
Fort Albany First Nation (Note 14)	36,583	73,603	19,083
Fort Albany Power Corporation	27,692	3,999	8,220
Kashechewan First Nation (Note 14)	42,857	46,103	9,083
Kashechewan Power Corporation	4,817	4,160	19,498
	\$ 182,129	\$ 204,924	\$ 132,808

The corporation purchases goods and services from the member power corporations in the normal course of operations including the following:

	2015	2014
Electricity at OEB approved rates	\$ 37,639	\$ 38,186
Station checks at exchange amount	\$ -	\$ 5,087
Construction and maintenance at exchange amount	\$ 398,458	\$ 352,942

Key management personnel compensation included:

	2015	2014
Salaries	\$ 432,720	\$ 277,875
Employee benefits	48,001	33,281
	\$ 480,721	\$ 311,156

8. RESTRICTED DEPOSITS

	Dec.31 2015	Dec.31 2014	Jan.1 2014
Insurance Reserve (Note 12)	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Bank of Montreal GIC as required by PWB/Manulife for additional BMO borrowing, bearing interest at 1.35%, maturing November 2018.	500,000	500,000	500,000
	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000

9. CONSERVATION AND DEMAND MANAGEMENT PROGRAM

In September 2014, the corporation agreed to provide administrative services to the Conservation and Demand Management Program instituted by the IESO for the three member distribution corporations. Revenues and expenses for this program are not included in the statement of income. The balance consists of a receivable from the LDCs as a result of overexpending in program (unexpended receipts for the program in 2014).

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

10. LONG-TERM DEBT

	Dec.31 2015	Dec.31 2014	Jan.1 2014
Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable bearing interest at 5.5%, secured by a general security agreement, repayable in blended monthly payments of \$75,246, maturing February 2028.	\$ 7,986,907	\$ 8,442,766	\$ 8,874,585
Bank of Montreal loan payable, secured by land, office building with a net book value of \$4,466,811 and a general security agreement, bearing interest at 4.61% per annum, repayable in blended monthly payments of \$10,897, maturing November 2020.	1,558,249	1,615,731	1,670,661
The Manufacturers Life Insurance Company and Pacific & Western Bank of Canada loan payable bearing interest at 5.5% secured by a general security agreement, repayable in blended monthly payments of \$37,365, maturing December 2027.	5,770,898	-	-
Northern Ontario Heritage Fund loan repaid during 2014.	-	-	925,437
	15,316,054	10,058,497	11,470,683
Less: Finance acquisition costs related to The Manufacturers Life Insurance Company and Pacific & Western Bank of Canada loan maturing December 2027 and amortized on a straight basis over the life of the loan.	80,010	-	-
	15,236,044	10,058,497	11,470,683
Less: Current portion	(729,295)	(519,268)	(1,415,307)
	\$ 14,506,749	\$ 9,539,229	\$ 10,055,376

Principal payments due within the next five years and thereafter are approximately as follows:

2016	\$ 729,295
2017	762,814
2018	803,181
2019	845,696
2020	883,084
Thereafter	11,291,984
	\$ 15,316,054

11. FINANCE LEASE

	Dec.31 2015	Dec.31 2014	Jan.1 2014
Roynat Lease Finance capital lease payable matured during the year.	\$ -	\$ 71,354	\$ 145,150
Less: Current portion.	-	(71,354)	(73,832)
	\$ -	\$ -	\$ 71,318

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

12. UTILITY EQUITY

	General Fund	Capital Fund	Insurance Reserve Fund	Total
Balance at January 1, 2014	\$ 4,432,335	\$ 17,235,766	\$ 4,000,000	\$ 25,668,101
Net income for year 2014	1,669,482	-	-	1,669,482
Appropriations for year 2014:				
Property, plant and equipment additions	(979,487)	979,487	-	-
Amortization	1,192,526	(1,192,526)	-	-
Gain on disposal of property, plant and equipment	(10,400)	10,400	-	-
Proceeds on disposal of property, plant and equipment	10,400	(10,400)	-	-
Repayment of long-term debt	(1,412,186)	1,412,186	-	-
Repayment of callable debt	(110,000)	110,000	-	-
Repayment of finance lease	(73,796)	73,796	-	-
Balance at December 31, 2014	4,718,874	18,618,709	4,000,000	27,337,583
Net income for year 2015	974,650	-	-	974,650
Appropriations for the year 2015:				
Property, plant and equipment additions	(6,712,069)	6,712,069	-	-
Amortization	1,262,954	(1,262,954)	-	-
Gain on disposal of property, plant and equipment	(4,000)	4,000	-	-
Proceeds on disposal of property, plant and equipment	4,000	(4,000)	-	-
Net proceeds of long-term debt	5,177,545	(5,177,545)	-	-
Repayment of callable debt	(980,834)	980,834	-	-
Repayment of finance lease	(71,354)	71,354	-	-
Balance at December 31, 2015	\$ 4,369,766	\$ 19,942,467	\$ 4,000,000	\$ 28,312,233

Pursuant to the OEB rate decision dated November 1, 2010, the company must establish an operating reserve fund and a capital reserve fund. The OEB requires that these be cash funded. The maximum permitted amounts of these funds is currently \$1,750,000 and \$275,000 respectively. The policies for funding and accessing these reserves have been established and approved by the company and are subject to OEB approval. Application of the policies will commence upon approval by the OEB. Once fully funded, transmission rates will be reduced by approximately \$1,000,000 annually.

Under the terms of the Pacific & Western Bank of Canada and Manulife Financial Corp. loan payable, the corporation must establish and maintain an insurance reserve fund of \$4,000,000. Cash set aside for the insurance reserve are reported as restricted deposits.

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

13. CAPITAL MANAGEMENT

Capital is comprised of the corporation's utility equity and long-term debt. As at December 31, 2015, the corporation's utility equity was \$28,312,233 and its outstanding long-term debt was \$15,316,054. The corporation's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities and to minimize expenditures over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum debt covenant levels and internally determined capital guidelines based on risk management policies.

The long-term debt is subject to loan covenants which require the corporation to maintain a minimum debt service ratio of 1.20:1 and a debt to equity ratio of 1.50:1. For the purposes of the debt to equity ratio, equity is calculated as utility equity plus 30% of contributions in aid as disclosed in Note 3.

The corporation was in compliance with these covenants at December 31, 2015.

14. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The corporation renewed an Operating Services Agreement with Hydro One Networks Inc. which expires September 2016. Under the agreement, the corporation is obligated to make minimum annual payments of \$325,211 of which \$77,372 is recoverable from De Beers pursuant to a connection and cost recovery agreement.

The corporation is involved in claims and litigation arising in the normal course of business. Any settlements or awards will be reflected in the period in which they become determinable. It is management's opinion that no damages will be payable by the corporation as a result of these claims and litigation.

The corporation has agreed to pay \$110,000 per year for the period September 1, 2010 to August 31, 2016 (\$45,980 to Fort Albany First Nation and \$64,020 to Kashechewan First Nation) in respect to the transmission line's right of way across the Albany 67 reserve lands near the communities of Kashechewan and Fort Albany, Ontario. Pursuant to the connection and cost recovery agreement, \$55,000 of the annual fee is recoverable from De Beers.

15. EMPLOYEE BENEFITS

The corporation and its employees contribute equally to a defined contribution pension plan. The corporation's maximum contribution is between 5% and 9% of earnings, based on different criteria. The stipulations of this plan are: the employee must work a minimum of 20 hours a week and be in the corporation's employ for a minimum of three months. On May 12, 2016, the three month employment minimum was removed.

Total employee benefits expensed in the statement of income for year ended December 31, 2015 is \$135,643 (2014 - \$101,167).

FIVE NATIONS ENERGY INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2015 & 2014

16. CRITICAL ACCOUNT ESTIMATES AND JUDGEMENTS

The corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(a) LEASES

In some cases, management is required to use judgment to determine whether leases are operating leases or finance leases where there is a transfer of risks and rewards incidental to ownership.

(b) USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management is required to use judgment when determining the useful life and the residual value of the items included in property, plant and equipment. Differences in the estimated lives and residual values from those determined by management could result in material differences in the carrying amount of the assets and the amortization recorded as an expense.

(c) ALLOWANCE FOR DOUBTFUL ACCOUNTS

It is managements opinion that accounts receivable are fully collectable and as such no allowance for doubtful accounts is required.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current period's presentation.

FIVE NATIONS ENERGY INC.

SCHEDULES OF EXPENSES

YEARS ENDED DECEMBER 31, 2015 & 2014

	2015	2014
Administrative and general		
Community relations	\$ 129,226	\$ 113,189
Administration salaries and expenses	768,781	532,786
Insurance	415,216	395,019
Maintenance of general plant	103,426	89,808
Office and other	83,964	100,129
Outside services	201,089	200,895
Regulatory expenses	240,597	255,334
Travel	174,511	139,151
	2,116,810	1,826,311
Amortization	1,262,954	1,192,526
Interest	623,831	626,344
Transmission - Maintenance		
Transformers and station equipment	252,313	233,662
Towers, poles and structures	546,440	513,710
	798,753	747,372
Transmission - Operations		
Load dispatching	305,886	291,683
Stations buildings and fixtures	47,312	51,511
Station operations wages	386,349	423,613
Rent	86,244	85,504
	825,791	852,311
	\$ 5,628,139	\$ 5,244,864

FIVE NATIONS ENERGY INC.

SCHEDULE 2

**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
YEARS ENDED DECEMBER 31, 2015 & 2014**

	Cost			Accumulated Amortization			NBV Dec. 31, 2015	NBV Dec. 31, 2014	NBV Jan. 1, 2014
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Station equipment	\$ 33,503,334	\$ 1,239,602	\$ -	\$ 34,742,936	\$ 6,950,825	\$ 1,013,668	\$ -	\$ 7,964,493	\$ 26,778,443
Poles and fixtures	47,190,028	3,736,505	-	50,926,533	14,947,212	1,190,644	-	16,137,856	34,788,677
Overhead conductors and devices	19,152,846	1,287,520	-	20,440,366	5,283,068	356,823	-	5,639,891	14,800,475
Land and buildings	5,253,015	91,490	-	5,344,505	347,972	185,839	-	533,811	4,810,694
Automotive and other equipment	1,227,350	386,952	-	1,614,302	666,442	163,028	-	829,470	784,832
	106,326,573	6,742,069	-	113,068,642	28,195,519	2,910,002	-	31,105,521	81,963,121
Less: Contributions in aid of construction	66,738,592	30,000	-	66,768,592	18,336,933	1,647,048	-	19,983,981	46,784,611
	\$ 39,587,981	\$ 6,712,069	\$ -	\$ 46,300,050	\$ 9,858,586	\$ 1,262,954	\$ -	\$ 11,121,540	\$ 35,178,510
Total Dec. 31, 2015									
Total Dec. 31, 2014	\$ 38,658,151	\$ 979,486	\$ (49,656)	\$ 39,587,981	\$ 8,715,716	\$ 1,192,526	\$ (49,656)	\$ 9,858,586	\$ 29,729,395
Total Jan. 1, 2014	\$ 35,197,729	\$ 3,460,422	\$ -	\$ 38,658,151	\$ 7,961,696	\$ 754,020	\$ -	\$ 8,715,716	\$ 29,942,434

1 **PRO-FORMA FINANCIAL STATEMENT FOR 2016**

2 FNEI's pro-forma financial statement for 2016 is set out in the balance of this Schedule.

Five Nations Energy Inc.
2016 Proforma Financial Statements

2016 BALANCE SHEET

1000 Current Assets	
Operating Bank Account	3,444,021
Insurance Reserve (Restricted Cash)	4,000,000
1005 Cash (Total)	7,444,021
1100 Customer Accounts Receivable	950,000
1102 Accounts Receivable - Services	
1104 A/R-Recoverable Work	9,705
1110 Other Accounts Receivable	38,238
1130 Accum Prov. Uncollectible Acco	
1180 Prepayments	5,418
Total Current Assets	8,447,383

1600 Electric Plant in Service	
1708 Station Buildings & Fixtures	4,431,397
1715 Station Equipment	32,151,538
1725 Poles and Fixtures	50,936,533
1730 Overhead Conductors and Device	20,450,366
1905 Land-Office Building	250,644
1908 Buildings and Fixtures	5,093,861
1915 Office Furniture and Equipment	61,960
1920 Computer Equipment - Hardware	109,176
1925 Computer Software	9,978
1930 Transportation Equipment	689,662
1940 Tools, Shop and Garage Equipme	511,723
1950 Power Operated Equipment	491,803
1995 Contributions&Grants-Credit	(66,768,592)
Total Electric Plant in Service	48,420,050

2105 Accumulated Amortization	
2105 Total Accumulated Amortization	(12,414,862)
Total Amortization	(12,414,862)

TOTAL ASSETS	44,452,570
---------------------	-------------------

2200 Current Liabilities	
2205 Accounts Payable	353,257
2220 Miscellaneous Current and Accr	227,009
2260 Current Portion-Long Term Debt	719,698
2290 Commodity Taxes	74,750
Total Current Liabilities	1,374,714

Five Nations Energy Inc.
2016 Proforma Financial Statements

2500 Long Term Debt	
2520 Other Long Term Debt	14,596,356
Total Long Term Debt	14,596,356

TOTAL LIABILITY	15,971,069
------------------------	-------------------

3000 Utility Equity	
Equity in Capital Fund	20,689,134
Equity in Capital Reserve	
Equity in Insurance Reserve Fund	4,000,000
3040 Appropriated Retained Earnings	24,689,134
3045 Unappropriated Retained Earnings	3,713,581
3046 Balance Transferred from Income-Unappropriated	78,786
Total Equity	28,481,501

TOTAL EQUITY	28,481,501
---------------------	-------------------

TOTAL LIABILITIES AND EQUITY	44,452,570
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BALANCE SHEET TOTAL	(0)
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2016 INCOME STATEMENT

Revenue	
4105 Transmission Charges Revenue	6,327,089
4235 Miscellaneous Service Revenues	60,000
4405 Interest & Dividend Income	90,000
Total Revenue	6,477,089

Expenses

4800 Transmission Expenses-Operation	
4810 Load Dispatching	397,000
4815 Station Buildings&FixturesExpe	59,900
4820 TransformerStnEquip.OperLabour	724,920
4850 Rents	86,000
Total Transmission Operation Expense	1,267,820

4900 Transmission Expenses-Maintenance	
4916 Maintenance-Transformer Station Equipment	325,680
4930 Maintenance of Towers, Poles and Structures	545,000
Total Transmission Maintenance Expense	870,680

Five Nations Energy Inc.
2016 Proforma Financial Statements

5600 Administrative&General Expense	
5410 Community Relations - Sundry	34,000
5415 Energy Conservation	30,000
5420 Community Safety Program	9,000
5605 Executive Salaries and Expense	604,250
5610 Management Salaries & Expenses	318,693
5615 General AdminiSalaries&Expense	115,741
5620 Office Supplies and Expenses	24,800
5630 Outside Services Employed	209,000
5635 Property Insurance	252,000
5640 Injuries and Damages	166,000
5655 Regulatory Expenses	324,000
5665 Miscellaneous General Expenses	30,000
5675 Maintenance of General Plant	80,000
Total Administrative&General Expenses	2,197,484

5700 Amortization Expense	
5705 Amort.Exp.-Property, Plant&Equipment	1,293,322
Total Amortization Expense	1,293,322

6000 Interest Expense	
6005 Interest on Long Term Debt	762,397
6035 Other Interest Expense	6,600
Total Interest Expense	768,997

Total Expenditures	6,398,303
---------------------------	------------------

Net income	78,786
-------------------	---------------

1

RECONCILIATION

2

There is no reconciliation to be done between FNEI's audited financials and regulatory

3

accounting.

MATERIALITY THRESHOLD

The *Filing Requirements for Electricity Transmission Applications* dated February 11, 2016 establishes a default materiality threshold of \$50,000 for transmitters with transmission revenues less than \$10 million.

The FNEI revenue requirement for 2016 is less than \$10 million, and as a result this Application has been prepared using a materiality threshold of \$50,000.

1

EXHIBIT LIST

EXHIBIT TAB SCHEDULE CONTENTS

2

1. ADMINISTRATIVE DOCUMENTS

1	1	1	Application
		2	Executive Summary
		3	Numerical Summary of Deficiency
		4	Revenue Requirement Work Forms
	2	1	Customer Engagement
3	1		Audited Financial Statements
		2	Pro-Forma Financial Statement for 2016
		3	Reconciliation
4	1		Materiality Threshold
5	1		Exhibit List
		2	Parties Affected by the Application
		3	Internet Address
		4	Contact Information
		5	Requested Effective Date
		6	Bill Impacts
		7	Form of Hearing
		8	List of Specific Approvals
		9	Length of Term

10	Tax Status
11	Accounting Orders
12	Service Area Description
13	Corporate and Utility Organizational Structure
14	Accounting Standards
15	Compliance with Filing Requirements
16	Changes in Methodology
17	Non-Utility Operations
18	Status of Board Directives
19	Responses to Letters of Comment

2. TRANSMISSION SYSTEM PLAN

2	1	1	Investment Planning Process
		2	Asset Management Plan
		3	Regional Considerations
	2	1	Capital Expenditures

3. RATE BASE

3	1	1	Rate Base Overview
		2	PPE & Accumulated Depreciation (EB-2009-0387)
		3	PPE & Accumulated Depreciation (2010 Actual)
		4	PPE & Accumulated Depreciation (2011 Actual)
		5	PPE & Accumulated Depreciation (2012 Actual)
		6	PPE & Accumulated Depreciation (2013 Actual)

	7		PPE & Accumulated Depreciation (2014 Actual)
	8		PPE & Accumulated Depreciation (2015 Actual)
	9		PPE & Accumulated Depreciation (2016 Test Year)
	10		Historical Allowance for Working Capital
	11		Test Year Allowance for Working Capital
	12		Working Capital Study
2	1		Customer Connection and Cost Recovery
	2		Capitalization Policy
4.			SERVICE QUALITY AND RELIABILITY
4	1	1	Performance Scoreboard
		2	Reliability Performance
		3	Compliance Matters
5.			OPERATING REVENUE
5	1	1	Operating and Other Revenues
		2	Numerical Summary of Revenue
		3	Charge Determinant Forecast
6.			OPERATING COSTS
6	1	1	Operating Costs Overview
	2	1	OM&A Summary and Cost Drivers
		2	Employee Compensation
		3	Shared Services and Corporate Cost Allocation
		4	Purchase of Non-Affiliate Services

	5		One-Time Costs
	6		Regulatory Costs
	7		Charitable and Political Donations
3	1		Depreciation and Amortization
	2		Numerical Summary – Depreciation
	3		Detailed Depreciation
4	1		Taxes
	2		Non-Recoverable Expenses
	3		Integrity Checks
5	1		Z-Factor Claims
7.			COST OF CAPITAL / CAPITAL STRUCTURE
7	1	1	Cost of Capital
	2	1	Not-for-Profit Corporations
8.			DEFERRAL AND VARIANCE ACCOUNTS
8	1	1	Overview of Deferral and Variance Accounts
9.			COST ALLOCATION TO RATE POOLS
9	1	1	Cost Allocation to Rate Pools
10.			IR PLAN
10	1	1	Proposed Incentive Rate-Setting Plan
11.			UNIFORM TRANSMISSION RATES
11	1	1	Calculation of Uniform Transmission Rates and Bill Impacts

PARTIES AFFECTED BY APPLICATION

The approach to transmission rate-setting in Ontario is on a pooled basis. As such, the parties affected by this Application are all Ontario electricity customers connected to the IESO-controlled grid either directly as a market participant, or indirectly through a distributor or embedded distributor. No specific customers or customer groups will be uniquely affected by this Application.

Given FNEI's small size, this Application will have no impact on the existing Uniform Transmission Rates. No customer will be significantly affected by this Application.

1

INTERNET ADDRESS

2

FNEI's internet address is <http://www.fivenations.ca>.

3

This Application has been posted to FNEI's website and can be accessed at

4

<http://www.fivenations.ca/index.php/regulatory/oeb-applications>.

CONTACT INFORMATION

Applicant:

Five Nations Energy Inc.
70-C Mountjoy Street N.
Suite 421
Timmins, ON P4N 4V7 (mailing address)

Attention:

Patrick S. Chilton, CEO
pchilton@fivenations.ca
Telephone: (705) 268-0056
Fax: (705) 268-0071

Rod Reimer, Financial Controller
rreimer@ontera.net
(705) 360-4372
(705) 268-0071

Applicant's Counsel:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
100 King Street West
Suite 6200, P.O. Box 50
Toronto, ON M5X 1B8

Attention:

Mr. Richard J. King
rking@osler.com
Telephone: (416) 862-6622
Fax: (416) 862-6666

Mr. Jeff St. Aubin
jstaubin@osler.com
(416) 862-5972
(416) 862-6666

1 **REQUESTED EFFECTIVE DATE**

2 FNEI requests that the Order of the Board approving FNEI's revenue requirement for 2016 have
3 an effective date of January 1, 2016.

1

BILL IMPACTS

2

This Application, as demonstrated in Exhibit 11, Tab 1, Schedule 1, will have no impact on

3

any of the three provincial transmission charges for 2016 (i.e., the Network charge, the

4

Line Connection charge, or the Transformation Connection charge).

FORM OF HEARING

FNEI requests that this Application be processed by way of a written hearing.

FNEI's most recent rate application (EB-2009-0387) was processed by way of written hearing, in an efficient manner. Given the negligible impact that this Application will have on Ontario electricity ratepayers, FNEI believes a similar approach is warranted.

LIST OF SPECIFIC APPROVALS

FNEI applies for an Order or Orders of the Board, issued pursuant to section 78 of the OEB Act approving:

- a) FNEI's forecasted test year (2016) revenue requirement of \$7.989 million, comprised of a transmission revenue requirement of \$7.894 million and \$150,000 of other revenue;
- b) FNEI's proposed five-year incentive rate-setting ("IR") mechanism, which includes an inflation factor ("I"), productivity factor ("X"), stretch factor ("S"), Z-factor, and a trigger mechanism for a regulatory review in the event of a 300-basis point deviation from the ROE;
- c) updated Uniform Transmission Rates for Ontario that allow FNEI to recover its forecasted test year (2016) revenue requirement; and
- d) the establishment of a deferral account to track revenue requirement deficiencies incurred from January 1, 2016 until FNEI's proposed 2016 revenue requirement is approved.

LENGTH OF TERM

FNEI requests that the Order of the Board, issued pursuant to section 78 of the OEB Act, establish a term of five years, commencing on January 1, 2016 and ending on December 31, 2020. The revenue requirement for 2016 will be established using a cost-of-service methodology, which will be adjusted in each of years 2017 to 2020 in accordance with FNEI's proposed IR Plan.

1

TAX STATUS

2

There has been no change to FNEI's tax status since the time of its last transmission rate

3

application (EB-2009-0387). FNEI remains exempt from federal and provincial income tax by

4

virtue of its status as a not-for-profit corporation, pursuant to paragraph 149(1)(l) of the *Income*

5

Tax Act (Canada), RSC 1985, c.1 (5th Supp).

1 **ACCOUNTING ORDERS**

2 FNEI currently has no Accounting Orders.

SERVICE AREA DESCRIPTION

1.0 Overview

FNEI's transmission system is located along the western coast of James Bay in northern Ontario and consists of the following:

- a 138 kV three-phase line approximately 270 km in length beginning at Moosonee and running northwest along James Bay by way of Fort Albany and Kashechewan, and terminating at Attawapiskat (the "Original Line");
- a second 138 kV three-phase line approximately 179 km in length beginning at Moosonee and running northwest along James Bay, parallel to the Original Line, terminating in Kashechewan (the "Twinned Line"); and
- three step-down substations, one in each of Fort Albany, Kashechewan and Attawapiskat.

1.1 Physical Location

FNEI's transmission system is located entirely on Treaty No. 9 lands in the coastal wetlands of the James Bay Lowlands. As a result, most of FNEI's transmission system is inaccessible by ground transportation, with the exception of a few weeks in the coldest part of winter. A map of FNEI's system is included as Appendix I to this Schedule.

The coastal wetlands of the James Bay Lowlands are comprised of a mix of forested areas (balsam, fir, white and black spruce, tumbling aspen and paper birch) and less well-drained

1 areas, where the dominant vegetation consists of sedge, mosses, and lichens with or without
2 stunted black spruce and tamarack.

3 The service area is cold, with a mean annual temperature of -2°C. The mean summer
4 temperature is 11.5°C and the mean winter temperature is -16°C. The terrain and climate present
5 challenges to FNEI with respect to various aspects of its operations and maintenance, including
6 vegetation management.

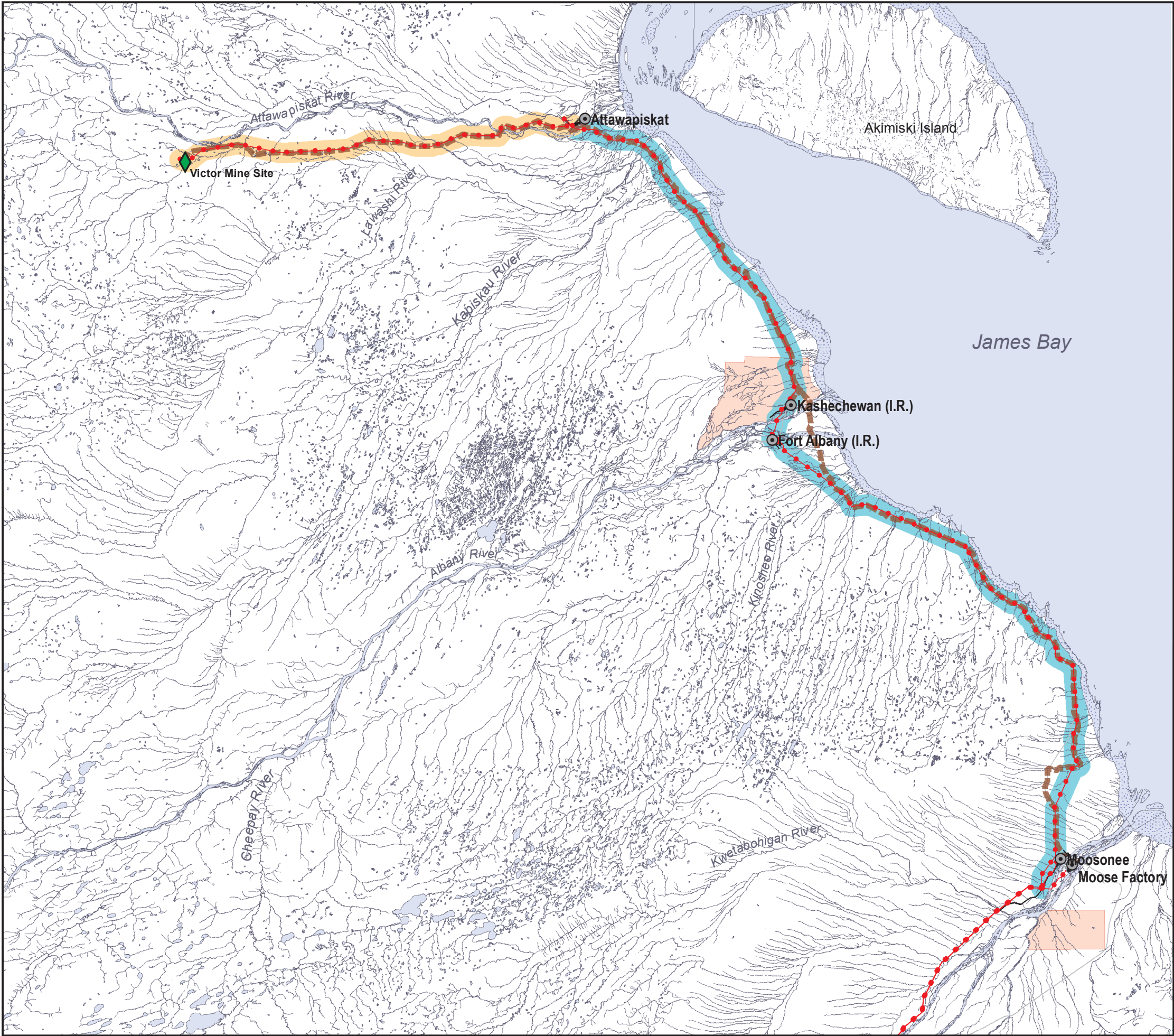
7 **1.2 Communities Served**

8 The Original Line was constructed in 2000 and 2001, and connected the First Nation
9 communities of Attawapiskat, Fort Albany and Kashechewan to the provincial transmission grid.
10 Prior to then, these three communities were electrically isolated, with each being powered by
11 separate diesel generators and local distribution systems. Attawapiskat and Fort Albany were
12 served by Hydro One Remote Communities Inc. (“HORCI”) prior to the FNEI transmission line
13 coming into service. Beginning in 1997, Kashechewan was served by an independent Band-run
14 distribution authority.

15 In early 2000, the southernmost 80 km of the Original Line (i.e., the first 80 km of transmission
16 line heading north out of the Moosonee station) was sold to Hydro One Networks Inc. (“HONI”).
17 FNEI reserved the right to repurchase the 80 km, at net book value, on an as-is basis. On
18 October 15, 2015, FNEI exercised this right and purchased the 80 km from HONI for \$4.9
19 million plus HST. As a result, all high voltage transmission assets north of Moosonee are owned
20 by FNEI (with the exception of the load connection line from Attawapiskat to the Victor
21 Diamond Mine owned by DeBeers).

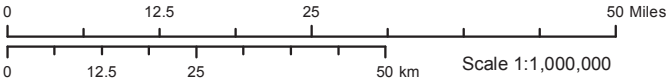
APPENDIX "I"

FNEI SYSTEM MAP



Five Nations Energy Inc.

Western James Bay Transmission Line



- Coastal Winter Road
- Local / Street
- Hydro Line
- Drainage
- First Nation Reserve
- Intermittent Water
- Permanent Water
- Communities

- FNEI - Moosonee to Attawapiskat
- DeBeers - Attawapiskat to Victor Mine Site



CREEGEO
MUSHKEGOWUK
INFORMATION SERVICES

Date: 28/05/2016



1 **CORPORATE AND UTILITY ORGANIZATION**

2 FNEI's key personnel and board of directors are listed in Appendix I.

3 A corporate entities relationship chart for FNEI is attached as Appendix II.

APPENDIX I

FNEI Organization Structure

Board of Directors

Edward Koostachin (Attawapiskat)

Steve Hookimaw (Attawapiskat)

Henry Koosees (Kashechewan)

James Goodwin (Kashechewan)

Jackie Kataquapit (Fort Albany)

Andrew Linklater (Fort Albany)

Roger Archibald (Taykwa Tagamou)

Derek Chum (Moose Cree)

FNEI Officers

Derek Chum, *President*

Albalina Metatawabin, *Vice President*

Patricia Sutherland, *Secretary Treasurer*

FNEI Management

Patrick S. Chilton, *Chief Executive Officer*

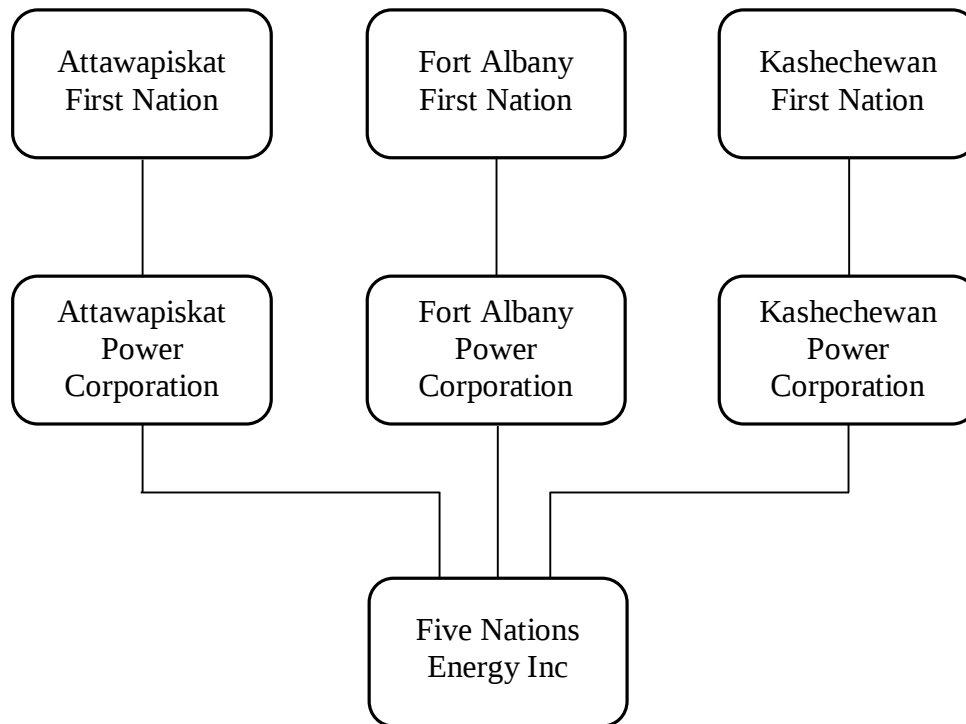
Rod Reimer, *Financial Controller*

Vladimir Govorov, *Operations Manager*

Rose Anna Campbell, *Administrative Assistant*

APPENDIX II

Corporate Entities Relationship Chart



1

ACCOUNTING STANDARDS

2 FNEI followed Canadian GAAP up to December 31, 2014 and has adopted the International
3 Financial Reporting Standards (“IFRS”) for reporting periods thereafter.

1 **COMPLIANCE WITH FILING REQUIREMENTS**

2 FNEI has prepared this Application in general conformity with the *Filing Requirements for*
3 *Electricity Transmission Applications*, dated February 11, 2016.

CHANGES IN METHODOLOGY

The changes in FNEI's methodology, as compared to FNEI's previous rate application (EB-2009-0387), are set out below:

1. **Adoption of IFRS.** FNEI adopted IFRS effective as of January 1, 2015, prior to which FNEI followed Canadian GAAP.
2. **Calculation of Working Capital Allowance.** FNEI has determined its working capital requirements for the purposes of this Application by means of a lead/lag analysis (Working Capital Requirements Study, prepared by Navigant), included in Exhibit 3, Tab 1, Schedule 12. In FNEI's previous application the working capital requirements were determined as a percentage of OM&A. This change in methodology was a result of the requirements set out in Section 2.5.3 of the *Filing Requirements for Electricity Transmission Applications* dated February 11, 2016.

NON-UTILITY OPERATIONS

The core business of FNEI is the regulated transmission of electricity. To the limited extent, if any, that FNEI has engaged or expects to engage in any non-utility activity, such activities and their financial impact have been and will be segregated from the financial results contained in this Application for the purposes of establishing the base revenue requirement.

STATUS OF BOARD DIRECTIVES

The Board directives set out in FNEI's most recent rate application (EB-2009-0387), as well as FNEI action in relation to such directives, are set out below:

1. Board direction for FNEI to file with the Board service agreements between FNEI and the three LDCs on or before December 31, 2010.

FNEI complied with this directive and established Master Service Agreements ("MSAs") with each of Attawapiskat Power Corporation, Fort Albany Power Corporation, and Kashechewan Power Corporation. Two of the MSAs were established prior to December 31, 2010, while the third MSA was established in January of 2011.

2. Board direction for FNEI, beginning on July 1, 2010, to record in a deferral account the incremental input tax credit it receives on revenue requirement items previously subject to PST and which become subject to HST.

FNEI tracked the incremental tax credit for a period of six months and determined the applicable amount to be approximately \$5,000 during this period. FNEI did not establish a deferral account on the basis that such an amount was well short of FNEI's materiality threshold.

3. Board direction for FNEI to file a reserves policy within three months (of the decision), including the calculations, underlying policies, and methodologies for building up the Operating and Capital Reserves.

At Board Staff's request, FNEI prepared and submitted (to Board Staff) a draft reserves policy on August 8, 2011. FNEI subsequently (in 2012) met with senior OEB personnel to discuss the implications of the Board Directive on FNEI's ability to operate. In this Application, FNEI is requesting the Board to reconsider its findings in EB-2009-0387 with respect to: (a) FNEI's ability to continue to

1 earn a return on equity; and (b) the establishment of Operating and Capital
2 Reserves. This issue is discussed fully in Exhibit 7, Tab 2, Schedule 1.

1 **RESPONSES TO LETTERS OF COMMENT**

2 All FNEI responses to matters raised by letters of comment filed during the course of the
3 proceeding are attached hereto.

INVESTMENT PLANNING PROCESS

1.0 Introduction

The investment planning process of FNEI is reflective of the fact that it is a small transmitter. FNEI is responsible for managing a small number of connection points, served by a network that is highly uniform. These factors permit FNEI to employ a more fluid and proactive approach to investment planning.

Despite the scale of the FNEI network, it would be incorrect to characterize the investment planning process or asset management as simple or ad hoc, as FNEI has a small number of resources at its disposal for the management and maintenance of a network that is being operated in likely the harshest and most remote environment in the province. Rather, the primary difference as compared to larger transmitters is that the smaller scale does not necessitate voluminous procedures for determining asset condition or customer needs that would be required for expansive networks of disparate components. In contrast, the FNEI approach is structured around governance processes aimed at ensuring that scarce resources are allocated prudently to address current and anticipated needs.

The geographic location of FNEI also presents challenges. Access often necessitates transporting personnel and materials to remote locations that can generally only be reached by air travel throughout the majority of the year.

In particular, relatively small changes to address system needs can have a significant impact on actual performance as compared to that which was originally forecast, as any requirement not anticipated or not capable of being known during the planning process is likely to result in a material impact.

2.0 Strategic Plan

The strategic plan for FNEI is grounded in the principle of minimizing outages to ensure

1 reliability. The communities served by FNEI have not required, nor are they expected to require,
2 significant increases to capacity. As such, the focus of FNEI has been on providing the reliable
3 transmission of electricity, and capital investments are aimed at improving the reliability of the
4 existing system and mitigating risks.

5 **3.0 Prioritization and Selection of Investments**

6 FNEI identifies potential capital projects on the basis of needs ascertained through the predictive,
7 preventative, and corrective maintenance regime, as well as general technological developments
8 and evolving industry practices. FNEI prepares a summary of each material project that includes:

- 9 a) technical description;
- 10 b) operational need;
- 11 c) impact on customers;
- 12 d) regional planning requirements;
- 13 e) timing of implementation;
- 14 f) FNEI capability to implement;
- 15 g) capital cost estimate;
- 16 h) impact on OM&A;
- 17 i) alternative solutions;
- 18 j) risks associated with not implementing or delaying implementation; and
- 19 k) general recommendations.

20 Potential capital projects in excess of \$50,000 must be approved by either the Board of Directors
21 or the Finance Committee prior to implementation. The more common method of potential

1 projects being approved is through the FNEI capital budgeting process, which involves the Board
2 of Directors approving an overall capital budget on an annual basis, which includes specific
3 capital projects. The capital budget is developed by the Operations Manager and the Controller,
4 and is updated on a quarterly basis.

5 In the event that the need for a capital project is identified after the completion of the capital
6 budget for a particular year and in circumstances where the project should be initiated prior to
7 the subsequent annual capital budget approval, then the project must be approved by the Finance
8 Committee. An instance of when such a requirement may arise is when deficiencies are
9 discovered in the course of executing the Asset Management Plan, as set out in Exhibit 2, Tab 1,
10 Schedule 2.

11 The approval process for a specific project, whether by the Board of Directors or the Finance
12 Committee, involves consideration of the information provided by the operations department and
13 a prioritization of all capital projects currently proposed or approved. The prioritization and
14 selection criteria employed by the Board of Directors and Finance Committee includes
15 consideration, both on a project specific basis and on a project-to-project basis, of:

- 16 a) project urgency;
- 17 b) project benefit as compared to cost;
- 18 c) impact on system reliability;
- 19 d) impact on OM&A;
- 20 e) responsiveness to customer needs;
- 21 f) regional planning requirements;
- 22 g) alignment with FNEI strategic objectives; and
- 23 h) risks associated with delaying or not implementing at the current time.

1 Approval of a particular project is communicated to the operations department and the FNEI
2 capital budget is updated accordingly. Following the authorization to proceed, each project is
3 implemented by the operations department and monitored by FNEI management through regular
4 reporting and status updates tailored to the particular project.

5 **4.0 Regional Planning Considerations**

6 As addressed in Exhibit 2, Tab 1, Schedule 3 (Regional Considerations), it has not been
7 necessary for FNEI to complete a needs assessment to date. Regional planning is currently
8 considered as part of the capital planning process, as the need for a particular project could
9 trigger the requirement for a needs assessment, pursuant to Section 3C.2.2(c) of the Transmission
10 System Code. Regional planning will continue to be a relevant consideration in capital project
11 assessment process on a go-forward basis and it is envisaged that it may lead to the identification
12 of potential capital projects.

13 **5.0 Relationship Between Capital Projects and OM&A**

14 FNEI is cognizant of the relationship between capital projects and OM&A costs and this is one
15 of the elements considered in the identification, selection, and prioritization of capital projects, as
16 set out in Section 3.0 of this Schedule.

17 Capital projects for the previous five years are set out in Exhibit 2, Tab 2, Schedule 1 at Section
18 1.0. The best example of a direct relationship between a specific capital investment and OM&A
19 expenses would be the acquisition of the brush clearing equipment. FNEI does not clear brush
20 via pesticide use, which means that this clearing work must be performed manually. However, in
21 light of the remote location of the FNEI transmission line, coupled with the fact that it is only
22 accessible by ground vehicles in the winter, the cost of retaining third party contractors and
23 equipment was significant. This necessary activity would have had a material and reoccurring
24 impact on FNEI's OM&A expenses, which was mitigated by the capital investment to purchase
25 the necessary equipment to permit FNEI staff to perform brush clearing each winter without third
26 party support. The acquisition of the necessary equipment and self-performance of the work

demonstrates FNEI's resourcefulness and commitment to minimizing the cost of operating the transmission system.

6.0 Recent Investments and the Strategic Plan

As addressed in Section 2.0, the primary focus of FNEI's strategic plan is to reduce outages and enhance reliability. Capital projects for the previous five years are set out in Exhibit 2, Tab 2, Schedule 1 at Section 1.0 and specific examples of projects that fit within FNEI's strategic plan of improving reliability include the Fort Albany garage, relay replacement, emergency communications equipment, and the ongoing bus isolation project. Please refer to the specific project summarizes for detailed information on the impact of such projects on reliability.

ASSET MANAGEMENT PLAN

1.0 Overview

In the last rate application submitted by FNEI (EB-2009-0387) it was indicated that the focus of FNEI was on creating a more robust and reliable transmission system. This approach was followed through on during the years leading to this application, as evidenced by the projects completed in this period set out in Exhibit 2, Schedule 2, Tab 1 (Capital Expenditures).

Moving forward, the primary objective of FNEI is to manage and maintain the existing infrastructure, while implementing additional capital projects focused on maintaining and improving reliability in accordance with the Investment Planning Process, set out in Exhibit 2, Schedule 1, Tab 1.

2.0 Managing Existing Infrastructure

Proactive maintenance of infrastructure is vital to the reliability of the FNEI transmission system, as the remote and harsh conditions in which the system is situated presents significant access challenges in the event of a failure. FNEI's three main asset categories are (i) transmission lines; (ii) transformer stations, and (iii) telecommunications, each of which are addressed in the following subsections.

2.1 Transmission Lines

FNEI manages transmission line assets through a visual inspection process carried out semi-annually, with the first inspection in the spring and the second in the fall. The inspections are conducted through a mix of ground and aerial surveys carried out by FNEI employees working in conjunction with consultants that have experience in assessing the conditions of poles, conductors, and insulators. The inspections permit FNEI to identify and assess general conditions, structural problems, safety hazards, and environmental issues.

Non-emergency repairs and preventative line maintenance are completed on a rotating annual

1 basis over a two year cycle, with the northern and southern halves of the system being subject to
2 such maintenance in alternating years. The non-emergency nature of such maintenance permits
3 completion during the winter months when the ground is frozen and traversable, thereby
4 reducing access costs. Such work is largely completed by trained workers from Attawapiskat,
5 Kashechewan, and Fort Albany.

6 Identified problems that require prompt attention are resolved on an expedited basis, which can
7 be completed at any time during the year using pre-established emergency procedures for access
8 and the conduct of the work, including helicopter services and special muskeg pole support
9 systems. In the event of a large scale line failure FNEI has a contract in place with Hydro One
10 Networks to provide support.

11 FNEI is not solely dependent on the semi-annual inspections to identify issues with the
12 transmission lines, as FNEI also utilizes a SCADA system to collect and monitor real-time data
13 regarding power flow, faults, and power quality.

14 **2.2 Transformer Stations**

15 Transformer stations are reviewed on an ongoing basis through visual inspections, functional
16 tests, infra-red inspections, oil sampling, and dissolved gas inspections. A maintenance schedule
17 for high and medium voltage equipment has been included as Appendix I. FNEI also utilizes a
18 SCADA system to collect and monitor real-time data regarding power flow, faults, and power
19 quality. The majority of transformer station data is collected by FNEI staff, while the testing,
20 analysis, data interpretation, and trouble-shooting is often performed by third party experts and
21 equipment manufacturers.

22 Non-emergency repairs and preventative maintenance are addressed on an ongoing basis through
23 either periodic maintenance or discrete capital projects. Identified problems that require prompt
24 attention are resolved quickly and, if necessary, through emergency procedures.

2.3 Telecommunications

The integrity of the FNEI telecommunications system is critical for monitoring other elements of the transmission system and to communicate during outages and emergency repairs. The condition of the communication system is monitored through the use of real-time data and regularly scheduled inspections. A maintenance schedule for the telecommunications equipment has been included as Appendix II. Preventative maintenance is carried out on a periodic basis and includes cleaning and testing of the equipment.

3.0 Asset Inventory

FNEI maintains detailed records regarding all transmission system assets, including, as applicable:

- a) a unique asset identification number;
- b) asset description;
- c) asset classification;
- d) quantity of units (of length in the case of lines);
- e) manufacturer;
- f) model number;
- g) serial number;
- h) pole class, type, and height;
- i) asset location;
- j) date on which asset was acquired or constructed;
- k) replacement cost;

- l) acquisition cost;
- m) useful life;
- n) remaining useful life;
- o) accumulated depreciation; and
- p) net book value;

The inventory of FNEI assets, presented by asset class, has been included as Appendix III.

4.0 Integrated Plan

The FNEI Asset Management Plan does not exist in isolation, but rather is an integral component of the maintenance and capital planning efforts of FNEI. The detailed tracking of assets, coupled with the inspection and maintenance schedules, permits FNEI to have a current and thorough understanding of asset condition and to plan for the replacement of elements nearing the end of their useful life. Ultimately, the information and processes set out herein guides the proactive maintenance activities of FNEI and serves as a key input into the Investment Planning Process, set out in Exhibit 2, Schedule 1, Tab 1. In their totality, the integrated approach of FNEI to asset management, maintenance, and capital planning have proven successful in allowing a small team to construct and operate a reliable transmission system in one of the harshest environments in Canada.

1

APPENDIX "I"

2

EQUIPMENT MAINTENANCE SCHEDULE

3

HIGH AND MEDIUM VOLTAGE EQUIPMENT MAINTENANCE SCHEDULE

EQUIPMENT	TOTAL	Quantity per Substation			TEST, MEASUREMENTS AND INSPECTIONS	Frequency
		Fort Albany	Kashechewan	Attawapiskat		
Transformer	6	2	2	2		
		T1	T2	T3	Oil Testing	1 year
		T1A	T2A	T3A	Power Factor Testing (winding & core)	6 years
					Power Factor Testing (bushings)	6 years
					Tum to tum radio test	6 years
					Insulation resistance with polarization index (PI)	6 years
					Functional test of auxiliary devices (26 relay,	6 years
					Sound level master test	3 years
Reactor	4				Visual Inspection, mech box, heater, AC DC, etc.	3 months
		2	1	1		
		R1	R1	R1	Oil Testing	1 year
		R2			Power Factor Testing (winding & core)	3 years
					Power Factor Testing (bushings)	3 years
					Functional test of auxiliary devices (26 relay,	3 years
					Sound level master test	2 years
					Visual Inspection, mech box, heater, AC DC, etc.	3 months
Circuit Breaker	5	0	4	1		
			L9R1-9	L7B4	Timing	4 years
			L9B3-9		Contact Resistance	4 years
			L3B3		DC/AC Isolation	4 years
			L5B3		Functional Test – lubrication	4 years
					Visual Inspection, mech box, heater, AC DC, etc.	3 months
Circuit Switcher	9	4	2	3		
		3364T1A-	3365T2A-	3366R1-B4	Timing	4 years
		3364T1-B2	3365T2-B3	3366T3-B4	Contact Resistance	4 years
		3364R1-B2		3366T3A-B4	DC/AC Isolation	4 years
					Functional Test – lubrication	4 years
					Adjustment Lubrication	4 years
Grounding Switch	7	1	4	2	Visual Inspection, mech box, heater, AC DC, etc.	3 months
		3364M3K-	3365M9K-G	3366K5A-G	Functional Test – lubrication	5 years
			3365M3K-G	3366A7V-G	Adjustment, lubrication	5 years
			B3A-G		Visual Inspection	3 months
			3365K5A-G			
Voltage Transformer	5	2	2	1		
		3364CVT-	3365CVT-	B4CVT	Radio Test	5 years
		B2CVT	3365CVT-		Isolation DC/AC	5 years
			B3ACVT		Winding resistance, capacitance	5 years
			B3CVT		Visual Inspection, mech box, heater, AC DC, etc.	3 months
Auxiliary Power AC/DC	3		3365CVT-			
		1	1	1		
		AP1	AP1	AP1	Chargers functional test, calibration	3 months
					Batteries capacity test, internal resistance	3 months
					Visual inspection, general clean up	3 months

1

APPENDIX "II"

2

TELECOMMUNICATIONS MAINTENANCE SCHEDULE

3

TELECOM, CONTROL & PROTECTION MAINTENANCE SCHEDULE

EQUIPMENT	TOTAL	Quantity per Substation			TEST, MEASUREMENTS AND INSPECTIONS	Frequency
		Fort Albany	Kashechewan	Attawapiskat		
Protection Panels	10	3	4	3		
		RA02	RA01	RA01	Digital Protection Relay Test	5 years
		RA03	RA02	RA02	Control Schemes test (alarms, commands)	2 years
		RA04	RA03	RA03	Wiring terminals inspection and cabling	2 years
			RA04		Internal cleaning and labeling	5 months
					Visual Inspection	5 months
Circuit Breaker Panels (Low Voltage)	5	2	1	2		
		F1	F1	F1	Low Voltage Circuit Breaker Maintenance Test	2 years
		F2		F2	Wiring terminals inspection and cabling	2 years
					Internal cleaning and labeling	1 year
					Visual Inspection	3 months
PLCC Panel	5	2	2	1		
		PLCC-1	PLCC-3	PLCC-5	Functional Test	3 years
		PLCC-2	PLCC-4		Wiring terminals inspection and cabling	2 years
					Internal cleaning and labeling	3 months
					Visual Inspection	3 months
SCADA Panel	6	2	2	2		
		Servidor 1	Servidor 1	Servidor 1	CPU Cleaning up	1 year
		Servidor 2	Servidor 2	Servidor 2	Functional PC test and backup	1 year
					Wiring terminals inspection and cabling	1 year
					Internal cleaning and labeling	3 months
					Visual Inspection	3 months

1

APPENDIX “III”

2

INVENTORY OF ASSETS

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
SUMMARY OF COST, AMORTIZATION AND NET BOOK VALUE
As at: December 31, 2012

<u>Class Code</u>	<u>Asset Class</u>	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
1708	BUILDINGS & FIXTURES	4,431,397.35	560,016.36	3,871,380.99
1715	STATION EQUIPMENT	28,211,754.65	4,484,632.64	23,727,122.01
1725	POLES & FIXTURES	47,183,628.00	12,566,656.00	34,616,972.00
1730	OH CONDUCTORS & DEVICES	19,165,543.00	4,570,246.00	14,595,297.00
1905	LAND	250,644.00	-	250,644.00
1908	BUILDINGS & FIXTURES	364,768.00	98,306.00	266,462.00
1910	LEASEHOLD IMPROVEMENTS	28,786.00	28,441.00	345.00
1915	OFFICE FURNITURE & EQUIPMENT	58,655.54	54,814.54	3,841.00
1920	COMPUTER HARDWARE	172,363.09	134,183.02	38,180.07
1925	COMPUTER SOFTWARE	13,312.00	10,672.00	2,640.00
1930	TRANSPORTATION EQUIPMENT	337,817.00	278,323.00	59,494.00
1940	TOOLS, SHOP & GARAGE EQUIPMENT	377,274.58	224,241.79	153,032.94
N/A	CONSTRUCTION-IN-PROGRESS	<u>1,310,378.00</u>	-	<u>1,310,378.00</u>
ASSETS:		\$101,906,321.21	\$23,010,532.35	\$78,895,789.01
1995-1708	BUILDINGS & FIXTURES - CIA	3,038,229.91	348,774.92	2,689,455.00
1995-1715	STATION EQUIPMENT-CIA	15,916,427.09	2,526,456.08	13,389,971.00
1995-1725	POLES & FIXTURES-CIA	35,815,583.00	9,121,662.00	26,693,921.00
1995-1730	OH CONDUCTORS & DEVICES-CIA	<u>11,938,352.00</u>	<u>3,051,943.00</u>	<u>8,886,409.00</u>
ASSETS:		\$66,708,592.00	\$15,048,836.00	\$51,659,756.00
ASSETS NET		\$35,197,729.21	\$7,961,696.35	\$27,236,033.01

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1708 - BUILDINGS AND FIXTURES
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1708-001	Buildings & Fixtures	1	Dedicated Site, with Fenced Enclosure, Gravel Base	N/A	N/A	N/A	Attawapiskat Substation Site	12/1/2009	1/30/2010	11,500.00	40	37.084	838.31	10,661.69	30	27.1
1708-002	Buildings & Fixtures	1	Fiber Optic Building - 12' x 20' x 10' High, Pre-Fabricated Skid Type All Weather	N/A	N/A	N/A	Attawapiskat Substation Site	12/1/2009	1/30/2010	100,000.00	40	37.084	7,289.65	92,710.35	40	37.1
1708-003	Buildings & Fixtures	1	Dedicated Site, with Fenced Enclosure, Gravel Base	N/A	N/A	N/A	Fort Albany Substation Site	12/1/2009	1/30/2010	11,500.00	40	37.084	838.31	10,661.69	30	27.1
1708-004	Buildings & Fixtures	1	Fiber Optic Building - 12' x 20' x 10' High, Pre-Fabricated Skid Type All Weather	N/A	N/A	N/A	Fort Albany Substation Site	12/1/2009	1/30/2010	100,000.00	40	37.084	7,289.65	92,710.35	40	37.1
1708-005	Buildings & Fixtures	1	Dedicated Site, with Fenced Enclosure, Gravel Base	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2009	1/30/2010	11,500.00	40	37.084	838.31	10,661.69	30	27.1
1708-006	Buildings & Fixtures	1	Fiber Optic Building - 12' x 20' x 10' High, Pre-Fabricated Skid Type All Weather	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2009	1/30/2010	100,000.00	40	37.084	7,289.65	92,710.35	40	37.1
1708-007	Buildings & Fixtures	1	Dedicated Site, with Fenced Enclosure, Gravel Base	N/A	N/A	N/A	Moosonee Yard of Hydro One	12/1/2009	1/30/2010	11,500.00	40	37.084	838.31	10,661.69	30	27.1
1708-008	Buildings & Fixtures	1	Fiber Optic Building - 12' x 20' x 10' High, Pre-Fabricated Skid Type All Weather	N/A	N/A	N/A	Moosonee Yard of Hydro One	12/1/2009	1/30/2010	100,000.00	40	37.084	7,289.65	92,710.35	40	37.1
1708-009	Buildings & Fixtures	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	325,000.00	40	28.754	91,371.80	233,628.20	40	28.754
1708-010	Buildings & Fixtures	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	15,000.00	40	28.754	4,217.16	10,782.84	40	28.754
1708-011	Buildings & Fixtures	2	Plain Storage Containers / Intermodal Sea Can Containers for Cold Storage of Materials & Tools	N/A	8ft x 8ft x 20ft	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	10,000.00	40	28.754	2,811.44	7,188.56	20	8.754
1708-012	Buildings & Fixtures	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	305,000.00	40	28.937	84,358.70	220,641.30	30	18.937
1708-013	Buildings & Fixtures	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	15,000.00	40	28.937	4,148.79	10,851.21	40	28.937
1708-014	Buildings & Fixtures	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	774,000.00	40	30.892	176,233.08	597,766.92	30	20.892
1708-015	Buildings & Fixtures	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	18,000.00	40	30.892	4,098.44	13,901.56	40	30.892
1708-016	Buildings & Fixtures	1	Attawapiskat Station Building, Portion of 2006 to 2008 Station Improvements Projects for DeBeers Canada, (Amounts to 50% Additional Space Paid for by FNEI in New Control Room Building)	N/A	N/A	N/A	Attawapiskat Station	10/16/2006	10/4/2006	125,000.00	40	33.8	19,500.00	105,500.00	40	33.8
1708-017	Buildings & Fixtures	1	Materials for Storage Canister	N/A	N/A	N/A	All Stations	12/31/2007	4/21/2007	2,395.00	40	34.305	341.00	2,054.00	40	34.305
1708-018	Buildings & Fixtures	1	Materials for Substation Fencing	N/A	N/A	N/A	All Stations	12/31/2007	4/21/2007	93.00	40	34.305	13.24	79.76	30	24.305
1708-019	Buildings & Fixtures	1	Kash Station Building, Portion of 2006 to 2008 Station Improvements Projects for DeBeers Canada	N/A	N/A	N/A	Kashechewan Station Site	12/4/2007	12/4/2007	125,000.00	40	35	15,860.00	109,140.00	40	34.925
1708-020	Buildings & Fixtures	1	Expansion of Yard in Moosonee	N/A	N/A	N/A	Moosonee	12/31/2008	7/3/2008	17,647.00	40	35.507	1,982.08	15,664.92	30	25.507
1708-021	Buildings & Fixtures	1	20FT Sea Canister for Moosonee Fibre Shelter Storage Site	Valard Construction Ltd.	N/A	N/A	Moosonee	12/31/2008	7/3/2008	2,500.00	40	35.507	280.80	2,219.20	40	35.507

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1708 - BUILDINGS AND FIXTURES
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1708-022	Buildings & Fixtures	1	Gillies Enterprises Equipment-Albany Station-Substation Fence Upgrades, Additional Gravel for Garage Base	Gillies Enterprises Equipment	N/A	N/A	Fort Albany Substation Site	12/31/2008	7/3/2008	16,690.35	40	35.507	1,874.63	14,815.72	30	25.507
1708-023	Buildings & Fixtures	1	Station Civil Upgrades All Three Sites - Gate Repairs and Concrete Gate Sill Plates for Theft & Break-In Prevention	N/A	N/A	N/A	All Stations	12/31/2009	8/5/2009	120,319.00	40	36.595	10,241.25	110,077.75	30	26.595
1708-022-01	Buildings & Fixtures		Summer 2009 Unbilled Station Civil Upgrades	Gillies Enterprises Equipment	N/A	N/A	All Stations	3/31/2010	2/26/2010	4,305.00	40	37.157	306.00	3,999.00	30	27.157
1708-024	Buildings & Fixtures	1	DeBeers Transfer - Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	616,448.00	40	37.917	32,106.38	584,341.62	30	27.917
1708-025	Buildings & Fixtures	1	DeBeers Transfer - New Substation Control Building DBC (Portion of Cost Only, Balance by FNEI), 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	308,000.00	40	37.917	16,041.52	291,958.48	40	37.917
1708-026	Buildings & Fixtures	1	DeBeers Transfer - New Substation Control Building DBC, 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	479,000.00	40	37.917	24,947.69	454,052.31	40	37.917
1708-027	Buildings & Fixtures	1	DeBeers Transfer - Site improvements, Site Expansion & Fence Alterations to Allow for PLCC Additions to Fort Albany Station	N/A	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	199,000.00	40	37.917	10,364.49	188,635.51	30	27.917
1708-028	Buildings & Fixtures	1	DeBeers Transfer - New Substation Control Building by DBC (Portion of Cost Only, Balance by FNEI), 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	308,000.00	40	37.917	16,041.52	291,958.48	40	37.917
1708-029	Buildings & Fixtures	1	DeBeers Transfer - Site improvements, Site Expansion & Fence Alterations to Allow for PLCC Additions to Attawapiskat Station	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	199,000.00	40	37.917	10,364.49	188,635.51	30	27.917
GRAND										\$4,431,397.35			\$560,016.36	\$3,871,380.99		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1715 - STATION EQUIPMENT
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1715-001	Station Equipment	1	Fiber Optic Equipment, Attawapiskat Substation	N/A	N/A	N/A	Attawapiskat Substation Site	12/1/2009	1/30/2010	275,000.00	40	37.084	20,046.54	254,953.46	30	27.1
1715-002	Station Equipment	1	Fibre Optic Feeder Across Yard to Control Room Building, Including Network Closet, Ethernet Converter Equipment, Switches, Ethernet Distribution, Power Supplies	N/A	N/A	N/A	Attawapiskat Substation Site	12/1/2009	1/30/2010	65,000.00	40	37.084	4,738.27	60,261.73	20	17.1
1715-003	Station Equipment	1	Fiber Optic Equipment, Fort Albany Substation	N/A	N/A	N/A	Fort Albany Substation Site	12/1/2009	1/30/2010	275,000.00	40	37.084	20,046.54	254,953.46	30	27.1
1715-004	Station Equipment	1	Fibre Optic Feeder Across Yard to Control Room Building, Including Network Closet, Ethernet Converter Equipment, Switches, Ethernet Distribution, Power Supplies	N/A	N/A	N/A	Fort Albany Substation Site	12/1/2009	1/30/2010	65,000.00	40	37.084	4,738.27	60,261.73	20	17.1
1715-005	Station Equipment	1	Fiber Optic Equipment, Kashechewan Substation	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2009	1/30/2010	275,222.00	40	37.084	20,062.72	255,159.28	30	27.1
1715-006	Station Equipment	1	Fibre Optic Feeder Across Yard to Control Room Building, Including Network Closet, Ethernet Converter Equipment, Switches, Ethernet Distribution, Power Supplies	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2009	1/30/2010	65,000.00	40	37.084	4,738.27	60,261.73	20	17.1
1715-007	Station Equipment	1	Fiber Optic Equipment within Fiber Optic Building at Moosonee Site	N/A	N/A	N/A	Moosonee Yard of Hydro One	12/1/2009	1/30/2010	275,000.00	40	37.084	20,046.54	254,953.46	30	27.1
1715-008	Station Equipment	1	Double Upright & Double Cross Member Tower & Hdwe, Gang Disconnect, Single Capacitive Voltage Transformer, Overhead Buswires & Deadend Insulators, Second Double Upright Tower With Single Cross Member	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	305,775.00	40	28.754	85,966.80	219,808.20	50	38.754
1715-009	Station Equipment	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	62,572.50	40	28.754	17,591.88	44,980.62	50	38.754
1715-010	Station Equipment	1	Circuit Switcher for Transformer T1A	S & C Electric Canada Ltd	2020	00-10270T	Fort Albany Station Site	11/1/2001	10/2/2001	141,750.00	40	28.754	39,852.16	101,897.84	50	38.754
1715-011	Station Equipment	1	Power Transformer T1A, 132000Volt/8320Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	393801BNS	393801	Fort Albany Station Site	11/1/2001	10/2/2001	730,962.00	40	28.754	205,505.58	525,456.42	45	33.754
1715-012	Station Equipment	1	DC Shunt Reactor #R1, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 3.4 MVAR Capacity	ABB Canada	N/A	15040-02	Fort Albany Station Site	11/1/2001	10/2/2001	730,961.00	40	28.754	205,505.29	525,455.71	45	33.754
1715-013	Station Equipment	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	62,572.50	40	28.754	17,591.88	44,980.62	50	38.754
1715-014	Station Equipment	2	Circuit Switchers for Transformer T1 and Reactor R1	S & C Electric Canada Ltd	2020	00-10267T, 00-10269T	Fort Albany Station Site	11/1/2001	10/2/2001	283,500.00	40	28.754	79,704.32	203,795.68	50	38.754
1715-016	Station Equipment	1	Power Transformer T1A, 132000Volt/8320Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors (NOT ENERGIZED, JUST SET ON FOUNDATION & FREIGHTED IN)	ABB Canada	393802BNS	393802	Fort Albany Station Site	11/1/2001	10/2/2001	617,490.00	40	28.754	173,603.60	443,886.40	45	33.754
1715-017	Station Equipment	1	DC Shunt Reactor #R2, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 3.4 MVAR Capacity	ABB Canada	N/A	15040-02	Fort Albany Station Site	11/1/2001	10/2/2001	730,961.00	40	28.754	205,505.29	525,455.71	45	33.754
1715-018	Station Equipment	1	Original Metal Clad Outdoor Switchgear & Metal Enclosed Building with 3 Metal Clad Switchgear Cells, 2 Drawout 8320 Volt Breakers, 18ft x 12ft Outdoor Metal Enclosed Construction	ABB Canada	VHK Medium Voltage Breakers (2)	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	323,190.00	40	28.754	90,862.93	232,327.07	40	28.754

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1715-019	Station Equipment	1	DC Battery Power System inside Original Outdoor Metal Enclosed Breaker Building for Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 92 VHB type TP55 Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	95,175.00	40	28.754	26,757.88	68,417.12	20	8.754
1715-020	Station Equipment	1	Protection & Control Cabinet in Original Metal Clad Outdoor Switchgear Building	ABB Canada	Fort Albany Substation Protection & Control Cabinet	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	147,825.00	40	28.754	41,560.11	106,264.89	20	8.754
1715-021	Station Equipment	2	Outbound 8320 Volt Feeder #F1 & F2 to Municipal Distribution Company Lines, with Double Poles & Hardware, cross beam, 3 Automatic Voltage Regulating Transformers, Disconnects, Cables to Breaker	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	316,750.00	40	28.754	89,052.36	227,697.64	40	28.754
1715-022	Station Equipment	1	Security Camera System	Mobotic	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	52,650.00	40	28.754	14,802.23	37,847.77	20	8.754
1715-023	Station Equipment	1	Miscellaneous Tools, Greenlee Tool Chest, Hot Sticks, Ground Wires, Ladders, etc	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	20,000.00	40	28.754	5,622.88	14,377.12	20	8.754
1715-024	Station Equipment	2	Containers Tools & Eqpt, Consisting of; 1 - Manta Ray Pisa Screw Anchor Setting Machine, Reddy Construction Heater 6000BTU, Grip Hoist Cable Tensioning Winch, Snatch Blocks, Tensioning Reels & Blocks for Linesmen	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	45,000.00	40	28.754	12,651.48	32,348.52	20	8.754
1715-025	Station Equipment	1	Transformer Moving Equipment, (1 set of 2 Sets of Equipment)	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	21,775.00	40	28.754	6,121.91	15,653.09	30	18.754
1715-027	Station Equipment	1	Double Upright & Double Cross Member Tower & Hdwe, Gang Disconnect, Single Capacitive Voltage Transformer (Removed in 2008), Overhead Buswires & Deadend Insulators, Second Double Upright Tower with Single Cross Member	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	326,025.00	40	28.937	90,173.92	235,851.08	50	38.937
1715-028	Station Equipment	1	Circuit Switcher for Transformer T2	S & C Electric Canada Ltd	2020	00-10271T	Kashechewan Substation Site	12/1/2001	12/8/2001	141,750.00	40	28.937	39,206.05	102,543.95	50	38.937
1715-029	Station Equipment	1	Power Transformer T2, 132000Volt/8320Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393803	Kashechewan Substation Site	12/1/2001	12/8/2001	747,382.00	40	28.937	206,715.33	540,666.67	45	33.937
1715-030	Station Equipment	1	SF6 Gas Type Circuit Breaker #L5-B3 for K5A 132000 Volt Feeder to Attawapiskat, 145KV Rated Voltage Capacity	ABB Canada	145PM	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	170,100.00	40	28.937	47,047.26	123,052.74	45	33.937
1715-031	Station Equipment	1	Original Metal Clad Outdoor Switchgear & Metal Enclosed Building with 3 Metal Clad Switchgear Cells, 3 Drawout 8320 Volt Breakers, 18ft x 12ft Outdoor Metal Enclosed Construction	ABB Canada	VHK Medium Voltage Breakers (3)	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	454,815.00	40	28.937	125,795.42	329,019.58	40	28.937
1715-032	Station Equipment	1	DC Battery Power System Inside Original Outdoor Metal Enclosed Breaker Building for Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 92 VHB type TP55 Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	95,175.00	40	28.937	26,324.06	68,850.94	20	8.937
1715-033	Station Equipment	1	Protection & Control Cabinet in Original Metal Clad Outdoor Switchgear Building	ABB Canada	Kashechewan Substation Protection & Control Cabinet	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	147,825.00	40	28.937	40,886.31	106,938.69	20	8.937

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1715-035	Station Equipment	1	Miscellaneous Network Ethernet Hub, UPS, Switch, Sensor Hub	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	30,375.00	40	28.937	8,401.30	21,973.70	20	8.937
1715-036	Station Equipment	1	Outbound 8320 Volt Feeder #F1 to Municipal Distribution Company Lines, with Double Poles & Hardware, Cross Beam, 3 Automatic Voltage Regulating Transformers, Disconnects, Cables to Breaker	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	158,375.00	40	28.937	43,804.29	114,570.71	40	28.937
1715-037	Station Equipment	2	Breaker Isolation Switches on Steel towers, with Cables to Outbound Feeder Pole Line K5A, (Revised since 2002)	Alstom	CVGB	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	190,350.00	40	28.937	52,648.13	137,701.87	50	38.937
1715-038	Station Equipment	1	<u>Original Pole Feed System from Original Yard Edge (All Removed and Re-Vamped in 2006/2007 Upgrades Along with New Yard Construction). All Contributions from this Original Pole Feed System are Physically Deleted, no Remaining Value)- UNRECORDED DELETION</u>	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	250,000.00	40	28.937	69,146.48	180,853.52	40	28.937
1715-039	Station Equipment	1	Security Camera System	Mobotic	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	52,650.00	40	28.937	14,562.25	38,087.75	20	8.937
1715-040	Station Equipment	1	Miscellaneous Tools, Greenlee Tool Chest, Hot Sticks, Ground Wires, Ladders, etc.	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	20,000.00	40	28.937	5,531.72	14,468.28	20	8.937
1715-041	Station Equipment	1	Double Upright & Double Cross Member Tower & Hdwe, Gang Disconnect, Single Capacitive Voltage Transformer, Overhead Buswires & Deadend Insulators, Second Double Upright Tower with Single Cross Member	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	364,000.00	40	40.892	82,879.64	281,120.36	50	40.892
1715-042	Station Equipment	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	74,000.00	40	40.892	16,849.16	57,150.84	50	40.892
1715-043	Station Equipment	2	Circuit Switchers	S & C Electric Canada Ltd	2020	00-10272T, 00-10273T	Attawapiskat Station Site	12/1/2002	11/22/2003	338,000.00	40	40.892	76,959.67	261,040.33	50	40.892
1715-044	Station Equipment	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	74,000.00	40	40.892	16,849.16	57,150.84	50	40.892
1715-045	Station Equipment	1	Power Transformer T3, 132000Volt/4160Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393901	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	40	35.892	209,931.40	712,068.60	45	35.892
1715-046	Station Equipment	1	DC Shunt Reactor #1, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 2.5 MVAR Capacity	ABB Canada	N/A	1541-01	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	40	35.892	209,931.40	712,068.60	45	35.892
1715-047	Station Equipment	1	Power Transformer T3A, 132000Volt/4160Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393902	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	40	35.892	209,931.40	712,068.60	45	35.892
1715-048	Station Equipment	1	Original Metal Clad Outdoor Switchgear & Metal Enclosed Building with 3 Metal Clad Switchgear Cells, 2 Drawout 4160 Volt Breakers, 15ft x 12ft Outdoor Metal Enclosed Construction	ABB Canada	VHK Medium Voltage Breakers (2)	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	376,000.00	40	30.892	85,611.94	290,388.06	40	30.892
1715-049	Station Equipment	1	DC Battery Power System inside Original Outdoor Metal Enclosed Breaker Building for Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 92 VHB type TP55 Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	113,000.00	40	10.892	25,729.12	87,270.88	20	10.892

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1715-069	Station Equipment	1	Set of Transformer Moving Equipment, Hardwood Timber Bedworks & Steel Framed Rolling Cradle for Transformer Saddle	N/A	N/A	N/A	Fort Albany Station	4/1/2005	3/23/2005	21,775.00	40	32.227	4,231.50	17,543.50	30	22.227
1715-070	Station Equipment	1	Set of Transformer Moving Equipment, Hardwood Timber Bedworks & Steel Framed Rolling Cradle for Transformer Saddle	N/A	N/A	N/A	Attawapiskat Station	4/1/2005	3/23/2005	21,775.00	40	32.227	4,231.50	17,543.50	30	22.227
1715-071	Station Equipment	1	Capital Spares - Feeder Terminal Relay and Accessories	ABB Canada	N/A	N/A	All Stations	4/1/2005	4/12/2005	16,384.00	40	32.28	3,162.00	13,222.00	20	12.28
1715-066-01	Station Equipment	1	SNC Lavalin SNC Lavalin Engineering, Remainder of Energizing Second Transformers	N/A	N/A	N/A	All Stations	4/12/2005	5/4/2005	17,000.00	40	32.341	3,255.00	13,745.00	45	37.341
1715-066-02	Station Equipment	1	Capital Spares - Relays	ABB	N/A	N/A	All Stations	1/25/2006	9/18/2006	8,550.00	40	33.716	1,343.30	7,206.70	20	13.716
1715-072	Station Equipment	1	Air Conditioner, Albany Station	N/A	N/A	N/A	Fort Albany Station	1/25/2006	9/18/2006	324.00	40	33.716	50.90	273.10	10	3.716
1715-073	Station Equipment	1	Commercial Aviation - Portion of Charter to Install Air Conditioners at Each Site	N/A	N/A	N/A	All Stations	1/25/2006	9/18/2006	2,229.00	40	33.716	350.20	1,878.80	10	3.716
1715-066-02	Station Equipment	1	Energization of Spare Transformers, Fort Albany	N/A	N/A	N/A	Fort Albany Station	1/25/2006	9/18/2006	160,306.00	40	33.716	25,185.80	135,120.20	45	38.716
1715-066-03	Station Equipment	1	Energization of Spare Transformers, Attawapiskat	N/A	N/A	N/A	Attawapiskat Station	1/25/2006	9/18/2006	160,306.00	40	33.716	25,185.80	135,120.20	45	38.716
1715-074	Station Equipment	1	ABB - New Substation Computer and Programming	ABB	N/A	N/A	All Stations	12/31/2007	4/21/2007	12,078.00	40	34.305	1,719.66	10,358.34	10	4.305
1715-075	Station Equipment	1	Westburne Ruddy, Yard Lights for Stations	N/A	N/A	N/A	All Stations	12/31/2007	4/21/2007	7,542.00	40	34.305	1,073.83	6,468.17	30	24.305
1715-068-01	Station Equipment	1	Misc Items, Air Conditioner	N/A	N/A	N/A	All Stations	12/31/2007	4/21/2007	338.00	40	34.305	48.12	289.88	10	4.305
1715-076	Station Equipment	1	Misc Items from Staples for Control Buildings	N/A	N/A	N/A	All Stations	12/31/2007	4/21/2007	3,289.00	40	34.305	468.29	2,820.71	15	9.305
1715-077	Station Equipment	1	Remainder for Kashechewan 2ND Transformer Project	N/A	N/A	N/A	Kashechewan Station Site	12/31/2007	4/21/2007	29,912.00	40	34.305	4,258.86	25,653.14	45	39.305
1715-078	Station Equipment	1	Circuit Switcher	S & C Electric	2020	06-10401T	Fort Albany Station Site	5/31/2007	10/6/2007	167,035.00	40	34.764	21,866.63	145,168.37	50	44.764
1715-079	Station Equipment	1	Cables & Energizing Transformer	N/A	N/A	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	101,250.00	40	34.764	13,254.68	87,995.32	50	44.764
1715-080	Station Equipment	1	Metal Clad Switchgear Lineup Inside New Control Room Building by DeBeers, 5 Cabinets, 2 Live Breakers, 1 Metering Cell, 1 Spare Breaker, 1 Spare Empty cell	Siemens	3AH (8320 Volt)		Fort Albany Station Site	5/31/2007	10/6/2007	490,050.00	40	34.764	64,152.67	425,897.33	40	34.764
1715-081	Metering Equipment	1	Metering Configuration and Real Time Meter Instrumentation	Hydro One	N/A	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	27,000.00	40	34.764	3,534.58	23,465.42	15	9.764
1715-082 - 1715-083	Station Equipment	2	Breaker Drawout Carts	Siemens, ABB	N/A	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	18,000.00	40	34.764	2,356.39	15,643.61	40	34.764
1715-084 - 1715-088	Station Equipment	5	Protection & Relaying Panels & Equipment, C/O: 1 Rack for F3 & F4 Feeder Prot'n, 1 Rack for T1 & T1A Prot'n, 1 Rack for Microscada, 1 Rack for Line M3K Prot'n, 1 Rack for Breaker Fail Prot'n & Aux Trip Relays	ABB Canada	N/A	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	702,675.00	40	34.764	91,987.51	610,687.49	20	14.764
1715-089 - 1715-090	Station Equipment	2	DC Battery Power Systems Inside New Control Room Building provided by DeBeers Canada for standby Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 83 HBL Type KPM105P Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	190,350.00	40	34.764	24,918.81	165,431.19	20	14.764

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1715-091	Station Equipment	1	Miscellaneous Desk, Chair, File Cabinets, Furniture & Fixtures	N/A	N/A	N/A	Fort Albany Station Site	5/31/2007	10/6/2007	3,000.00	40	34.764	392.73	2,607.27	15	9.764
1715-092	Station Equipment	1	Circuit Switcher 3365-T2A-B3A	S & C Electric	2020	08-10452T-L	Kashechewan New Station Site	9/30/2007	9/25/2008	188,607.00	40	35.735	20,108.68	168,498.32	50	45.735
1715-093	Station Equipment	1	Power Transformer T2A, 132000Volt/8320Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	Virginia Transformer Corp	N/A	48006MA001U-HA135A	Kashechewan New Station Site	9/30/2007	9/25/2008	1,014,000.00	40	35.735	108,109.48	905,890.52	45	40.735
1715-094	Station Equipment	1	Metal Clad Switchgear Cabinet Lineup Inside New Control Room, 2 Breakers Live, 1 Spare Cell with Breaker, 8320 Volt, Metering Cell Cabinet, 1 - Spare Empty Expansion Cell	Siemens	3AH (3)	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	593,000.00	40	35.735	63,223.79	529,776.21	40	35.735
1715-095	Metering Equipment	1	Metering Configuration and Real Time Meter Instrument	Hydro One	N/A	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	32,000.00	40	35.735	3,411.74	28,588.26	15	10.735
1715-096 - 1715-097	Station Equipment	2	DC Battery Power Systems inside New Control Room Building provided by DeBeers Canada for Standby Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 83 HBL Type KPM105P Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	223,000.00	40	35.735	23,775.56	199,224.44	20	15.735
1715-098 - 1715-102	Station Equipment	5	Protection & Relaying Panels; 1 - Transformer Protection Panel for T2 & T2A, 1 - Feeder Protection Panel for F3 & F4, 1 - Reactor, Differential, & Trip Lockout Panel, 1 - 132KV line M3K Protection Panel, 1 - ABB Microscada Panel	ABB Canada	N/A	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	751,000.00	40	35.735	80,069.25	670,930.75	20	15.735
1715-103 - 1715-104	Station Equipment	2	Breaker Drawout Carts	Siemens, ABB	N/A	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	21,000.00	40	35.735	2,238.95	18,761.05	40	35.735
1715-105	Station Equipment	1	Miscellaneous Desk, Chair, File Cabinets, Furniture & Fixtures	N/A	N/A	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	4,000.00	40	35.735	426.47	3,573.53	15	10.735
1715-106	Station Equipment	1	Cables & Duct Banks from Old Station Transformer #T2 to New Switchgear building in New Substation Yard, Removal of Old Cables from XFMR & Switchgear Lineup	N/A	N/A	N/A	Kashechewan New & Old Station Site	9/30/2007	9/25/2008	527,000.00	40	35.735	56,187.08	470,812.92	40	35.735
1715-107	Station Equipment	1	Cables & Duct Banks from New Switchgear Building in New Substation Yard to Existing Switchgear Lineup inside Old Substation Yard	N/A	N/A	N/A	Kashechewan New & Old Station Site	9/30/2007	9/25/2008	527,000.00	40	35.735	56,187.08	470,812.92	40	35.735
1715-108	Station Equipment	1	Spare PLCC Panel	ABB Canada	N/A	N/A	Kashechewan New Station Site	9/30/2007	9/25/2008	115,000.00	40	35.735	12,260.94	102,739.06	20	15.735
1715-109	Station Equipment	1	Attawapiskat 2nd Transformer	N/A	N/A	N/A	Attawapiskat Station Site	10/31/2007	10/1/2007	101,285.00	40	34.75	13,293.00	87,992.00	45	39.75
1715-110	Station Equipment	1	SNC Lavalin Power Ontario Inc.- Unbilled PST for Previous Projects	N/A	N/A	N/A	All Stations	12/31/2008	7/3/2008	38,242.21	40	35.507	4,295.31	33,946.90	40	35.507
1715-111	Station Equipment	1	Spare Current Transformers	Polycast Industrial	N/A	N/A	All Stations	12/31/2008	7/3/2008	1,096.38	40	35.507	123.14	973.24	45	40.507
1715-112	Station Equipment	1	Spare Circuit Switcher & Solenoid Coils	S&C Electric Canada Ltd.	N/A	N/A	All Stations	12/31/2008	7/3/2008	23,700.00	40	35.507	2,661.95	21,038.05	50	45.507
1715-113	Station Equipment	1	Materials for Substation Backup Power	Epitron Inc.	N/A	N/A	Kashechewan Substation Site	12/31/2008	7/3/2008	916.06	40	35.507	102.89	813.17	20	15.507
1715-098-01	Station Equipment	1	Kash 2nd Transformer Project - Additional Cost	N/A	N/A	N/A	Kashechewan Substation Site	12/31/2008	7/3/2008	42,960.00	40	35.507	4,825.20	38,134.80	40	35.507
1715-114	Station Equipment	1	Misc. Capital - Flights, Powertel Contracting	N/A	N/A	N/A	All Stations	12/31/2009	8/5/2009	11,633.00	40	36.595	990.17	10,642.83	40	36.595
1715-115	Station Equipment		Fort Albany 2nd Transformer - Additional Cost	N/A	N/A	N/A	Fort Albany Station Site	12/31/2009	8/5/2009	65,570.00	40	36.595	5,581.15	59,988.85	45	41.595

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PROPERTY, PLANT AND EQUIPMENT REPORT
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As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1715-116	Station Equipment	1	Capital Additions to Fibre Optic Project	N/A	N/A	N/A	All Stations	12/31/2009	8/5/2009	48,115.00	40	36.595	4,095.43	44,019.57	30	26.595
1715-117	Station Equipment	1	Capitalized Interest Re: Fiber Optic Project	N/A	N/A	N/A	All Stations	12/31/2009	8/5/2009	129,245.00	40	36.595	9,953.00	119,292.00	30	26.595
1715-118 - 1715-119	Station Equipment	2	DeBeers Transfer - Inbound Power Line Carrier System for M3K & M9K High Voltage Feeders with 2 - WaveTraps Each, 3 - Capacitive Voltage Transformers Each, 2 - Power Line Carrier Coupler Cabinets Each and 3 - Galvanized Steel Towers Each	Trench	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	749,000.00	40	37.917	39,010.07	709,989.93	30	27.917
1715-120	Station Equipment	1	DeBeers transfer - Triple Upright & Double Cross Member Tower & Hdwe, with 2 Motorized Gang Main Disconnects, Overhead Buswires Front to Back & Deadend Insulators, Second Triple Upright Tower with Double Cross Members at Back End of Station, 2 Ground Switches	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	804,000.00	40	37.917	41,874.63	762,125.37	50	47.917
1715-121 - 1715-122	Station Equipment	2	DeBeers Transfer - Main High Voltage Feed Breakers M9K & M3K feeders	Areva	DT1-145-F1	11385A-DT12, 11385B-DT12	Kashechewan Station Site	12/17/2010	12/1/2010	527,000.00	40	37.917	27,447.67	499,552.33	45	42.917
1715-123 - 1715-124	Station Equipment	2	DeBeers transfer - Gang Operated Manual Hand Operated Disconnect Switches for M3K & M9K Buses	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	122,000.00	40	37.917	6,354.11	115,645.89	50	47.917
1715-125	Station Equipment	1	DeBeers Transfer - B3A Busways Cables & Deadends Insulators etc. with Bus Disconnect Switch & Bus Ground Switch	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	255,000.00	40	37.917	13,281.13	241,718.87	50	47.917
1715-126	Station Equipment	1	DeBeers Transfer - Triple Post & Triple Bus Bar System & Cable Risers to Bus B3A	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	61,000.00	40	37.917	3,177.05	57,822.95	50	47.917
1715-127	Station Equipment	1	DeBeers Transfer - Manual 3 Phase Disconnect Switch #LR91	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	125,000.00	40	37.917	6,510.36	118,489.64	50	47.917
1715-128	Station Equipment	1	DeBeers Transfer - SF6 Gas Circuit Breaker for Reactor R1	Areva	DT1-145-F1	11366DT12	Kashechewan Station Site	12/17/2010	12/1/2010	267,000.00	40	37.917	13,906.13	253,093.87	45	42.917
1715-129	Station Equipment	1	DeBeers Transfer - DC Shunt Reactor #R1, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 5.5 MVAR Capacity	ABB Canada	KKRU145-NC- 6000	1LF1431052	Kashechewan Station Site	12/17/2010	12/1/2010	1,060,000.00	40	37.917	55,207.84	1,004,792.16	45	42.917
1715-130 - 1715-133	Station Equipment	4	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panels for M9K, M3K Circuits	ABB Canada	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	810,000.00	40	37.917	42,187.12	767,812.88	20	17.917
1715-134	Station Equipment	1	DeBeers Transfer - Outbound Circuit K5A Power Line Carrier Equipment installed in Kashechewan Old Station Yard with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	Trench	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-135	Station Equipment	1	DeBeers Transfer - High Voltage Inbound Power Line Carrier Equipment Installed in Fort Albany Station with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917

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<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1715-136	Station Equipment	1	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panel for M3K Circuit	ABB Canada	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	202,000.00	40	37.917	10,520.74	191,479.26	20	17.917
1715-137	Station Equipment	1	DeBeers Transfer - High Voltage Inbound Power Line Carrier Equipment Installed in Attawapiskat Station with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-138	Station Equipment	3	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panels for K5A, K5A Panel #2, A5V Circuit	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	607,000.00	40	37.917	31,614.30	575,385.70	20	17.917
1715-139	Station Equipment	1	DeBeers Transfer - Attawapiskat to Victor Mine Sub-Circuit, with Manual Disconnect Switch, SF6 Gas Circuit Breaker, Overhead Tower & Motorized Disconnect Switch, Ground Switch	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	649,000.00	40	37.917	33,801.78	615,198.22	50	47.917
1715-140	Station Equipment	1	DeBeers Transfer - Outbound Circuit A7V Power Line Carrier Equipment Installed in Attawapiskat Station Yard with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-141	Station Equipment	1	Spectracom-GPS Clock for Substations	Spectracom/Sherwotz er Satellite	N/A	N/A	All Stations	2/28/2011	1/13/2011	9,449.00	40	38.036	464.00	8,985.00	15	13.036
1715-142	Station Equipment	1	Kash 2nd Feeder Project	Kash 2nd Feeder Project-Cooper Industries	N/A	N/A	Kashechewan Station Site	12/31/2012	6/27/2012	30,703.00	40	39.49	391.43	30,311.57	40	39.49
1715-143	Station Equipment	1	Replacement Battery Chargers for Stations	Primax Technologies	N/A	N/A	All Stations	12/31/2012	6/27/2012	27,183.00	40	39.49	346.55	26,836.45	20	19.49
1715-144	Station Equipment	1	Kirk Key Interlock System	Kirk Key	N/A	N/A	All Stations	12/31/2012	6/27/2012	939.00	40	39.49	11.97	927.03	30	29.49
1715-145	Station Equipment	1	S&C Interlock-Antenna for SF6 Gas sensor	N/A	N/A	N/A	All Stations	12/31/2012	6/27/2012	2,400.00	40	39.49	30.60	2,369.40	30	29.49
1715-146	Station Equipment	1	Canadian Network Consulting and Services-Remote Power Devices to Allow Remote Shutdown	N/A	N/A	N/A	All Stations	12/31/2012	6/27/2012	26,548.00	40	39.49	338.46	26,209.54	40	39.49
GRAND										\$28,211,754.65			\$4,484,632.64	\$23,727,122.01		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1725 - POLES AND FIXTURES
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Pole Class</u>	<u>Pole Type</u>	<u>Pole Height</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1725-001 - 1725-516	Poles & Fixtures	516	Poles with Guy Wires & Base Plates for ADSS-F/O Line, Approx. 100 KM.	N/A	N/A	Class 4	Douglas Fir	50-60 FT.	100 KM Kash to Attawapiskat	12/31/2009	11/30/2009	4,268,835.00	25	21.917	526,473.00	3,742,362.00	40	36.917
1725-517 - 1725-975	Poles & Fixtures	459	TYPE A Poles (M3K Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 FT.	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	8,046,567.11	25	13.924	3,565,089.33	4,481,477.78	40	28.924
1725-976 - 1725-978	Poles & Fixtures	3	Type J Poles Installation (M3K Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 FT	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	153,676.76	25	13.924	68,087.59	85,589.17	40	28.924
1725-979 - 1725-985	Poles & Fixtures	7	Type G Poles (M3K Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	267,307.66	25	13.924	118,432.58	148,875.08	40	28.924
1725-986 - 1725-987	Poles & Fixtures	2	Type C Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type C	Class 2	Douglas Fir	Average Height 65 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	60,343.08	25	13.924	26,735.44	33,607.65	40	28.924
1725-988 - 1725-998	Poles & Fixtures	11	Type H Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type H	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	555,621.96	25	13.924	246,172.30	309,449.66	40	28.924
1725-999-1725- 1008	Poles & Fixtures	10	Type B Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type B	Class 2	Douglas Fir	Average Height 65 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	358,011.92	25	13.924	158,619.75	199,392.17	40	28.924
1725-1009	Poles & Fixtures	1	Type T Pole (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type T	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	30,941.91	25	13.924	13,709.04	17,232.88	40	28.924
1725-1010 - 1725-1011	Poles & Fixtures	2	Type S Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type S	Steel Octagonal shaped plate fabricated tapered poles			79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	599,150.59	25	13.924	265,457.97	333,692.62	40	28.924
1725-1012 - 1725-1048	Poles & Fixtures	37	TYPE A Poles (M3K Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	404,319.05	25	13.901	179,504.29	224,814.76	40	28.901
1725-1049	Poles & Fixtures	1	Type J Poles Installation (M3K Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	31,930.92	25	13.901	14,176.27	17,754.65	40	28.901
1725-1050	Poles & Fixtures	1	Type G Poles (M3K Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	23,803.34	25	13.901	10,567.90	13,235.44	40	28.901
1725-1051- 1059	Poles & Fixtures	9	Type H Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type H	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	283,369.93	25	13.901	125,806.88	157,563.05	40	28.901
1725-1060 - 1725-067	Poles & Fixtures	8	Type B Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type B	Class 2	Douglas Fir	Average Height 65 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	178,530.32	25	13.901	79,261.56	99,268.76	40	28.901
1725-1068	Poles & Fixtures	1	Type T Pole (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type T	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	19,287.31	25	13.901	8,562.93	10,724.38	40	28.901
1725-1069 - 1725-1070	Poles & Fixtures	2	Type S Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type S	Steel Octagonal shaped plate fabricated tapered poles	Steel	155 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	373,474.13	25	13.901	165,810.17	207,663.96	40	28.901
1725-1071 - 1725-1585	Poles & Fixtures	515	TYPE A Poles (K5A Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	11,034,122.29	25	16.651	4,449,502.18	6,584,620.11	40	31.651
1725-1586 - 1725-1588	Poles & Fixtures	3	Type J Poles Installation (K5A Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	187,819.56	25	16.651	75,738.11	112,081.45	40	31.651
1725-1589 - 1725-1605	Poles & Fixtures	17	Type G Poles (K5A Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	793,404.94	25	16.651	319,939.99	473,464.95	40	31.651

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1725-2633 - 1725-2655	Poles & Fixtures	23	Type DF-3-65 Two Poles (M9K Line),15-30 Degree Bend, Guy Wired, Davit Arms, Suspension & Dead End Insulators	Valard Construction	DF-3-65	Class 2	Douglas Fir	65 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	641,010.00	25	22.917	53,417.30	587,592.70	40	37.917
1725-2657 - 1725-2668	Poles & Fixtures	12	TYPE DF-1-75 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-75	Class 2	Douglas Fir	75 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	170,244.00	25	22.917	14,186.95	156,057.05	40	37.917
1725-2669 - 1725-2670	Poles & Fixtures	2	Type DF-3-85 Two Poles,15-30 Degree Bend, Guy Wired, Davit Arms, Suspension & Dead End Insulators	Valard Construction	DF-3-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	90,760.00	25	22.917	7,563.31	83,196.69	40	37.917
1725-2671 - 1725-2675	Poles & Fixtures	5	TYPE DF-1-85 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	97,835.00	25	22.917	8,152.89	89,682.11	40	37.917
1725-2676 - 1725-2678	Poles & Fixtures	3	TYPE DF-2-75 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-75	Class 2	Douglas Fir	75 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	42,561.00	25	22.917	3,546.74	39,014.26	40	37.917
1725-2679 - 1725-2680	Poles & Fixtures	2	TYPE DF-1-90 Single Pole (M9L Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-90	Class 2	Douglas Fir	90 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	40,110.00	25	22.917	3,342.49	36,767.51	40	37.917
1725-2681 - 1725-2687	Poles & Fixtures	7	TYPE DF-2-85 Two Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	199,409.00	25	22.917	16,617.35	182,791.65	40	37.917
1725-2688 - 1725-2693	Poles & Fixtures	6	Steel Towers (M9K Line), 37 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	37 METER		Steel	37 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,004,193.00	25	22.917	83,682.44	920,510.56	40	37.917
1725-2694 - 1725-2695	Poles & Fixtures	2	Steel Towers (M9K Line), 44 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	44 METER		Steel	44 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,069,090.00	25	22.917	89,090.50	979,999.50	40	37.917
1725-2696 - 1725-2697	Poles & Fixtures	2	Steel Towers (M9K Line), 55 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	55 METER		Steel	55 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,468,730.00	25	22.917	122,393.71	1,346,336.29	40	37.917
GRAND												\$47,183,628.00			\$12,566,656.00	\$34,616,972.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1730 - OH CONDUCTORS AND DEVICES
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Length</u>	<u>Replacement Cost New (\$)</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Depreciation (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1730-001	O/H Conductors & Devices	1	ADSS Fiber Optic Project - Optical Ground Wire for 179 Km Stretch of Moosonee to Kashechewan, Installed as Skywire on M9K Poles & Towers	Corning	SMF28e ITU 652.D 24	N/A	179 Km Stretch from Moosonee to Kashechewan	12/31/2009	11/30/2009	179 KM		1,587,062.00	25	21.917	195,735.62	1,391,326.38	50	46.917
1730-002	O/H Conductors & Devices	1	ADSS Fiber Optic Project - Cable Installed on K5A Corridor, Fort Albany to Kashechewan Corridor, Loosetube on Pole Type Installation	Corning	Type 024EAA-T4C01A20 Fibre Code, with the LA444 Gel.	N/A	Ft. Albany to Kashechewan	12/31/2009	11/30/2009	100 KM		3,145,787.00	25	21.917	387,976.38	2,757,810.62	50	46.917
1730-002	O/H Conductors & Devices	3	Overhead Conductors M3K Circuit Conductors, 4/0 size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	79 Km Stretch from Moosonee to Ft. Albany	11/1/2001	11/5/2001	79 KM		2,482,079.58	25	13.847	1,107,283.99	1,374,795.59	60	48.847
1730-003	O/H Conductors & Devices	1	Skywire for M3K Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	79 Km Stretch from Moosonee to Ft. Albany	11/1/2001	11/5/2001	79 KM		876,144.42	25	13.847	390,858.01	485,286.41	60	48.847
1730-004	O/H Conductors & Devices	3	Overhead Conductors M3K Fort Albany to Kashechewan, 4/0 Size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	11 Km Stretch from Ft. Albany to Kashechewan	12/1/2001	11/11/2001	11 KM		327,460.50	25	13.863	145,874.58	181,585.93	60	48.863
1730-005	O/H Conductors & Devices	1	Skywire for M3K Fort Albany to Kashechewan Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	11 Km Stretch from Ft. Albany to Kashechewan	12/1/2001	11/11/2001	11 KM		114,461.50	25	13.863	50,989.42	63,472.07	60	48.863
1730-005	O/H Conductors & Devices	3	Overhead Conductors Fort Albany to Kashechewan, 4/0 Size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	100 KM Kashechewan to Attawapiskat	12/2/2002	12/2/2002	100 KM		3,187,539.14	25	14.919	1,285,305.54	1,902,233.59	60	49.919
1730-006	O/H Conductors & Devices	1	Skywire for Fort Albany to Kashechewan Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	100 KM Kashechewan to Attawapiskat	12/2/2002	12/2/2002	100 KM		1,114,848.86	25	14.919	449,538.46	665,310.41	60	49.919
1730-007	O/H Conductors & Devices	1	Aircraft Warning Markers	N/A	N/A	N/A	Monument Channel Attawapiskat	12/31/2005	3/4/2005	N/A		19,757.00	25	17.174	6,185.00	13,572.00	25	17.174
1730-008	O/H Conductors & Devices	1	Switching Structure 869 and Switch #222-M3K	N/A	N/A	N/A	79 Km Stretch from Moosonee to Ft. Albany	12/31/2006	3/9/2007	N/A		16,499.00	25	19.186	3,837.00	12,662.00	25	19.186
1730-009	O/H Conductors & Devices	1	Aircraft Spruce - Aircraft Warning Markers	N/A	N/A	N/A	N/A	12/31/2009	6/21/2009	N/A		2,494.00	25	21.472	352.00	2,142.00	25	21.472
1730-002-01	O/H Conductors & Devices	1	Capitalized Interest re: Fiber Optic Project	N/A	N/A	N/A	N/A	12/1/2009	11/30/2009	N/A		599,803.00	25	21.917	73,963.00	525,840.00	50	46.917
1730-010	O/H Conductors & Devices	1	Canadian Network & Consulting Services - Deposit for Spare Reel of OPGW	N/A	N/A	N/A	N/A	12/31/2010	9/14/2010	N/A		1,470.00	25	22.704	135.00	1,335.00	50	47.704
1730-011	O/H Conductors & Devices	3	Overhead Conductors M9K Circuit, 795 Size Aluminum Conductor & Steel Reinforced Cable (ACSR - 795), 1054 Spans	N/A	795 ACSR	N/A	179 Km Stretch from Moosonee to Kashechewan	12/17/2010	12/1/2010	179 KM		5,644,921.00	25	22.917	470,400.00	5,174,521.00	50	47.917
1730-012	O/H Conductors & Devices	1	Fibre Optic Spares and Restoration Materials	N/A	N/A	N/A	Throughout	12/31/2012	12/31/2011	N/A		45,216.00	25	23.998	1,812.00	43,404.00	50	48.998
GRAND												\$19,165,543.00			\$4,570,246.00	\$14,595,297.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1705 - LAND
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Assigned Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Revised Rem. Useful Life (Years)</u>
1905-001	Land	1	Raw Land for New Head Office building, Part of Parcel 1470 SEC SND Part of Broken Lot 10, Concession 3 Tisdale, Ontario	725 Highway 655, Timmins, Ontario	10/1/2011	-	250,644.00	-	-	-	250,644.00	-
GRAND TOTAL							\$250,644.00			\$0.00	\$250,644.00	

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1908 - BUILDINGS AND FIXTURES
As at: December 31, 2012

<u>Asset ID #</u>	<u>Class Code</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Revised Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1908-001	1908	Buildings	1	Attawapiskat Garage 1863/1968, 30ft x 40ft Galvanized Steel Quonset Building	Attawapiskat First Nation, Western James Bay, Ontario	6/9/2004	9/25/2004	183,165.00	25	16.736	60,546.00	122,619.00	30	21.736
1908-002	1908	Buildings	1	Kashechewan Garage 1862/1969, 12ft x 20ft Quonset Building at edge of Kashechewan Airport	Kashechewan First Nation, Western James Bay, Ontario	6/10/2006	6/10/2006	64,178.00	25	18.442	16,836.00	47,342.00	30	23.442
1908-003	1908	Buildings	1	Fort Albany Garage 1861/1971, 16ft x 30ft Quonset Building	Fort Albany Substation	1/2/2008	7/17/2008	117,425.00	25	20.545	20,924.00	96,501.00	30	25.545
GRAND TOTAL								\$364,768.00			\$98,306.00	\$266,462.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1910 - LEASEHOLD IMPROVEMENTS
As at: December 31, 2012

<u>Asset ID #</u>	<u>Class Code</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Revised Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1910-001	1910	Leasehold Improvements	1	Leasehold improvements 1866/1970 FNEI Office, Timmins, ON	36 Birch street, Timmins, ON	2/28/2005	1/9/2011	28,786.00	2	0.024	28,441.00	345.00	2	0.024
GRAND TOTAL								\$28,786.00			\$28,441.00	\$345.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1915 - OFFICE FURNITURE AND EQUIPMENT
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1915-001	Office Furn. & Equip.	1	2003 Additions, Misc Prints, Coat Crees, Media Boards, File Room Racks, Storage Cabinets, File Cabinets, Etc.	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2003	12/31/2003	5,714.00	5	-	5,714.00	-	5	-
1915-002	Office Furn. & Equip.	1	2003 Additions, Board room Furniture, to be Left Behind for Mushkegowag Council	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2003	12/31/2003	9,000.00	5	-	9,000.00	-	5	-
1915-003	Office Furn. & Equip.	1	2004 additions, Lucy's Office Suite (formerly Cecil),	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2004	12/31/2004	7,976.00	5	-	7,976.00	-	5	-
1915-004 - 1915-005	Office Furn. & Equip.	2	Drawing File Cabinets (Planhold file cabinets), SAFCO, Danails office	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2005	12/31/2005	3,383.00	5	-	3,383.00	-	5	-
1915-006 - 1915-007	Office Furn. & Equip.	2	5 Drawer Lateral File Cabinets	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2005	12/31/2005	1,978.00	5	-	1,978.00	-	5	-
1915-008	Office Furn. & Equip.	1	Set of Tamarack Geese in Boardroom	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2005	12/31/2005	2,800.00	5	-	2,800.00	-	5	-
1915-009	Office Furn. & Equip.	1	<u>Camera, (Unrecorded deletions)</u>	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2005	12/31/2005	1,161.03	5	-	1,161.03	-	5	-
1915-010	Office Furn. & Equip.	1	Balance of 2005 OF&E Additions	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2005	12/31/2005	3,841.97	5	-	3,841.97	-	5	-
1915-011	Office Furn. & Equip.	1	<u>Canon Production Video Camera (Unrecorded deletion)</u>	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	7,544.73	5	-	7,544.73	-	5	-
1915-012	Office Furn. & Equip.	1	<u>Canon Still Camera, (Unrecorded Deletion)</u>	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	716.98	5	-	716.98	-	5	-
1915-013	Office Furn. & Equip.	1	<u>Canon Still Camera & Ancillaries, (Unrecorded Deletion)</u>	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	1,338.83	5	-	1,338.83	-	5	-
1915-014	Office Furn. & Equip.	1	Capitalized Office OF&E / Vladamir's Office Suite	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	4,370.00	5	-	4,370.00	-	5	-
1915-015	Office Furn. & Equip.	1	2007 OF&E Additions - Roseanna's Office Suite	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	2,702.00	5	-	2,702.00	-	5	-
1915-016	Office Furn. & Equip.	1	2009 OF&E additions, 4 Drawer Lateral File	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2009	9/15/2009	729.00	5	1.708	480.00	249.00	10	6.708
1915-017	Office Furn. & Equip.	1	2010 OF&E additions, New Workstations for Technicians	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	5/9/2010	1,875.00	5	2.355	992.00	883.00	10	7.355
1915-018	Office Furn. & Equip.	1	2011 additions, New Workstation	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2011	4/24/2011	1,956.00	5	3.313	660.00	1,296.00	10	8.313
1915-019	Office Furn. & Equip.	1	2012 additions, Receptionist's workstation, 3 side chairs, 2 swivel tilt chairs	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	7/2/2012	1,569.00	5	4.503	156.00	1,413.00	10	9.503
GRAND TOTALS										\$58,655.54			\$54,814.54	\$3,841.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1920 - COMPUTER HARDWARE
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1920-001	Computer Hardware	1	Radio Equipment (Unrecorded Deletion)	N/A	N/A	N/A	N/A	12/10/2001	12/10/2001	7,419.00	5	-	7,419.00	-	10	-
1920-002	Computer Hardware	1	Compaq Notebook Computer (Unrecorded Deletion)	Compaq	N/A	N/A	36 Birch Street, Timmins, ON	5/29/2001	5/29/2001	4,948.00	5	-	4,948.00	-	4	-
1920-003	Computer Hardware	1	Dell Notebook Computer x 2 (Unrecorded Deletion)	Dell	N/A	N/A	36 Birch Street, Timmins, ON	9/13/2002	9/13/2002	7,260.00	5	-	7,260.00	-	4	-
1920-004	Computer Hardware	1	Ricoh Colour Printer Ser#P6021201091(Unrecord ed Deletion)	Ricoh	CP8000	N/A	36 Birch Street, Timmins, ON	7/30/2003	7/30/2003	9,416.00	5	-	9,416.00	-	4	-
1920-005	Computer Hardware	1	Backup Power Unit (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	5/5/2003	5/5/2003	209.00	5	-	209.00	-	4	-
1920-006	Computer Hardware	1	CO-Compaq EVO D510 SFF P4 & S7500 17" (Unrecorded Deletion)	Compaq	N/A	N/A	36 Birch Street, Timmins, ON	6/23/2003	6/23/2003	1,400.00	5	-	1,400.00	-	4	-
1920-007	Computer Hardware	1	Power Point Projector w/ Remote and Sall Screen (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	1/31/2004	1/31/2004	3,610.00	5	-	3,610.00	-	4	-
1920-008	Computer Hardware	1	Laptop with Keyboard, Case (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	7/2/2004	7/2/2004	5,074.00	5	-	5,074.00	-	4	-
1920-009	Computer Hardware	1	19in Monitor LCD (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	7/23/2004	7/23/2004	1,095.00	5	-	1,095.00	-	4	-
1920-010	Computer Hardware	1	HP Design Jet 800 (Unrecorded Deletion)	HP	Designjet 800PS	SG52F9100Z	36 Birch Street, Timmins, ON	5/25/2005	5/25/2005	9,751.00	5	-	9,751.00	-	4	-
1920-011	Computer Hardware	1	Aficio Mainframe Server / Scanning Unit (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	5/31/2005	5/31/2005	5,000.00	5	-	5,000.00	-	4	-
1920-012	Computer Hardware	1	Various Additions 2005 (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	5/31/2005	5/31/2005	408.00	5	-	408.00	-	4	-
1920-013	Computer Hardware	1	HP Proliant G4 server, (Unrecorded Deletion, replaced in 2009 by current server)	HP	Proliant ML350		36 Birch Street, Timmins, ON	8/15/2005	8/15/2005	13,287.00	5	-	13,287.00	-	4	-
1920-014	Computer Hardware	1	Dell computer and Drives (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	11/30/2005	11/30/2005	3,400.00	5	-	3,400.00	-	4	-
1920-015	Computer Hardware	1	Micro Scada Dial-up set up. This asset became obsolete when Fibre link to stations went live, then this was scrapped out (Unrecorded Deletion)	ABB	Microscada		36 Birch Street, Timmins, ON	2/6/2006	2/6/2006	9,750.00	5	-	9,750.00	-	4	-
1920-016	Computer Hardware	1	2006 Various Additions (Unrecorded Deletions)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	5,403.00	5	-	5,403.00	-	4	-
1920-017	Computer Hardware	1	Laptop & Accessories for General Mgr (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	2,802.87	5	-	2,802.87	-	4	-
1920-018	Computer Hardware	1	Projector with Accessories in File Room	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	1,895.00	5	-	1,895.00	-	4	-

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1920 - COMPUTER HARDWARE
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1920-019	Computer Hardware	1	Laptop for Contract term Maintenance Supervisor (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	3,370.00	5	-	3,370.00	-	4	-
1920-020	Computer Hardware	1	Accessories for Video Camera & Tripod, (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	2,576.00	5	-	2,576.00	-	4	-
1920-021	Computer Hardware	1	Wireless Access Point	Cisco Systems	Aironet	N/A	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	1,000.00	5	-	1,000.00	-	4	-
1920-022	Computer Hardware	1	Laptop Computer for Roseanna, (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2008	5/1/2008	1,500.00	5	0.333	1,400	100.00	4	-0.667
1920-023	Computer Hardware	1	New Laptop & Misc Materials for new CEO, (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2009	6/6/2009	2,431.08	5	1.514	1,695.00	736.08	4	0.514
1920-024	Computer Hardware	1	Laptop & Peripherals for new Board Member (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2009	6/6/2009	1,566.00	5	1.514	1,091.85	474.15	4	0.514
1920-025	Computer Hardware	1	Low budget Laptop for Summer Student (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2009	6/6/2009	1,300.14	5	1.514	906.48	393.66	4	0.514
1920-026	Computer Hardware	1	Server on main Network Rack with Raid Drives	HP	Proliant ML350	N/A	36 Birch Street, Timmins, ON	12/31/2009	6/6/2009	9,955.00	5	1.514	6,940.83	3,014.17	4	0.514
1920-027	Computer Hardware	1	Laptop for Operations Manager Vlad, (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,545.96	5	2.419	798.15	747.81	4	1.419
1920-028	Computer Hardware	1	Xerox Copier/Printer	Xerox	Color Qube 9201	BRE236461	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	24,695.00	5	2.419	12,749.52	11,945.48	4	0.419
1920-029	Computer Hardware	1	Apple Computer for Roseanna (Unrecorded Deletion)	Apple	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	2,377.30	5	2.419	1,227.35	1,149.95	4	0.419
1920-030	Computer Hardware	1	Laptop & Docking Station for CEO (Unrecorded deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,792.75	5	2.419	925.56	867.19	4	0.419
1920-031	Computer Hardware	1	Laptop for President (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,439.99	5	2.419	743.44	696.55	4	0.419
1920-032	Computer Hardware	1	Big Screen Monitor & Accessories for Vlad's Office, (Unrecorded deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,801.00	5	2.419	929.82	871.18	4	0.419
1920-033	Computer Hardware	1	Tower Computer for Running Big Screen Monitor in Vlad's Office	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,563.00	5	2.419	806.94	756.06	4	0.419
1920-034	Computer Hardware	1	Brackets for Big Screen Monitor, (Unrecorded deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	717.00	5	2.419	370.17	346.83	4	0.419
1920-035	Computer Hardware	1	Laptop for CEO #3, (Unrecorded Deletion)	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,536.00	5	2.419	793.01	742.99	4	0.419
1920-036	Computer Hardware	1	New rack Mounted UPS in Server Room	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	1,149.00	5	2.419	593.21	555.79	4	0.419
1920-037	Computer Hardware	1	Server Tower to rack mounting Conversion Kit	HP	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2010	6/2/2010	389.00	5	2.419	200.83	188.17	4	0.419

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1920 - COMPUTER HARDWARE
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1920-038	Computer Hardware	1	Laptop for new employee Operations Technician	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2011	7/4/2011	1,117.00	5	3.506	333.81	783.19	4	1.506
1920-039	Computer Hardware	1	New Desktop & Monitor for Student in Server Room now	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2011	7/4/2011	1,150.00	5	3.506	343.67	806.33	4	2.506
1920-040	Computer Hardware	1	Backup tape System for Server	HP	Storage Works RDX, 500GB	N/A	36 Birch Street, Timmins, ON	12/31/2011	7/4/2011	1,078.00	5	3.506	322.15	755.85	4	2.506
1920-041	Computer Hardware	1	Laptop for New CEO Lucie	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2011	7/4/2011	1,480.04	5	3.506	442.30	1,037.74	4	2.506
1920-042 - 1920-045	Computer Hardware	4	Computer Monitors throughout office	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2011	7/4/2011	963.96	5	3.506	288.07	675.89	4	2.506
1920-046	Computer Hardware	1	Mobile Devices Testing for Interoffice Communications, 1 - Kindle device, 1 - Apple IPAD device, Vlad	Kindle, Apple	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	1,247.15	5	4.486	128.20	1,118.95	4	3.486
1920-047	Computer Hardware	1	<u>New Laptop for Roseanna (Unrecorded Deletion)</u>	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	777.00	5	4.486	79.87	697.13	4	3.486
1920-048	Computer Hardware	1	New Laptop for Roseanna	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	1,114.00	5	4.486	114.51	999.49	4	3.486
1920-049	Computer Hardware	1	Laptop for Operations Technician	Lenovo	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	875.00	5	4.486	89.94	785.06	4	3.486
1920-050	Computer Hardware	1	Desktop Computer for April	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	1,173.00	5	4.486	120.58	1,052.42	4	3.486
1920-051 - 1920-052	Computer Hardware	3	Monitors for Vlad's Desk & System Control Monitoring	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	522.89	5	4.486	53.75	469.14	4	3.486
1920-053	Computer Hardware	1	Stand for 3 Monitors at Vlad's Desk	N/A	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	244.06	5	4.486	25.09	218.97	4	3.486
1920-054 - 1920-062	Computer Hardware	9	IPAD Mobile Devices for Inter-office Employees	Apple	N/A	N/A	36 Birch Street, Timmins, ON	12/31/2012	6/26/2012	5,788.90	5	4.486	595.06	5,193.84	4	3.486
GRAND TOTALS										\$172,363.09			\$134,183.02	\$38,180.07		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1925 - COMPUTER SOFTWARE
As at: December 31, 2012

<u>Asset ID</u> #	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1925-001	Computer Software	1	Computer Software - 2003 Additions (Unrecorded Deletion)	36 Birch Street, Timmins, ON	2/28/2003	2/28/2003	1,496.00	5	-	1,496.00	-	4	-
1925-002	Computer Software	1	Computer Software - Microsoft Office XP (Unrecorded Deletion)	36 Birch Street, Timmins, ON	7/8/2003	7/8/2003	600.00	5	-	600.00	-	4	-
1925-003	Computer Software	1	Computer Software - 2006 Additions (Unrecorded Deletion)	36 Birch Street, Timmins, ON	12/31/2006	12/31/2006	2,462.00	5	-	2,462.00	-	4	-
1925-004	Computer Software	1	Computer Software - 2007 Additions (Unrecorded Deletion)	36 Birch Street, Timmins, ON	12/31/2007	12/31/2007	1,377.00	5	-	1,377.00	-	4	-
1925-005	Computer Software	1	Computer Software - 2008 Additions	36 Birch Street, Timmins, ON	12/31/2008	3/11/2008	2,270.00	5	0.914	2,182.00	88.00	4	0.914
1925-006	Computer Software	1	Computer Software - 2010 Additions	36 Birch Street, Timmins, ON	12/31/2010	7/1/2010	5,107.00	5	2.499	2,555.00	2,552.00	4	1.499
GRAND TOTALS							\$13,312.00			\$10,672.00	\$2,640.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1930 - TRANSPORTATION EQUIPMENT
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1930-001	Transportation Equipment	1	1991 International Line Truck (Unrecorded Deletion)	International			Gone	12/22/2003	12/22/2003	32,500.00	5	-	32,500.00	-	5	-
1930-002	Transportation Equipment	1	Cargo trailer, Tandem Axle Box Trailer	American, Middlebury Indiana	CSFT-TA2	Z10LAB18202B076461	Kashechewan Substation Site	6/15/2004	6/15/2004	7,500.00	5	-	7,500.00	-	5	-
1930-003	Transportation Equipment	1	PT-4 pole trailer, Not Inspected, located at Kashechewan Local Distribution Company				Kashechewan Substation Site	7/29/2005	7/29/2005	6,040.00	5	-	6,040.00	-	5	-
1930-004	Transportation Equipment	1	Timmins Automotive. Was a Snow Plow for Dodge Ram. (Unrecorded Deletion)				Gone	1/25/2006	1/25/2006	5,549.00	5	-	5,549.00	-	5	-
1930-005	Transportation Equipment	1	Dodge Ram 2006 -1500 (Unrecorded Deletion)	Dodge	Ram 1500	1D7HU18286S667680	Gone	7/11/2006	7/11/2006	44,923.00	5	-	44,923.00	-	5	-
1930-006	Transportation Equipment	1	2008 Silverado	Chevrolet	K1500	2GCEK133581184671	Attawapiskat	1/31/2008	1/31/2008	49,656.00	5	-	49,656.00	-	5	-
1930-007	Transportation Equipment	1	1991 International Line Truck, Inherited Used from Vale Inco Sudbury - Various Costs to Transport & Refurbish	International	1HTSDNHRX MH331708	4900-4X2	Kashechewan Substation Site	8/12/2008	8/5/2008	7,021.51	5	0.596	6,184.85	836.66	7	2.596
1930-006-001	Transportation Equipment	1	Snow Plow for 2008 Silverado				Attawapiskat	8/12/2008	8/5/2008	6,346.08	5	0.596	5,589.91	756.17	7	2.596
1930-008	Transportation Equipment	1	Box Trailer for Argo Avenger	Interstate Mfg	1712TA2-FD320	1UK500E2281067233	Throughout	8/12/2008	8/5/2008	6,195.96	5	0.596	5,457.67	738.29	7	2.596
1930-009	Transportation Equipment	1	Box Trailer for Argo Avenger	Interstate Mfg	1712TA2-FD320	1UK500E2281067233	Throughout	8/12/2008	8/5/2008	6,195.96	5	0.596	5,457.67	738.29	7	2.596
1930-010	Transportation Equipment	1	Swamp & All Terrain Vehicle	Argo Manufacturing	Avenger 700	2DGSSOBR39NV27917	Throughout	8/12/2008	8/5/2008	25,272.00	5	0.596	22,260.69	3,011.31	7	2.596
1930-011	Transportation Equipment	1	Swamp & All Terrain Vehicle	Argo Manufacturing	Avenger 700		Throughout	8/12/2008	8/5/2008	25,272.00	5	0.596	22,260.69	3,011.31	7	2.596
1930-012	Transportation Equipment	1	Argo Utility Trailer	Argo Manufacturing			Throughout	8/12/2008	8/5/2008	2,473.20	5	0.596	2,178.50	294.70	7	2.596
1930-013	Transportation Equipment	1	Argo Utility Trailer	Argo Manufacturing			Throughout	8/12/2008	8/5/2008	2,473.20	5	0.596	2,178.50	294.70	7	2.596
1930-014	Transportation Equipment	1	Miscellaneous Minor Items for Argo Avengers & Trailers	Argo Manufacturing			Throughout	8/12/2008	8/5/2008	1,121.09	5	0.596	987.51	133.58	7	2.596
1930-015	Transportation Equipment	1	2009 Ford F150 + Add-ons - Traded in Jan 4, 2013 - (Unrecorded Deletion)	Ford	F150			1/20/2009	1/1/2009	54,377.00	5	1.003	43,466.00	10,911.00	5	1.003
1930-016	Transportation Equipment	1	2011 GMC Sierra	GMC	Sierra 2500HD 4x4 Crew	1GT120CG3BF219851	Kashechewan Substation Site	7/29/2011	7/2/2011	42,610.00	5	3.5	12,780.00	29,830.00	7	5.5
1930-017	Transportation Equipment	1	Snow Plow Attachment and Hydraulic Lift Tailgate for 2011 GMC Sierra	Joe Rent All & Hydraulics			Kashechewan Substation Site	8/31/2011	8/20/2011	12,291.00	5	3.6	3,353.00	8,938.00	7	5.6
GRAND TOTAL										\$337,817.00			\$278,323.00	\$59,494.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1940 - TOOLS, SHOP AND GARAGE EQUIPMENT
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1940-001	Tools, Sop & Garage Equip.	1	Shot Gun Stick and Accessories, inside Storage Container at Kashechewan Station	Kashechewan Station	6/24/2003	6/24/2003	2,985	5	-	2,985	-	5	-
1940-002	Tools, Sop & Garage Equip.	1	Grounding Cables and Clamps W/Access., Inside Storage Building/Sea Can at Kashechewan Station	Kashechewan Station	6/24/2003	6/24/2003	4,715	5	-	4,715	-	5	-
1940-003	Tools, Sop & Garage Equip.	1	4" EXH hose (Unrecorded Deletion)		10/5/2004	10/5/2004	286	5	-	286	-	5	-
1940-004	Tools, Sop & Garage Equip.	1	Pianochest, Misc Tool Chest, was located in Attawapiskat Garage, (Unrecorded Deletion)		10/6/2004	10/6/2004	1,090	5	-	1,090	-	5	-
1940-005	Tools, Sop & Garage Equip.	1	BLL-200 Tracer, (Unrecorded Deletion)		11/8/2004	11/8/2004	1,831	5	-	1,831	-	5	-
1940-006	Tools, Sop & Garage Equip.	1	Burndy, Model PAT750-18Volt Cordless Cable Clip Crimper, with Dies	Head Office Basement Storage Area	11/19/2004	11/19/2004	4,100	5	-	4,100	-	5	-
1940-007	Tools, Sop & Garage Equip.	1	Reallocation from Attawapiskat Garage, (Air Compressor & Misc. Tools) (Unrecorded Deletion)	Attawapiskat Station	12/31/2004	12/31/2004	8,014	5	-	8,014	-	5	-
1940-008	Tools, Sop & Garage Equip.	1	Miscellaneous Hand Tools Including Substation tools & Grounding Set	Throughout	12/31/2005	12/31/2005	7,449	5	-	7,449	-	5	-
1940-009	Tools, Sop & Garage Equip.	1	Grounding Cables with Reels and Racks	Throughout	12/31/2006	12/31/2006	17,023	5	-	17,023	-	5	-
1940-010	Tools, Sop & Garage Equip.	1	Radio Phone for Kash Garage, (Still in Use)	Throughout	12/31/2006	12/31/2006	2,839	5	-	2,839	-	5	-
1940-011	Tools, Sop & Garage Equip.	1	Tools & Supplies for Line Repairs	Throughout	12/31/2006	12/31/2006	2,613	5	-	2,613	-	5	-
1940-012	Tools, Sop & Garage Equip.	1	Electrical Hamlet, Teaching Device for Elementary Classroom Presentations	Throughout	12/31/2006	12/31/2006	12,355	5	-	12,355	-	5	-
1940-013	Tools, Sop & Garage Equip.	3	Epitron Inc, (3) Arc Flash Suits Protective Gear for Substations	All Substations	12/31/2007	12/31/2007	3,873	5	-	3,873	-	5	-
1940-014	Tools, Sop & Garage Equip.	1	Gas Powered Drill for Working on Poles, Stihl, Model 045, (Purchased Used)	Throughout	12/31/2007	12/31/2007	191	5	-	191	-	5	-
1940-015	Tools, Sop & Garage Equip.	1	Miscellaneous Hand & StationsTools	Fort Albany Station	12/31/2007	12/31/2007	1,943	5	-	1,943	-	5	-
1940-015 - 1940-016	Tools, Sop & Garage Equip.	2	Epitron Inc, Dataloggers to Investigate Voltage Levels	Throughout	12/31/2007	12/31/2007	858	5	-	858	-	5	-
1940-017	Tools, Sop & Garage Equip.	1	Epitron Inc, Additional Cost - Dataloggers	All Substations	12/31/2008	5/7/2008	2,490	5	0.35	2,315.67	174.33	5	0.35

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1940 - TOOLS, SHOP AND GARAGE EQUIPMENT
As at: December 31, 2012

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1940 - TOOLS, SHOP AND GARAGE EQUIPMENT
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>Accumulated Amortization (\$)</u>	<u>Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1940-037	Tools, Sop & Garage Equip.	1	Testing Equipment, OMICRON, Model CPC100 Power Factor & Contact Resistance & Transformer tester, OMICRON model CP-SB1 Transformer Test Switch, OMICRON Model CMC356 Signal Analyzer, OMICRON Model CP-TD1 Booster Amplifier	All Substations	4/27/2011	4/1/2011	137,449	5	3.25	48,111.00	89,338.00	5	3.25
1940-038	Tools, Sop & Garage Equip.	1	Tools, Infrared Thermometer, etc.	All Substations	1/12/2012	3/28/2012	1,128	5	4.241	171.12	956.84	5	4.241
1940-039	Tools, Sop & Garage Equip.	1	GPS Video Mapping Equipment Used to Mark Waypoints	Throughout	1/12/2012	3/28/2012	10,535	5	4.241	1,598.20	8,936.49	5	4.241
1940-040	Tools, Sop & Garage Equip.	1	Oil Pump and Filter FOR Maintenance on Transformers and Reactors	All Substations	1/12/2012	3/28/2012	8,039	5	4.241	1,219.58	6,819.42	5	4.241
1940-041	Tools, Sop & Garage Equip.	1	10kv Tester, MEGGER, Model S1-1052/2, 10KV Insulation Tester, Catalogue # 1000-387, Serial Number 120212.1632	All Substations	1/12/2012	3/28/2012	6,150	5	4.241	933.01	5,216.99	5	4.241
1940-042		1	Miscellaneous Tools & Minor Items	All Substations	1/12/2012	3/28/2012	2,215	5	4.241	336.03	1,878.97	5	4.241
1940-043	Tools, Sop & Garage Equip.	1	Kubota Diesel Generator on Trailer, in Possession of Hydro One, - May be an Unrecorded Deletion (This Asset was Transferred from Computer Hardware Account)	Hydro One Moosonee	2/26/2002	2/26/2002	23,873.00	5	-	23,873.00	-	10	-
1940-044	Tools, Sop & Garage Equip.	1	Generator, Briggs & Stratton, 16HP V Twin (This Asset was Transferred from Computer Hardware Account)	Attawapiskat Station	9/12/2001	9/12/2001	3,125.00	5	-	3,125.00	-	10	-
1940-045	Tools, Sop & Garage Equip.	1	Generator, Briggs & Stratton, Elite, Series 6200 (This Asset was Transferred from Computer Hardware Account)	Kashechewan Station	9/12/2001	9/12/2001	3,125.00	5	-	3,125.00	-	10	-
1940-046	Tools, Sop & Garage Equip.	1	Generator, Elite, Series 6200 (This Asset was Transferred from Computer Hardware Account)	Fort Albany Station	9/12/2001	9/12/2001	3,125.00	5	-	3,125.00	-	10	-
GRAND							\$377,274.58			\$224,241.79	\$153,032.94		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: CONSTRUCTION-IN-PROGRESS
As at: December 31, 2012

<u>Asset ID</u> <u>#</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Asset Location</u>	<u>Acq. or</u> <u>Construction</u> <u>Date</u>	<u>Depr. Begin</u> <u>Date</u>	<u>Est. Acquisition</u> <u>Cost (\$)</u>	<u>Useful Life</u> <u>(Years)</u>	<u>Remaining</u> <u>Useful Life</u> <u>(Years)</u>	<u>Accumulated</u> <u>Amortization (\$)</u>	<u>Net Book Value</u> <u>(\$)</u>	<u>Rev. Useful</u> <u>Life (Years)</u>	<u>Revised Rem.</u> <u>Useful Life</u> <u>(Years)</u>
CIP-001	CIP	1	New Office Building, Anticipated Completion as at Approximately Sept 2013	725 Highway 655 Timmins, Ontario, P4N 0B7	9/1/2013	9/1/2013	1,310,378.00	25	25	-	1,310,378.00	-	-
GRAND TOTALS							\$1,310,378.00			\$0.00	\$1,310,378.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1708 - BUILDINGS AND FIXTURES CIA
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1708-009	Buildings & Fixtures - CIA	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	244,463.49	40	28.754	64,727.83	179,735.66	40	28.754
1708-010	Buildings & Fixtures - CIA	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	11,282.93	40	28.754	2,987.44	8,295.49	40	28.754
1708-011	Buildings & Fixtures - CIA	2	Plain Storage Containers / Intermodal Sea Can Containers for Cold Storage of Materials & Tools	N/A	8ft x 8ft x 20ft	N/A	Fort Albany Station Site	11/1/2001	10/2/2001	7,521.95	40	28.754	1,991.63	5,530.33	20	8.754
1708-012	Buildings & Fixtures - CIA	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	228,094.92	40	28.937	60,200.14	167,894.79	30	18.937
1708-013	Buildings & Fixtures - CIA	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	11,217.78	40	28.937	2,960.66	8,257.12	40	28.937
1708-014	Buildings & Fixtures - CIA	1	Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	416,514.44	40	30.892	103,631.09	312,883.35	30	20.892
1708-015	Buildings & Fixtures - CIA	1	Heated Storage Container / Sea Can Intermodal Shipping Container with Heating, Insulation, Drywall to Interior and Timber Cribbing Foundation	N/A	8ft x 8ft x 20ft	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	9,686.38	40	30.892	2,410.03	7,276.36	40	30.892
1708-024	Buildings & Fixtures - CIA	1	DeBeers Transfer - Site Improvements, Muskeg Stripping & Clearing, Imported Gravel, Grounding Grid, with 6 ft Fence and Barbed Wire	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	616,448.00	40	37.917	32,106.38	584,341.62	30	27.917
1708-025	Buildings & Fixtures - CIA	1	DeBeers Transfer - New Substation Control Building DBC (Portion of Cost Only, Balance by FNEI), 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	308,000.00	40	37.917	16,041.52	291,958.48	40	37.917
1708-026	Buildings & Fixtures - CIA	1	DeBeers Transfer - New Substation Control Building DBC, 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	479,000.00	40	37.917	24,947.69	454,052.31	40	37.917
1708-027	Buildings & Fixtures - CIA	1	DeBeers Transfer - Site improvements, Site Expansion & Fence Alterations to Allow for PLCC Additions to Fort Albany Station	N/A	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	199,000.00	40	37.917	10,364.49	188,635.51	30	27.917
1708-028	Buildings & Fixtures - CIA	1	DeBeers Transfer - New Substation Control Building by DBC (Portion of Cost Only, Balance by FNEI), 32ft x 20ft x 10ft on Concrete Stem Piers	N/A	32ft x 20ft x 10ft	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	308,000.00	40	37.917	16,041.52	291,958.48	40	37.917
1708-029	Buildings & Fixtures - CIA	1	DeBeers Transfer - Site improvements, Site Expansion & Fence Alterations to Allow for PLCC Additions to Attawapiskat Station	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	199,000.00	40	37.917	10,364.49	188,635.51	30	27.917
GRAND										\$3,038,229.91			\$348,774.92	\$2,689,455.00		

FIVE NATIONS ENERGY INC.
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<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1715-027	Station Equipment - CIA	1	Double Upright & Double Cross Member Tower & Hdwe, Gang Disconnect, Single Capacitive Voltage Transformer (Removed in 2008), Overhead Buswires & Deadend Insulators, Second Double Upright Tower with Single Cross Member	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	326,025.00	243,818.52	40	28.937	64,350.00	179,468.52	50	38.937
1715-028	Station Equipment - CIA	1	Circuit Switcher for Transformer T2	S & C Electric Canada Ltd	2020	00-10271T	Kashechewan Substation Site	12/1/2001	12/8/2001	141,750.00	106,008.05	40	28.937	27,978.26	78,029.79	50	38.937
1715-029	Station Equipment - CIA	1	Power Transformer T2, 132000Volt/8320Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393803	Kashechewan Substation Site	12/1/2001	12/8/2001	747,382.00	558,931.28	40	28.937	147,516.39	411,414.89	45	33.937
1715-030	Station Equipment - CIA	1	SF6 Gas Type Circuit Breaker #L5- B3 for K5A 132000 Volt Feeder to Attawapiskat, 145KV Rated Voltage Capacity	ABB Canada	145PM	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	170,100.00	127,209.66	40	28.937	33,573.91	93,635.75	45	33.937
1715-031	Station Equipment - CIA	1	Original Metal Clad Outdoor Switchgear & Metal Enclosed Building with 3 Metal Clad Switchgear Cells, 3 Drawout 8320 Volt Breakers, 18ft x 12ft Outdoor Metal Enclosed Construction	ABB Canada	VHK Medium Voltage Breakers (3)	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	454,815.00	340,134.40	40	28.937	89,770.25	250,364.16	40	28.937
1715-032	Station Equipment - CIA	1	DC Battery Power System Inside Original Outdoor Metal Enclosed Breaker Building for Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 92 VHB type TP55 Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	95,175.00	71,176.83	40	28.937	18,785.40	52,391.43	20	8.937
1715-033	Station Equipment - CIA	1	Protection & Control Cabinet in Original Metal Clad Outdoor Switchgear Building	ABB Canada	Kashechewan Substation Protection & Control Cabinet	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	147,825.00	110,551.25	40	28.937	29,177.33	81,373.92	20	8.937
1715-035	Station Equipment - CIA	1	Miscellaneous Network Ethernet Hub, UPS, Switch, Sensor Hub	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	30,375.00	22,716.01	40	28.937	5,995.34	16,720.67	20	8.937
1715-036	Station Equipment - CIA	1	Outbound 8320 Volt Feeder #F1 to Municipal Distribution Company Lines, with Double Poles & Hardware, Cross Beam, 3 Automatic Voltage Regulating Transformers, Disconnects, Cables to Breaker	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	158,375.00	118,441.09	40	28.937	31,259.66	87,181.43	40	28.937
1715-037	Station Equipment - CIA	2	Breaker Isolation Switches on Steel towers, with Cables to Outbound Feeder Pole Line K5A, (Revised since 2002)	Alstom	CVGB	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	190,350.00	142,353.67	40	28.937	37,570.81	104,782.86	50	38.937
1715-038	Station Equipment - CIA	1	<u>Original Pole Feed System from Original Yard Edge (All Removed and Re-Vamped in 2006/2007 Upgrades Along with New Yard Construction). All Contributions from this Original Pole Feed System are Physically Deleted, no Remaining Value) - UNRECORDED DELETION</u>	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	250,000.00	186,963.05	40	28.937	49,344.37	137,618.68	40	28.937
1715-039	Station Equipment - CIA	1	Security Camera System	Mobotic	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	52,650.00	39,374.42	40	28.937	10,391.93	28,982.49	20	8.937
1715-040	Station Equipment - CIA	1	Miscellaneous Tools, Greenlee Tool Chest, Hot Sticks, Ground Wires, Ladders, etc.	N/A	N/A	N/A	Kashechewan Substation Site	12/1/2001	12/8/2001	20,000.00	14,957.04	40	28.937	3,947.55	11,009.49	20	8.937
	Station Equipment - CIA																
1715-041	Station Equipment - CIA	1	Double Upright & Double Cross Member Tower & Hdwe, Gang Disconnect, Single Capacitive Voltage Transformer, Overhead Buswires & Deadend Insulators, Second Double Upright Tower with Single Cross Member	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	364,000.00	195,880.18	40	40.892	48,736.07	147,144.11	50	40.892
1715-042	Station Equipment - CIA	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	74,000.00	39,821.79	40	40.892	9,907.88	29,913.91	50	40.892
1715-043	Station Equipment - CIA	2	Circuit Switchers	S & C Electric Canada Ltd	2020	00-10272T, 00- 10273T	Attawapiskat Station Site	12/1/2002	11/22/2003	338,000.00	181,888.74	40	40.892	45,254.92	136,633.81	50	40.892

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As at: December 31, 2012

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1715-044	Station Equipment - CIA	1	Quad Posts & Aluminum Busways System for Circuit Switcher Lineup	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	74,000.00	39,821.79	40	40.892	9,907.88	29,913.91	50	40.892
1715-045	Station Equipment - CIA	1	Power Transformer T3, 132000Volt/4160Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393901	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	496,158.03	40	35.892	123,446.86	372,711.17	45	35.892
1715-046	Station Equipment - CIA	1	DC Shunt Reactor #1, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 2.5 MVAR Capacity	ABB Canada	N/A	1541-01	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	496,158.03	40	35.892	123,446.86	372,711.17	45	35.892
1715-047	Station Equipment - CIA	1	Power Transformer T3A, 132000Volt/4160Volt, 6/8/10MVA, ONAN/ONAN/ONAF, with 3 Surge Arrestors	ABB Canada	N/A	393902	Attawapiskat Station Site	12/1/2002	11/22/2003	922,000.00	496,158.03	40	35.892	123,446.86	372,711.17	45	35.892
1715-048	Station Equipment - CIA	1	Original Metal Clad Outdoor Switchgear & Metal Enclosed Building with 3 Metal Clad Switchgear Cells, 2 Drawout 4160 Volt Breakers, 15ft x 12ft Outdoor Metal Enclosed Construction	ABB Canada	VHK Medium Voltage Breakers (2)	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	376,000.00	202,337.77	40	30.892	50,342.75	151,995.01	40	30.892
1715-049	Station Equipment - CIA	1	DC Battery Power System inside Original Outdoor Metal Enclosed Breaker Building for Breaker & Circuit Switcher Operations, with Load Bank, Battery Cabinet, 92 VHB type TP55 Cells, DC Distribution Panel & Wiring	Primax Technologies	P4500F	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	113,000.00	60,808.96	40	10.892	15,129.60	45,679.35	20	10.892
1715-050	Station Equipment - CIA	1	Protection & Control Cabinet in Original Metal Clad Outdoor Switchgear Building	ABB Canada	Attawapiskat Substation Protection & Control Cabinet	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	176,000.00	94,711.29	40	10.892	23,564.69	71,146.60	20	10.892
1715-051	Station Equipment - CIA	1	Outbound 4160 Volt Feeder #F1 to Municipal Distribution Company Lines, with Double Poles & Hardware, Cross Beam, 3 Automatic Voltage Regulating Transformers, Disconnects, Cables to Breaker	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	189,000.00	101,707.02	40	30.892	25,305.27	76,401.75	40	30.892
1715-052	Station Equipment - CIA	1	Outbound 4160 Volt Feeder #F2 to Municipal Distribution Company Lines, with Double Poles & Hardware, Cross Beam, 3 Automatic Voltage Regulating Transformers, Disconnects, Cables to Breaker	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	189,000.00	101,707.02	40	30.892	25,305.27	76,401.75	40	30.892
1715-053	Station Equipment - CIA	1	Security Camera System	Mobotic	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	63,000.00	33,902.34	40	10.892	8,435.09	25,467.25	20	10.892
1715-054	Station Equipment - CIA	1	Miscellaneous Network Ethernet Hub, UPS, Switch, Sensor Hub	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	36,000.00	19,372.76	40	10.892	4,820.05	14,552.71	20	10.892
1715-055	Station Equipment - CIA	1	Miscellaneous Tools, Greenlee Tool Chest, Hot Sticks, Ground Wires, Ladders, etc	N/A	N/A	N/A	Attawapiskat Station Site	12/1/2002	11/22/2003	23,010.00	12,382.43	40	30.892	3,080.82	9,301.61	20	10.892
	Station Equipment - CIA																
1715-118 - 1715-119	Station Equipment - CIA	2	DeBeers Transfer - Inbound Power Line Carrier System for M3K & M9K High Voltage Feeders with 2 - WaveTraps Each, 3 - Capacitive Voltage Transformers Each, 2 - Power Line Carrier Coupler Cabinets Each and 3 - Galvanized Steel Towers Each	Trench	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	749,000.00	749,000.00	40	37.917	39,010.07	709,989.93	30	27.917
1715-120	Station Equipment - CIA	1	DeBeers transfer - Triple Upright & Double Cross Member Tower & Hdwe, with 2 Motorized Gang Main Disconnects, Overhead Buswires Front to Back & Deadend Insulators, Second Triple Upright Tower with Double Cross Members at Back End of Station, 2 Ground Switches	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	804,000.00	804,000.00	40	37.917	41,874.63	762,125.37	50	47.917
1715-121 - 1715-122	Station Equipment - CIA	2	DeBeers Transfer - Main High Voltage Feed Breakers M9K & M3K feeders	Areva	DT1-145-F1	11385A-DT12, 11385B-DT12	Kashechewan Station Site	12/17/2010	12/1/2010	527,000.00	527,000.00	40	37.917	27,447.67	499,552.33	45	42.917
1715-123 - 1715-124	Station Equipment - CIA	2	DeBeers transfer - Gang Operated Manual Hand Operated Disconnect Switches for M3K & M9K Buses	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	122,000.00	122,000.00	40	37.917	6,354.11	115,645.89	50	47.917

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PROPERTY, PLANT AND EQUIPMENT REPORT
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As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>Est. Acquisition Cost (\$)</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1715-125	Station Equipment - CIA	1	DeBeers Transfer - B3A Busways Cables & Deadends Insulators etc. with Bus Disconnect Switch & Bus Ground Switch	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	255,000.00	255,000.00	40	37.917	13,281.13	241,718.87	50	47.917
1715-126	Station Equipment - CIA	1	DeBeers Transfer - Triple Post & Triple Bus Bar System & Cable Risers to Bus B3A	N/A	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	61,000.00	61,000.00	40	37.917	3,177.05	57,822.95	50	47.917
1715-127	Station Equipment - CIA	1	DeBeers Transfer - Manual 3 Phase Disconnect Switch #LR91	Areva	CGVB	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	125,000.00	125,000.00	40	37.917	6,510.36	118,489.64	50	47.917
1715-128	Station Equipment - CIA	1	DeBeers Transfer - SF6 Gas Circuit Breaker for Reactor R1	Areva	DT1-145-F1	11366DT12	Kashechewan Station Site	12/17/2010	12/1/2010	267,000.00	267,000.00	40	37.917	13,906.13	253,093.87	45	42.917
1715-129	Station Equipment - CIA	1	DeBeers Transfer - DC Shunt Reactor #R1, with Surge Arrestors, 138000 Volt Nominal Operating Voltage, 5.5 MVAR Capacity	ABB Canada	KKRU145-NC- 6000	1LF1431052	Kashechewan Station Site	12/17/2010	12/1/2010	1,060,000.00	1,060,000.00	40	37.917	55,207.84	1,004,792.16	45	42.917
1715-130 - 1715-133	Station Equipment - CIA	4	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panels for M9K, M3K Circuits	ABB Canada	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	810,000.00	810,000.00	40	37.917	42,187.12	767,812.88	20	17.917
1715-134	Station Equipment - CIA	1	DeBeers Transfer - Outbound Circuit K5A Power Line Carrier Equipment installed in Kashechewan Old Station Yard with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	Trench	N/A	N/A	Kashechewan Station Site	12/17/2010	12/1/2010	374,000.00	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-135	Station Equipment - CIA	1	DeBeers Transfer - High Voltage Inbound Power Line Carrier Equipment Installed in Fort Albany Station with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	374,000.00	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-136	Station Equipment - CIA	1	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panel for M3K Circuit	ABB Canada	N/A	N/A	Fort Albany Substation Site	12/17/2010	12/1/2010	202,000.00	202,000.00	40	37.917	10,520.74	191,479.26	20	17.917
1715-137	Station Equipment - CIA	1	DeBeers Transfer - High Voltage Inbound Power Line Carrier Equipment Installed in Attawapiskat Station with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	374,000.00	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
1715-138	Station Equipment - CIA	3	DeBeers Transfer - Power Line Carrier Communications & Protection & Relaying Panels for K5A, K5A Panel #2, ASV Circuit	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	607,000.00	607,000.00	40	37.917	31,614.30	575,385.70	20	17.917
1715-139	Station Equipment - CIA	1	DeBeers Transfer - Attawapiskat to Victor Mine Sub-Circuit, with Manual Disconnect Switch, SF6 Gas Circuit Breaker, Overhead Tower & Motorized Disconnect Switch, Ground Switch	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	649,000.00	649,000.00	40	37.917	33,801.78	615,198.22	50	47.917
1715-140	Station Equipment - CIA	1	DeBeers Transfer - Outbound Circuit A7V Power Line Carrier Equipment Installed in Attawapiskat Station Yard with 3 - Galvanized Steel Towers, 3 - Capacitive Voltage Transformers, 2 - Power Line Carrier Wave Traps, 2 - Carrier Coupling & Connection Cabinets etc.	N/A	N/A	N/A	Attawapiskat Substation Site	12/17/2010	12/1/2010	374,000.00	374,000.00	40	37.917	19,478.99	354,521.01	30	27.917
GRAND											\$15,916,427.09			\$2,526,456.08	\$13,389,971.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1725 - POLES AND FIXTURES CIA
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Pole Class</u>	<u>Pole Type</u>	<u>Pole Height</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1725-517 - 1725-975	Poles & Fixtures - CIA	459	TYPE A Poles (M3K Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 FT.	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	6,248,082.10	25	13.924	2,629,882.78	3,618,199.31	40	28.924
1725-976 - 1725-978	Poles & Fixtures - CIA	3	Type J Poles Installation (M3K Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 FT	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	119,328.53	25	13.924	50,226.62	69,101.91	40	28.924
1725-979 - 1725-985	Poles & Fixtures - CIA	7	Type G Poles (M3K Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	207,561.83	25	13.924	87,364.94	120,196.90	40	28.924
1725-986 - 1725-987	Poles & Fixtures - CIA	2	Type C Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type C	Class 2	Douglas Fir	Average Height 65 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	46,855.82	25	13.924	19,722.10	27,133.72	40	28.924
1725-988 - 1725-998	Poles & Fixtures - CIA	11	Type H Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type H	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	431,435.12	25	13.924	181,595.53	249,839.59	40	28.924
1725-999-1725-1008	Poles & Fixtures - CIA	10	Type B Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type B	Class 2	Douglas Fir	Average Height 65 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	277,992.81	25	13.924	117,010.07	160,982.75	40	28.924
1725-1009	Poles & Fixtures - CIA	1	Type T Pole (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type T	Class 2	Douglas Fir	Average Height 70 ft	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	24,026.10	25	13.924	10,112.84	13,913.26	40	28.924
1725-1010 - 1725-1011	Poles & Fixtures - CIA	2	Type S Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type S			Steel Octagonal shaped plate fabricated tapered poles	79 KM Moosonee to Ft. Albany	11/1/2001	12/3/2001	465,234.68	25	13.924	195,822.12	269,412.56	40	28.924
1725-1012 - 1725-1048	Poles & Fixtures - CIA	37	TYPE A Poles (M3K Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	308,942.11	25	13.901	130,666.11	178,276.00	40	28.901
1725-1049	Poles & Fixtures - CIA	1	Type J Poles Installation (M3K Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	24,398.57	25	13.901	10,319.30	14,079.27	40	28.901
1725-1050	Poles & Fixtures - CIA	1	Type G Poles (M3K Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	18,188.25	25	13.901	7,692.66	10,495.58	40	28.901
1725-1051-1059	Poles & Fixtures - CIA	9	Type H Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type H	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	216,524.31	25	13.901	91,578.29	124,946.02	40	28.901
1725-1060 - 1725-067	Poles & Fixtures - CIA	8	Type B Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type B	Class 2	Douglas Fir	Average Height 65 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	136,415.87	25	13.901	57,696.67	78,719.20	40	28.901
1725-1068	Poles & Fixtures - CIA	1	Type T Pole (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type T	Class 2	Douglas Fir	Average Height 70 FT.	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	14,737.53	25	13.901	6,233.19	8,504.34	40	28.901
1725-1069 - 1725-1070	Poles & Fixtures - CIA	2	Type S Poles (M3K Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type S			Steel Octagonal shaped plate fabricated tapered poles	11 KM Ft. Albany to Kash	12/1/2001	11/25/2001	285,373.36	25	13.901	120,697.78	164,675.58	40	28.901
1725-1071 - 1725-1585	Poles & Fixtures - CIA	515	TYPE A Poles (K5A Line), Single Pole, Guyed, Tangent Type Installation with Galvanized Baseplate, Hardware, 3 - Galvanized Davit Arms, Suspension Polymer Insulators & Conductor Suspension Clamp & Y Clevis Ball	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type A	Class 2	Douglas Fir	Average Height 65 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	8,601,014.94	25	16.651	3,416,051.84	5,184,963.10	40	31.651
1725-1586 - 1725-1588	Poles & Fixtures - CIA	3	Type J Poles Installation (K5A Line) Two Poles, 0 Degree Dead End	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type J	Class 2	Douglas Fir	Average Height 70 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	146,403.93	25	16.651	58,147.02	88,256.90	40	31.651
1725-1589 - 1725-1605	Poles & Fixtures - CIA	17	Type G Poles (K5A Line), Two Poles, Guyed, 12 to 60 Degree Left or Right Hand Bend	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type G	Class 2	Douglas Fir	Average Height 70 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	618,453.16	25	16.651	245,630.09	372,823.07	40	31.651
1725-1606 - 1725-1608	Poles & Fixtures - CIA	3	Type C Poles (K5A)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type C	Class 2	Douglas Fir	Average Height 65 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	86,230.97	25	16.651	34,248.22	51,982.75	40	31.651
1725-1609 - 1725-1617	Poles & Fixtures - CIA	9	Type H Poles (K5A Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type H	Class 2	Douglas Fir	Average Height 70 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	433,085.61	25	16.651	172,007.94	261,077.66	40	31.651

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1725 - POLES AND FIXTURES CIA
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Pole Class</u>	<u>Pole Type</u>	<u>Pole Height</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1725-1618 - 1725-1623	Poles & Fixtures - CIA	5	Type B Poles (K5A Line)	SNC Lavalin Ontario & Powertel Utilities Contractors Ltd.	Type B	Class 2	Douglas Fir	Average Height 65 ft	100 KM Kash to Attawapiskat	12/1/2002	12/1/2002	170,534.40	25	16.651	67,730.89	102,803.52	40	31.651
	Poles & Fixtures - CIA																	
1725-1643 - 1725-2595	Poles & Fixtures - CIA	953	TYPE DF-2-65 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-65	Class 2	Douglas Fir	65 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	11,597,187.00	25	22.917	966,428.65	10,630,758.35	40	37.917
1725-2596 - 1725-2632	Poles & Fixtures - CIA	37	TYPE DF-2-70 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-70	Class 2	Douglas Fir	70 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	513,634.00	25	22.917	42,802.67	470,831.33	40	37.917
1725-2633 - 1725-2655	Poles & Fixtures - CIA	23	Type DF-3-65 Two Poles (M9K Line),15-30 Degree Bend, Guy Wired, Davit Arms, Suspension & Dead End Insulators	Valard Construction	DF-3-65	Class 2	Douglas Fir	65 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	641,010.00	25	22.917	53,417.30	587,592.70	40	37.917
1725-2657 - 1725-2668	Poles & Fixtures - CIA	12	TYPE DF-1-75 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-75	Class 2	Douglas Fir	75 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	170,244.00	25	22.917	14,186.95	156,057.05	40	37.917
1725-2669 - 1725-2670	Poles & Fixtures - CIA	2	Type DF-3-85 Two Poles,15-30 Degree Bend, Guy Wired, Davit Arms, Suspension & Dead End Insulators	Valard Construction	DF-3-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	90,760.00	25	22.917	7,563.31	83,196.69	40	37.917
1725-2671 - 1725-2675	Poles & Fixtures - CIA	5	TYPE DF-1-85 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	97,835.00	25	22.917	8,152.89	89,682.11	40	37.917
1725-2676 - 1725-2678	Poles & Fixtures - CIA	3	TYPE DF-2-75 Single Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-75	Class 2	Douglas Fir	75 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	42,561.00	25	22.917	3,546.74	39,014.26	40	37.917
1725-2679 - 1725-2680	Poles & Fixtures - CIA	2	TYPE DF-1-90 Single Pole (M9L Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-1-90	Class 2	Douglas Fir	90 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	40,110.00	25	22.917	3,342.49	36,767.51	40	37.917
1725-2681 - 1725-2687	Poles & Fixtures - CIA	7	TYPE DF-2-85 Two Pole (M9K Line), Tangent, with Insulators, Davit Arms, Guy Wires, Suspension Insulators, Conductor Clamps	Valard Construction	DF-2-85	Class 2	Douglas Fir	85 FT	179 KM Moosonee to Kash	1/17/2010	12/1/2010	199,409.00	25	22.917	16,617.35	182,791.65	40	37.917
1725-2688 - 1725-2693	Poles & Fixtures - CIA	6	Steel Towers (M9K Line), 37 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	37 METER		Steel	37 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,004,193.00	25	22.917	83,682.44	920,510.56	40	37.917
1725-2694 - 1725-2695	Poles & Fixtures - CIA	2	Steel Towers (M9K Line), 44 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	44 METER		Steel	44 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,069,090.00	25	22.917	89,090.50	979,999.50	40	37.917
1725-2696 - 1725-2697	Poles & Fixtures - CIA	2	Steel Towers (M9K Line), 55 Meter, with Suspension Insulators, Conductor Clamps	Valard Construction	55 METER		Steel	55 Meters	179 KM Moosonee to Kash	1/17/2010	12/1/2010	1,468,730.00	25	22.917	122,393.71	1,346,336.29	40	37.917
GRAND												\$35,815,583.00			\$9,121,662.00	\$26,693,921.00		

FIVE NATIONS ENERGY INC.
PROPERTY, PLANT AND EQUIPMENT REPORT
ASSET CLASS: 1730 - OH CONDUCTORS AND DEVICES CIA
As at: December 31, 2012

<u>Asset ID #</u>	<u>Asset Class</u>	<u>Qty.</u>	<u>Asset Description</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Serial #</u>	<u>Asset Location</u>	<u>Acq. or Construction Date</u>	<u>Depr. Begin Date</u>	<u>CIA - Est. Acquisition Cost (\$)</u>	<u>Useful Life (Years)</u>	<u>Remaining Useful Life (Years)</u>	<u>CIA - Accumulated Amortization (\$)</u>	<u>CIA - Net Book Value (\$)</u>	<u>Rev. Useful Life (Years)</u>	<u>Revised Rem. Useful Life (Years)</u>
1730-002	O/H Conductors & Devices - CIA	3	Overhead Conductors M3K Circuit Conductors, 4/0 size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	79 Km Stretch from Moosonee to Ft. Albany	11/1/2001	11/5/2001	1,926,669.64	25	13.847	818,628.07	1,108,041.57	60	48.847
1730-003	O/H Conductors & Devices - CIA	1	Skywire for M3K Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	79 Km Stretch from Moosonee to Ft. Albany	11/1/2001	11/5/2001	680,091.36	25	13.847	288,965.93	391,125.43	60	48.847
1730-004	O/H Conductors & Devices - CIA	3	Overhead Conductors M3K Fort Albany to Kashechewan, 4/0 Size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	11 Km Stretch from Ft. Albany to Kashechewan	12/1/2001	11/11/2001	248,061.77	25	13.863	105,723.20	142,338.56	60	48.863
1730-005	O/H Conductors & Devices - CIA	1	Skywire for M3K Fort Albany to Kashechewan Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	11 Km Stretch from Ft. Albany to Kashechewan	12/1/2001	11/11/2001	86,708.23	25	13.863	36,954.80	49,753.44	60	48.863
1730-005	O/H Conductors & Devices - CIA	3	Overhead Conductors Fort Albany to Kashechewan, 4/0 Size Aluminum Conductor & Steel Reinforced Cable (ACSR)	N/A	4/0 ACSR	N/A	100 KM Kashechewan to Attawapiskat	12/2/2002	12/2/2002	2,483,344.70	25	14.919	986,307.70	1,497,037.00	60	49.919
1730-006	O/H Conductors & Devices - CIA	1	Skywire for Fort Albany to Kashechewan Circuit and Grounding Wires	N/A	5/16" Steel Wire, with #4AWG Copper Grounding	N/A	100 KM Kashechewan to Attawapiskat	12/2/2002	12/2/2002	868,555.30	25	14.919	344,963.30	523,592.00	60	49.919
1730-011	O/H Conductors & Devices - CIA	3	Overhead Conductors M9K Circuit, 795 Size Aluminum Conductor & Steel Reinforced Cable (ACSR - 795), 1054 Spans	N/A	795 ACSR	N/A	179 Km Stretch from Moosonee to Kashechewan	12/17/2010	12/1/2010	5,644,921.00	25	22.917	470,400.00	5,174,521.00	50	47.917
GRAND										\$11,938,352.00			\$3,051,943.00	\$8,886,409.00		

REGIONAL CONSIDERATIONS

FNEI is the lead transmitter for the North of Moosonee region for the purposes of regional planning set out in Section 3C of the Transmission System Code (“TSC”). The limits of the North of Moosonee region are set out in the *Planning Process Working Group Report to the Board: The Process for Regional Infrastructure Planning in Ontario*, dated March 13, 2013 and revised May 17, 2013.

FNEI complied with its obligations under Section 3C.4.1 of the TSC to contact each distributor connected to its transmission system within ten (10) days of August 26, 2013 to determine whether the distributor anticipated a potential need for additional transmission connection capacity over the next five years. In response to these queries, all connected distributors confirmed that they did not anticipate any potential need for additional transmission connection capacity.

It has not been necessary for FNEI to complete a needs assessment to date, as there is no forecasted load or demand growth, requests for connection, or any other event that would trigger the need for investment in transmission facilities.

FNEI will complete a needs assessment by August 27, 2017, as per the requirement of Section 3C.4.4, or sooner if required by the occurrence of any of the triggering events enumerated in Section 3C.2.2(c) of the TSC.

FNEI has submitted annual reports to the Ontario Energy Board, as required by Section 3C.3.3 of the TSC and these reports have been posted to the FNEI website and can be viewed at <http://www.fivenations.ca/index.php/regulatory/regional-planning1>.

CAPITAL EXPENDITURES

1.0 Capital Projects for Five Historic Years

The capital projects undertaken and completed by FNEI during the past five years are listed below in the order of capital expenditure, from greatest to least. Those capital projects which are in progress or proposed are set out in Section 2.0.

Project Name:	Acquisition of 80 Kilometres of Transmission Line
Start Date:	Not Applicable.
In-Service Date:	October 15, 2015
Capital Expenditure:	\$4,896,222
Project Description:	FNEI exercised its contractual right to purchase from Hydro One Networks Inc (“ HONI ”) 80 kilometres of transmission line running north from Moosonee. This section of transmission line had originally been sold by FNEI to HONI in 2000. The purchase was made at net book value, on an as-is basis, as per the original agreement.
Alternatives:	The alternative considered would have been to not purchase the 80 kilometres of transmission line. The option to complete the purchase was preferable from an operation and maintenance perspective, as FNEI already owned and was responsible for the 80 kilometres of the twinned line (constructed in 2006 to accommodate the DeBeers mine) that runs adjacent and parallel to the 80 kilometres purchased. From a system perspective, it was viewed as inefficient to have both FNEI and HONI maintaining 80 kilometres of parallel facilities.
Priority and Risk of Not Proceeding:	It had always been the intention of FNEI to purchase this section of transmission line so as to provide complete ownership of the transmission system within the communities’ traditional territory. As such, the purchase had always been a priority for FNEI, subject to the availability of capital to complete the transaction.



Aerial view of FNEI transmission line

1

Project Name:	Timmins Head Office
Start Date:	December 2011
In-Service Date:	August 2013
Capital Expenditure:	\$4,856,255
Project Description:	FNEI constructed a new head office in Timmins, with the work substantially completed in 2013. The new building accommodates all of FNEI management and operational staff, while providing for the receipt, storage, maintenance, and testing of equipment.
Alternatives:	FNEI did not have the option of remaining in its previous leased location due to the inability of that location to accommodate FNEI's growing operations. The only viable options were to identify and lease an alternative facility or to self-construct a new building. The decision to construct was based on the lack of availability of leased spaces that could accommodate FNEI's operations.
Priority and Risk of Not Proceeding:	The establishment of a new facility capable of accommodating the FNEI team and its operations was a top priority for FNEI. It would not have been possible for FNEI to continue its operations in its previous facility without significantly impairing its operations.

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FNEI Timmins head office (external view and workshop)

1

Project Name:	Brush Clearing Equipment
Start Date:	Not Applicable.
In-Service Date:	January 2013
Capital Expenditure:	\$256,328
Project Description:	FNEI purchased two Terex skid steer loaders with brushing heads for use by FNEI staff to complete brush clearing in the vicinity of the transmission line. Brush clearing can only be completed during the winter when the James Bay winter road has been established and can be traveled. The remote location and short time period complicate the brush clearing process and necessitated that FNEI complete this work with its own forces and equipment. FNEI has self-completed the brushing work in this manner during the last four winters and expects to undertake a portion of brush clearing every winter on a go-forward basis.
Alternatives:	Brush clearing can, in some instances, be performed through the use of chemicals, but this is not an option for FNEI, as the original land use agreements with the communities required a non-chemical approach to vegetation clearing. FNEI compared the relative benefits of (i) subcontracting out all brushing work, (ii) completing brushing work with FNEI staff and rented equipment, and (iii) completing brushing work with FNEI staff and FNEI owned equipment. Contractor quotes were expensive, which lead FNEI to complete a cost benefit analysis to determine if the equipment should be rented or purchased. Due to the logistical difficulties involved, the rental price for a single season almost equaled the purchase price, which led to FNEI making the decision to acquire the necessary equipment and undertake the brush clearing with its own forces.
Priority and Risk of Not Proceeding:	The brush and trees grow relatively slowly in the James Bay lowlands, which allowed FNEI to defer this work for the initial ten years following construction of the transmission line. However, to protect the transmission line it was determined necessary to commence brush clearing operations in 2013 and every year thereafter on a rolling basis.

2

3



FNEI Terex engaged in brush clearing operations

1

Project Name:	Fort Albany Garage
Start Date:	May 2013
In-Service Date:	September 2013
Capital Expenditure:	\$114,214
Project Description:	Construction of a garage in Fort Albany in close proximity to the airport to store a truck, Terex brush clearing equipment, tools, and supplies.
Alternatives:	There were no comparable spaces that could be rented or leased in Fort Albany, so the only alternative would have been to not build the garage and continue with the existing arrangements, which was an unacceptable option for the reasons provided in the next subsection.
Priority and Risk of Not Proceeding:	This project was a relatively high priority for FNEI because the garage has an impact on reliability. Prior to building the garage, the FNEI truck was stored in an unsecured yard where it was vandalized. FNEI personnel also did not have ready access to the truck when they flew into the Fort Albany airport and were reliant on local residents for transport into the community. Without the garage there also would have been no storage space available to house the Terex brushing equipment purchased by FNEI.

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FNEI garage in Fort Albany

1

Project Name:	Attawapiskat Third Feeder
Start Date:	February 2014
In-Service Date:	August 2014
Capital Expenditure:	\$72,742
Project Description:	The community of Attawapiskat required an additional feeder to improve reliability and meet the increased electricity demand resulting from community development, which included a new school and additional housing. FNEI identified the substation modifications required and completed the engineering, procurement, and installation necessary to provide the connection point for the local distribution company (Attawapiskat Power Corporation).
Alternatives:	The only alternative would be to not proceed with the project, which was an unacceptable option for the reasons provided in the next subsection.
Priority and Risk of Not Proceeding:	This project was a high priority for FNEI because it was necessary to meet the community's electricity requirements. If FNEI had not proceeded with this work the inadequate supply of electricity would have had a negative impact on community development.

2



Attawapiskat connection point (regulators shown)

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Project Name:	Relay Replacement
Start Date:	January 2014
In-Service Date:	July 2015
Capital Expenditure:	\$96,498
Project Description:	Replacement of ABB protective relays
Alternatives:	The only alternative would be to not replace the ABB protective relays, which was an unacceptable option for the reasons provided in the next subsection.
Priority and Risk of Not Proceeding:	This project was a high priority for FNEI. In 2014 several ABB protective relays had internal failures. The failure of an ABB protective relay can result in a potentially catastrophic event, as the relays detect over/under voltage, line faults, etc. and in those situations the relay issues commands that will open the breaker, thereby protecting equipment and ensuring public safety. Not proceeding with the project was held by FNEI to be an unacceptable risk.

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Rear access panel for ABB relay cabinet

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1

Project Name:	Emergency Communication Systems
Start Date:	July 2015
In-Service Date:	August 2015
Capital Expenditure:	\$97,387
Project Description:	Installation of emergency communication systems at the transformer stations in Attawapiskat, Fort Albany, and Kashechewan, which incorporates satellite, landline, and IP technology to provide a reliable means of communicating with staff in each community.
Alternatives:	The only alternative would be to not proceed with the installation of the emergency communication systems, which was an unacceptable option for the reasons provided in the next subsection.
Priority and Risk of Not Proceeding:	The installation of the emergency communications systems was a high priority for FNEI because communication has an impact on reliability and potentially safety. Without these systems in place there would be no way to communicate with the local distribution company in the case of a power outage. Such communication blackouts had occurred previously and delayed the restoration of power.

2

3

1

Project Name:	Kashechewan Second Feeder
Start Date:	April 2013
In-Service Date:	October 2013
Capital Expenditure:	\$80,631
Project Description:	The community of Kashechewan required an additional feeder to improve reliability and meet the increased electricity demand resulting from community development. FNEI identified the substation modifications required and completed the engineering, procurement, and installation necessary to provide the connection point for the local distribution company (Kashechewan Power Corporation).
Alternatives:	The only alternative would be to not proceed with the project, which was an unacceptable option for the reasons provided in the next subsection.
Priority and Risk of Not Proceeding:	This project was a high priority for FNEI because it was necessary to meet the community's electricity requirements. If FNEI had not proceeded with this work the inadequate supply of electricity would have had a negative impact on community development.

2



Kashechewan connection point (regulators shown)

3

4

5

2.0 Capital Projects for Five Future Years

The capital projects currently in progress or proposed by FNEI for the next five years are listed below in the order of estimated capital expenditure, from greatest to least.

Project Name:	Bus Isolation
Start Date:	January 2014
In-Service Date:	September 2016 (Fort Albany and Kashechewan) September 2017 (Attawapiskat)
Capital Expenditure:	\$4,500,000
Project Description:	FNEI is currently in the process of upgrading each transformer station by splitting the bus system on both the high and medium voltage sides of the transformers and installing additional disconnects.
Alternatives:	The only alternative would be to not proceed with the project. Not proceeding would have a negative impact on reliability, which is addressed in the next subsection.
Priority and Risk of Not Proceeding:	The project is a high priority for FNEI because it will allow a transformer station to remain in operation while maintenance work is performed on a particular piece of equipment, thereby permitting the transformer station to provide the community with electricity without interruption. If this project is not completed then maintenance work on almost every piece of equipment would require the complete shutdown of the transformer station, which would result in the loss of service to the entire community served by the transformer station, as well as, in the case of Kashechewan, the loss of service to Attawapiskat and the DeBeers Victor Mine. The potential for routine maintenance operations to result in the loss of electrical service represents a significant reliability risk and would prevent FNEI from meeting its reliability standards. This project will eliminate this reliability risk.

1



2

3

Cable placement in Fort Albany transformer station for bus isolation project



4

5

Overhead link installation at Kashechewan transformer station for bus isolation project

6

1

Project Name:	Transformer Station Stone Replacement
Start Date:	2014
In-Service Date:	September 2016 (Fort Albany and Kashechewan) September 2017 (Attawapiskat)
Capital Expenditure:	\$680,000
Project Description:	Replacement of stone at transformer stations in Attawapiskat, Fort Albany, and Kashechewan.
Alternatives:	Substation stone with proper insulating properties is necessary to meet health and safety requirements in relation to step voltages. Over time the stone at transformer stations becomes contaminated with particles and organics requiring that the stone be cleaned or replaced. The replacement of the transformer station stone with locally sourced materials was the most economic option to meet health and safety requirements.
Priority and Risk of Not Proceeding:	The replacement of the transformer station stone is a high priority for FNEI to maintain compliance with health and safety requirements. Not proceeding with the replacement (or cleaning of the stone) is not an option.

2



3

4

Stone installation at Kashechewan / Stone crushing and washing at Fort Albany gravel pit

1

Project Name:	Back-Up Generators at Fibre Shelters
Start Date:	July 2015
In-Service Date:	July 2016
Capital Expenditure:	\$180,000
Project Description:	Installation of diesel powered generators to provide back-up power at the fibre optic shelters in Attawapiskat, Fort Albany, and Kashechewan.
Alternatives:	The only alternative would be to not proceed with the project, which would leave the fibre optic shelters reliant on batteries for back-up power.
Priority and Risk of Not Proceeding:	This project is a high priority for FNEI, as the fibre optic shelters would otherwise only have batteries that provide back-up power. The battery back-up systems alone are insufficient, as they do not operate the heating and cooling system for the shelters, which are necessary to maintain the temperatures within permissible operating ranges for the equipment. The generators ensure that in the event of an extended transmission line outage the communication equipment is protected and continues to allow FNEI to remotely operate equipment and communicate with local technicians.

2



Back-up generator prior to installation in Kashechewan

1
2
3
4

3.0 Numerical Summary and Variance Analysis

Appendix I to this Schedule consists of a numerical summary of FNEI's capital expenditures (by asset class) from the Board-approved 2011 amounts through to the 2016 test year. The second page of Appendix I also shows year-over-year variances.

4.0 Accounting Treatment for Long-Term Projects

FNEI accounts for capital assets in accordance with IFRS. Costs included in the carrying amount of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of assets includes materials, services, direct labour and directly attributable overheads. Long-term projects are those projects that are under construction for a period of time greater than one year. Assets under construction are recorded as in progress until they are available for use, with the exception of enhancements to existing capital assets. These enhancements are recorded as capital assets as constructed and amortization commences in the month that the capital expense is incurred.

APPENDIX I

NUMERICAL SUMMARY FOR CAPITAL EXPENDITURES
AND YEAR-OVER-YEAR VARIANCES

FIVE NATIONS ENERGY INC.

Numerical Summary of Capital Expenditures
(\$000's)

<u>Asset Class</u>	<u>Board Approved RP-2009-0387 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	4,431.4	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	150.0	10,045.8	9.4	87.8	53.4	806.8	1,239.6	1,840.0
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	35.0	16,934.8	0.0	0.0	6.4	0.0	3,736.5	10.0
1730 - Overhead Conductors & Devices	60.0	5,646.4	45.2	0.0	0.0	0.0	1,287.5	10.0
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	250.6	0.0	(0.0)	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	20.0	0.0	0.0	1,310.3	3,306.8	20.4	91.5	0.0
1910 - Leasehold Improvements	2.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	2.0	1.9	2.0	1.6	1.3	12.7	0.0	0.0
1920 - Computer Equipment - Hardware	2.0	39.0	5.8	11.7	2.5	30.8	3.4	15.0
1925 - Computer Software	0.5	5.1	0.0	0.0	2.6	0.0	0.0	0.0
1930 - Transportation Equipment	1.5	0.0	54.9	0.0	105.0	89.5	314.3	30.0
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	2.0	8.4	171.6	28.1	68.3	61.9	13.7	35.0
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	256.3	0.0	55.5	180.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	(32,423.1)	0.0	0.0	0.0	(30.0)	(30.0)	0.0
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Capital Expenditures	275.0	261.2	539.6	1,439.5	8,234.1	992.2	6,712.1	2,120.0

FIVE NATIONS ENERGY INC.

Numerical Summary of Capital Expenditures
(\$000's)

<u>Asset Class</u>	<u>Variance</u> <u>2010 vs. B.A.</u>	<u>Variance</u> <u>2011 vs. 2010</u>	<u>Variance</u> <u>2012 vs. 2011</u>	<u>Variance</u> <u>2013 vs. 2012</u>	<u>Variance</u> <u>2014 vs. 2013</u>	<u>Variance</u> <u>2015 vs. 2014</u>	<u>Variance</u> <u>2016 vs. 2015</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	4,431.4	(4,431.4)	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	9,895.8	(10,036.3)	78.3	(34.4)	753.3	432.8	600.4
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	16,899.7	(16,934.8)	0.0	6.4	(6.4)	3,736.5	(3,726.5)
1730 - Overhead Conductors & Devices	5,586.4	(5,601.2)	(45.2)	0.0	0.0	1,287.5	(1,277.5)
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	250.6	(250.6)	(0.0)	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	(20.0)	0.0	1,310.3	1,996.4	(3,286.3)	71.0	(91.5)
1910 - Leasehold Improvements	1.0	(3.0)	0.0	0.0	(0.0)	0.0	0.0
1915 - Office Furniture & Equipment	(0.1)	0.1	(0.4)	(0.2)	11.4	(12.7)	0.0
1920 - Computer Equipment - Hardware	37.0	(33.2)	6.0	(9.2)	28.3	(27.4)	11.6
1925 - Computer Software	4.6	(5.1)	0.0	2.6	(2.6)	0.0	0.0
1930 - Transportation Equipment	(1.5)	54.9	(54.9)	105.0	(15.5)	224.9	(284.3)
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	6.4	163.2	(143.6)	40.2	(6.4)	(48.2)	21.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	256.3	(256.3)	55.5	124.5
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(32,423.1)	32,423.1	0.0	0.0	(30.0)	0.0	30.0
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Capital Expenditures	(13.7)	278.4	899.9	6,794.6	(7,241.9)	5,719.9	(4,592.1)

RATE BASE OVERVIEW

As shown in the attached Appendix I to this Schedule, FNEI's proposed rate base for 2016 is forecasted to be \$35,776,319.

This figure is calculated based on FNEI's gross PPE (\$47,448,400, based on the average of the test year monthly asset values at cost) less accumulated depreciation (\$11,822,100) plus an allowance for working capital (\$150,000, based on a lead/lag study demonstrating an allowance for working capital of \$153,900).

In early 2016, FNEI retained Navigant Consulting Ltd. ("Navigant") to undertake a lead/lag study. A copy of the study is found at Exhibit 3, Tab 1, Schedule 12. That lead/lag study recommended a working capital requirement of 3.55% of OM&A. FNEI has adopted this recommendation for the purposes of its proposed allowance for working capital.

The next several Schedules in this Tab (Schedules 2 through 9 inclusive) contain, for each year commencing with the Board-approved year through to the 2016 test year, the following:

- a single page summary of FNEI's gross PPE, accumulated depreciation, and net PPE, by asset class; and,
- a three page detailed schedule showing the monthly data underpinning the single page summary (i.e., the monthly asset values at cost, accumulated depreciation by month, and monthly net fixed asset values).

Exhibit 3, Tab 1, Schedule 10 contains (for each year from the Board-approved year through the 2015 year) a single page calculation of the allowance for working capital.

The following Schedule 11 of this Tab contains the allowance for working capital calculation for the 2016 test year, using the results of the lead/lag study (instead of the

- 1 previous Board-approved figure of 15% of OM&A expense).
- 2 The final Schedule 12 of this Tab contains the lead/lag study by Navigant.
- 3

1

APPENDIX I

2

NUMERICAL SUMMARY OF RATE BASE

FIVE NATIONS ENERGY INC.

Numerical Summary of Rate Base
(\$000's)

	<u>Board Approved</u> <u>EB-2009-0387</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Property, Plant & Equipment</u>								
Asset Values at Cost	33,226.0	33,123.7	33,450.1	34,253.3	35,767.0	39,164.5	41,634.1	47,448.38331
Accumulated Depreciation	<u>5,045.8</u>	<u>5,038.5</u>	<u>6,211.0</u>	<u>7,402.9</u>	<u>8,265.7</u>	<u>9,306.6</u>	<u>10,537.0</u>	<u>11,822.08956</u>
Net Book Value	28,180.2	28,085.2	27,239.1	26,850.4	27,501.2	29,858.0	31,097.0	35,626.29376
<u>Allowance for Working Capital</u>								
Working Cash Allowance	<u>503.2</u>	<u>462.3</u>	<u>484.4</u>	<u>456.9</u>	<u>495.0</u>	<u>513.9</u>	<u>561.2</u>	<u>150.0</u>
Total Working Capital	<u>503.2</u>	<u>462.3</u>	<u>484.4</u>	<u>456.9</u>	<u>495.0</u>	<u>513.9</u>	<u>561.2</u>	<u>150.0</u>
Utility Rate Base	28,683.5	28,547.5	27,723.5	27,307.3	27,996.2	30,371.9	31,658.2	35,776.3

	<u>Variance</u> <u>2010 vs. B.A.</u>	<u>Variance</u> <u>2011 vs. 2010</u>	<u>Variance</u> <u>2012 vs. 2011</u>	<u>Variance</u> <u>2013 vs. 2012</u>	<u>Variance</u> <u>2014 vs. 2013</u>	<u>Variance</u> <u>2015 vs. 2014</u>	<u>Variance</u> <u>2016 vs. 2015</u>
<u>Property, Plant & Equipment</u>							
Asset Values at Cost	(102.3)	326.4	803.2	1,513.7	3,397.6	2,469.5	5,814.3
Accumulated Depreciation	(7.3)	<u>1,172.4</u>	<u>1,191.9</u>	<u>862.9</u>	<u>1,040.9</u>	<u>1,230.4</u>	<u>1,285.1</u>
Net Book Value	(95.0)	(846.1)	(388.7)	650.8	2,356.7	1,239.1	4,529.2
<u>Allowance for Working Capital</u>							
Working Cash Allowance	(41.0)	<u>22.1</u>	<u>(27.5)</u>	<u>38.1</u>	<u>18.9</u>	<u>47.3</u>	<u>(411.2)</u>
Total Working Capital	(41.0)	<u>22.1</u>	<u>(27.5)</u>	<u>38.1</u>	<u>18.9</u>	<u>47.3</u>	<u>(411.2)</u>
Utility Rate Base	(136.0)	(824.0)	(416.2)	688.9	2,375.6	1,286.4	4,118.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Summary of Averages - Board Approved RP-2009-0387 (1)
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	13,527.7	1,340.8	12,187.0
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	11,388.5	2,329.1	9,059.4
1730 - Overhead Conductors & Devices	7,223.0	813.0	6,410.0
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	376.4	61.8	314.7
1910 - Leasehold Improvements	26.9	25.6	1.3
1915 - Office Furniture & Equipment	54.5	48.5	6.0
1920 - Computer Equipment - Hardware	150.2	129.0	21.2
1925 - Computer Software	8.5	5.8	2.7
1930 - Transportation Equipment	331.6	209.1	122.5
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	138.7	83.2	55.5
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	0.0	0.0
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,226.0	5,045.8	28,180.2

Board Approved
Asset Values at Cost

[illegible]

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Board Approved RP-2009-0387
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	1,186.0	1,214.0	1,242.0	1,270.0	1,298.0	1,326.3	1,354.7	1,383.0	1,411.3	1,439.6	1,467.9	1,496.2	1,340.8
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	2,120.4	2,158.3	2,196.2	2,234.1	2,272.0	2,310.0	2,348.0	2,386.0	2,424.0	2,462.0	2,500.0	2,538.0	2,329.1
1730 - Overhead Conductors & Devices	680.7	704.7	728.7	752.6	776.6	800.7	824.9	849.1	873.2	897.4	921.5	945.7	813.0
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	54.9	56.1	57.3	58.6	59.8	61.1	62.3	63.6	64.9	66.2	67.5	68.8	61.8
1910 - Leasehold Improvements	25.1	25.2	25.2	25.3	25.3	25.4	25.6	25.7	25.8	25.9	26.1	26.2	25.6
1915 - Office Furniture & Equipment	46.3	46.8	47.3	47.8	48.1	48.4	48.8	49.1	49.4	49.7	50.0	50.4	48.5
1920 - Computer Equipment - Hardware	123.5	124.7	126.0	127.2	128.0	128.8	129.7	130.5	131.3	132.1	132.9	133.7	129.0
1925 - Computer Software	5.2	5.3	5.4	5.5	5.6	5.7	5.9	6.0	6.1	6.2	6.3	6.4	5.8
1930 - Transportation Equipment	186.9	191.0	195.0	199.1	203.1	207.2	211.2	215.1	219.1	223.1	227.1	231.0	209.1
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	72.9	74.8	76.7	78.6	80.6	82.4	84.2	86.0	87.8	89.6	91.5	93.3	83.2
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	4,501.9	4,600.9	4,699.8	4,798.8	4,897.1	4,996.0	5,095.3	5,194.1	5,292.9	5,391.8	5,490.8	5,589.7	5,045.8

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Board Approved RP-2009-0387
(S000's)

<u>Net Fixed Asset Values</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	12,254.2	12,226.2	12,198.2	12,170.2	12,142.2	12,263.9	12,235.5	12,207.2	12,178.9	12,150.6	12,122.3	12,094.0	12,187.0
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	9,247.6	9,209.7	9,171.8	9,133.9	9,096.0	9,093.0	9,055.0	9,017.0	8,979.0	8,941.0	8,903.0	8,865.0	9,059.4
1730 - Overhead Conductors & Devices	6,507.3	6,483.3	6,459.3	6,435.4	6,411.4	6,447.3	6,423.1	6,398.9	6,374.8	6,350.6	6,326.5	6,302.3	6,410.0
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	309.9	308.7	307.5	306.2	305.0	323.7	322.5	321.2	319.9	318.6	317.3	316.0	314.7
1910 - Leasehold Improvements	0.6	0.5	0.5	0.4	0.4	2.3	2.1	2.0	1.9	1.8	1.6	1.5	1.3
1915 - Office Furniture & Equipment	7.0	6.5	6.0	5.5	5.2	6.9	6.5	6.2	5.9	5.6	5.3	4.9	6.0
1920 - Computer Equipment - Hardware	25.6	24.4	23.1	21.9	21.1	22.3	21.4	20.6	19.8	19.0	18.2	17.4	21.2
1925 - Computer Software	3.0	2.9	2.8	2.7	2.6	3.0	2.8	2.7	2.6	2.5	2.4	2.3	2.7
1930 - Transportation Equipment	143.8	139.7	135.7	131.6	127.6	125.0	121.0	117.1	113.1	109.1	105.1	101.2	122.5
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	64.7	62.8	60.9	59.0	57.0	57.2	55.4	53.6	51.8	50.0	48.1	46.3	55.5
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Fixed Assets	28,563.6	28,464.6	28,365.7	28,266.7	28,168.4	28,344.6	28,245.3	28,146.5	28,047.7	27,948.8	27,849.8	27,750.9	28,180.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2010
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	23,404.1	3,140.6	20,263.6
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	31,660.1	8,185.7	23,474.4
1730 - Overhead Conductors & Devices	13,944.7	2,774.6	11,170.2
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	61.6	303.2
1910 - Leasehold Improvements	28.3	25.6	2.7
1915 - Office Furniture & Equipment	54.5	48.6	5.9
1920 - Computer Equipment - Hardware	171.7	130.8	40.9
1925 - Computer Software	10.8	5.9	4.8
1930 - Transportation Equipment	330.7	209.1	121.6
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	141.4	83.3	58.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	-36,987.4	-9,627.1	-27,360.3
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,123.7	5,038.5	28,085.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2010
(\$000's)

<u>Actual</u> <u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	22,500.2	22,500.2	22,543.8	22,543.8	22,543.8	22,589.1	22,589.1	22,589.1	22,589.1	22,657.9	22,657.9	32,545.9	23,404.1
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	30,248.9	47,183.6	31,660.1
1730 - Overhead Conductors & Devices	13,473.9	13,473.9	13,473.9	13,473.9	13,473.9	13,473.9	13,473.9	13,473.9	13,473.9	13,475.4	13,475.4	19,120.3	13,944.7
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8
1910 - Leasehold Improvements	25.7	25.7	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.3
1915 - Office Furniture & Equipment	53.3	53.3	53.3	53.3	55.1	55.1	55.1	55.1	55.1	55.1	55.1	55.1	54.5
1920 - Computer Equipment - Hardware	149.1	150.6	150.6	150.6	175.3	175.3	177.7	179.5	187.7	188.1	188.1	188.1	171.7
1925 - Computer Software	8.2	8.2	8.2	8.2	8.2	10.9	10.9	13.3	13.3	13.3	13.3	13.3	10.8
1930 - Transportation Equipment	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7	330.7
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	135.9	135.9	135.9	135.9	143.9	143.9	143.9	143.9	144.3	144.3	144.3	144.3	141.4
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(34,285.5)	(66,708.6)	(36,987.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,005.2	33,006.7	33,053.4	33,053.4	33,088.0	33,135.9	33,138.3	33,142.5	33,151.1	33,221.8	33,221.8	33,266.4	33,123.7

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2010
(\$000's)

<u>Actual</u> <u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	2,880.2	2,927.1	2,974.1	3,021.0	3,068.0	3,115.1	3,162.1	3,209.2	3,256.2	3,303.4	3,350.6	3,419.5	3,140.6
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	7,626.4	7,727.2	7,828.1	7,928.9	8,029.7	8,130.6	8,231.4	8,332.2	8,433.0	8,533.9	8,634.7	8,792.0	8,185.7
1730 - Overhead Conductors & Devices	2,526.0	2,570.9	2,615.8	2,660.7	2,705.6	2,750.5	2,795.5	2,840.4	2,885.3	2,930.2	2,975.1	3,038.8	2,774.6
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	54.9	56.1	57.3	58.6	59.8	61.0	62.2	63.4	64.6	65.9	67.1	68.3	61.6
1910 - Leasehold Improvements	24.9	25.1	25.3	25.4	25.4	25.5	25.6	25.7	25.9	26.0	26.2	26.3	25.6
1915 - Office Furniture & Equipment	46.3	46.8	47.3	47.8	48.2	48.5	48.8	49.2	49.5	49.8	50.1	50.4	48.6
1920 - Computer Equipment - Hardware	123.5	124.8	126.0	127.2	128.8	130.1	131.4	132.7	134.0	135.5	137.0	138.4	130.8
1925 - Computer Software	5.2	5.3	5.4	5.5	5.6	5.8	5.9	6.1	6.3	6.5	6.7	6.9	5.9
1930 - Transportation Equipment	186.9	191.0	195.1	199.1	203.2	207.2	211.2	215.1	219.1	223.0	227.0	230.9	209.1
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	72.8	74.7	76.6	78.5	80.5	82.3	84.2	86.1	88.0	89.9	91.8	93.7	83.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(9,053.2)	(9,156.1)	(9,259.0)	(9,361.9)	(9,464.8)	(9,567.7)	(9,670.6)	(9,773.5)	(9,876.4)	(9,979.3)	(10,082.2)	(10,280.8)	(9,627.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	4,494.0	4,592.9	4,692.1	4,790.8	4,890.0	4,988.9	5,087.8	5,186.7	5,285.6	5,384.9	5,484.1	5,584.4	5,038.5

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2010
(\$000's)

<u>Actual</u> <u>Net Fixed Asset Values</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	19,619.9	19,573.1	19,569.8	19,522.8	19,475.8	19,474.0	19,427.0	19,379.9	19,332.8	19,354.4	19,307.2	29,126.5	20,263.6
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	22,622.5	22,521.6	22,420.8	22,320.0	22,219.1	22,118.3	22,017.5	21,916.6	21,815.8	21,715.0	21,614.2	38,391.6	23,474.4
1730 - Overhead Conductors & Devices	10,948.0	10,903.0	10,858.1	10,813.2	10,768.3	10,723.4	10,678.5	10,633.6	10,588.7	10,545.2	10,500.3	16,081.5	11,170.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	309.9	308.6	307.4	306.2	305.0	303.8	302.6	301.3	300.1	298.9	297.7	296.5	303.2
1910 - Leasehold Improvements	0.8	0.7	3.4	3.4	3.4	3.3	3.2	3.0	2.9	2.8	2.6	2.5	2.7
1915 - Office Furniture & Equipment	7.0	6.5	5.9	5.4	6.9	6.6	6.3	6.0	5.7	5.3	5.0	4.7	5.9
1920 - Computer Equipment - Hardware	25.6	25.9	24.6	23.5	46.5	45.2	46.3	46.8	53.6	52.5	51.1	49.7	40.9
1925 - Computer Software	3.0	2.9	2.8	2.7	2.6	5.1	5.0	7.2	7.0	6.8	6.6	6.4	4.8
1930 - Transportation Equipment	143.8	139.7	135.6	131.6	127.5	123.5	119.5	115.6	111.6	107.7	103.7	99.8	121.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	63.1	61.2	59.3	57.4	63.4	61.6	59.7	57.8	56.3	54.4	52.5	50.6	58.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(25,232.2)	(25,129.4)	(25,026.5)	(24,923.6)	(24,820.7)	(24,717.8)	(24,614.9)	(24,512.0)	(24,409.1)	(24,306.2)	(24,203.3)	(56,427.8)	(27,360.3)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	28,511.1	28,413.8	28,361.4	28,262.6	28,198.0	28,147.0	28,050.5	27,955.8	27,865.5	27,836.9	27,737.7	27,682.0	28,085.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2011
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	32,554.3	3,856.7	28,697.6
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	9,814.3	37,369.3
1730 - Overhead Conductors & Devices	19,146.7	3,453.5	15,693.2
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	20.9	0.0	20.9
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	76.3	288.5
1910 - Leasehold Improvements	28.8	27.0	1.7
1915 - Office Furniture & Equipment	56.4	52.3	4.1
1920 - Computer Equipment - Hardware	191.0	146.5	44.4
1925 - Computer Software	13.3	8.1	5.2
1930 - Transportation Equipment	340.5	240.2	100.3
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	258.4	115.3	143.0
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(11,579.2)	(55,129.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,450.1	6,211.0	27,239.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2011
(\$000's)

Asset Values at Cost	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	32,545.9	32,551.5	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,555.4	32,554.3
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6
1730 - Overhead Conductors & Devices	19,120.3	19,120.3	19,120.3	19,120.3	19,120.3	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,146.7
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	250.6	20.9
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8	364.8
1910 - Leasehold Improvements	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8
1915 - Office Furniture & Equipment	55.1	55.1	55.1	55.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	56.4
1920 - Computer Equipment - Hardware	188.1	188.1	188.1	188.1	190.5	190.5	192.9	192.9	192.9	192.9	192.9	193.9	191.0
1925 - Computer Software	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
1930 - Transportation Equipment	330.7	330.7	330.7	330.7	330.7	330.7	373.3	377.7	337.8	337.8	337.8	337.8	340.5
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	151.3	153.0	153.0	290.4	290.4	290.4	290.4	290.4	290.8	290.8	293.6	316.0	258.4
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,273.4	33,280.6	33,284.5	33,421.9	33,426.3	33,471.6	33,516.5	33,520.9	33,481.5	33,481.5	33,484.2	33,758.2	33,450.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2011
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	3,483.7	3,551.5	3,619.3	3,687.1	3,754.9	3,822.8	3,890.6	3,958.4	4,026.2	4,094.0	4,161.9	4,229.7	3,856.7
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	8,949.3	9,106.5	9,263.8	9,421.1	9,578.4	9,735.7	9,892.9	10,050.2	10,207.5	10,364.8	10,522.0	10,679.3	9,814.3
1730 - Overhead Conductors & Devices	3,102.6	3,166.3	3,230.0	3,293.8	3,357.5	3,421.4	3,485.3	3,549.2	3,613.0	3,676.9	3,740.8	3,804.7	3,453.5
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	69.5	70.7	71.9	73.2	74.4	75.6	76.8	78.0	79.2	80.4	81.7	83.7	76.3
1910 - Leasehold Improvements	26.4	26.6	26.8	26.9	26.9	27.0	27.0	27.1	27.3	27.4	27.5	27.7	27.0
1915 - Office Furniture & Equipment	50.8	51.1	51.4	51.7	52.1	52.4	52.7	52.8	53.0	53.1	53.2	53.3	52.3
1920 - Computer Equipment - Hardware	139.7	140.9	142.2	143.4	144.6	145.9	147.2	148.5	149.7	151.0	152.2	153.4	146.5
1925 - Computer Software	7.1	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.6	8.7	8.8	9.0	8.1
1930 - Transportation Equipment	234.8	238.7	242.5	246.4	250.2	254.1	257.9	261.8	218.0	222.0	226.1	230.1	240.2
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	95.7	97.8	99.8	104.2	108.5	112.8	117.1	121.5	125.8	129.5	133.3	138.1	115.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(10,479.5)	(10,678.2)	(10,876.8)	(11,075.5)	(11,274.2)	(11,472.8)	(11,671.5)	(11,870.2)	(12,068.8)	(12,295.7)	(12,522.6)	(12,664.8)	(11,579.2)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	5,680.0	5,779.1	5,878.4	5,979.7	6,081.2	6,182.7	6,284.2	6,385.6	6,439.4	6,512.1	6,584.9	6,744.1	6,211.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2011
(\$000's)

Net Fixed Asset Values	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	29,062.3	29,000.0	28,936.1	28,868.3	28,800.4	28,732.6	28,664.8	28,597.0	28,529.2	28,461.3	28,393.5	28,325.7	28,697.6
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	38,234.4	38,077.1	37,919.8	37,762.5	37,605.3	37,448.0	37,290.7	37,133.4	36,976.1	36,818.9	36,661.6	36,504.3	37,369.3
1730 - Overhead Conductors & Devices	16,017.8	15,954.0	15,890.3	15,826.6	15,762.8	15,744.2	15,680.3	15,616.4	15,552.5	15,488.6	15,424.7	15,360.8	15,693.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	250.6	20.9
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	295.3	294.0	292.8	291.6	290.4	289.2	288.0	286.8	285.5	284.3	283.1	281.1	288.5
1910 - Leasehold Improvements	2.4	2.2	2.0	1.9	1.9	1.8	1.7	1.7	1.5	1.4	1.3	1.1	1.7
1915 - Office Furniture & Equipment	4.4	4.0	3.7	3.4	5.0	4.7	4.4	4.2	4.1	4.0	3.9	3.8	4.1
1920 - Computer Equipment - Hardware	48.4	47.1	45.9	44.7	45.9	44.6	45.7	44.4	43.2	42.0	40.7	40.5	44.4
1925 - Computer Software	6.3	6.1	5.9	5.7	5.5	5.3	5.1	4.9	4.8	4.6	4.5	4.3	5.2
1930 - Transportation Equipment	95.9	92.0	88.2	84.3	80.5	76.6	115.4	115.9	119.8	115.8	111.8	107.7	100.3
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	55.6	55.2	53.2	186.3	181.9	177.6	173.3	169.0	165.1	161.3	160.2	177.9	143.0
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	-56,229.1	-56,030.4	-55,831.8	-55,633.1	-55,434.4	-55,235.8	-55,037.1	-54,838.4	-54,639.8	-54,412.9	-54,186.0	-54,043.8	-55,129.4
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	27,593.4	27,501.4	27,406.1	27,442.2	27,345.2	27,288.9	27,232.4	27,135.3	27,042.0	26,969.3	26,899.3	27,014.1	27,239.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2012
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	32,600.1	4,671.0	27,929.1
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	11,701.6	35,482.0
1730 - Overhead Conductors & Devices	19,165.5	4,218.9	14,946.7
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	784.1	91.6	692.5
1910 - Leasehold Improvements	28.8	28.3	0.5
1915 - Office Furniture & Equipment	58.7	54.2	4.5
1920 - Computer Equipment - Hardware	199.9	161.1	38.8
1925 - Computer Software	13.3	9.9	3.4
1930 - Transportation Equipment	337.8	256.2	81.6
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	337.2	166.2	171.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	2.2	0.0	2.2
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.59)	(13,956.2)	(52,752.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	34,253.3	7,402.9	26,850.4

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2012
(\$000's)

<u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	32,555.4	32,582.6	32,582.6	32,582.6	32,582.6	32,610.5	32,610.5	32,610.5	32,613.6	32,613.6	32,613.6	32,643.2	32,600.1
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6
1730 - Overhead Conductors & Devices	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	380.6	422.0	468.4	479.9	489.9	648.6	662.7	763.4	877.1	1,099.6	1,441.5	1,675.1	784.1
1910 - Leasehold Improvements	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8
1915 - Office Furniture & Equipment	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7
1920 - Computer Equipment - Hardware	195.1	195.9	197.9	199.8	199.8	199.8	199.8	199.8	199.8	199.8	205.6	205.6	199.9
1925 - Computer Software	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
1930 - Transportation Equipment	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8	337.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	316.0	317.1	327.6	341.8	341.8	341.8	341.8	342.9	344.0	344.0	344.0	344.0	337.2
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.5	0.0	0.0	0.0	0.0	2.2
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	33,776.8	33,847.3	33,906.3	33,933.9	33,943.9	34,130.5	34,144.6	34,272.9	34,364.4	34,586.8	34,934.6	35,197.7	34,253.3

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2012
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	4,297.5	4,365.4	4,433.3	4,501.1	4,569.0	4,636.9	4,704.9	4,772.8	4,840.8	4,908.7	4,976.6	5,044.6	4,671.0
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	10,836.6	10,993.9	11,151.2	11,308.4	11,465.7	11,623.0	11,780.3	11,937.5	12,094.8	12,252.1	12,409.4	12,566.7	11,701.6
1730 - Overhead Conductors & Devices	3,867.5	3,931.4	3,995.3	4,059.2	4,123.1	4,186.9	4,250.8	4,314.7	4,378.6	4,442.5	4,506.4	4,570.2	4,218.9
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	84.9	86.1	87.4	88.6	89.8	91.0	92.2	93.4	94.7	95.9	97.1	98.3	91.6
1910 - Leasehold Improvements	27.8	27.9	28.2	28.2	28.3	28.3	28.4	28.4	28.4	28.4	28.4	28.4	28.3
1915 - Office Furniture & Equipment	53.5	53.6	53.8	53.9	54.0	54.1	54.3	54.4	54.6	54.7	54.7	54.8	54.2
1920 - Computer Equipment - Hardware	154.6	155.9	157.1	158.4	159.7	161.0	161.6	162.7	163.9	165.0	166.2	167.4	161.1
1925 - Computer Software	9.1	9.3	9.4	9.6	9.7	9.9	10.0	10.2	10.3	10.4	10.6	10.7	9.9
1930 - Transportation Equipment	234.1	238.1	242.1	246.2	250.2	254.2	258.2	262.3	266.3	270.3	274.3	278.3	256.2
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	141.7	145.9	150.3	154.9	159.5	164.1	168.3	172.9	177.4	181.9	186.5	191.0	166.2
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(12,863.5)	(13,062.2)	(13,260.8)	(13,459.5)	(13,658.2)	(13,856.8)	(14,055.5)	(14,254.2)	(14,452.8)	(14,651.5)	(14,850.2)	(15,048.8)	(13,956.2)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Accumulated Depreciation	6,843.9	6,945.3	7,047.1	7,149.0	7,250.8	7,352.7	7,453.5	7,555.2	7,656.8	7,758.4	7,860.0	7,961.7	7,402.9

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2012
(\$000's)

<u>Net Fixed Asset Values</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	28,257.9	28,217.2	28,149.3	28,081.4	28,013.6	27,973.5	27,905.6	27,837.6	27,772.8	27,704.9	27,637.0	27,598.5	27,929.1
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	36,347.0	36,189.8	36,032.5	35,875.2	35,717.9	35,560.6	35,403.4	35,246.1	35,088.8	34,931.5	34,774.2	34,617.0	35,482.0
1730 - Overhead Conductors & Devices	15,298.0	15,234.1	15,170.3	15,106.4	15,042.5	14,978.6	14,914.7	14,850.8	14,786.9	14,723.1	14,659.2	14,595.3	14,946.7
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	295.7	335.8	381.0	391.3	400.1	557.6	570.5	670.0	782.5	1,003.7	1,344.4	1,576.8	692.5
1910 - Leasehold Improvements	1.0	0.9	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.5
1915 - Office Furniture & Equipment	5.2	5.0	4.9	4.8	4.7	4.5	4.4	4.2	4.1	4.0	3.9	3.8	4.5
1920 - Computer Equipment - Hardware	40.5	40.0	40.8	41.4	40.1	38.8	38.2	37.1	36.0	34.8	39.4	38.2	38.8
1925 - Computer Software	4.2	4.0	3.9	3.7	3.6	3.4	3.3	3.2	3.0	2.9	2.8	2.6	3.4
1930 - Transportation Equipment	103.7	99.7	95.7	91.6	87.6	83.6	79.6	75.6	71.5	67.5	63.5	59.5	81.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	174.3	171.2	177.4	187.0	182.3	177.7	173.5	170.0	166.6	162.1	157.6	153.0	171.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.5	0.0	0.0	0.0	0.0	2.2
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(53,845.1)	(53,646.4)	(53,447.8)	(53,249.1)	(53,050.4)	(52,851.8)	(52,653.1)	(52,454.4)	(52,255.8)	(52,057.1)	(51,858.4)	(51,659.8)	(52,752.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	26,933.0	26,902.0	26,859.1	26,784.9	26,693.1	26,777.8	26,691.0	26,717.8	26,707.6	26,828.5	27,074.6	27,236.0	26,850.4

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2013
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	619.7	3,811.7
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	28,238.0	4,908.3	23,329.8
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	47,187.4	13,230.1	33,957.2
1730 - Overhead Conductors & Devices	19,165.5	4,781.8	14,383.7
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	2,091.6	112.3	1,979.3
1910 - Leasehold Improvements	19.2	19.1	0.0
1915 - Office Furniture & Equipment	48.9	44.5	4.4
1920 - Computer Equipment - Hardware	59.9	34.4	25.5
1925 - Computer Software	9.3	5.6	3.8
1930 - Transportation Equipment	332.4	205.8	126.6
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	384.9	240.6	144.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	15.0	241.4
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(15,951.4)	(50,757.2)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	<u>0.0</u>
Total Assets	35,767.0	8,265.7	27,501.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2013
(\$000's)

<u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	28,211.8	28,211.9	28,211.9	28,216.9	28,217.1	28,240.0	28,241.0	28,246.7	28,263.6	28,265.2	28,265.2	28,265.2	28,238.0
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	47,183.6	47,183.6	47,183.6	47,183.6	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,187.4
1730 - Overhead Conductors & Devices	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	682.9	1,015.4	364.8	599.0	976.8	364.8	905.2	1,184.3	4,523.4	4,563.0	4,937.8	4,981.9	2,091.6
1910 - Leasehold Improvements	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	0.0	0.0	0.0	0.0	19.2
1915 - Office Furniture & Equipment	47.9	47.9	47.9	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	48.9
1920 - Computer Equipment - Hardware	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9
1925 - Computer Software	7.4	7.4	7.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.3
1930 - Transportation Equipment	343.3	343.3	343.3	343.3	343.3	343.3	343.3	343.3	310.2	310.2	316.8	305.5	332.4
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	366.1	366.1	366.1	366.1	388.6	388.6	391.4	391.4	392.3	400.3	401.1	401.1	384.9
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	34,326.9	34,659.5	34,008.9	34,252.1	34,652.6	34,069.9	34,614.2	34,899.0	38,193.9	38,243.1	38,625.4	38,658.2	35,767.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2013
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	560.0	560.0	592.6	592.6	592.6	625.1	625.1	625.1	657.7	657.7	657.7	690.2	619.7
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	4,552.6	4,620.6	4,687.8	4,755.8	4,823.8	4,891.0	4,959.0	5,027.1	5,094.4	5,094.4	5,094.4	5,298.0	4,908.3
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	12,723.9	12,881.2	12,864.2	13,021.5	13,178.8	13,161.7	13,319.0	13,476.3	13,459.3	13,459.3	13,459.3	13,756.9	13,230.1
1730 - Overhead Conductors & Devices	4,634.1	4,698.0	4,659.5	4,723.4	4,787.3	4,748.8	4,812.7	4,876.6	4,838.1	4,838.1	4,838.1	4,927.3	4,781.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	99.5	100.7	101.3	102.6	103.8	104.4	105.9	107.4	119.8	119.8	119.8	163.1	112.3
1910 - Leasehold Improvements	28.5	28.5	28.8	28.8	28.8	28.8	28.8	28.8	0.0	0.0	0.0	0.0	19.1
1915 - Office Furniture & Equipment	44.2	44.3	44.2	44.3	44.5	44.4	44.5	44.6	44.6	44.6	44.6	44.8	44.5
1920 - Computer Equipment - Hardware	28.3	29.6	30.5	31.7	33.0	34.0	35.3	36.5	37.6	37.6	37.6	41.1	34.4
1925 - Computer Software	4.9	5.0	5.1	5.3	5.4	5.5	5.6	5.7	5.9	5.9	5.9	6.4	5.6
1930 - Transportation Equipment	200.0	204.7	207.4	212.1	216.7	219.4	224.1	227.6	189.8	189.8	189.8	188.2	205.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	217.6	222.1	226.6	231.1	235.8	239.7	243.9	248.1	252.3	252.3	252.3	265.0	240.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	4.3	8.5	5.8	10.1	14.4	12.2	16.5	20.8	19.8	19.8	19.8	27.5	15.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(15,247.5)	(15,446.2)	(15,459.8)	(15,658.5)	(15,857.2)	(15,870.9)	(16,069.5)	(16,268.2)	(16,281.9)	(16,281.9)	(16,281.9)	(16,692.9)	(15,951.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	7,850.4	7,957.1	7,994.0	8,100.7	8,207.6	8,244.1	8,350.8	8,456.4	8,437.3	8,437.3	8,437.3	8,715.7	8,265.7

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2013
(\$000's)

Net Fixed Asset Values	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	3,871.4	3,871.4	3,838.8	3,838.8	3,838.8	3,806.3	3,806.3	3,806.3	3,773.7	3,773.7	3,773.7	3,741.2	3,811.7
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	23,659.1	23,591.3	23,524.1	23,461.1	23,393.2	23,349.0	23,282.0	23,219.6	23,169.2	23,170.8	23,170.8	22,967.2	23,329.8
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	34,459.7	34,302.4	34,319.4	34,162.2	34,004.9	34,028.3	33,871.0	33,713.7	33,730.7	33,730.7	33,730.7	33,433.1	33,957.2
1730 - Overhead Conductors & Devices	14,531.4	14,467.5	14,506.0	14,442.1	14,378.3	14,416.8	14,352.9	14,289.0	14,327.5	14,327.5	14,327.5	14,238.2	14,383.7
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	583.4	914.6	263.4	496.4	873.0	260.4	799.4	1,077.0	4,403.7	4,443.2	4,818.1	4,818.8	1,979.3
1910 - Leasehold Improvements	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	3.7	3.6	3.7	4.9	4.8	4.9	4.8	4.6	4.6	4.6	4.6	4.4	4.4
1920 - Computer Equipment - Hardware	31.6	30.3	29.5	28.2	27.0	25.9	24.7	23.4	22.3	22.3	22.3	18.8	25.5
1925 - Computer Software	2.5	2.4	2.2	4.7	4.6	4.5	4.4	4.3	4.0	4.0	4.0	3.6	3.8
1930 - Transportation Equipment	143.2	138.6	135.9	131.2	126.5	123.8	119.2	115.7	120.4	120.4	127.0	117.2	126.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	148.5	144.0	139.4	134.9	152.8	148.9	147.5	143.3	139.9	148.0	148.8	136.1	144.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	252.1	247.8	250.5	246.2	242.0	244.1	239.8	235.5	236.6	236.6	236.6	228.8	241.4
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	-51,461.1	-51,262.4	-51,248.7	-51,050.1	-50,851.4	-50,837.7	-50,639.1	-50,440.4	-50,426.7	-50,426.7	-50,426.7	-50,015.7	-50,757.2
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Fixed Assets	26,476.5	26,702.5	26,014.9	26,151.3	26,445.0	25,825.8	26,263.4	26,442.6	29,756.6	29,805.9	30,188.1	29,942.4	27,501.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2014
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	760.7	3,670.7
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	28,671.2	5,744.9	22,926.2
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	47,190.0	14,401.6	32,788.4
1730 - Overhead Conductors & Devices	19,158.1	5,120.0	14,038.1
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,992.3	263.1	4,729.2
1910 - Leasehold Improvements	0.0	0.0	0.0
1915 - Office Furniture & Equipment	59.0	45.7	13.3
1920 - Computer Equipment - Hardware	88.0	50.3	37.6
1925 - Computer Software	10.0	7.5	2.5
1930 - Transportation Equipment	338.4	161.7	176.7
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	430.3	294.4	135.9
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	40.0	216.4
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	-66,711.1	-17,583.4	-49,127.7
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	39,164.5	9,306.6	29,858.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2014
(\$000's)

<u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	28,327.8	28,372.1	28,434.3	28,463.9	28,491.2	28,555.4	28,647.7	28,791.8	28,889.5	28,967.2	29,041.4	29,071.9	28,671.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0	47,190.0
1730 - Overhead Conductors & Devices	19,165.5	19,165.5	19,165.5	19,165.5	19,165.5	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,158.1
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,981.9	4,981.9	4,981.9	4,984.4	4,990.3	4,996.5	4,996.5	4,996.5	4,996.5	4,998.1	5,000.5	5,002.4	4,992.3
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	52.2	52.2	52.2	60.7	60.7	60.7	60.7	60.7	62.0	62.0	62.0	62.0	59.0
1920 - Computer Equipment - Hardware	76.8	82.7	87.4	88.5	89.8	89.8	89.8	89.8	89.8	89.8	90.7	90.7	88.0
1925 - Computer Software	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1930 - Transportation Equipment	305.4	305.4	342.7	345.3	345.3	345.3	345.3	345.3	345.3	345.3	345.3	345.3	338.4
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	401.1	425.0	426.9	428.7	428.7	428.7	431.6	432.1	432.4	432.4	432.4	463.0	430.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,708.6)	(66,738.6)	(66,711.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	38,740.6	38,814.7	38,920.7	38,966.8	39,001.4	39,059.0	39,154.2	39,298.8	39,398.1	39,477.4	39,554.9	39,588.0	39,164.5

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2014
((\$000's))

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	701.1	711.9	722.8	733.6	744.5	755.3	766.1	777.0	787.8	798.7	809.5	820.4	760.7
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	5,366.4	5,434.9	5,503.3	5,571.8	5,640.3	5,709.7	5,778.2	5,846.6	5,917.4	5,985.9	6,054.3	6,130.4	5,744.9
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	13,856.1	13,955.3	14,054.5	14,153.7	14,252.9	14,352.1	14,451.2	14,550.4	14,649.6	14,748.8	14,848.0	14,947.2	14,401.6
1730 - Overhead Conductors & Devices	4,957.1	4,986.8	5,016.6	5,046.3	5,076.1	5,104.7	5,134.4	5,164.2	5,193.9	5,223.6	5,253.4	5,283.1	5,120.0
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	178.5	193.8	209.2	224.6	240.0	255.4	270.8	286.1	301.7	317.1	332.4	348.0	263.1
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	44.9	45.0	45.1	45.2	45.3	45.6	45.7	45.8	46.1	46.2	46.3	46.7	45.7
1920 - Computer Equipment - Hardware	42.4	43.7	45.0	46.2	47.5	49.7	51.0	52.3	54.5	55.8	57.1	58.9	50.3
1925 - Computer Software	6.6	6.7	6.9	7.1	7.2	7.4	7.6	7.7	7.9	8.0	8.2	8.4	7.5
1930 - Transportation Equipment	146.4	149.5	147.8	150.9	154.0	159.4	162.5	165.6	170.9	174.0	177.1	182.5	161.7
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	269.3	273.6	277.8	282.1	286.4	293.2	297.5	301.8	306.2	310.4	314.7	319.3	294.4
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	29.6	31.8	33.9	36.0	38.2	37.9	40.0	42.1	44.3	46.4	48.6	50.7	40.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(16,829.9)	(16,966.9)	(17,103.9)	(17,240.9)	(17,377.9)	(17,514.9)	(17,651.9)	(17,788.9)	(17,925.9)	(18,062.9)	(18,199.9)	(18,336.9)	(17,583.4)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Accumulated Depreciation	8,768.5	8,866.1	8,959.1	9,056.8	9,154.5	9,255.4	9,353.1	9,450.7	9,554.4	9,652.1	9,749.8	9,858.6	9,306.6

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2014
(\$000's)

Net Fixed Asset Values	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	3,730.3	3,719.5	3,708.6	3,697.8	3,686.9	3,676.1	3,665.2	3,654.4	3,643.5	3,632.7	3,621.9	3,611.0	3,670.7
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	22,961.4	22,937.2	22,930.9	22,892.1	22,851.0	22,845.7	22,869.6	22,945.2	22,972.0	22,981.3	22,987.0	22,941.5	22,926.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	33,333.9	33,234.7	33,135.6	33,036.4	32,937.2	32,838.0	32,738.8	32,639.6	32,540.4	32,441.2	32,342.0	32,242.8	32,788.4
1730 - Overhead Conductors & Devices	14,208.5	14,178.7	14,149.0	14,119.2	14,089.4	14,048.2	14,018.4	13,988.7	13,959.0	13,929.2	13,899.5	13,869.8	14,038.1
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,803.5	4,788.1	4,772.7	4,759.8	4,750.3	4,741.1	4,725.8	4,710.4	4,694.8	4,681.1	4,668.1	4,654.4	4,729.2
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	7.3	7.2	7.1	15.5	15.4	15.0	14.9	14.9	15.8	15.7	15.6	15.2	13.3
1920 - Computer Equipment - Hardware	34.4	39.0	42.4	42.3	42.2	40.1	38.8	37.5	35.3	34.0	33.7	31.9	37.6
1925 - Computer Software	3.4	3.2	3.1	2.9	2.7	2.6	2.4	2.3	2.1	1.9	1.8	1.6	2.5
1930 - Transportation Equipment	159.0	155.9	194.8	194.4	191.3	185.9	182.8	179.7	174.4	171.3	168.2	162.8	176.7
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	131.8	151.4	149.1	146.6	142.3	135.5	134.1	130.4	126.2	122.0	117.7	143.7	135.9
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	226.7	224.6	222.4	220.3	218.2	218.5	216.3	214.2	212.1	209.9	207.8	205.6	216.4
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(49,878.7)	(49,741.7)	(49,604.7)	(49,467.7)	(49,330.7)	(49,193.7)	(49,056.7)	(48,919.7)	(48,782.7)	(48,645.7)	(48,508.7)	(48,401.7)	(49,127.7)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	29,972.1	29,948.5	29,961.6	29,910.0	29,846.9	29,803.6	29,801.2	29,848.1	29,843.6	29,825.2	29,805.1	29,729.4	29,858.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2015
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	890.9	3,540.5
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	29,680.1	6,605.9	23,074.2
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	48,144.7	15,592.1	32,552.6
1730 - Overhead Conductors & Devices	19,478.2	5,476.3	14,001.8
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,034.7	448.5	4,586.3
1910 - Leasehold Improvements	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.0	48.0	13.9
1920 - Computer Equipment - Hardware	93.2	65.9	27.2
1925 - Computer Software	10.0	8.7	1.3
1930 - Transportation Equipment	457.1	215.4	241.6
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	472.3	349.7	122.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	261.0	64.6	196.3
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,741.1)	(19,229.1)	(47,512.0)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	41,634.1	10,537.0	31,097.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2015
(\$000's)

<u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	29,215.8	29,276.2	29,391.9	29,419.1	29,485.7	29,598.7	29,660.9	29,742.1	29,919.4	30,008.7	30,131.2	30,311.5	29,680.1
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,190.0	47,190.0	47,190.0	47,190.0	47,212.1	47,216.1	47,216.1	47,216.1	47,216.1	50,986.4	50,986.4	50,926.5	48,144.7
1730 - Overhead Conductors & Devices	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	19,152.8	20,461.2	20,461.2	20,440.4	19,478.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,002.4	5,004.8	5,004.8	5,008.0	5,008.0	5,013.0	5,016.5	5,019.4	5,081.7	5,081.7	5,082.5	5,093.9	5,034.7
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0
1920 - Computer Equipment - Hardware	90.7	92.4	92.4	92.4	92.4	92.4	94.2	94.2	94.2	94.2	94.2	94.2	93.2
1925 - Computer Software	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1930 - Transportation Equipment	403.5	403.5	403.5	403.5	403.5	442.7	442.7	442.7	442.7	442.7	594.7	659.7	457.1
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	463.0	464.0	466.6	466.6	470.4	476.7	476.7	476.7	476.7	476.7	476.7	476.7	472.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	256.3	311.8	261.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,738.6)	(66,768.6)	(66,741.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	39,790.0	39,855.5	39,973.8	40,004.2	40,096.6	40,264.2	40,331.6	40,415.7	40,655.3	45,823.3	46,098.5	46,300.1	41,634.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2015
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	831.2	842.1	852.9	863.8	874.6	885.5	896.3	907.2	918.0	928.9	939.7	950.6	890.9
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	6,202.8	6,275.2	6,347.6	6,420.8	6,493.9	6,567.4	6,641.2	6,714.9	6,789.3	6,864.2	6,939.1	7,013.9	6,605.9
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	15,046.4	15,145.6	15,244.8	15,344.0	15,443.2	15,542.4	15,641.6	15,740.9	15,840.1	15,939.4	16,038.6	16,137.9	15,592.1
1730 - Overhead Conductors & Devices	5,312.8	5,342.5	5,372.3	5,402.0	5,431.7	5,461.5	5,491.2	5,521.0	5,550.7	5,580.4	5,610.2	5,639.9	5,476.3
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	363.4	378.9	394.3	409.8	425.2	440.7	456.1	471.6	487.0	502.6	518.2	533.8	448.5
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	46.9	47.1	47.3	47.5	47.7	47.9	48.1	48.3	48.5	48.7	48.9	49.1	48.0
1920 - Computer Equipment - Hardware	59.9	61.0	62.1	63.2	64.3	65.4	66.5	67.6	68.8	69.8	70.9	71.9	65.9
1925 - Computer Software	8.4	8.5	8.5	8.6	8.6	8.7	8.7	8.8	8.8	8.9	8.9	9.0	8.7
1930 - Transportation Equipment	187.2	191.9	196.6	201.7	206.8	211.9	217.2	222.5	227.8	234.1	240.4	246.7	215.4
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	323.9	328.6	333.2	337.8	342.4	347.0	351.9	356.8	361.4	366.2	371.1	376.0	349.7
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	52.8	55.0	57.1	59.2	61.4	63.5	65.6	67.8	69.9	72.2	74.5	76.8	64.6
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(18,474.2)	(18,611.4)	(18,748.7)	(18,885.9)	(19,023.2)	(19,160.5)	(19,297.7)	(19,435.0)	(19,572.2)	(19,709.5)	(19,846.7)	(19,984.0)	(19,229.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	9,961.8	10,064.9	10,168.1	10,272.4	10,376.8	10,481.4	10,586.9	10,692.3	10,798.2	10,906.0	11,013.8	11,121.5	10,537.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2015
(\$000's)

<u>Net Fixed Asset Values</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	3,600.2	3,589.3	3,578.5	3,567.6	3,556.8	3,545.9	3,535.1	3,524.2	3,513.4	3,502.5	3,491.7	3,480.8	3,540.5
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	23,013.0	23,001.0	23,044.3	22,998.3	22,991.7	23,031.3	23,019.7	23,027.1	23,130.0	23,144.5	23,192.1	23,297.6	23,074.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	32,143.6	32,044.4	31,945.2	31,846.0	31,768.9	31,673.7	31,574.5	31,475.2	31,376.0	35,047.1	34,947.8	34,788.7	32,552.6
1730 - Overhead Conductors & Devices	13,840.0	13,810.3	13,780.6	13,750.8	13,721.1	13,691.4	13,661.6	13,631.9	13,602.2	14,880.7	14,851.0	14,800.5	14,001.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,639.0	4,625.9	4,610.5	4,598.2	4,582.8	4,572.3	4,560.4	4,547.8	4,594.7	4,579.1	4,564.2	4,560.1	4,586.3
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	15.0	14.8	14.6	14.4	14.2	14.0	13.9	13.7	13.5	13.3	13.1	12.9	13.9
1920 - Computer Equipment - Hardware	30.8	31.4	30.4	29.3	28.2	27.1	27.7	26.5	25.4	24.4	23.3	22.3	27.2
1925 - Computer Software	1.6	1.5	1.5	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.0	1.0	1.3
1930 - Transportation Equipment	216.2	211.5	206.8	201.7	196.6	230.7	225.4	220.1	214.9	208.5	354.2	412.9	241.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	139.1	135.5	133.4	128.8	127.9	129.7	124.8	120.0	115.3	110.5	105.6	100.7	122.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	203.5	201.4	199.2	197.1	195.0	192.8	190.7	188.6	186.4	184.1	181.9	235.0	196.3
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(48,264.4)	(48,127.2)	(47,989.9)	(47,852.6)	(47,715.4)	(47,578.1)	(47,440.9)	(47,303.6)	(47,166.4)	(47,029.1)	(46,891.9)	(46,784.6)	(47,512.0)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	29,828.3	29,790.6	29,805.7	29,731.7	29,719.8	29,782.7	29,744.7	29,723.4	29,857.1	34,917.3	35,084.7	35,178.5	31,097.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2016
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	1,021.1	3,410.3
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	31,308.2	7,500.5	23,807.7
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	50,931.9	16,783.0	34,149.0
1730 - Overhead Conductors & Devices	20,445.8	5,833.2	14,612.6
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,093.9	635.2	4,458.7
1910 - Leasehold Improvements	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.0	50.4	11.6
1920 - Computer Equipment - Hardware	102.3	78.7	23.7
1925 - Computer Software	10.0	9.4	0.6
1930 - Transportation Equipment	675.9	287.8	388.1
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	495.7	407.6	88.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	409.3	91.6	317.7
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,768.6)	(20,876.1)	(45,892.5)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	47,448.4	11,822.1	35,626.3

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

Asset Values at Cost	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	30,464.9	30,618.2	30,771.5	30,924.9	31,078.2	31,231.5	31,384.9	31,538.2	31,691.5	31,844.9	31,998.2	32,151.5	31,308.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	50,927.4	50,928.2	50,929.0	50,929.9	50,930.7	50,931.5	50,932.4	50,933.2	50,934.0	50,934.9	50,935.7	50,936.5	50,931.9
1730 - Overhead Conductors & Devices	20,441.2	20,442.0	20,442.9	20,443.7	20,444.5	20,445.4	20,446.2	20,447.0	20,447.9	20,448.7	20,449.5	20,450.4	20,445.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9	5,093.9
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0
1920 - Computer Equipment - Hardware	95.4	96.7	97.9	99.2	100.4	101.7	102.9	104.2	105.4	106.7	107.9	109.2	102.3
1925 - Computer Software	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1930 - Transportation Equipment	662.2	664.7	667.2	669.7	672.2	674.7	677.2	679.7	682.2	684.7	687.2	689.7	675.9
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	479.6	482.6	485.5	488.4	491.3	494.2	497.1	500.1	503.0	505.9	508.8	511.7	495.7
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	326.8	341.8	356.8	371.8	386.8	401.8	416.8	431.8	446.8	461.8	476.8	491.8	409.3
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	46,476.7	46,653.4	46,830.1	47,006.7	47,183.4	47,360.0	47,536.7	47,713.4	47,890.0	48,066.7	48,243.4	48,420.0	47,448.4

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	961.4	972.3	983.1	994.0	1,004.8	1,015.7	1,026.5	1,037.4	1,048.2	1,059.1	1,069.9	1,080.8	1,021.1
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	7,088.8	7,163.6	7,238.5	7,313.3	7,388.2	7,463.0	7,537.9	7,612.8	7,687.6	7,762.5	7,837.3	7,912.2	7,500.5
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	16,237.1	16,336.4	16,435.6	16,534.8	16,634.1	16,733.3	16,832.6	16,931.8	17,031.1	17,130.3	17,229.6	17,328.8	16,783.0
1730 - Overhead Conductors & Devices	5,669.6	5,699.4	5,729.1	5,758.8	5,788.6	5,818.3	5,848.0	5,877.8	5,907.5	5,937.2	5,967.0	5,996.7	5,833.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	549.4	565.0	580.6	596.2	611.8	627.4	643.0	658.5	674.1	689.7	705.3	720.9	635.2
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	49.3	49.5	49.7	49.9	50.1	50.3	50.5	50.7	50.9	51.0	51.2	51.4	50.4
1920 - Computer Equipment - Hardware	72.9	74.0	75.0	76.1	77.1	78.1	79.2	80.2	81.2	82.3	83.3	84.4	78.7
1925 - Computer Software	9.1	9.1	9.2	9.2	9.3	9.3	9.4	9.4	9.5	9.5	9.6	9.7	9.4
1930 - Transportation Equipment	253.1	259.4	265.7	272.0	278.3	284.6	291.0	297.3	303.6	309.9	316.2	322.5	287.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	380.8	385.7	390.6	395.4	400.3	405.2	410.0	414.9	419.7	424.6	429.5	434.3	407.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	79.0	81.3	83.6	85.9	88.2	90.5	92.7	95.0	97.3	99.6	101.9	104.2	91.6
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(20,121.2)	(20,258.5)	(20,395.7)	(20,533.0)	(20,670.3)	(20,807.5)	(20,944.8)	(21,082.0)	(21,219.3)	(21,356.5)	(21,493.8)	(21,631.0)	(20,876.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Accumulated Depreciation	11,229.3	11,337.1	11,444.9	11,552.6	11,660.4	11,768.2	11,876.0	11,983.8	12,091.5	12,199.3	12,307.1	12,414.9	11,822.1

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

Net Fixed Asset Values	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Average
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	3,470.0	3,459.1	3,448.3	3,437.4	3,426.6	3,415.7	3,404.9	3,394.0	3,383.2	3,372.3	3,361.5	3,350.6	3,410.3
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	23,376.1	23,454.6	23,533.1	23,611.5	23,690.0	23,768.5	23,847.0	23,925.4	24,003.9	24,082.4	24,160.9	24,239.4	23,807.7
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	34,690.3	34,591.8	34,493.4	34,395.0	34,296.6	34,198.2	34,099.8	34,001.4	33,902.9	33,804.5	33,706.1	33,607.7	34,149.0
1730 - Overhead Conductors & Devices	14,771.6	14,742.7	14,713.8	14,684.9	14,656.0	14,627.1	14,598.2	14,569.3	14,540.4	14,511.5	14,482.6	14,453.7	14,612.6
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,544.5	4,528.9	4,513.3	4,497.7	4,482.1	4,466.5	4,450.9	4,435.3	4,419.7	4,404.1	4,388.5	4,373.0	4,458.7
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	12.7	12.5	12.3	12.1	11.9	11.7	11.5	11.3	11.1	10.9	10.7	10.5	11.6
1920 - Computer Equipment - Hardware	22.5	22.7	22.9	23.1	23.3	23.5	23.8	24.0	24.2	24.4	24.6	24.8	23.7
1925 - Computer Software	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.6
1930 - Transportation Equipment	409.1	405.3	401.5	397.7	393.8	390.0	386.2	382.4	378.6	374.8	370.9	367.1	388.1
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	98.8	96.9	94.9	93.0	91.0	89.1	87.1	85.2	83.2	81.3	79.3	77.4	88.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	247.8	260.5	273.2	285.9	298.6	311.3	324.1	336.8	349.5	362.2	374.9	387.6	317.7
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(46,647.4)	(46,510.1)	(46,372.8)	(46,235.6)	(46,098.3)	(45,961.1)	(45,823.8)	(45,686.6)	(45,549.3)	(45,412.1)	(45,274.8)	(45,137.6)	(45,892.5)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	35,247.4	35,316.3	35,385.2	35,454.1	35,523.0	35,591.8	35,660.7	35,729.6	35,798.5	35,867.4	35,936.3	36,005.2	35,626.3

July 27, 2016
EB-2016-0231
Exhibit 3
Tab 1
Schedule 10

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - Board Approved RP-2009-0387
(\$000's)

<u>Expense Category</u>	<u>Expense</u>	<u>Total</u>
Operations, Maintenance & Admin	3,354.9 x 15%	<u>503.231</u>
Total Working Capital Allowance		503.2

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2010
(\$000's)

<u>Expense Category</u>	<u>Annual Expense</u>	
Operations, Maintenance & Admin	3,081.8 x 15%	<u>462.3</u>
Total Working Capital Allowance		462.3

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2011
(\$000's)

<u>Expense Category</u>	<u>Expense</u>	<u>Total</u>
Operations, Maintenance & Admin	3,229.2 x 15%	<u>484.4</u>
Total Working Capital Allowance		484.4

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2012
(\$000's)

<u>Expense Category</u>	<u>Expense</u>	<u>Total</u>
Operations, Maintenance & Admin	3,045.8 x 15%	<u>456.9</u>
Total Working Capital Allowance		456.9

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2013
(\$000's)

<u>Expense Category</u>	<u>Expense</u>	<u>Total</u>
Operations, Maintenance & Admin	3,299.8 x 15%	<u>495.0</u>
Total Working Capital Allowance		495.0

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2014
(\$000's)

<u>Expense Category</u>	<u>Annual Expense</u>	
Operations, Maintenance & Admin	3,426.0 x 15%	<u>513.9</u>
Total Working Capital Allowance		513.9

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2015
(\$000's)

<u>Expense Category</u>	<u>Annual Expense</u>	
Operations, Maintenance & Admin	3,741.4 x 15%	<u>561.2</u>
Total Working Capital Allowance		561.2

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2016
(\$000's)

<u>Expense Category</u>	<u>Annual Expense</u>	
Operations, Maintenance & Admin	4,336.0 x 3.55%	<u>150.0</u>
Total Working Capital Allowance		150.0

1 **WORKING CAPITAL STUDY**

2 The Working Capital Study prepared by Navigant is set out in the balance of this Schedule.



Working Capital Requirements of Five Nations Energy Inc.

Transmission Business

Prepared for:



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Final Report
Reference No.: 185963
April 25, 2016

This report (the “report”) was prepared for Five Nations Energy Inc. (“FNEI”) by Navigant Consulting, Ltd. (“Navigant”). The report was prepared solely for the purposes of FNEI’s rate filing before the Ontario Energy Board and may not be used for any other purpose. Use of this report by any third party outside of FNEI’s rate filing is prohibited. Use of this report should not, and does not, absolve the third party from using due diligence in verifying the report’s contents. Any use which a third party makes of this report, or any reliance on it, is the responsibility of the third party. Navigant extends no warranty to any third party.

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SECTION I: EXECUTIVE SUMMARY

Summary

This report provides the results of a lead-lag study used to calculate the working capital requirements of FNEI's ("the Company") transmission business.

Performing a lead-lag study requires two key undertakings:

1. Developing an understanding of how the regulated transmission business operates in terms of products and services sold to customers/purchased from vendors, and the policies and procedures that govern such transactions; and,
2. Modeling such operations using data from a relevant period of time and a representative data set. It is important to ascertain and factor into the study whether (or not) there are known changes to existing business policies and procedures going forward. Where such changes are known and material, they should be factored into the study.

Results from the lead-lag study using data for calendar year 2015 identify the following working capital amount in Table 1, below.

Table 1: Summary of Working Capital Requirements

Year	2015
Percentage of OM&A	3.55%
Working Capital Requirement Incl. HST	\$ 192,137

Table 2, below summarizes the detailed working capital requirements for the test year, considering known and measurable changes calculated in the study.

Table 2: FNEI Transmission Working Capital Requirements (Test Year)

Description	Revenue Lag Days	Expense Lead Days	Net Lag Days	Working Capital Factor	Expenses	Working Capital Requirements
Aggregate OM&A	36.61	26.65	9.95	2.73%	\$ 5,410,679	\$ 147,543
Interest Expense	36.61	15.22	21.38	5.86%	\$ 611,918	\$ 35,848
Total					\$ 6,022,597	\$ 183,390
HST						\$ 8,747
Total - Including HST						\$ 192,137
Working Capital as a Percent of OM&A						3.55%

Organization of the Report

Section 1 of the report discusses the lag times associated with FNEI's collections of revenues. The section includes a description of the sources of revenues and how an overall revenue lag is derived.

Section 2 presents the lead times associated with FNEI's expenses. The section includes a description of the types of expenses incurred by FNEI's transmission operations and how expenses are treated for the purposes of deriving an overall expenses lead time.

Section 3 presents an overall summary of the results from the study.

Appendix A provides a discussion of the methodology used to determine the working capital allowance for FNEI.

1. REVENUE LAGS

A transmission utility providing transmission service in Ontario derives its revenue from three payments made on a monthly basis to transmitters by the Independent Electric System Operator (IESO): Network Service Credit, Line Connection Service Credit, and Transformation Service Credit. A revenue lag represents the number of days from the date service is rendered by FNEI until the date payments are received from the IESO and funds are available to FNEI.

Interviews with FNEI personnel indicate that its transmission business receives funds from the following funding streams:

1. The Independent Electric System Operator ("IESO"); and,
2. Other Sources (CCRA Administration Fee and Interest Revenue).

The lag times associated with the funding streams (adjusted for known and measurable changes) were weighted and combined to calculate an overall revenue lag time as shown below.

Table 3: Summary of Revenue Lag

Description	Revenues	Lag Days	Weighting	Weighted Lag
IESO Revenue	\$ 6,271,819	35.48	98.06%	34.80
Other Revenue	\$ 123,970	93.42	1.94%	1.81
Total	\$ 6,395,790		100.00%	36.61

1.1 IESO Revenues

FNEI receives revenues from the IESO on a monthly basis in a manner that is consistent with the settlement and payment procedures outlined in the IESO Market Rules. Table 4, below summarizes the IESO Revenues Lag.

Table 4: Summary of IESO Revenues

Period Beginning	Period Ending	Payment Date	Payment Amount	Weighting	Service Lag Time	Payment Lag Time	Total Lag Time	Weighted Lag
1/1/2015	1/31/2015	2/20/2015	\$ 554,896	8.85%	15.50	20.00	35.50	3.14
2/1/2015	2/28/2015	3/19/2015	\$ 557,172	8.88%	14.00	19.00	33.00	2.93
3/1/2015	3/31/2015	4/22/2015	\$ 525,635	8.38%	15.50	22.00	37.50	3.14
4/1/2015	4/30/2015	5/21/2015	\$ 477,293	7.61%	15.00	21.00	36.00	2.74
5/1/2015	5/31/2015	6/18/2015	\$ 496,510	7.92%	15.50	18.00	33.50	2.65
6/1/2015	6/30/2015	7/21/2015	\$ 495,271	7.90%	15.00	21.00	36.00	2.84
7/1/2015	7/31/2015	8/21/2015	\$ 586,387	9.35%	15.50	21.00	36.50	3.41
8/1/2015	8/31/2015	9/21/2015	\$ 584,182	9.31%	15.50	21.00	36.50	3.40
9/1/2015	9/30/2015	10/21/2015	\$ 576,981	9.20%	15.00	21.00	36.00	3.31
10/1/2015	10/31/2015	11/20/2015	\$ 452,744	7.22%	15.50	20.00	35.50	2.56
11/1/2015	11/30/2015	12/18/2015	\$ 479,661	7.65%	15.00	18.00	33.00	2.52
12/1/2015	12/31/2015	1/21/2016	\$ 485,088	7.73%	15.50	21.00	36.50	2.82
Total			\$ 6,271,819					35.48

1.2 Other Revenues

The FNEI Connection and Cost Recovery Agreement with De Beers Canada Inc. ("DBC") allows FNEI to invoice for costs incurred (including Administration Fee) under the agreement on an annual basis. Other revenues also include monthly interest revenues received by FNEI. Table 5, below summarizes the FNEI Other Revenues Lag.

Table 5: Summary of IESO Revenues

Description	Revenues	Lag Days	Weighting	Weighted Lag
DBC CCRA Administration Fee	\$ 42,468	243.50	34.26%	83.42
Interest Revenue	\$ 81,502	15.22	65.74%	10.01
Total	\$ 123,970		100.00%	93.42

2. EXPENSE LEADS

Expense Leads are defined as the time period between when a service is provided to FNEI and when payment is remitted for that service. Typically services are provided in advance of payment which reduces the capital requirement of the company. Therefore, in conjunction with the calculation of the revenue lag, expense lead times were calculated for the following items:

1. OM&A Expenses; and,
2. Interest Expenses.

2.1 OM&A Expenses

For the purpose of the transmission lead-lag study, OM&A expenses were considered to consist of payments made by FNEI to its employees, vendors and government in the following categories:

1. Payroll and Benefits;
2. Property Taxes; and,
3. Other Miscellaneous OM&A.

Expense lead times were calculated individually for each of the items listed above and then dollar-weighted to derive a composite expense lead time of 26.65 days for OM&A expenses. Table 6, below summarizes the components of OM&A expense lead calculation.

Table 6: Summary of OM&A Expenses

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
Payroll & Benefits	\$ 1,382,148	24.50	25.54%	6.26
Property Tax	\$ 45,953	(14.34)	0.85%	(0.12)
Other OM&A	\$ 3,982,578	27.87	73.61%	20.52
Total	\$ 5,410,679			26.65

2.1.1 Payroll & Benefits

The following items were considered to be expenses related to the Payroll & Benefits of FNEI:

1. Payroll (including withholdings & contributions); and
2. Group Health, Dental, and Life Insurance.

FNEI uses a payroll administrator for employee payroll, and payroll deductions (i.e., CPP, withholdings, and income tax) are done directly by the administrator. This includes payments made for Workplace Safety and Insurance Board (WSIB) and pensions. Under this agreement, FNEI receives invoices from the payroll administrator within 7 days of the service period end date and then remits payment within 5 business days of the invoice date. During the test year, irregularities in this payment schedule were noted; however a more consistent payment schedule is expected in the future. This has been modeled as a known and measurable change and is included in the model.

When all Payroll, Withholdings and Benefits were dollar-weighted using actual payment data, the weighted average expense lead time associated with Payroll & Benefits was determined to be 24.50 days as shown in Table 7, below. Additional detail can be found in Appendix B.

Table 7: Summary of Payroll & Benefits Expenses

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
Payroll	\$ 1,346,068	25.31	97.39%	24.65
Group Health, Dental, Life Insurance	\$ 36,079	(5.58)	2.61%	(0.15)
Total	\$ 1,382,148		100.00%	24.50

2.1.2 Property Taxes

FNEI remits property taxes to the City of Timmins. Using payment dates during calendar year 2015 and amounts associated with FNEI's transmission business, a dollar-weighted expense lead (-lag) time of negative 14.34 days was determined. Table 8, below summarizes the property tax expense lead calculation.

Table 8: Summary of Property Tax Expenses

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
City of Timmins	\$ 45,953	(14.34)	100.00%	(14.34)
Total	\$ 45,953		100.00%	(14.34)

2.1.3 Other Miscellaneous OM&A

FNEI provided transaction level data for calendar year 2015 from their accounts payable system under the Miscellaneous OM&A category, a dollar-weighted expense lead time of 27.87 days was derived. Table 9, below summarizes the components of miscellaneous OM&A expense lead calculation. Three categories within Other Miscellaneous OM&A are HST-Exempt and have been broken out separate for consideration in Section 3.

Table 9: Summary of Miscellaneous OM&A Expenses

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
Rents & Lease Payments (HST-Exempt)	\$ 55,000	187.50	1.38%	2.59
Rents & Lease Payments	\$ 33,473	(224.50)	0.84%	(1.89)
Utilities (HST-Exempt)	\$ 412,375	33.24	10.35%	3.44
Utilities	\$ 58,040	41.99	1.46%	0.61
Hydro One Operators	\$ 299,197	4.50	7.51%	0.34
Contract Services	\$ 1,180,779	32.62	29.65%	9.67
Outside Services	\$ 203,676	64.25	5.11%	3.29
Occasional Services (HST-Exempt)	\$ 19,412	14.29	0.49%	0.07
Occasional Services	\$ 305,277	13.96	7.67%	1.07
Materials	\$ 1,112,917	27.06	27.94%	7.56
Travel	\$ 302,433	14.76	7.59%	1.12
Total	\$ 3,982,578		100.00%	27.87

2.2 Interest on Short-Term and/or Long-Term Debt

FNEI makes monthly interest payments on its long term debt outstanding out of current year revenues. A dollar-weighted expense lead time of 15.22 days was determined for the 2015 calendar year.

Table 10: Summary of Interest Expenses

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
BMO/PW	\$ 424,334	15.18	69.34%	10.53
BMO/PW/Manulife	\$ 187,584	15.33	30.66%	4.70
Total	\$ 611,918		100.00%	15.22

3. HARMONIZED SALES TAX (HST)

The expense lead times associated with the following items that attract HST were considered in FNEI's transmission lead-lag study.

1. IESO Revenues;
2. Other Revenues¹; and,
3. OM&A².

A summary of the expense lead times and working capital amounts associated with each of the above items is provided in Table 11. Note that the statutory approach described in Appendix A was used to determine the expense lead times associated with FNEI's remittances and disbursements of HST (i.e., remittances are generally on the last day of the month following the date of the applicable return).

Table 11: Summary of HST Working Capital Factors

Description	HST Lead Time	Working Capital Factor	Working Capital Requirement
IESO Revenue	(10.13)	-2.77%	\$ (22,623)
Other Revenue	10.28	2.82%	\$ 155
Misc. OM&A Expenses	25.07	6.87%	\$ 31,215
Total			\$ 8,747

¹ Items within Other Revenues that attract HST include the FNEI Connection and Cost Recovery Agreement Administration Fee

² Costs within OM&A that attract HST are shown in Table 9.

4. CONCLUSIONS

Using the revenue lags and expense leads developed in the previous sections and FNEI's calendar year 2015 transmission revenues and expenses (adjusted for known and measurable changes) the overall working capital requirements were calculated. Table 12 summarizes the working capital requirements for 2015 calculated in the study.

Table 12: FNEI Distribution Working Capital Requirements (2015)

Description	Revenue Lag Days	Expense Lead Days	Net Lag Days	Working Capital Factor	Expenses	Working Capital Requirements
Aggregate OM&A	36.61	26.65	9.95	2.73%	\$ 5,410,679	\$ 147,543
Interest Expense	36.61	15.22	21.38	5.86%	\$ 611,918	\$ 35,848
Total					\$ 6,022,597	\$ 183,390
HST						\$ 8,747
Total - Including HST						\$ 192,137
Working Capital as a Percent of OM&A						3.55%

APPENDIX A. WORKING CAPITAL METHODOLOGY

Working capital is the amount of funds that are required to finance the day-to-day operations of a regulated utility and which are included as part of a rate base for ratemaking purposes. A lead-lag study is the most accurate basis for determination of working capital and was used by Navigant for this purpose.

A lead-lag study analyzes the time between the date customers receive service and the date that customers' payments are available to FNEI (or "lag") together with the time between which FNEI receives goods and services from its vendors and pays for them at a later date (or "lead")³. "Leads" and "Lags" are both measured in days and are dollar-weighted where appropriate.⁴ The dollar-weighted net lag (lag minus lead) days is then divided by 365 (or 366 for leap years) and then multiplied by the annual test year expenses to determine the amount of working capital required. The resulting amount of working capital is then included in FNEI's rate base for the purpose of deriving its revenue requirement.

A.1 Key Concepts

Two key concepts need to be defined as they appear throughout the report:

Mid-Point Method

When a service is provided to (or by) FNEI over a period of time, the service is deemed to have been provided (or received) evenly over the midpoint of the period, unless specific information regarding the provision (or receipt) of that service indicates otherwise. If both the service end date ("Y") and the service start date ("X") are known, the mid-point of a service period can be calculated using the formula:

$$\text{Mid-Point} = \frac{([Y-X]+1)}{2}$$

When specific start and end dates are unknown, but it is known that a service is evenly distributed over the mid-point of a period, an alternative formula that is generally used is shown below. The formula uses the number of days in a year (A) and the number of periods in a year (B):

$$\text{Mid-Point} = \frac{A/B}{2}$$

Statutory Approach

In conjunction with the mid-point method, it is important to note that not all areas of the study may utilize dates on which actual payments were made to (or by) FNEI. In some instances, particularly for the HST, the due dates for payments are established by statute or by regulation with significant penalties for late payments. In these instances, the due date established by statute has been used in lieu of when payments were actually made.

³ A positive lag (or lead) indicates that payments are received (or paid for) after the provision of a good or service.

⁴ The notion of dollar-weighting is pursued further in the sub-section titled "Key Concepts".

Expense Lead Components

As used in the study, Expense Leads are defined to consist of two components:

1. Service Lead component (services are assumed to be provided to FNEI evenly around the mid-point of the service period), and
2. Payment Lead component (the time period from the end of the service period to the time payment was made and when funds have left FNEI's possession).

Dollar Weighting

Both leads and lags should be dollar-weighted where appropriate and where data is available to accurately reflect the flow of dollars. For example, suppose that a particular transaction has a lead time of 100 days and has a dollar value of \$100. Further, suppose that another transaction has a lead time of 30 days with a dollar value of \$1 Million. A simple un-weighted average of the two transactions would give us a lead time of 65 days $([100+30]/2)$. However, when these two transactions are dollar weighted, the resulting lead time would be closer to 30 days which is more representative of how the dollars actually flow.

A.2 Methodology

Performing a lead-lag study requires two key undertakings:

1. Developing an understanding of how the regulated transmission business operates in terms of products and services sold to customers/purchased from vendors, and the policies and procedures that govern such transactions; and,
2. Modeling such operations using data from a relevant period of time and a representative data set. It is important to ascertain and factor into the study whether (or not) there are known changes to existing business policies and procedures going forward. Where such changes are known and material, they should be factored into the study.

To develop an understanding of FNEI's operations, interviews with FNEI staff were conducted. Key questions that were addressed during the course of the interviews included:

1. What is being sold (or purchased)? If a service is being provided to (or by) FNEI, over what time period was this service provided;
2. Who are the buyers (or sellers);
3. What are the terms for payment? Are the terms for payment driven by industry norms or by company policy? Is there flexibility in the terms for payment;
4. Are any changes to the terms for payment expected? Are these terms driven by industry or internally? What is the basis for any such changes;
5. Are there any new rules or regulations governing transactions relating to transmission operations that are expected to materialize over the time frame considered in this report; and,
6. How are payments made (or received)? Payment types have different payment lead times (i.e., internet payments have shorter deposit times than cheque deposit times)

APPENDIX B. DETAILED DATA TABLES

B.1 Payroll & Benefits

Description	Amounts	Expense Lead Time	Weighting	Weighted Lead Time
Basic Payroll (Regular)	\$ 1,170,431	27.71	84.68%	23.47
Board Of Directors Payroll	\$ 175,638	9.29	12.71%	1.18
Group Health, Dental Life Insurance	\$ 36,079	(5.58)	2.61%	(0.15)
Total	\$ 1,382,148		100.00%	24.50

B.2 Basic Payroll (Regular)

Delivery Period	Payment Date	Amounts	Service Lead Time	Payment Lead Time	Total Lead Time	Weighting Factor %	Weighted Lead Time
Jan-15	02/12/15	\$ 111,274	15.50	12.00	27.50	9.51%	2.61
Feb-15	03/12/15	\$ 63,322	14.00	12.00	26.00	5.41%	1.41
Mar-15	04/13/15	\$ 76,792	15.50	13.00	28.50	6.56%	1.87
Apr-15	05/12/15	\$ 85,255	15.00	12.00	27.00	7.28%	1.97
May-15	06/12/15	\$ 80,999	15.50	12.00	27.50	6.92%	1.90
Jun-15	07/13/15	\$ 90,584	15.00	13.00	28.00	7.74%	2.17
Jul-15	08/12/15	\$ 123,544	15.50	12.00	27.50	10.56%	2.90
Aug-15	09/14/15	\$ 82,808	15.50	14.00	29.50	7.08%	2.09
Sep-15	10/12/15	\$ 76,916	15.00	12.00	27.00	6.57%	1.77
Oct-15	11/12/15	\$ 86,428	15.50	12.00	27.50	7.38%	2.03
Nov-15	12/14/15	\$ 89,568	15.00	14.00	29.00	7.65%	2.22
Dec-15	01/12/16	\$ 202,939	15.50	12.00	27.50	17.34%	4.77
Total		\$ 1,170,431				100.00%	27.71

B.3 Board Of Directors Payroll

Period Beginning	Period Ending	Payment Date	Amounts	Service Lead Time	Payment Lead Time	Total Lead Time	Weighting Factor %	Weighted Lead Time
01/20/15	01/20/15	01/18/15	\$ 4,500	0.50	(2.00)	(1.50)	2.56%	(0.04)
01/21/15	01/21/15	01/19/15	\$ 1,700	0.50	(2.00)	(1.50)	0.97%	(0.01)
01/28/15	01/28/15	01/26/15	\$ 4,100	0.50	(2.00)	(1.50)	2.33%	(0.04)
02/26/15	02/26/15	02/24/15	\$ 4,600	0.50	(2.00)	(1.50)	2.62%	(0.04)
03/23/15	03/23/15	03/21/15	\$ 11,400	0.50	(2.00)	(1.50)	6.49%	(0.10)
04/01/15	04/01/15	03/30/15	\$ 800	0.50	(2.00)	(1.50)	0.46%	(0.01)
04/22/15	04/22/15	04/20/15	\$ 500	0.50	(2.00)	(1.50)	0.28%	(0.00)
04/30/15	04/30/15	04/28/15	\$ 800	0.50	(2.00)	(1.50)	0.46%	(0.01)
05/10/15	05/10/15	05/08/15	\$ 1,700	0.50	(2.00)	(1.50)	0.97%	(0.01)
05/11/15	05/11/15	05/09/15	\$ 1,900	0.50	(2.00)	(1.50)	1.08%	(0.02)
05/19/15	05/19/15	05/17/15	\$ 500	0.50	(2.00)	(1.50)	0.28%	(0.00)
05/26/15	05/26/15	05/24/15	\$ 500	0.50	(2.00)	(1.50)	0.28%	(0.00)
05/31/15	05/31/15	05/29/15	\$ 1,600	0.50	(2.00)	(1.50)	0.91%	(0.01)
06/03/15	06/03/15	06/01/15	\$ 3,850	0.50	(2.00)	(1.50)	2.19%	(0.03)
06/11/15	06/11/15	06/09/15	\$ 1,000	0.50	(2.00)	(1.50)	0.57%	(0.01)
06/15/15	06/15/15	06/13/15	\$ 4,850	0.50	(2.00)	(1.50)	2.76%	(0.04)
06/16/15	06/16/15	06/14/15	\$ 500	0.50	(2.00)	(1.50)	0.28%	(0.00)
06/18/15	06/18/15	06/16/15	\$ 1,500	0.50	(2.00)	(1.50)	0.85%	(0.01)
06/25/15	06/25/15	06/23/15	\$ 9,200	0.50	(2.00)	(1.50)	5.24%	(0.08)
06/29/15	06/29/15	06/27/15	\$ 4,588	0.50	(2.00)	(1.50)	2.61%	(0.04)
06/30/15	06/30/15	06/28/15	\$ 2,500	0.50	(2.00)	(1.50)	1.42%	(0.02)
07/01/15	07/01/15	06/29/15	\$ 1,200	0.50	(2.00)	(1.50)	0.68%	(0.01)
07/04/15	07/04/15	07/02/15	\$ 2,375	0.50	(2.00)	(1.50)	1.35%	(0.02)
07/09/15	07/09/15	07/07/15	\$ 1,000	0.50	(2.00)	(1.50)	0.57%	(0.01)
07/13/15	07/13/15	07/11/15	\$ 875	0.50	(2.00)	(1.50)	0.50%	(0.01)
07/22/15	07/22/15	07/20/15	\$ 1,600	0.50	(2.00)	(1.50)	0.91%	(0.01)
07/31/15	07/31/15	07/29/15	\$ 400	0.50	(2.00)	(1.50)	0.23%	(0.00)
09/03/15	09/03/15	09/01/15	\$ 1,500	0.50	(2.00)	(1.50)	0.85%	(0.01)
09/15/15	09/15/15	09/13/15	\$ 14,400	0.50	(2.00)	(1.50)	8.20%	(0.12)
09/24/15	09/24/15	09/22/15	\$ 6,950	0.50	(2.00)	(1.50)	3.96%	(0.06)
09/30/15	09/30/15	09/28/15	\$ 4,600	0.50	(2.00)	(1.50)	2.62%	(0.04)
10/06/15	10/06/15	10/04/15	\$ 1,400	0.50	(2.00)	(1.50)	0.80%	(0.01)
10/13/15	10/13/15	10/11/15	\$ 1,250	0.50	(2.00)	(1.50)	0.71%	(0.01)
10/15/15	10/15/15	10/13/15	\$ 2,250	0.50	(2.00)	(1.50)	1.28%	(0.02)
10/16/15	10/16/15	10/14/15	\$ 6,800	0.50	(2.00)	(1.50)	3.87%	(0.06)
10/22/15	10/22/15	10/20/15	\$ 1,100	0.50	(2.00)	(1.50)	0.63%	(0.01)
10/31/15	10/31/15	10/29/15	\$ 7,500	0.50	(2.00)	(1.50)	4.27%	(0.06)
11/06/15	11/06/15	11/04/15	\$ 13,900	0.50	(2.00)	(1.50)	7.91%	(0.12)
11/10/15	11/10/15	11/08/15	\$ 5,500	0.50	(2.00)	(1.50)	3.13%	(0.05)
12/07/15	12/07/15	12/05/15	\$ 12,300	0.50	(2.00)	(1.50)	7.00%	(0.11)
12/08/15	12/08/15	12/06/15	\$ 4,950	0.50	(2.00)	(1.50)	2.82%	(0.04)
12/09/15	12/09/15	12/07/15	\$ 1,500	0.50	(2.00)	(1.50)	0.85%	(0.01)
12/18/15	12/18/15	12/16/15	\$ 7,700	0.50	(2.00)	(1.50)	4.38%	(0.07)
01/01/15	12/31/15	12/05/15	\$ 12,000	182.50	(26.00)	156.50	6.83%	10.69
Total			\$ 175,638				100.00%	9.29

B.4 Group Health, Dental Life Insurance

Delivery Period	Payment Date	Amounts	Service Lead Time	Payment Lead Time	Total Lead Time	Weighting Factor %	Weighted Lead Time
Jan-15	01/16/15	\$ 2,865	15.50	(15.00)	0.50	7.94%	0.04
Feb-15	02/17/15	\$ 2,865	14.00	(11.00)	3.00	7.94%	0.24
Mar-15	03/17/15	\$ 2,865	15.50	(14.00)	1.50	7.94%	0.12
Apr-15	04/15/15	\$ 2,865	15.00	(15.00)	-	7.94%	-
May-15	05/15/15	\$ 3,255	15.50	(16.00)	(0.50)	9.02%	(0.05)
Jun-15	06/15/15	\$ 3,255	15.00	(15.00)	-	9.02%	-
Jul-15	07/15/15	\$ 3,255	15.50	(16.00)	(0.50)	9.02%	(0.05)
Aug-15	08/01/15	\$ 3,114	15.50	(30.00)	(14.50)	8.63%	(1.25)
Sep-15	09/01/15	\$ 3,114	15.00	(29.00)	(14.00)	8.63%	(1.21)
Oct-15	10/01/15	\$ 3,114	15.50	(30.00)	(14.50)	8.63%	(1.25)
Nov-15	11/01/15	\$ 3,114	15.00	(29.00)	(14.00)	8.63%	(1.21)
Dec-15	12/01/15	\$ 2,400	15.50	(30.00)	(14.50)	6.65%	(0.96)
Total		\$ 36,079				100.00%	(5.58)

APPENDIX C. EXPERT INFORMATION

Ralph Zarumba, Director in the Energy Practice at Navigant Consulting, specializes in Regulatory Matters. Mr. Zarumba oversees that part of Navigant's Energy Practices specializing in retail regulatory matters. Mr. Zarumba has appeared as an expert in several dozen regulatory proceedings in Canada and the United States.

Business address: 30 South Wacker Drive, Suite 3100, Chicago, IL 60606

Navigant has previously undertaken or supported numerous lead-lag studies across North America and for several of Ontario's electricity local transmission companies (LDCs) including Hydro One, Toronto Hydro, Horizon Utilities, London Hydro and others. Navigant lead-lag reports have been submitted by many of these other clients as evidence to support their rate submissions, and our approach and findings have been accepted, in large part, by the OEB and interveners. Some examples of recent lead-lag studies conducted by Navigant where Mr. Zarumba was the projected manager which have been filed with the OEB by Ontario utilities are outlined below.

Table 13: Recent Navigant Lead-Lag Studies (Ontario)

Utility	Reference
Toronto Hydro-Electric System Limited	EB-2014-0116 Exhibit 2A, Tab 3, Schedule 2
Hydro One Networks Inc. (distribution)	EB-2013-0141 Exhibit D1, Tab 1, Schedule 3
Hydro One Networks Inc. (transmission)	EB-2012-0031 Exhibit D1, Tab 1, Schedule 3, Attachment 1
Horizon Utilities	EB-2014-0002 Exhibit 2, Tab 4, Schedule 1
North Bay Hydro	EB-2014-0099, Correspondence
Entegrus Powerlines Inc.	EB-2015-0061, Exhibit 2, Attachment 2-B
Kingston Hydro	EB-2015-0083
Hydro Ottawa	EB-2015-0004

Ralph Zarumba

Director

Ralph.zarumba@navigant.com

30 S. Wacker Drive, Chicago, IL 60606

Professional Summary

Ralph Zarumba is a Director in the Energy Practice with 30 years of experience specializing in regulatory issues and economic analysis associated with energy utilities in North America, Europe and Asia. Mr. Zarumba has appeared as an expert witness in a number of regulatory and legal proceedings addressing electric generation, transmission and distribution issues, unregulated operations of utility holding companies, asset valuation and regulatory treatment of Smart Grid investments.

He has also assisted clients in other matters including Depreciation Studies, Transfer Pricing Mechanisms and evaluation of the results of competitive bidding for electric generation services. These testimonies have been presented before the Nova Scotia Utility and Review Board, the Federal Energy Regulatory Commission ("FERC"), the Massachusetts Department of Public Utilities, the Rhode Island Public Utilities Commission, the Illinois Commerce Commission, the Wisconsin Public Service Commission, the Ontario Energy Board, the New York Public Service Commission, the New Mexico Public Regulation Commission, the Kansas Corporation Commission as well as a number of other venues.

Mr. Zarumba has provided a number of papers and presentations on various regulatory and market analysis issues.

Recent Whitepapers

- » White Paper Prepared for the Ontario Energy Board on Approaches to Rate Mitigation for Transmitters and Distributors

http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2010-0378/EB-2010-0378_Navigant_Report.pdf
- » White Paper Prepared for the Ontario Energy Board Cost addressing Distributor Efficiency

http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2012-0397/Navigant_Report_Elect-Dist-Efficiency_20130225.pdf
- » White Paper Prepared for the Ontario Energy Board Cost addressing Cost Assessment Models for Regulators

http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/319593/view/Cost%20Assessment%20Model%20Report_Jan%2013%202011_20120116pdf.PDF
- » Economic Issues Related to Tariff Development (with Thomas Welch)
<http://www.erranet.org/index.php?name=OE-eLibrary&file=download&id=6052&keret=N&showheader=N>

Recent Publications

- » Public Utilities Fortnightly “Pricing Social Benefits - Calculating and allocating costs for non-traditional utility services” Ralph Zarumba, Benjamin Grunfeld and Koby Bailey, August 2013
- » American Gas “Modernization: The Quest for 21st Century Utilities” Ralph Zarumba and Peter Haapaniemi, November 2012
- » Public Utilities Fortnightly “Pre-Funding to Mitigate Rate Shock” Sherman Elliot and Ralph Zarumba, September 2012

Professional Experience

Cost of Service

- » Provided testimony in the proceedings reviewing the 2014 Nova Scotia Power Cost-of-Service study (NSPI-P-892-/M05473).
- » Prepared and sponsored before the FERC a cost-of-service filing supporting a Reliability Must-Run filing on the Cayuga Operating Company.
- » Managed a project team which completed a Remaining Life Study for the Western Minnesota Municipal Power Agency.
- » For a confidential client reviewed the cost-of-service application for a natural gas distributor in Central Canada.

Regulatory and Pricing

- » Assisted the Ontario Energy in formulating a regulatory process and pricing design for Revenue Decoupling.
- » Prepared a white paper on rate mitigation mechanisms for the Ontario Energy Board.
- » Prepared a white paper for the Ontario Energy Board on apportion of regulatory commission costs to various stakeholders.
- » Prepared a number of working capital studies for various distributors and transmitters in the Province of Ontario.
- » Prepare a functional cost separation study for a regulated electric utility in Ontario.
- » For a confidential client prepared a benchmarking analysis of the costs of regulatory proceedings associated with the introduction of new electric generation.

- » Prepared an analysis of the pricing of voluntary renewable energy products for a Midwestern public power association.
- » Led a team that prepared a cost of service, rate design, legal evaluation and financial analysis for the Puerto Rico Electric Power Authority.
- » Performed a Pricing Strategy for the South Carolina Public Service Company (Santee Cooper).
- » Prepared a financial plan, electric rate design and phase-in plan for a new electric generation plan for Fayetteville (North Carolina) Public Works Commission.
- » Assisted Commonwealth Edison Company in their Electric Rate Request (Illinois Commerce Commission Docket No. 10-467).
- » Prepared proposals for Retail Conjunctive Billing Pricing filed in Illinois and Wisconsin which were filed before the Illinois Commerce Commission and the Wisconsin Public Service Commission.
- » Developed the Wisconsin Electric Power Company's first Curtailable Electric Tariff available to commercial customers.
- » Negotiated complex service contracts with thermal energy customers which led to a major expansion of the Wisconsin Electric Steam System.
- » Assisted Indianapolis Power & Light in preparing a cost recovery plan for Energy Efficiency and Demand Side Management Expenditures.
- » Trained regulatory staffs in the Republic of Macedonia, Bosnia and Herzegovina, Croatia and Albania.
- » Prepared proposals for ancillary services pricing based upon market-based mechanisms for San Diego Gas and Electric Company.
- » Completed the development of wholesale and retail rate designs for a southeastern G&T, an analysis of stranded cost exposure for a northeastern utility, and prepared a strategic plan for a large municipal utility.
- » Developed a proposal for electric generation transfer pricing that would be used as a transition mechanism between the existing vertically integrated utility and a deregulated environment.
- » Filed testimony in Wisconsin proposing that state's first Demand Response Program.

Demand Response

- » Assisted the Building Owners and Managers of Chicago (BOMA/Chicago) develop a program where they can bid demand response based ancillary services into the PJM market.
- » Prepared a presentation for the Public Utilities Commission of Ohio on Commercial and Industrial Dynamic Pricing and Demand Response in an unregulated regulatory environment.

Electric Transmission

- » Assisted the Long Island Power Authority to purchase distribution, transmission and regulatory assets and prepared its non-jurisdictional open-access transmission tariff.
- » Prepared the pricing portion of a FERC open access tariff (Docket No. ER96-96-43.000) for San Diego Gas and Electric Company; testified on revenue requirements and pricing including opportunity costs.

Generation Market Analysis

- » For a major public power generation owner prepared a strategy of internal coal versus natural gas generation dispatch protocols including the treatment of liquidated damages.
- » Co-authored a report for Nalcor on the feasibility and economics of the proposed development of the Lower Churchill Hydroelectric project.
- » Prepared a number of electric market price forecasts for many regions of the United States and Central America.
- » Supported the electric pricing and infrastructure analysis for a Least-Cost Resource Plan for San Diego County.
- » Prepared an analysis of the saturation of coal-fired electric generation technology in the Western Electric Coordinating Council.
- » Developed a long-run electric expansion plan for the Railbelt System in Alaska.
- » Managed a team that prepared a long-term capacity and energy forecast for a medium-sized municipal utility.
- » For Manitowoc Public Utilities prepared a resource plan evaluating various generation expansion options.

Merger, Acquisition and Divestiture

- » On behalf of the Minnesota Public Service Commission. Mr. Zarumba co-authored an analysis of the merger savings associated with the proposed Primergy Merger (the proposed combination of Northern States Power and Wisconsin Energy). The analysis included a detailed review of cost savings that would emanate from the merger and regulatory commitments made by the companies to regulatory authorities in Minnesota.
- » The Ontario Energy Board desired to identify factors that potentially impede the combination of regulated distributors in that province. Mr. Zarumba co-authored a study which identified those factors and discussed policies in other jurisdictions.
- » For the Manitowoc Public Utilities prepared an analysis that evaluated the divestiture of its transmission assets to the American Transmission Company.

International

- » Currently assisting the Israel Public Utility Authority is electric tariff reviews for the Israel Electric Company and the Jerusalem District Electric Company.
- » Mr. Zarumba assisted the electric regulator in the Republic of Macedonia with various regulatory issues including pricing design, revenue requirements and privatization issues. Included in the assistance was the development of market designs for the electricity sector.
- » Completed a tariff implementation plan proposal for the privatization of the distribution companies of the Bulgarian Electric Utility.
- » Led a team to implement regulatory procedures and methodology for the electric power industry in Bosnia and Herzegovina.
- » Conducted a study of the electric power market in El Salvador including a quantification of the level of generation market power using the Lerner Index.

Work History

Director, Navigant Consulting
Director, Science Applications International Corporation
President, Zarumba Consulting
Management Consultant, Sargent & Lundy Consulting Group
President, Analytical Support Network, Inc.
Manager, Pricing Practice, Synergic Resources Corporation
Senior Analyst – San Diego Gas & Electric Company
Senior Analyst – Wisconsin Electric Power Company
Analyst 4 – Eastern Utilities Associates
Analyst – Illinois Power Company

Education

MA, Economics	DePaul University, Chicago, IL
BS, Economics	Illinois State University, Normal, IL

CUSTOMER CONNECTION AND COST RECOVERY

There are no Customer Connection and Cost Recovery Agreements between FNEI and any other party that will be due to be reviewed during the proposed term of this Application, nor do any of FNEI's proposed capital expenditures during such term relate to projects involving contribution from a customer.

CAPITALIZATION POLICY

The purpose of capitalizing expenditures is to provide an equitable allocation of costs among existing and future customers. As property, plant and equipment are expected to provide future economic benefits for more than one year, any expenditure incurred for the acquisition, construction, development or betterment of the property, plant and equipment should be capitalized. These capitalized costs are allocated over the estimated useful life of the assets by amortization.

FNEI adopts full cost accounting in accordance with guidance in the Canadian Professional Accountants (CPA) Handbook.

Asset Cost:

Costs for property, plant and equipment installed or erected by the Company include:

- Direct material
- Direct labour
- Sub-contracting cost, if any

Definition of cost (extract from CPA Handbook section IAS 16 paragraph 6):

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized...

Subsequent costs (extract from CPA Handbook section IAS 16 paragraphs 12 and 13):

Under the recognition principle in paragraph 7, an entity does not recognise in the carrying amount of an item of property, plant and

1 equipment the costs of the day-to-day servicing of the item. Rather, these
2 costs are recognised in profit or loss as incurred. Costs of day-to-day
3 servicing are primarily the costs of labour and consumables, and may
4 include the cost of small parts. The purpose of these expenditures is often
5 described as for the 'repairs and maintenance' of the item of property,
6 plant and equipment.

7 Parts of some items of property, plant and equipment may require
8 replacement at regular intervals. For example, a furnace may require
9 relining after a specified number of hours of use, or aircraft interiors such
10 as seats and galleys may require replacement several times during the life
11 of the airframe. Items of property, plant and equipment may also be
12 acquired to make a less frequently recurring replacement, such as
13 replacing the interior walls of a building, or to make a nonrecurring
14 replacement. Under the recognition principle in paragraph 7, an entity
15 recognises in the carrying amount of an item of property, plant and
16 equipment the cost of replacing part of such an item when that cost is
17 incurred if the recognition criteria are met.

18 Asset Recognition:

19 Property, plant and equipment are tangible items that:

- 20 (a) are held for use in the production or supply of goods or services, for rental to
21 others, or for administrative purposes; and
22 (b) are expected to be used during more than one period.

23 The cost of an item of property, plant and equipment shall be recognized as an asset if, and
24 only if:

- 25 (a) it is probable that future economic benefits associated with the item will flow to
26 the entity; and
27 (b) the cost of the item can be measured reliably.

28 Property, plant and equipment that meet the definition provided in the CPA Handbook are

capitalized. Expenditures that do not meet the definition are expensed in the current year.

Capitalization Threshold: Theoretically, any expenditure that meets the asset cost and asset recognition criteria would be recorded as property, plant and equipment. However, for practical reasons, qualifying costs would only be capitalized if it has a useful life of more than one year; and the item cost is greater than \$1,000 for readily identifiable assets unless these individual items costing less than \$1,000 are part of a larger identifiable asset. This threshold may be changed at the discretion of the Board of Directors. Land will always be capitalized, regardless of cost.

FNEI accounts for property, plant and equipment in accordance with IFRS. Costs included in the carrying amount of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of assets includes materials, services, direct labour and directly attributable overheads. Long-term projects are those projects that are under construction for a period of time greater than one year. Assets under construction are recorded as in progress until they are available for use, with the exception of enhancements to existing capital assets. These enhancements are recorded as property, plant and equipment as constructed and depreciation commences in the month that the capital expense is incurred.

Property, plant and equipment in inventory are capitalized as acquired since they form an integral part of the reliability program for a transmission system. They are not intended for resale and cannot be classified as inventory in accordance with CPA Handbook Section IAS 2.

1 Depreciation is recognized on a straight-line basis for property, plant and equipment
2 available for use over the estimated useful lives of each component of an item of property,
3 plant and equipment, at the following annual rates:

- 4 • Station equipment (10 to 50 years)
- 5 • Poles and fixtures (15 to 40 years)
- 6 • Overhead conductors and devices (25 to 60 years)
- 7 • Buildings (20 to 40 years)
- 8 • Automotive and other equipment (2 to 7 years)
- 9 • Contributions in aid of construction (20 to 60 years)

PERFORMANCE SCORECARD

1.0 Operating Revenue

FNEI is committed to achieving the outcomes outlined in the OEB's *Renewed Regulatory Framework for Electricity* ("RRFE") – namely, customer focus, operational effectiveness, public policy responsiveness and financial performance. The OEB's *Filing Requirements for Electricity Transmission Applications* contemplates the establishment of a transmitter scorecard as a key element of performance measurement. To date, no transmitter scorecard has been developed – although FNEI is aware of (and has reviewed) the Proposed Scorecard recently submitted by Hydro One Networks Inc. ("HONI") as part of its current transmission rate application (EB-2016-0160).

Due to the difference in size between HONI and FNEI, FNEI is not proposing to adopt HONI's Proposed Scorecard but would be amenable to a scorecard that is narrower in scope. Rather than propose an alternative scorecard in this rate application, FNEI will await the Board's determination on the HONI Proposed Scorecard. That having been said, FNEI offers the following thoughts on the HONI Proposed Scorecard, and what might or might not be applicable in the case of a small transmitter such as FNEI:

- Customer Focus: Because FNEI has only four customers (three of which are the owners of FNEI), FNEI would suggest that "Service Quality" be measured solely by Customer Delivery Point Performance Standards ("CDPPS") metrics. HONI's proposed customer satisfaction survey, and OGCC survey measuring satisfaction with outage planning performance are not applicable to FNEI's circumstances.
- Operational Effectiveness: FNEI would be amenable to an incident rate metric as a Safety performance measurement. In terms of a System Reliability performance metric, FNEI agrees that the CDPPS proposed by HONI make sense. As for Asset Management and Cost Control, FNEI would not be supportive of a metric that measures, for example, OM&A per Gross Fixed Asset Value; given that the

1 value of FNEI's system is significantly greater than its rate base, as noted in
2 Exhibit 1, Tab 1, Schedule 2 at page 4.

- 3 • Public Policy Responsiveness: In the case of FNEI, the only metric that may have
4 relevance is the Regional Infrastructure metric (% Deliverables met).
- 5 • Financial Performance: The Financial Ratio metrics proposed in the HONI
6 Proposed Scorecard appear to be relevant to any transmitter, including FNEI.

7 For convenience, the HONI Proposed Scorecard from EB-2016-0160 is attached as
8 Appendix I to this Schedule.

1

APPENDIX I

2

HONI PROPOSED SCORECARD (EB-2016-0160)

3

Proposed Transmission Regulatory Scorecard - Hydro One Networks Inc.

Performance Outcomes	Performance Categories	Measures	Historical Years					
			2011	2012	2013	2014	2015	Trend
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	Satisfaction with Outage Planning Procedures (% Satisfied)	Note 1	78	Note 1	86	92	▲
		Customer Delivery Point (DP) Performance Standard Outliers as % of Total DPs	13.8	10.8	12.8	11.8	Note 2	▲
	Customer Satisfaction	Overall Customer Satisfaction in Corporate Survey (% Satisfied)	85	76	81	77	85	-
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Recordable Incident Rate	3.7	2.3	2.5	1.8	1.7	▲
		(# of recordable injuries/illnesses per 200,000 hours worked)						
	System Reliability	T-SAIFI-S (Ave. # Sustained Interruptions per Delivery Point)	0.60	0.61	0.57	0.60	0.59	-
		T-SAIFI-M (Ave. # Momentary Interruptions per Delivery Point)	0.60	0.65	0.69	0.48	0.50	▲
		T-SAIDI (Ave. Minutes of Interruptions per Delivery Point)	127.9	71.5	66.0	36.6	44.3	▲
		System Unavailability (%)	0.50	0.48	0.37	0.48	0.66	▼
		Unsupplied Energy (minutes)	21.6	14.0	20.9	12.2	11.8	▲
	Asset Management	In-Service Capital Additions (% of OEB approved plan)	95	75	90	106	85	▲
		CapEx as % of Budget	78	81	73	90	106	▲
	Cost Control	Total OM&A and Capital per Gross Fixed Asset Value (%)	9.8	8.6	7.6	8.4	9.0	▲
		Sustainment Capital per Gross Fixed Asset Value (%)	2.6	2.8	3.3	4.2	4.6	Note 3
		OM&A per Gross Fixed Asset Value (%)	3.4	3.0	2.7	2.7	2.9	▲
Public Policy Responsiveness Transmitters deliver on obligations mandated by government. (e.g. in legislation and in regulatory requirements imposed further to Ministerial directives to the Board)	Connection of Renewable Generation	% on time completion of renewables connection impact assessments	100	100	100	100	100	-
	Market Regulatory Compliance	NERC/NPCC Reliability Standards Compliance						
		- Number of High Impact Violations (Note 4)	N/A	N/A	N/A	20	2	
		- Number of Medium/Low Impact Violations (Note 4)	N/A	N/A	N/A	5	10	
	Regional Infrastructure	Regional Infrastructure Planning progress - % Deliverables met	N/A	N/A	N/A	100	100	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.24	0.29	0.80	0.69	0.13	
		Leverage: Total Debt (includes short-term & long-term debt) to Equity Ratio	1.27	1.22	1.10	1.16	1.39	
		Profitability: Regulatory						
		Deemed (included in rates) (%)	9.66	9.42	8.93	9.36	9.30	
		Return on Equity	10.95	12.41	13.22	13.12	10.93	

Note 1: Customer Satisfaction survey not done in 2011 and 2013.

Note 2: Results will be available in July 2016.

Note 3: In 2014 strategic decision made to increase sustainment capital.

Note 4: Results from 2011 to 2013 are excluded due to a lack of consistent data compared to 2014 and 2015.

Legend:

▲ up

▼ down

- flat

RELIABILITY PERFORMANCE

1.0 Delivery Point Performance Standards

FNEI uses its Customer Delivery Point Performance Standards (“CDPPS”, revised August 2008) to monitor service quality and reliability. CDPPS is comprised of two key metrics: (a) a System Average Interruption Frequency Index (“SAIFI”); and (b) a System Average Interruption Duration Index (“SAIDI”). Table 1 from FNEI’s CDPPS is reproduced below in Table 4-1-2-A. All four of FNEI’s transmission customers fall within the 0 to 15MW total average station load, although DeBeers’ peak load is often above 15 MW.

Table 4-1-2-A FNEI’s Delivery Point Performance Standards

Performance Measures	DP Performance Standards (Based on a Delivery Point’s Total Average Station Load)							
	0 to 15MW		>15 to 40MW		>40 to 80MW		>80MW	
	Standard (Average Performance)	Minimum Standard of Performance	Standard (Average Performance)	Minimum Standard of Performance	Standard (Average Performance)	Minimum Standard of Performance	Standard (Average Performance)	Minimum Standard of Performance
DP Frequency of Interruptions (Outages/yr)	4.1	9.0	1.1	3.5	0.5	1.5	0.3	1.0
DP Interruption Duration (min/yr)	89	360	22	140	11	55	5	25

Thus, the minimum delivery point performance standard for FNEI’s customers is 9.0 interruptions per year and 360 total minutes per year. The average delivery point performance standard for FNEI’s customers is 4.1 interruptions per year and 89 total minutes per year.

1 Because FNEI has only four customers, it is possible to provide not only the system average data
2 – but also outage data at each specific customer’s delivery point. The tables on the pages that
3 follow denote FNEI’s customers as: VM = DeBeers (Victor Mine); APC = Attawapiskat Power
4 Corporation; KPC = Kashechewan Power Corporation; and FAPC = Fort Albany Power
5 Corporation.

6 **2.0 FNEI’s Reliability Data**

7 FNEI’s system is comprised of the last 270 km of a radial system that extends far south of
8 FNEI’s system. Prior to DeBeers’ Victor Mine coming into service in 2006, the FNEI system
9 was a single line from Moosonee north to Attawapiskat, and the HONI line south of Moosonee
10 was also a single line. As a result, FNEI’s transmission customers have always been impacted
11 not only by the reliability of FNEI’s system assets, but also the Hydro One Networks Inc.
12 (“HONI”) system south of Moosonee.

13 A portion of the FNEI line was twinned to accommodate the DeBeers Victor Mine (the southerly
14 179 km from Moosonee to Kashechewan), and brought into service in 2009. The HONI line
15 south of Moosonee was also twinned to accommodate the DeBeers Victor Mine, but the twinned
16 line south of Moosonee was not energized until September 25, 2015. As a result, the supply to
17 FNEI’s system was fed by a single HONI line south of Moosonee for the entire time period
18 covered by the SAIFI and SAIDI data below. Because the single HONI line south of Moosonee
19 was an old line, the twinning of the HONI line has improved reliability since energization in
20 September 2015.

Presented below are two sets of SAIFI and SAIDI data:

- data showing the total number and duration of outages on FNEI's system (i.e., caused by outages on the FNEI system and the HONI system south of Moosonee); and,
- data showing the total number and duration of outages attributable solely to FNEI's system.

The SAIFI and SAIDI data is organized as follows:

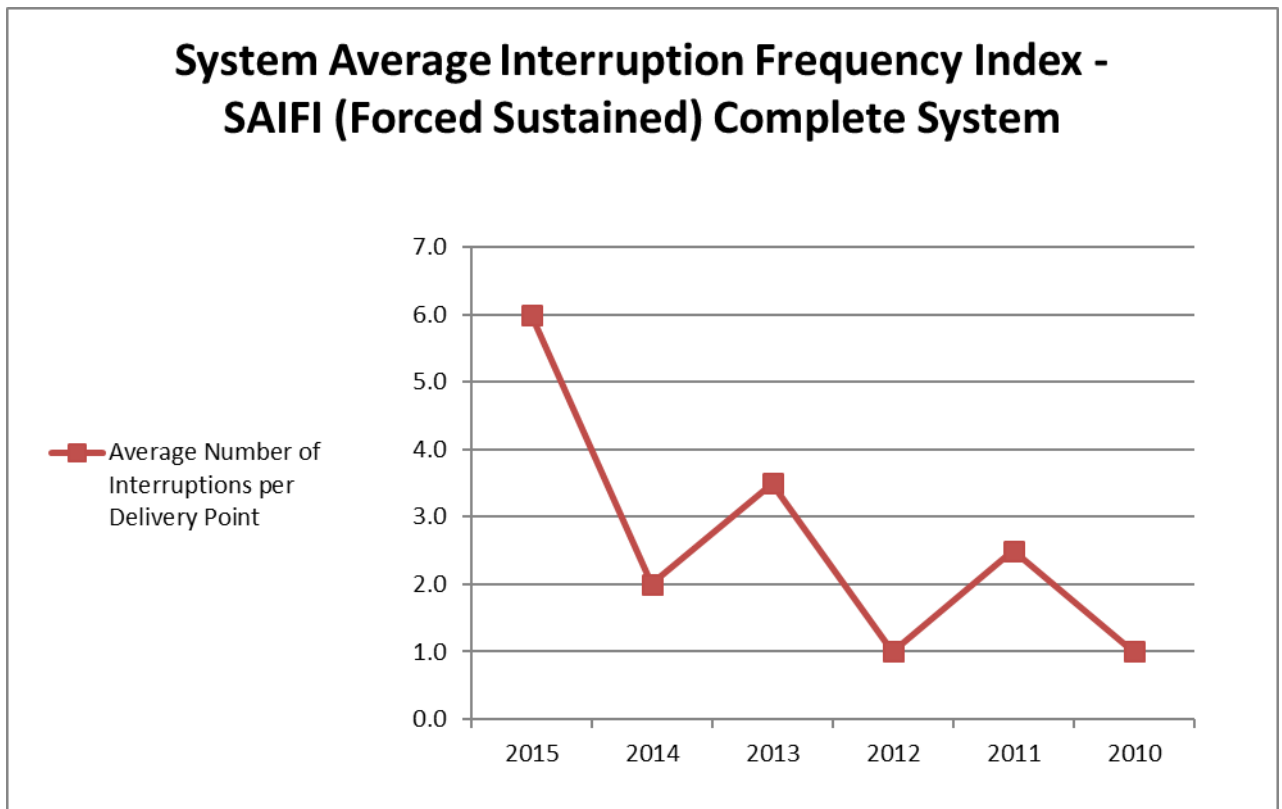
- Table 4-1-2-B and Figure 4-1-2-A
 - o Number of Outages (SAIFI) 2010 to 2015 – FNEI and HONI System Combined
- Table 4-1-2-C and Figure 4-1-2-B
 - o Duration of Outages (SAIDI) 2010 to 2015 – FNEI and HONI System Combined
- Table 4-1-2-D and Figure 4-1-2-C
 - o Number of Outages (SAIFI) 2010 to 2015 – FNEI System Only
- Table 4-1-2-E and Figure 4-1-2-D
 - o Duration of Outages (SAIDI) 2010 to 2015 – FNEI System Only

1

Table 4-1-2-B SAIIFI Data (2010 to 2015) for FNEI and HONI Systems Combined

Customer Delivery Point	Number of Outages					
	2015	2014	2013	2012	2011	2010
VM	7	2	4	1	3	1
APC	6	2	4	1	3	1
KPC	4	2	3	1	2	1
FAPC	7	2	3	1	2	1
A-Total Outages	24	8	14	4	10	4
B-Customers Served	4	4	4	4	4	4
SAIFI (A/B)	6.0	2.0	3.5	1.0	2.5	1.0

Figure 4-1-2-A SAIIFI Data (2010 to 2015) for FNEI and HONI Systems Combined



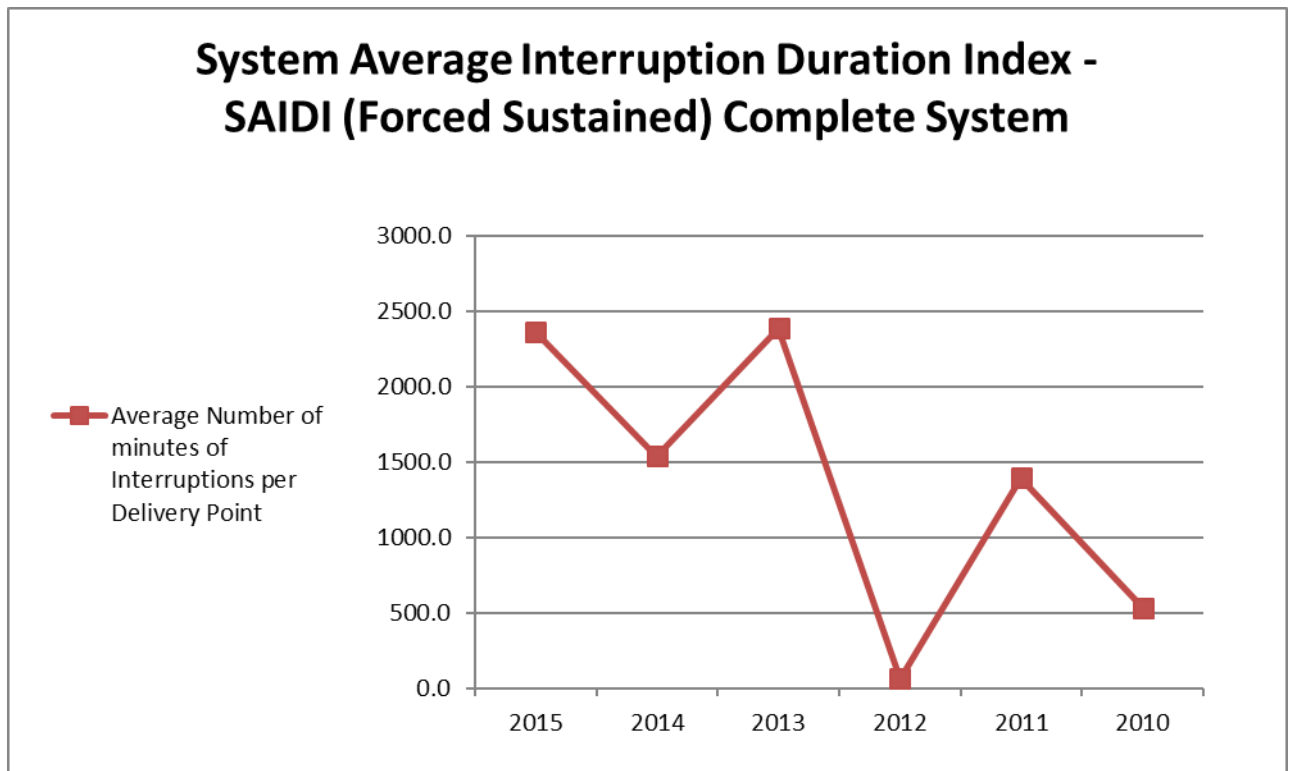
2

1

Table 4-1-2-C SAIDI Data (2010 to 2015) for FNEI and HONI Systems Combined

Customer Delivery Point	Interruption Duration (minutes)					
	2015	2014	2013	2012	2011	2010
VM	2840.1	1537.9	3061.3	60	1403	534.3
APC	2801.3	1536.9	2926.3	60	1403	534.3
KPC	1799.3	1536	1795.4	60	1387	534.3
FAPC	2003.7	1538.5	1765.4	60	1387	534.3
A-Total Interruption Duration (minutes)	9444.4	6149.3	9548.4	240	5580	2137.2
B-Customers Served	4	4	4	4	4	4
SAIDI (A/B)	2361.1	1537.3	2387.1	60.0	1395.0	534.3

Figure 4-1-2-B SAIDI Data (2010 to 2015) for FNEI and HONI Systems Combined



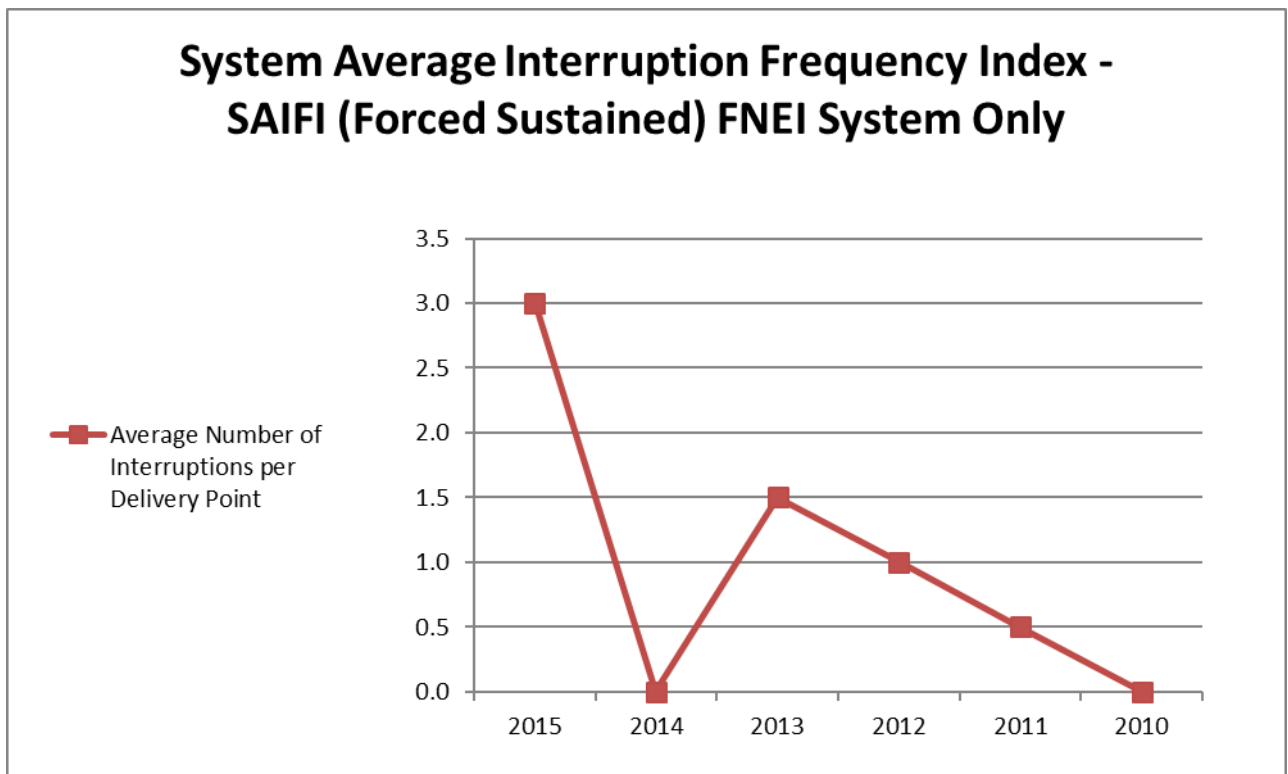
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Table 4-1-2-D SAIFI Data (2010 to 2015) for FNEI System Only

Customer Delivery Point	Number of Outages					
	2015	2014	2013	2012	2011	2010
VM	4	0	2	1	1	0
APC	3	0	2	1	1	0
KPC	1	0	1	1	0	0
FAPC	4	0	1	1	0	0
A-Total Outages	12	0	6	4	2	0
B-Customers Served	4	4	4	4	4	4
SAIFI (A/B)	3.0	0.0	1.5	1.0	0.5	0.0

Figure 4-1-2-C SAIFI Data (2010 to 2015) for FNEI System Only



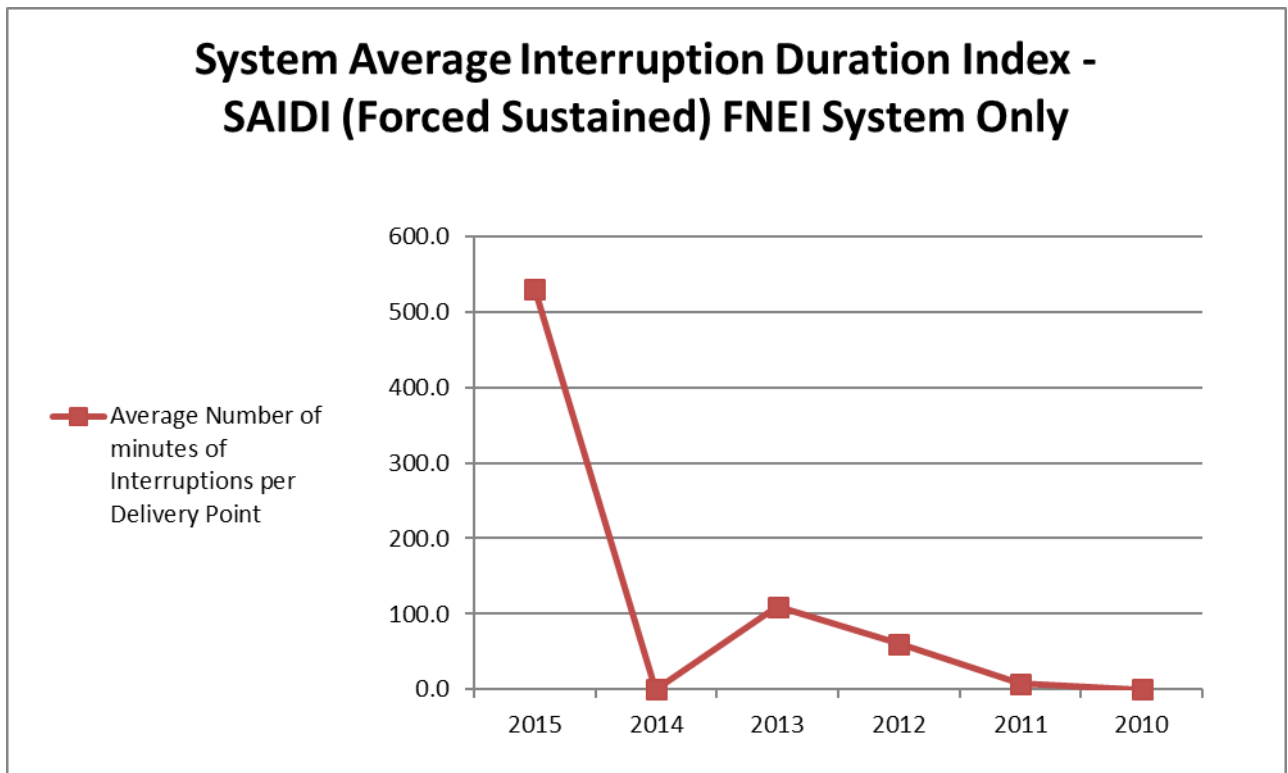
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Table 4-1-2-E SAIDI Data (2010 to 2015) for FNEI System Only

Customer Delivery Point	Interruption Duration (minutes)					
	2015	2014	2013	2012	2011	2010
VM	1032.3	0	144.1	60	16	0
APC	1007.1	0	130.1	60	16	0
KPC	6	0	81.4	60	0	0
FAPC	75.3	0	81.4	60	0	0
A-Total Interruption Duration (minutes)	2120.7	0	437	240	32	0
B-Customers Served	4	4	4	4	4	4
SAIDI (A/B)	530.2	0.0	109.3	60.0	8.0	0.0

Figure 4-1-2-D SAIDI Data (2010 to 2015) for FNEI System Only



2

3.0 Analysis of Results

The SAIFI and SAIDI data demonstrate a few key points:

- FNEI's System Only: It has always met the minimum SAIFI and SAIDI delivery point performance standards, with the exception of the SAIDI standard in 2015 (530.2 minutes actual versus 360 minutes minimum standard). It has always performed better than the average SAIFI and SAIDI delivery point performance standards, with the exception of the SAIDI standard in 2013 (109.3 minutes actual versus 89 minute average) and 2015 (530.2 minutes actual versus 89 minute average).
- HONI System Impacts: It is clear that for the period prior up to and including most of 2015, the majority of outage issues (both frequency and duration) were attributable to HONI's older line running south of Moosonee. As noted above in this Schedule, HONI's twinned line south of Moosonee was energized on September 25, 2015. This is expected to result in improved SAIDI and SAIFI figures, and more reliable power supply along the James Bay coast.
- 2015 Outage: In 2015, there was a single, prolonged weather-related outage (freezing rain and high winds) affecting the northern part of FNEI's system (between Kashechewan and Attawapiskat. This is reflected in the SAIDI data for DeBeers' Victor Mine and Attawapiskat Power Corporation (1032.3 minutes of outage and 1007.1 minutes of outage in 2015), as compared to the two FNEI customers further south (Kashechewan Power Corporation at 6 minutes of outage and Fort Albany Power Corporation at 75.3

1 minutes of outage in 2015). Remedying outages along the James Bay coast can take far
2 longer than in southern or central Ontario, given the harsh climate and lack of overland
3 access to the transmission system. Given the importance of electricity along the James
4 Bay coast (i.e., the homes in the three northern communities are heated with electricity
5 and/or wood), FNEI has undertaken capital projects aimed at mitigating the impacts of
6 outages – both planned and unplanned (e.g., installation of the fibre optic line to enhance
7 real-time communications, putting the spare transformers on potential, and the current
8 bus isolation project).

1

COMPLIANCE

2

FNEI is not aware of any non-compliance that would have an effect on this Application and

3

therefore no related relief is being sought.

OPERATING AND OTHER REVENUE

1.0 Operating Revenue

FNEI's operating revenue consists of transmission services revenue earned from owning and operating its transmission system. This revenue is received monthly from the Independent Electricity System Operator ("IESO") 14 business days after the end of the month in which it was earned. A numerical summary of FNEI's transmission services revenue is set out in Exhibit 5, Tab 1, Schedule 2 (showing all historical years since FNEI's last rates proceeding through to the 2016 test year). Also shown at Exhibit 5, Tab 1, Schedule 2 is the year-over-year variances in transmission services revenue. These variances are driven entirely by variations in provincial peak loads from year to year.

For the purposes of the Exhibit 5, Tab 1, Schedule 2, FNEI has utilized the Board-approved revenue requirement in EB-2009-0387 (\$6,327,089) as the forecasted 2016 transmission revenue.

2.0 Other Revenues

FNEI also derives revenue from two other sources: (a) a small amount of miscellaneous, non-transmission revenue through a cost recovery agreement with DeBeers; and (b) interest income.

With respect to the DeBeers' cost recovery agreement, the Board accepted FNEI's evidence at its last rates proceeding indicating that the DeBeers' agreement would generate

1 \$50,000 annually in other revenue. For the 2016 test year, FNEI is forecasting the DeBeers'
2 agreement will generate \$60,000 of other revenue.

3 In the years 2010 through 2015, significant additional Miscellaneous Service Revenues
4 were recorded by FNEI. These were funds from the OPA/IESO that FNEI administered for
5 its three local distribution companies with respect to conservation initiatives in the
6 communities of Attawapiskat, Fort Albany and Kashechewan. Given the small size of
7 these communities, some central administration of these funds made sense. However, the
8 funds were entirely distributed to the communities (i.e., none remained within FNEI). This
9 funding arrangement for conservation initiatives was discontinued as of January 1, 2016.

10 With respect to the interest income, FNEI is forecasting \$90,000 in additional revenues,
11 based on cash and investments held, and current interest rates. This amount is consistent
12 with interest income in the past several years.

FIVE NATIONS ENERGY INC.

Numerical Summary of Revenue
(\$000's)

	<u>Board Approved</u> <u>EB-2009-0387</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
4110 - Transmission Services Revenue	6,327.1	6,411.6	6,458.1	6,598.5	6,698.7	6,635.4	6,271.8	6,327.1
4235 - Miscellaneous Service Revenues	50.0	126.2	296.4	214.7	175.1	175.6	245.5	60.0
4355 - Gain on Dispositions of Utility & Other Property	0.0	0.0	7.0	0.0	(2.7)	10.4	4.0	0.0
4405 - Interest and Dividend Income	<u>0.0</u>	<u>29.6</u>	<u>57.2</u>	<u>75.6</u>	<u>87.4</u>	<u>92.9</u>	<u>81.5</u>	<u>90.0</u>
Total Revenue	6,377.1	6,567.5	6,818.7	6,888.8	6,958.4	6,914.3	6,602.8	6,477.1

	<u>Variance</u> <u>2010 vs. B.A.</u>	<u>Variance</u> <u>2011 vs. 2010</u>	<u>Variance</u> <u>2012 vs. 2011</u>	<u>Variance</u> <u>2013 vs. 2012</u>	<u>Variance</u> <u>2014 vs. 2013</u>	<u>Variance</u> <u>2015 vs. 2014</u>	<u>Variance</u> <u>2016 vs. 2015</u>
4110 - Transmission Services Revenue	84.5	46.5	140.5	100.1	(63.3)	(363.6)	55.3
4235 - Miscellaneous Service Revenues	76.2	170.2	(81.7)	(39.6)	0.5	69.8	(185.5)
4355 - Gain on Dispositions of Utility & Other Property	0.0	7.0	(7.0)	(2.7)	13.1	(6.4)	(4.0)
4405 - Interest and Dividend Income	29.6	27.6	18.4	11.8	5.5	(11.4)	8.5
Total Revenue	190.4	251.2	70.2	69.6	(44.1)	(311.6)	(125.7)

CHARGE DETERMINANT FORECAST

1.0 Methodology

FNEI's proposed methodology for forecasting charge determinants involves two steps: (a) taking the historical average of the peak load data for FNEI's transmission customers (by asset pool) for the previous three calendar years (provided by the IESO via "Transmitter Reconciliation Final Data" files); and (b) communicating with FNEI's four customers about their expected usage in the test year (and near term) in order to determine whether any adjustments to the historical average is required.

2.0 Historical Information

[Filed on a confidential basis.]

3.0 Customer Input

[Filed on a confidential basis.]

4.0 Proposed Charge Determinants

FNEI's methodology yields the following proposed charge determinants for 2016 (as compared to FNEI's current Board-approved charge determinants):

1 *Table 5-1-2-B Charge Determinants – Approved vs. 2016 Proposed*

	Annual Charge Determinants (MW)		
	Network Pool	Line Connection Pool	Transformation Connection Pool
Current OEB-Approved	187.120	213.460	76.190
FNEI Proposed for 2016	231.743	256.124	73.986
Variance	44.623	42.664	(2.204)

2 **5.0 Summary**

3 FNEI believes that the forecasted charge determinants (which make up less than 1/10th of
4 1% of the total forecast of all transmitters in the Uniform Transmission Rate Calculation)
5 are reliable, and based on the best available information.

OPERATING COSTS OVERVIEW

1.0 Overview

FNEI's operating costs include operations, maintenance and administration ("OM&A") expenses; depreciation and amortization; and taxes. This Schedule provides an overview of FNEI's operations, maintenance and administration ("OM&A") expenditures. More detailed OM&A information is provided in Exhibit 6, Tab 2, Schedules 1 through 7. Information on FNEI's depreciation and amortization expense is provided in Exhibit 6, Tab 3, Schedule 1. Information on FNEI's tax expense is provided in Exhibit 6, Tab 4, Schedule 1.

2.0 OM&A Levels (all figures in \$'000s)

FNEI's proposed OM&A expenditures for the 2016 test year will allow for the continued safe, reliable, secure, cost-efficient and environmentally responsible operation of the transmission system. A summary of FNEI's OM&A expenses since its last rate proceeding is presented in Table 6-1-1-A below.

Table 6-1-1-A Summary of OM&A Expenses

(000's)	2010 OEB approved	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 proposed
Total OM&A	\$3,354.9	\$3,229.2	\$3,045.8	\$3,299.8	\$3,426.0	\$3,741.4	\$4,336.0
Variance vs. Previous Year	--	- \$125.7	- \$183.4	\$254.0	\$126.2	\$315.4	\$594.6
% Variance vs. Previous Year	--	- 4%	- 6%	8%	4%	9%	16%
% vs. 2010 OEB approved	--	- 4%	- 9%	- 2%	2%	12%	29%

FNEI is seeking an increase in OM&A in the test year of \$981.1 (vs. the OM&A expense currently in FNEI's revenue requirement, based on EB-2009-0387). This increase is driven by inflation, the addition of FTEs as well as adjustments to employee compensation, and the acquisition of 80 km of additional transmission line from Hydro One Networks Inc. ("HONI").

FNEI has proposed these expenditure levels through its OM&A budgeting process and its asset management planning. FNEI's budgeting process is further discussed in Section 3.0 below, and its asset management planning is further discussed in Exhibit 2, Tab 1, Schedules 1 and 2. Based on this process, FNEI is seeking an OM&A expenditure of \$4.336 million for 2016.

3.0 OM&A Budget Process

The goal of FNEI's budgeting process is to ensure that the budget is sufficient to operate a safe, reliable, secure, cost-efficient and environmentally responsible transmission system. The approach is very much a "bottom up" approach, based on assessing the needs of the organization and examining the most recent years' historical costs.

Operations and administration cost estimates are partially based on historical costs, and modified after gathering input from key employees and external service providers. Given FNEI's small size, FNEI is often assessing whether addressing an issue is more cost-effectively accomplished via outsourcing certain tasks, or taking on the task internally through existing or new internal resources. Preparation of the budget is ultimately the responsibility of the CEO, but it is very much developed in conjunction with the Financial Controller and the Finance Committee of the Board of Directors, before being approved by the Board of Directors.

Maintenance cost estimates are prepared based on information gathered through FNEI's asset management planning, which is described at Exhibit 2, Tab 1, Schedules 1 and 2. Capital asset information is gathered through ongoing inspections, testing and asset condition assessments carried out by FNEI's internal and external technical experts. This information is reviewed and informs the establishment of the maintenance budget, which incorporates: (a) industry reliability standards; (b) good utility practices; (c) employee safety considerations; (d) public safety considerations; (e) good environmental practices; (f) considerations of historical spending patterns; and (g) maximizing the operational life of FNEI's existing assets in service.

4.0 General Cost Drivers

The requested \$981.1 increase in OM&A in the test year (vs. the OM&A expense currently in FNEI's revenue requirement, based on EB-2009-0387) is driven by three main factors: (a) inflation; (b) the addition of three FTEs, and adjustments to employee compensation; and (c) the acquisition of an additional 80 km of transmission line to FNEI's system. A more detailed variance analysis of specific OM&A expenses is provided in Exhibit 6, Tab 2, Schedule 1.

4.1 Inflation

The bulk of FNEI's OM&A expenditures arise from third party contracts, materials and supplies, or internal labour costs, all of which are subject to either inflation or wage and benefit changes. It is appropriate, then, to consider the impact of inflation on FNEI's OM&A expenses over the 70 month period from March 1, 2010 (effective date from EB-2009-0387) and January 1, 2016 (FNEI's proposed effective date in this proceeding).

Over that period, the increase in All-items CPI in Ontario was 9.97%. When applied to the OEB-approved 2010 OM&A cost of \$3.355 million, the OM&A would have expected to increase by \$334.5 by January 1, 2016 (i.e., the inflation-only adjusted OM&A in 2016 would be \$3.689 million). This means that inflation accounts for just over one-third of the incremental OM&A sought by FNEI in this proceeding.

4.2 Additional FTEs and Adjustments to Employee Compensation

See Exhibit 6, Tab 2, Schedule 2 for details of hiring of additional FTEs and adjustments to employee compensation.

4.3 Acquisition of Additional 80 km

On October 15, 2015, FNEI purchased the southernmost 80 km of the Original Line (i.e., the first 80 km of the Original Line heading north out of the Moosonee station) from HONI. Thus, whereas prior to October 2015, FNEI was responsible for operating and maintaining 369 km of transmission line (190 km of the Original Line and 179 km of the Twinned Line), since October 2015, FNEI is responsible for operating and maintaining 449 km of transmission line (270 km of the Original Line and 179 km of the Twinned Line). This larger asset base will increase FNEI's operating and maintenance expenses by (in FNEI's estimation) at least \$50,000 per year. This is based on the lowest actual OM&A figure provided to FNEI by HONI, based on HONI's ownership and maintenance of that 80 km. FNEI expects this maintenance costs associated with this additional 80 km to be lumpy (e.g., periodic brush clearing).

5.0 Cost Efficiencies

1 The FNEI system was fully electrified less than 12 years ago. At the time of electrification,
2 FNEI operated a fairly simple transmission system, with little internal expertise (i.e., most
3 operations, maintenance and administration were contracted out). Since then, FNEI has sought
4 to move some of this expertise in-house, while continuing to manage the following major capital
5 initiatives: (a) twinning of the Original Line south of Kashechewan to more than double the
6 capacity of FNEI's system in order to accommodate DeBeers' Victor Line; (b) improving the
7 robustness of FNEI's system (e.g., adding redundancies, putting spare transformers on potential,
8 stringing fibre optic for real-time monitoring, etc.); and (c) purchasing the 80 km north of
9 Moosonee in October 2015.

10 FNEI is still a maturing and growing company. It is also a very small company that operates
11 assets in a high-cost environment (i.e., remote, harsh terrain and climate, etc.). These factors can
12 make finding cost efficiencies challenging. However, FNEI has and will continue to pursue the
13 following initiatives aimed (in part) at improving efficiencies:

- 14 • moving external services in-house;
- 15 • coordinating activities and goods/services with distributors in region; and,
- 16 • regular budget reviews.

OM&A SUMMARY AND COST DRIVER TABLES

1.0 OM&A Summary Tables

FNEI's OM&A expenses include but are not limited to the following:

- Operations includes activities relating to inspection, general engineering, testing, system control and work planning.
- Maintenance relates to preventative maintenance activities and corrective maintenance. Preventative maintenance includes maintenance carried out on a cyclical basis for structures and devices to avoid failure. Corrective maintenance is activity relating to the repair and replacement of equipment that either has failed or is about to fail.
- Administration relates to activities which include accounting, general administration, health, safety, and environment, information technology and regulator activities.

FNEI's OM&A expenses are summarized by functional area in Table 6-2-1-A below.

Table 6-2-1-A OM&A Expenses by Functional Area

(000's)	2010 OEB approved	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 proposed
Operations	\$615.2	\$545.6	\$690.2	\$676.7	\$852.3	\$825.7	\$1,267.8
Maintenance	\$450.0	\$546.6	\$433.3	\$750.3	\$747.4	\$798.8	\$870.7
Administration	\$2,289.8	\$2,137.6	\$1,922.3	\$1,872.9	\$1,826.3	\$2,116.9	\$2,197.5
Total OM&A	\$3,354.9	\$3,229.2	\$3,045.8	\$3,299.8	\$3,426.0	\$3,741.4	\$4,336.0

An account-by-account summary of FNEI's OM&A costs from 2011 actuals through the 2016 test year is provided in Table 6-2-1-B. FNEI's last OEB-approved OM&A amount was approved on an envelope basis, and not on an account-by-account basis, so the "2010 Board approved" column has been omitted from the following detailed OM&A tables.

Table 6-2-1-B OM&A Expenses by Uniform System of Accounts

(\$000s)	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 proposed
USofA							
	Transmission Expenses – Operation						
4810	Load Dispatching	\$207.3	\$278.0	\$273.3	\$291.7	\$305.9	\$397.0
4815	Station Buildings and Fixtures Expense	54.6	39.7	48.0	51.5	47.3	59.9
4820	Transformer Station Equipment - Labour	205.6	270.2	269.5	423.6	386.3	724.9
4850	Rents	78.0	102.3	85.9	85.5	86.2	86.0
	Transmission Expenses – Maintenance						
4916	Mtce – Transformer Station Equipment	280.6	221.8	214.4	233.7	228.7	325.7
4930	Mtce – Poles, Towers and Fixtures	266.0	211.5	535.8	513.7	570.1	545.0
	Billing and Collecting						
5335	Bad Debt Expense	9.0	-	-	-	-	-
	Community Relations						
5410	Community Relations - Sundry	71.2	48.6	72.1	54.9	35.9	34.0
5415	Energy Conservation	250.6	198.6	114.1	58.3	93.3	30.0
5420	Community Safety Program	-	-	-	-	-	9.0
	Administration and General Expense						
5605	Executive Salaries and Expense	524.6	516.4	549.3	425.5	597.8	604.3
5610	Management Salaries & Expenses	163.4	159.3	169.3	185.0	275.2	318.7
5615	General Admin. Salaries and Expenses	68.2	85.7	104.3	103.2	115.2	115.7
5620	Office Supplies and Expenses	14.9	16.7	24.6	22.7	18.0	24.8
5630	Outside Services Employed	366.1	206.6	257.2	200.9	201.1	209.0
5635	Property Insurance	134.7	123.8	136.1	231.3	253.7	252.0
5640	Injuries and Damages	151.7	165.1	165.4	163.8	161.5	166.0
5655	Regulatory Expenses	340.8	352.4	246.8	255.3	240.6	324.0
5665	Miscellaneous General Expenses	-	-	-	35.7	21.0	30.0
5670	Rent	38.4	40.9	27.8	-	-	-
5675	Maintenance of General Plant	3.5	8.3	5.7	89.8	103.4	80.0
	TOTAL OM&A	\$3,229.2	\$3,045.8	\$3,299.8	\$3,426.0	\$3,741.4	\$4,336.0

2.0 OM&A Trends and Cost Drivers (all figures in \$'000s)

This section of FNEI's written evidence explains any year-over-year variations (increases or decreases) of \$50.0 or greater. Explanations are provided on an account-by-account basis over

the period from 2011 Actual through to the 2016 Test Year, as opposed to an explanation of all material variances in any year (compared to the previous year).

2.1 Operations

Load Dispatching (Account 4810): The costs in this account increased by \$70.7 from 2011 Actual to 2012 Actual, largely due to increased telecommunications costs. By 2012, FNEI's fibre optic system was fully operational (replacing its dial-up monitoring system). Approximately \$50.0 of the \$70.7 is the cost associated with monitoring the fibre optic system. From 2012 through 2015, costs in this Account 4810 have remained relatively steady. A material cost increase of \$91.1 is requested for the 2016 Test Year. This increase is due almost entirely to an increase in FNEI's Operating Services Agreement with HONI – which makes up the bulk of the costs in this Account 4810. This increase is based on a January 2016 estimate from HONI, and reflects: (a) the addition of services associated with the extra 80 km to the Operating Services Agreement; and (b) HONI moving to a new cost model based on per-unit costs of operating the Ontario Grid Control Centre per km of transmission line and per NMS (Network Management System) point monitored.

Transformer Station Equipment – Labour (Account 4820): The costs in this account increased by approximately \$64.0 from 2011 Actual to 2012 Actual, before remaining relatively constant for the next year (i.e., to 2013 Actual), and then increasing materially in subsequent years. There are a number of factors contributing to the increase in Account 4820:

- 1 • Moving operational responsibility in-house: A partial offset to the increases in Account
2 4820 is a reduction in Account 4815 and Account 4916, both of which have fallen from
3 2011 Actual levels and remained steady over the time period. The reductions in
4 Accounts 4815 and 4916 have resulted from having to rely less on external service
5 providers to carry out work that is now being done by in-house by FNEI employees.
- 6 • Hiring additional technical staff: Over the period from 2014 to 2016, FNEI has increased
7 the number of substation electricians from zero to two (with an additional planned hiring
8 in 2016), and the number of apprentices from one to two (with an additional planned
9 hiring in 2016). FNEI views the hiring of internal technical expertise as essential to
10 maintenance of reliability and efficient service, and is commensurate with the increasing
11 robustness of FNEI's system, particularly as FNEI's assets start to age.
- 12 • One-Time Pay Increase: FNEI existing operational employees have had increases tied to
13 CPI over the past few years. In order to retain operational staff, FNEI is proposing a
14 one-time increase of 10% to FNEI's operational staff in 2016.

15 2.2 Maintenance

16 *Maintenance of Transformer Station Equipment (Account 4916):* As noted above in the
17 discussion of Account 4820, the costs in this Account 4916 have dropped from 2011 Actual
18 largely as a result of moving certain functions in-house. In addition, FNEI switched its meter
19 service provider in 2012 which also assisted in reducing costs in this account, which have

1 remained low through 2015. A material increase of \$97.0 is expected in the 2016 Test Year.
2 This is largely due to provision for emergency station maintenance.

3 *Maintenance of Towers, Poles and Fixtures (Account 4930):* The costs in this Account 4930
4 dropped by \$54.5 from 2011 Actual to 2012 Actual, which simply reflects slightly less line
5 maintenance work being done in 2012. Beginning in 2013, costs in this account increase
6 significantly (from \$211.5 in 2012 Actual to \$535.8 in 2013 Actual) and then remain relatively
7 constant for the four year period through the 2016 Test Year. This increase is due entirely to the
8 commencement of a right-of-way (“ROW”) clearance program commenced by FNEI in 2013 at
9 an annual cost of roughly \$450,000. The ROW clearance program is projected to continue
10 intensively through 2018 to address the significant accumulation of brush since the line was
11 constructed, following which the volume of clearing work will stabilize at a lower annual level.
12 To smooth the cost impacts associated with the ROW clearing program, FNEI has ramped down
13 its planned pole maintenance program during these years. Spending on planned pole
14 maintenance should return to normal levels (i.e., estimated to be \$250,000, which is in line with
15 the 2011 Actual and 2012 Actual in this Account 4930) in 2019 and 2020.

16 2.3 Community Relations

17 *Energy Conservation (Account 5415):* The costs in this Account 5415 are outside of FNEI’s cost
18 structure. For efficiency purposes, FNEI centrally administered the funds associated with the
19 conservation and demand management activities of Attawapiskat Power Corporation, Fort
20 Albany Power Corporation and Kashechewan Power Corporation. These costs were exactly

offset by revenues received from the OPA (now IESO). Consequently, the amounts in Account 5415 do not impact FNEI's revenue requirement.

2.4 Administration and General Expense

Executive Salaries and Expenses (Account 5605): If inflation is taken into account, the costs in this Account 5605 have not increased materially over the period from 2011 Actual through the 2016 Test Year (from \$524.6 to \$604.3 – an increase of 15%). There is one anomalous year (2014 Actual) where costs dipped to \$425.5. The lower costs in 2014 are due to less Board of Director activity in 2014. For example, in 2014, there were only six Board meetings held, and Board honoraria, travel costs and disbursements for the year amounted to approximately \$230,000. By comparison, the year before (2013) there were ten Board of Directors' meetings and Board honoraria, travel costs and disbursements amount to just over \$350,000.

Management Salaries and Expenses (Account 5610): The costs in this Account 5610 were relatively stable until a material increase in 2015 Actual and the 2016 Test Year. The increase is due to two factors: (a) an increase in the salary of the Operations Manager (commensurate with increased responsibility for managing a growing technical staff); and (b) the hiring of an in-house Financial Controller in 2015, which was previously a cost item in Account 5630 (Outside Services Employed).

Outside Services Employed (Account 5630): The costs in this Account 5630 have fallen materially from the 2011 Actual level (\$366.1) to just over \$200.0 per year for the period from 2012 Actual through the 2016 Test Year. As mentioned above in the discussion of Account

1 4820 (Transformer Station Equipment – Labour) and Account 5610 (Management Salaries and
2 Expenses), this is due in part to moving certain functions in-house at FNEI, including moving
3 external accounting to an in-house Financial Controller position, and having new technical
4 employees take over the functions of external technical consultants.

5 *Property Insurance (Account 5635)*: The costs in this Account 5635 were relatively stable from
6 2011 Actual through 2013 Actual before increasing \$95.2 commencing in 2014 Actual. This
7 increase resulted from an appraisal report carried out in 2013 that caused FNEI management to
8 increase its coverage.

9 *Regulatory Expenses (Account 5665)*: The costs in this Account 5665 consist primarily of legal
10 fees for corporate, commercial and regulatory matters. In the five year period from 2011 Actual
11 through the 2015 Bridge Year, three years had spending levels in the mid-\$300.0 range, while
12 two years had spending in the mid-\$200.0 range. Spending can vary significantly in this account
13 depending upon what major issues FNEI is dealing with (e.g., in 2015, FNEI had legal costs
14 (financing, transactional and regulatory) associated with the purchase of the 80 km). A more
15 detailed discussion of regulatory costs is set out in Exhibit 6, Tab 2, Schedule 6.

16 *Maintenance of General Plant (Account 5675)*: The costs in this Account 5675 were minimal
17 until 2014, when FNEI moved into its new office building. Prior to that, FNEI was in shared
18 rental space, and had next to no maintenance costs.

EMPLOYEE COMPENSATION

1.0 Compensation

In accordance with the Filing Requirements, FNEI has prepared Table 6-2-2-A setting out employee compensation for the period from 2011 Actual through to the 2016 Test Year. FNEI's employees are split, for the purposes of Table 6-2-2-A into: (a) Executive & Management; and (b) Non-Management. None of FNEI's employees are unionized.

Table 6-2-2-A Summary of Employee Compensation

All figures except FTEs shown in \$000's	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 proposed
Number of FTEs (including part time)						
Executive & Management	2	2	2	2	3	3
Non-Management	4	5	5	6	6	8
Total						
Total Salary & Wages						
Executive & Management	245.8	276.2	260.8	277.9	432.7	404.3
Non-Management	188.1	260.5	295.8	403.1	360.7	463.8
Total	433.9	536.7	556.6	681.0	793.4	868.0
Total Current & Accrued Benefits						
Executive & Management	32.2	33.0	31.0	33.3	48.0	56.2
Non-Management	30.3	46.9	49.7	67.9	87.6	116.8
Total	62.6	79.9	80.7	101.2	135.6	173.0
Total Compensation (Salary, Wages & Benefits)						
Executive & Management	278.1	309.2	291.9	311.2	480.7	460.4
Non-Management	218.5	307.4	345.8	471.0	448.3	580.6
Total	496.6	616.6	637.3	782.2	929.0	1041.1

2.0 Employees

As explained in Exhibit 6, Tab 1, Schedules 1 and 2, FNEI has increased its employee count in recent years in order to move certain operations and maintenance functions in-house, keep pace

with the continuing build-out of FNEI's system, and be responsive to a more robust preventative maintenance program as FNEI's assets begin to age.

In the 2016 Test Year, FNEI is planning to add two apprentices and one substation electrician, to bring the total number of apprentices to three, and the total number of substation electricians to three. With these planned additions in 2016, FNEI believes that it will have a core team of employees to operate and manage its transmission system in its current state.

3.0 Benefits

FNEI offers all of its employees a fair benefits package. The current group benefits plan is mandatory to any FNEI employees who work a minimum of 20 hours per week, and covers:

- Employee basic life insurance
- Accidental death and dismemberment insurance
- Dependent life insurance
- Short-term disability insurance
- Long-term disability insurance
- Extended health care benefit
- Dental care benefit
- PayDirect drug card for each employee added in the 2013 group benefits renewal

FNEI also has a pension plan, available to employees that work a minimum of 20 hours a week, under which employees contribute between 5-9% of their earnings, which is matched by FNEI.

SHARED SERVICES AND CORPORATE COST ALLOCATION

1.0 Overview

FNEI does not share services with any affiliate. Strictly speaking, FNEI's three members (Attawapiskat Power Corporation, Fort Albany Power Corporation and Kashechewan Power Corporation; collectively, the "3 LDCs") are not affiliates because none owns a controlling interest in FNEI. Because FNEI is a non-share capital corporation, there are no shareholders in FNEI. Instead, each of the 3 LDCs is an equal member in FNEI. The corporate structure of FNEI is set out in Exhibit 1, Tab 5, Schedule 13.

2.0 Maintenance Services Agreements with 3 LDCs

Notwithstanding that there is no affiliate relationship between FNEI and any of the 3 LDCs, at FNEI's last cost-of-service rate proceeding (EB-2009-0387), FNEI was directed by the OEB to establish and file Maintenance Services Agreements ("MSAs") with each of the 3 LDCs. This directive was complied with, as noted in Exhibit 1, Tab 5, Schedule 18.

Under these MSAs, FNEI procures the services of the LDC to assist with maintenance work (at the stations) and emergency response. FNEI's three stations are remote (located in small fly-in only communities). The only individuals with technical skills and qualifications to assist FNEI are the technical staff employed locally by the 3 LDCs. The only other option would be to fly in FNEI personnel (or external contractors), which makes no sense given the costs associated with simply getting to the site of the stations. The MSAs are in the form of a master services agreement in that the MSAs have no fixed fee (e.g., for annual services) or fixed scope of work.

1 Instead, the MSAs allow FNEI to procure services (at fixed labour rates and equipment rental
2 rates) on an as-needed basis, pursuant to a prescribed form of purchase order. This type of MSA
3 arrangement provides FNEI with the appropriate flexibility to meet its maintenance and
4 emergency response needs.

PURCHASE OF NON-AFFILIATE SERVICES

1.0 Overview

In the course of operating its transmission business, FNEI purchases goods and services from a number of non-affiliated companies. The services purchased by FNEI include: audit services, construction activities, legal services, building maintenance, operations and maintenance services, etc.

FNEI has established a purchasing policy (as part of its Financial Policies and Procedures) to ensure that purchases are made in a consistent, prudent manner.

2.0 Purchasing Policy

Regular purchases for day-to-day operational supplies are made via purchase orders, signed by one of FNEI's authorized signing authorities. The Chief Executive Officer is the primary FNEI signing authority for all purchase orders, however, this may be delegated where appropriate.

All purchases between \$10,000 and \$50,000 require three competitive quotes, unless it can be clearly demonstrated that a competitive quote is not an option. For purchases greater than \$50,000, tenders are required, using an RFP process, request for tender or similar process suitable to the circumstances. The purchase orders for these classes of acquisitions must be signed by two authorized signing authorities of FNEI.

The Finance Controller is required to ensure that any purchases made are within FNEI's budget.

ONE-TIME COSTS

FNEI incurs one-time costs related to certain operational, maintenance and administrative activities. FNEI does not anticipate that it will over-recover costs in the 2016 test year or any future IR Plan period years as a result of one-time costs reflected in the 2016 test year.

The specific one-time costs that are material, and included in the 2016 test year of this Application are:

- Account 4930: As noted in the discussion of this Account in Exhibit 6, Tab 2, Schedule 1, FNEI is currently in the midst of an intensive multi-year line clearing program, which will continue through 2018, following which a reduced line clearing program will be carried out on an annual basis. For the purposes of this Application, the expected five year cost has been spread evenly over the period through to 2020.
- Account 5655: As noted in Exhibit 6, Tab 2, Schedule 6 (Regulatory Costs), the costs of this Application (estimated at \$250,000) are spread over the proposed five-year term (i.e., \$50,000 per year).

REGULATORY COSTS

FNEI is forecasting a regulatory cost of \$324,000 in the test year. This amount has been arrived at by taking the average of the last four years (i.e., actual 2012 through 2015 = \$274,000), and adding to that amount one-fifth of the regulatory costs of this proceeding (\$50,000). FNEI noted that the actual regulatory spend in years 2011 and 2012 were unusually high, so FNEI determined that including only one of these years in the forecast for the test year was more reflective of what 2016 costs would be. The rate case is anticipated to cost \$250,000 – comprised of costs to Navigant (for the lead/lag study), a rates consultant (for periodic advice and assistance with the rate model), FNEI’s regulatory legal counsel, FNEI’s accounting firm (for periodic advice) and OEB and intervenor costs. The bulk of the \$250,000 is comprised of legal costs.

1 **CHARITABLE AND POLITICAL DONATIONS**

- 2 FNEI confirms that no charitable or political contributions have been included for recovery in
- 3 FNEI's 2016 test year OM&A expense.

DEPRECIATION AND AMORTIZATION

FNEI uses straight-line depreciation calculations based on the depreciable gross book value of each asset class, in accordance with IFRS.

The depreciation rates used by FNEI are shown on the tables at Exhibit 6, Tab 3, Schedule 3, and have not changed since FNEI's last rates proceeding. As required by IFRS, the estimated useful lives of FNEI's assets are reviewed annually and differences from previous estimates are accounted for prospectively as a change in estimate.

Exhibit 6, Tab 3, Schedule 2 provides: (a) a numerical summary of FNEI's annual depreciation and amortization expenses since its last rates case, broken down by asset class; and (b) the year-over-year variances in the depreciation and amortization expenses noted in (a).

FIVE NATIONS ENERGY INC.

Numerical Summary of Depreciation and Amortization
(\$000's)

<u>Asset Class</u>	<u>Board Approved</u> <u>EB-2009-0387</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	690.2	130.2	130.2	130.2
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	338.2	582.6	810.2	815.0	253.3	832.4	883.5	898.3
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	455.5	1,266.4	1,887.3	1,887.3	1,190.2	1,190.3	1,190.6	1,191.0
1730 - Overhead Conductors & Devices	288.9	557.8	765.9	765.6	357.1	355.7	356.8	356.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	15.1	14.6	15.4	14.6	64.8	184.9	185.8	187.1
1910 - Leasehold Improvements	1.1	1.5	1.4	0.8	0.3	0.0	0.0	0.0
1915 - Office Furniture & Equipment	4.6	4.7	2.9	1.5	0.7	1.9	2.4	2.4
1920 - Computer Equipment - Hardware	11.5	16.2	15.0	14.1	14.1	17.7	13.0	12.5
1925 - Computer Software	1.3	1.7	2.1	1.7	1.7	1.9	0.7	0.7
1930 - Transportation Equipment	48.9	48.8	47.0	48.2	9.2	43.9	64.2	75.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	22.3	22.8	44.4	52.9	85.2	54.3	56.7	58.4
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	27.5	23.2	26.1	27.4
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	(1,330.5)	(2,384.0)	(2,384.0)	(1,644.0)	(1,644.0)	(1,647.0)	(1,647.0)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Depreciation & Amortization	1,187.4	1,186.5	1,207.5	1,217.6	1,050.3	1,192.5	1,263.0	1,293.3

FIVE NATIONS ENERGY INC.

Numerical Summary of Depreciation and Amortization
(\$000's)

<u>Asset Class</u>	<u>Variance</u> <u>2010 vs. B.A.</u>	<u>Variance</u> <u>2011 vs. 2010</u>	<u>Variance</u> <u>2012 vs. 2011</u>	<u>Variance</u> <u>2013 vs. 2012</u>	<u>Variance</u> <u>2014 vs. 2013</u>	<u>Variance</u> <u>2015 vs. 2014</u>	<u>Variance</u> <u>2016 vs. 2015</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	690.2	(560.0)	(0.0)	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	244.4	227.6	4.8	(561.6)	579.1	51.0	14.8
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	810.9	620.9	(0.0)	(697.1)	0.1	0.3	0.3
1730 - Overhead Conductors & Devices	268.9	208.1	(0.3)	(408.5)	(1.3)	1.1	(0.0)
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	(0.5)	0.8	(0.8)	50.2	120.1	0.9	1.3
1910 - Leasehold Improvements	0.4	(0.1)	(0.6)	(0.4)	(0.3)	0.0	0.0
1915 - Office Furniture & Equipment	0.1	(1.8)	(1.4)	(0.8)	1.2	0.4	0.0
1920 - Computer Equipment - Hardware	4.7	(1.2)	(0.9)	0.0	3.6	(4.7)	(0.6)
1925 - Computer Software	0.4	0.4	(0.4)	0.0	0.2	(1.3)	0.0
1930 - Transportation Equipment	(0.1)	(1.9)	1.3	(39.1)	34.7	20.3	11.5
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	0.5	21.6	8.6	32.3	(30.9)	2.4	1.7
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	27.5	(4.3)	2.9	1.3
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(1,330.5)	(1,053.5)	0.0	740.0	(0.0)	(3.0)	(0.0)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Depreciation & Amortization	(0.9)	21.0	10.1	(167.3)	142.2	70.4	30.4

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - Board Approved RP-2009-0387
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	13,440.2	1,158.0	12,282.2	150.0	0.0	13,590.2	2.50%	338.2	0.0	1,496.2	12,094.0
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	11,368.0	2,082.5	9,285.5	35.0	0.0	11,403.0	4.00%	455.5	0.0	2,538.0	8,865.0
1730 - Overhead Conductors & Devices	7,188.0	656.8	6,531.2	60.0	0.0	7,248.0	4.00%	288.9	0.0	945.7	6,302.3
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	53.7	311.1	20.0	0.0	384.8	4.00%	15.1	0.0	68.8	316.0
1910 - Leasehold Improvements	25.7	25.1	0.6	2.0	0.0	27.7	0.00%	1.1	0.0	26.2	1.5
1915 - Office Furniture & Equipment	53.3	45.8	7.5	2.0	0.0	55.3	20.00%	4.6	0.0	50.4	4.9
1920 - Computer Equipment - Hardware	149.1	122.2	26.9	2.0	0.0	151.1	20.00%	11.5	0.0	133.7	17.4
1925 - Computer Software	8.2	5.1	3.1	0.5	0.0	8.7	50.00%	1.3	0.0	6.4	2.3
1930 - Transportation Equipment	330.7	182.1	148.6	1.5	0.0	332.2	20.00%	48.9	0.0	231.0	101.2
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	137.6	71.0	66.6	2.0	0.0	139.6	20.00%	22.3	0.0	93.3	46.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	33,065.6	4,402.3	28,663.3	275.0	0.0	33,340.6		1,187.4	0.0	5,589.7	27,750.9

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2009
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Disposals/ Additions</u>	<u>Adjusted Justments Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	10,328.7	878.3	9,450.4	3,060.2	9,111.2	22,500.2	2.50%	1,190.4	768.2	2,836.9	19,663.3
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	6,600.3	1,800.9	4,799.4	4,767.7	18,880.8	30,248.9	4.00%	3,300.9	2,423.8	7,525.6	22,723.3
1730 - Overhead Conductors & Devices	1,845.4	563.1	1,282.3	5,335.1	6,293.4	13,473.9	4.00%	1,098.6	819.4	2,481.1	10,992.9
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	346.9	39.2	307.7	17.9	0.0	364.8	4.00%	14.5	0.0	53.7	311.1
1910 - Leasehold Improvements	24.7	24.7	0.0	1.1	0.0	25.7	0.00%	0.1	0.0	24.8	0.9
1915 - Office Furniture & Equipment	52.5	39.0	13.5	0.7	0.0	53.3	20.00%	6.7	0.0	45.8	7.5
1920 - Computer Equipment - Hardware	133.8	108.1	25.7	15.3	0.0	149.1	20.00%	14.2	0.0	122.2	26.8
1925 - Computer Software	8.2	3.9	4.3	0.0	0.0	8.2	50.00%	1.2	0.0	5.1	3.1
1930 - Transportation Equipment	276.3	123.3	153.0	54.4	0.0	330.7	20.00%	58.7	0.0	182.1	148.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	90.6	46.1	44.5	45.3	0.0	135.9	20.00%	24.8	0.0	70.9	65.0
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	0.0	0.0	0.0	0.0	(34,285.5)	(34,285.5)	0.00%	(4,939.0)	(4,011.4)	(8,950.3)	(25,335.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	19,707.5	3,626.7	16,080.8	13,297.7	0.0	33,005.2		771.2 771.2 0.0	0.0	4,397.9	28,607.3

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2010
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	22,500.2	2,836.9	19,663.3	10,045.8	0.0	32,545.9	23,404.1	2.50%	582.6	0.0	3,419.5	29,126.4
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	30,248.9	7,525.6	22,723.3	16,934.8	0.0	47,183.6	31,660.1	4.00%	1,266.4	0.0	8,792.0	38,391.6
1730 - Overhead Conductors & Devices	13,473.9	2,481.1	10,992.9	5,646.4	0.0	19,120.3	13,944.7	4.00%	557.8	0.0	3,038.8	16,081.5
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	53.7	311.1	0.0	0.0	364.8	364.8	4.00%	14.6	0.0	68.3	296.5
1910 - Leasehold Improvements	25.7	24.8	0.9	3.0	0.0	28.8	28.3	0.00%	1.5	0.0	26.3	2.5
1915 - Office Furniture & Equipment	53.3	45.8	7.5	1.9	0.0	55.1	54.5	20.00%	4.7	0.0	50.4	4.7
1920 - Computer Equipment - Hardware	149.1	122.2	26.8	39.0	0.0	188.1	171.7	20.00%	16.2	0.0	138.4	49.7
1925 - Computer Software	8.2	5.1	3.1	5.1	0.0	13.3	10.8	50.00%	1.7	0.0	6.9	6.4
1930 - Transportation Equipment	330.7	182.1	148.6	0.0	0.0	330.7	330.7	20.00%	48.8	0.0	230.9	99.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	135.9	70.9	65.0	8.4	0.0	144.3	141.4	20.00%	22.8	0.0	93.7	50.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(34,285.5)	(8,950.3)	(25,335.1)	(32,423.1)	0.0	(66,708.6)	(36,987.4)	0.00%	(1,330.5)	0.0	(10,280.8)	(56,427.8)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	33,005.2	4,397.9	28,607.3	261.2	0.0	33,266.3	33,123.7		1,186.5 1,186.5 0.0	0.0	5,584.4	27,681.9

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2011
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	32,545.9	3,419.5	29,126.4	9.4	0.0	32,555.3	32,554.3	2.50%	810.2	0.0	4,229.7	28,325.7
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	8,792.0	38,391.6	0.0	0.0	47,183.6	47,183.6	4.00%	1,887.3	0.0	10,679.3	36,504.3
1730 - Overhead Conductors & Devices	19,120.3	3,038.8	16,081.5	45.2	0.0	19,165.5	19,146.7	4.00%	765.9	0.0	3,804.7	15,360.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	250.6	0.0	250.6	20.9	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	68.3	296.5	0.0	0.0	364.8	364.8	4.00%	15.4	0.0	83.7	281.1
1910 - Leasehold Improvements	28.8	26.3	2.5	0.0	0.0	28.8	28.8	0.00%	1.4	0.0	27.7	1.1
1915 - Office Furniture & Equipment	55.1	50.4	4.7	2.0	0.0	57.1	56.4	20.00%	2.9	0.0	53.3	3.7
1920 - Computer Equipment - Hardware	188.1	138.4	49.7	5.8	0.0	193.9	191.0	20.00%	15.0	0.0	153.4	40.5
1925 - Computer Software	13.3	6.9	6.4	0.0	0.0	13.3	13.3	50.00%	2.1	0.0	9.0	4.3
1930 - Transportation Equipment	330.7	230.9	99.8	54.9	47.8	337.8	340.5	20.00%	47.0	47.8	230.1	107.7
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	144.3	93.7	50.6	171.6	0.0	315.921	258.4	20.00%	44.4	0.0	138.1	177.8
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(10,280.8)	(56,427.8)	0.0	0.0	(66,708.6)	(66,708.6)	0.00%	(2,384.0)	0.0	(12,664.8)	(54,043.8)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	33,266.3	5,584.4	27,681.9	539.6	47.8	33,758.1	33,450.1		1,207.5 1,207.5 0.0	47.8	6,744.1	27,014.0

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2012
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	32,555.3	4,229.7	28,325.7	87.8	0.0	32,643.1	32,600.1	2.50%	815.0	0.0	5,044.6	27,598.5
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	10,679.3	36,504.3	0.0	0.0	47,183.6	47,183.6	4.00%	1,887.3	0.0	12,566.7	34,616.9
1730 - Overhead Conductors & Devices	19,165.5	3,804.7	15,360.8	0.0	0.0	19,165.5	19,165.5	4.00%	765.6	0.0	4,570.2	14,595.3
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6	0.0	0.0	250.6	250.6	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	364.8	83.7	281.1	1,310.3	0.0	1,675.2	784.1	4.00%	14.6	0.0	98.3	1,576.9
1910 - Leasehold Improvements	28.8	27.7	1.1	0.0	0.0	28.8	28.8	50.00%	0.8	0.0	28.4	0.4
1915 - Office Furniture & Equipment	57.1	53.3	3.7	1.6	0.0	58.6	58.7	20.00%	1.5	0.0	54.8	3.8
1920 - Computer Equipment - Hardware	193.9	153.4	40.5	11.7	0.0	205.6	199.9	20.00%	14.1	0.0	167.4	38.2
1925 - Computer Software	13.3	9.0	4.3	0.0	0.0	13.3	13.3	20.00%	1.7	0.0	10.7	2.6
1930 - Transportation Equipment	337.8	230.1	107.7	0.0	0.0	337.8	337.8	20.00%	48.2	0.0	278.3	59.5
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	315.9	138.1	177.8	28.1	0.0	344.0	337.2	20.00%	52.9	0.0	191.0	153.0
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.00%	0.0	0.0	0.0	0.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(12,664.8)	(54,043.8)	0.0	0.0	(66,708.6)	(66,708.6)	0.00%	(2,384.0)	0.0	(15,048.8)	(51,659.8)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	33,758.1	6,744.1	27,014.0	1,439.5	0.0	35,197.6	34,253.3		1,217.6 1,217.6 0.0	0.0	7,961.7	27,235.9

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2013
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	0.0	0.0	0.0	4,431.4	0.0	4,431.4	4,431.4	0.00%	690.2	0.0	690.2	3,741.2
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	32,643.1	5,044.6	27,598.5	53.4	4,431.4	28,265.1	28,238.0	2.50%	253.3	0.0	5,298.0	22,967.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,183.6	12,566.7	34,616.9	6.4	0.0	47,190.0	47,187.4	4.00%	1,190.2	0.0	13,756.9	33,433.1
1730 - Overhead Conductors & Devices	19,165.5	4,570.2	14,595.3	0.0	0.0	19,165.5	19,165.5	4.00%	357.1	0.0	4,927.3	14,238.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6	(0.0)	0.0	250.6	250.6	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	1,675.2	98.3	1,576.9	3,306.8	0.0	4,982.0	2,091.6	4.00%	64.8	0.0	163.1	4,818.9
1910 - Leasehold Improvements	28.8	28.4	0.4	0.0	28.8	0.0	19.2	50.00%	0.3	28.8	0.0	0.0
1915 - Office Furniture & Equipment	58.6	54.8	3.8	1.3	10.8	49.2	48.9	20.00%	0.7	10.7	44.8	4.4
1920 - Computer Equipment - Hardware	205.6	167.4	38.2	2.5	148.2	59.9	59.9	20.00%	14.1	140.4	41.1	18.8
1925 - Computer Software	13.3	10.7	2.6	2.6	5.9	10.0	9.3	20.00%	1.7	5.9	6.4	3.5
1930 - Transportation Equipment	337.8	278.3	59.5	105.0	137.3	305.5	332.4	20.00%	9.2	99.3	188.2	117.2
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	344.0	191.0	153.0	68.3	11.2	401.1	384.9	20.00%	85.2	11.2	265.0	136.1
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	0.0	0.0	0.0	256.3	0.0	256.3	256.3	0.00%	27.5	0.0	27.5	228.8
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(15,048.8)	(51,659.8)	0.0	0.0	(66,708.6)	(66,708.6)	0.00%	(1,644.0)	0.0	(16,692.9)	(50,015.7)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	35,197.6	7,961.7	27,235.9	8,234.1	4,773.7	38,658.0	35,767.0		1,050.3 1,050.3 (0.0)	296.3 296.3 0.0	8,715.8 8715.7 0.0	29,942.3

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2014
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	690.2	3,741.2	0.0	0.0	4,431.4	760.7	0.00%	130.2	0.0	820.4	3,611.0
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	28,265.1	5,298.0	22,967.2	806.8	0.0	29,071.9	5,744.9	2.50%	832.4	0.0	6,130.4	22,941.5
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,190.0	13,756.9	33,433.1	0.0	0.0	47,190.0	14,401.6	4.00%	1,190.3	0.0	14,947.3	32,242.7
1730 - Overhead Conductors & Devices	19,165.5	4,927.3	14,238.2	0.0	12.7	19,152.8	5,120.0	4.00%	355.7	12.7	5,270.4	13,882.4
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6	0.0	0.0	250.6	0.0	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,982.0	163.1	4,818.9	20.4	0.0	5,002.4	263.1	4.00%	184.9	0.0	348.0	4,654.4
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.00%	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	49.2	44.8	4.4	12.7	0.0	61.9	45.7	20.00%	1.9	0.0	46.7	15.2
1920 - Computer Equipment - Hardware	59.9	41.1	18.8	30.8	0.0	90.8	50.3	20.00%	17.7	0.0	58.9	31.9
1925 - Computer Software	10.0	6.4	3.5	0.0	0.0	10.0	7.5	20.00%	1.9	0.0	8.4	1.6
1930 - Transportation Equipment	305.5	188.2	117.2	89.5	49.7	345.3	161.7	20.00%	43.9	49.7	281.8	63.5
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	401.1	265.0	136.1	61.9	0.0	463.0	294.4	20.00%	54.3	0.0	319.3	143.7
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	27.5	228.8	0.0	0.0	256.3	40.0	0.00%	23.2	0.0	50.7	205.6
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,708.6)	(16,692.9)	(50,015.7)	(30.0)	0.0	(66,738.6)	(17,583.4)	0.00%	(1,644.0)	0.0	(18,336.9)	(48,401.7)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.00%	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	38,658.0	8,715.8	29,942.3	992.2	62.4	39,587.9	9,306.6		1,192.5 1,192.5 0.0	62.4	9,945.2	29,642.6

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2015
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	820.4	3,611.0	0.0	0.0	4,431.4	4,431.4	0.00%	130.2	0.0	950.6	3,480.8
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	29,071.9	6,130.4	22,941.5	1,239.6	0.0	30,311.5	29,680.1	2.50%	883.5	0.0	7,013.9	23,297.6
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	47,190.0	14,947.3	32,242.7	3,736.5	0.0	50,926.5	48,144.7	4.00%	1,190.6	0.0	16,137.9	34,788.6
1730 - Overhead Conductors & Devices	19,152.8	5,270.4	13,882.4	1,287.5	0.0	20,440.3	19,478.2	4.00%	356.8	0.0	5,627.2	14,813.1
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6	0.0	0.0	250.6	250.6	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,002.4	348.0	4,654.4	91.5	0.0	5,093.9	5,034.7	4.00%	185.8	0.0	533.8	4,560.1
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.00%	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	61.9	46.7	15.2	0.0	0.0	61.9	62.0	20.00%	2.4	0.0	49.1	12.8
1920 - Computer Equipment - Hardware	90.8	58.9	31.9	3.4	0.0	94.2	93.2	20.00%	13.0	0.0	71.9	22.3
1925 - Computer Software	10.0	8.4	1.6	0.0	0.0	10.0	10.0	20.00%	0.7	0.0	9.0	1.0
1930 - Transportation Equipment	345.3	281.8	63.5	314.3	0.0	659.6	457.1	20.00%	64.2	0.0	346.1	313.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	463.0	319.3	143.7	13.7	0.0	476.7	472.3	20.00%	56.7	0.0	376.0	100.7
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	256.3	50.7	205.6	55.5	0.0	311.8	261.0	0.00%	26.1	0.0	76.8	235.0
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,738.6)	(18,336.9)	(48,401.7)	(30.0)	0.0	(66,768.6)	(66,741.1)	0.00%	(1,647.0)	0.0	(19,984.0)	(46,784.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.00%	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	39,587.9	9,945.2	29,642.6	6,712.1	0.0	46,299.9	41,634.1		1,263.0 1,263.0	0.0	11,208.2	35,091.7

FIVE NATIONS ENERGY INC.

Detailed Depreciation & Amortization - 2016-Test Year
(\$000's)

<u>Fixed Assets</u>	<u>Opening Assets At Cost</u>	<u>Opening Accumulated Depreciation</u>	<u>Opening Net Book Value</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjusted Cost Base</u>	<u>Average Cost Base</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation Adjustments</u>	<u>Closing Accumulated Depreciation</u>	<u>Closing Net Book Value</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	950.6	3,480.8	0.0	0.0	4,431.4	4,431.4	0.00%	130.2	0.0	1,080.8	3,350.6
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1715 - Station Equipment	30,311.5	7,013.9	23,297.6	1,840.0	0.0	32,151.5	31,308.2	2.50%	898.3	0.0	7,912.2	24,239.3
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	50,926.5	16,137.9	34,788.6	10.0	0.0	50,936.5	50,931.9	4.00%	1,191.0	0.0	17,328.9	33,607.6
1730 - Overhead Conductors & Devices	20,440.3	5,627.2	14,813.1	10.0	0.0	20,450.3	20,445.8	4.00%	356.8	0.0	5,984.0	14,466.3
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6	0.0	0.0	250.6	250.6	0.00%	0.0	0.0	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	5,093.9	533.8	4,560.1	0.0	0.0	5,093.9	5,093.9	4.00%	187.1	0.0	720.9	4,373.0
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.00%	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	61.9	49.1	12.8	0.0	0.0	61.9	62.0	20.00%	2.4	0.0	51.4	10.5
1920 - Computer Equipment - Hardware	94.2	71.9	22.3	15.0	0.0	109.2	102.3	20.00%	12.5	0.0	84.4	24.8
1925 - Computer Software	10.0	9.0	1.0	0.0	0.0	10.0	10.0	20.00%	0.7	0.0	9.7	0.3
1930 - Transportation Equipment	659.6	346.1	313.6	30.0	0.0	689.6	675.9	20.00%	75.8	0.0	421.8	267.8
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	476.7	376.0	100.7	35.0	0.0	511.7	495.7	20.00%	58.4	0.0	434.3	77.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	311.8	76.8	235.0	180.0	0.0	491.8	409.3	0.00%	27.4	0.0	104.2	387.6
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,768.6)	(19,984.0)	(46,784.6)	0.0	0.0	(66,768.6)	(66,768.6)	0.00%	(1,647.0)	0.0	(21,631.0)	(45,137.6)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%	0.0	0.0	0.0	0.0
Total	46,299.9	11,208.2	35,091.7	2,120.0	0.0	48,419.9	47,448.4		1,293.3	0.0	12,501.5	35,918.4

TAXES

As a non-profit corporation, FNEI is not subject to the payment of income taxes (and therefore no income tax expense forms part of FNEI's revenue requirement).

In addition, FNEI's assets are located on either provincial Crown land or Indian Reserve land and as a result, FNEI is not subject to municipal property taxes. FNEI does, however, pay the following two annual fees which are akin to property taxes or land rental fees: (a) fees for a land use permit from the Ministry of Natural Resources and Forestry ("MNRF") for the use of provincial Crown land; and (b) fees for use of Reserve lands, payable under permits issued pursuant to subsection 28(2) of the *Indian Act*. These annual costs are recorded as an operating expense under Account 4850 (Rents). The amount of \$86,000 is comprised of \$55,000 for payments related to subsection 28(2) permits and \$31,000 for payments related to MNRF permits.

1 **NON-RECOVERABLE EXPENSES**

2 FNEI does not believe that it is including any expenses that are non-recoverable in its revenue
3 requirement or that are disallowed for regulatory purposes.

1

INTEGRITY CHECKS

2 The integrity check requirements set out in the Filing Requirements are not applicable to FNEI,
3 since the requirements all relate to tax-related integrity checks. FNEI is a non-profit corporation,
4 and does not pay income taxes.

Z-FACTOR CLAIMS

FNEI will not be submitting any Z-factor claims in relation to any events that have occurred up to the date of this Application.

As a threshold to establishing future Z-factor events, FNEI proposes to employ a materiality threshold of \$100,000. This materiality threshold (referred to in this section as the “Z-Factor Materiality Threshold”) is in excess of the materiality threshold of \$50,000 applicable to this Application (referred to in this section as the “Application Materiality Threshold” and set out in Exhibit 1, Tab 4, Schedule 1). The Z-Factor Materiality Threshold has been proposed in excess of the Application Materiality Threshold to comply with Section 2.8.12 of the *Filing Requirements for Electricity Transmission Applications*, dated February 11, 2016 (the “Filing Requirements”).

The inability for FNEI to recover amounts in excess of the Z-Factor Materiality Threshold for any future Z-factor event would have a significant impact on the operations of FNEI. This is evidenced by the fact that the Application Materiality Threshold is established in Section 2.1.1 of the Filing Requirements as \$50,000 for all transmitters with a transmission revenue equal to or less than \$10 million. FNEI’s transmission revenue is significantly less than the threshold of \$10 million. As such, a Z-Factor Materiality Threshold that is equal twice the amount of the Application Materiality Threshold represents a significant portion of FNEI’s transmission revenue and it would not be possible for FNEI to absorb these losses without a significant influence on operations.

COST OF CAPITAL

1.0 Adoption of Board Guidelines

FNEI has adopted the cost of capital guidelines as set out in the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009 (the "Cost of Capital Report").

2.0 Capital Structure

FNEI's deemed capital structure for rate-making purposes is 60% debt and 40% common equity. This capital structure is the same as was proposed and approved in FNEI's last rate case (EB-2009-0387). The 60% debt component is comprised of 4% deemed short-term debt and 56% long-term debt.

3.0 Cost of Equity

At FNEI's last rates proceeding, there was a lengthy discussion of whether FNEI (as a non-profit entity) should be permitted to earn a return on equity ("ROE"). Ultimately, the Board determined that FNEI should be permitted to recover "Internally Generated Funds" (i.e., revenue in excess of its costs) at a rate of 9.5% of 40% of FNEI's rate base. This issue is fully discussed in Exhibit 7, Tab 2, Schedule 1. In this application, and for the reasons set out in Exhibit 7, Tab 2, Schedule 1, FNEI is requesting it be allowed to include a return on equity of 9.19% in its 2016 test year revenue requirement. The 9.19% is the Board-approved ROE established by the Board in its *Cost of Capital Parameter Updates for 2016 Applications* (released on October 15, 2015).

4.0 Cost of Short-Term Debt

The Board has determined that the deemed amount of short-term debt to be incorporated into a transmitter's revenue requirement should be fixed at 4% of rate base. FNEI is proposing a short-term debt rate of 1.65%, consistent with the current *Cost of Capital Parameter Updates for 2016 Applications* (released on October 15, 2015).

5.0 Cost of Long-Term Debt

The Board has determined that the deemed amount of long-term debt to be incorporated into a transmitter's revenue requirement should be fixed at 56% of rate base. In the Cost of Capital Report, the Board determined that the cost of long-term debt be set using the weighted cost of actual debt.

The long-term debt held by FNEI, as at December 31, 2015, is set out in Table 7-1-1-A below.

Table 7-1-1-A FNEI Long-Term Debt Summary

(000's)	Institution	Loan Limit	Rate	Avg Principal Outstanding 2016	Maturity Date	Interest-Only Payments	Type
Term Loan #1	Manulife; Pacific & Western	\$11,000.0	5.49%	\$7,748.5	2/29/2028	\$423.0	Non-revolving; monthly principal and interest payments
Acquisition Loan	Manulife	\$5,800.0	4.71%	\$5,681.5	10/15/2035	\$268.9	Non-revolving; monthly principal and interest payments
Term Loan #2	BMO	\$1,675.0	4.61%	\$1,528.4	11/30/2020	\$70.6	Non-revolving; monthly principal and interest payments (amortized over 20 years, initial seven year term)
			5.11%	\$14,958.3		\$762.4	

FNEI is forecasting no new debt for 2016.

1 **6.0 Cost of Capital Summary**

2 FNEI's 2016 proposed cost of capital is summarized in Table 7-1-1-B below.

3 *Table 7-1-1-B FNEI Proposed Cost of Capital for 2016*

	Capital Component (\$000s)	Capital Component (%)	Interest Rate (%)	Return Component (%)	Cost of Capital (\$000s)
Debt		60.0%	-	-	-
Long-Term	20,053.4	56.0%	5.11%	2.884%	1,024.7
Short-Term	1,432.4	4.0%	1.65%	0.066%	23.6
Deemed Equity	14,323.9	40.0%	9.19%	3.676%	1,316.4
Rate Base	35,809.7	100%	-	6.626%	2,364.7

4

NON-PROFIT CORPORATIONS

1.0 Overview

FNEI was incorporated as a not-for-profit corporation without share capital under the *Canada Corporations Act*. It has recently been continued under the *Canada Not-for-Profit Corporations Act* (“CNFPCA”).

FNEI was formed to develop and operate a “greenfield” transmission line to connect Kashechewan, Fort Albany and Attawapiskat to the provincial electricity transmission grid. Its members (akin to shareholders in a share capital corporation) are the Attawapiskat Power Corporation, the Fort Albany Power Corporation and the Kashechewan Power Corporation, each of which is owned by its respective First Nation.

Consistent with its status as a not-for-profit corporation, FNEI is required to apply its revenues to its corporate purposes, and cannot distribute any “profits” to members. FNEI’s objects under its initial Letters Patent were:

to promote the social, economic and civic welfare and development of Attawapiskat, Fort Albany and the Kashechewan First Nations by:

1. promoting, acquiring, developing and establishing works and facilities of any manner or nature for the provision, acquisition, transmission, distribution and supply of electricity and other utilities to the communities of the Attawapiskat, Fort Albany and Kashechewan First Nations and elsewhere;

2. constructing, operating, maintaining and managing such works and facilities for the general benefit and for the purpose of providing electrical power and other utilities to the communities of the Attawapiskat, Fort Albany and Kashechewan First Nations and elsewhere; and

1 3. through the accomplishment of the objects described in paragraphs 1
2 and 2, encouraging and promoting self-sufficiency, skills training,
3 employment and economic development opportunities, community
4 cooperation, measures to improve the protection of the natural
5 environment and such other measures socially beneficial for the
6 community as may accrue from the Corporation's objects and
7 undertakings, in the communities of the Attawapiskat, Fort Albany and
8 Kashechewan First Nations and elsewhere.

9 These initial corporate objects now comprise FNEI's corporate purposes under its Articles of
10 Continuance under the CNFPCA.

11 FNEI has operated for over a decade as a not-for-profit corporation on a tax-exempt basis,
12 without any challenge by the Canada Revenue Agency ("CRA").

13 The development of the transmission line by FNEI was part of a broader vision for electricity
14 supply in the western James Bay region, which included the local First Nation communities
15 taking ownership and operational responsibility for their distribution systems (completed), and
16 exploring renewable power generation opportunities in the region as well as other energy-related
17 initiatives (e.g., conservation) (see FNEI's first corporate object above).

18 To date, FNEI has re-invested all of its revenues back into its transmission business. However,
19 FNEI may soon be in a position to be able to utilize some of its excess revenues (i.e., funds that
20 would be considered "profit" if it were a for-profit corporation) to meet its other corporate
21 objects.

22 However, the OEB's last rates decision indicated that FNEI should be prohibited from using any
23 excess revenue remaining after satisfying its costs of operations in order to pursue its other

legitimate corporate objects, on the grounds that FNEI is a not-for-profit corporation, and therefore unable to earn any revenues in excess of its costs. This is wrong at law.

This error has since been replicated in the Board's January 2014 *Filing Requirements*:

In prior decisions, the Board has determined that applicants which are not-for-profit corporations may apply using the Board's deemed capital structure and cost of capital to the extent that the excess revenue is to be used for the purpose of meeting the applicant's need to build up or accumulate appropriate operating and capital reserves. The Board has further stated that, once the appropriate limits for these reserves have been achieved, it would expect such applicants to submit an application seeking a rate adjustment. (section 2.7.3)

2.0 Cost of Capital Treatment in FNEI's Previous Rate Cases

FNEI has had two previous rate applications determined by the Board – referred to herein as the “First Decision” (EB-2001-0368) and “Second Decision” (EB-2009-0387). All paragraph and page references below are to the applicable decision.

First Decision

In FNEI's first rate case, the OEB noted that neither the OEB Rate Handbook nor the Filing Guideline addressed the rate-setting principles that would apply to a regulated entity that is a not-for-profit, non-share capital corporation. However, the OEB approved FNEI's revenue requirement, on a deemed capital structure of 50 percent debt and 50 percent equity, and accepted that FNEI's revenue requirement should include an amount in excess of its projected expenditures (para. 3.1.5 and 3.3.8). The OEB accepted the use of the OEB's approved cost of capital parameters, including the OEB-approved “return on equity” (“ROE”) for the limited purpose of the First Decision, based on the fact that the ROE amount fell within a range of ratios

(see discussion of TIER below) that had been accepted for not-for-profit utilities in the United States (para. 3.3.16).

The OEB's decision was subject to several conditions. The OEB stated that FNEI should use the "times interest earned ratio" ("TIER") method to calculate the amount in excess of its costs to be included in its revenue requirement in future rate hearings (para. 3.3.15). In addition, the OEB noted FNEI's need to be careful to maintain its not-for-profit status, directed FNEI to design a reserve fund for its excess revenues, and ordered FNEI to file a report addressing the measures to be taken to maintain its not-for-profit status. In addition, the OEB indicated that FNEI should not refer to the excess revenues as "return on equity", but instead, as "Internally Generated Funds" until the OEB could consider and approve FNEI's proposal for one or more reserve funds (paras. 3.3.9 to 3.3.13).

Second Decision

In FNEI's second rate application, FNEI sought approval of a revenue requirement that included a component entitled "Internally Generated Funds (ROE)", calculated at the then OEB-approved ROE of 9.85 percent. FNEI also proposed a design for its operating and capital reserves to be established from its "Internally Generated Funds". The OEB questioned whether the request for a ROE was appropriate, given that FNEI is a not-for-profit, non-share capital utility. FNEI argued that it is entitled to earn revenues in excess of costs as long as those revenues are applied to its objects. FNEI also argued that its reserve funds should be not capped or subject to restrictive rules regarding withdrawal because that created unnecessary and unwarranted cash flow and operational difficulties.

1 In rendering the Second Decision, the OEB accepted that FNEI needs to build up operating and
2 capital reserves in order to support the ability of FNEI to supply electricity in a safe and reliable
3 manner regardless of contingencies. The OEB expressed concern that these reserves were
4 currently unfunded. However, the OEB found that it was inappropriate for FNEI to earn a ROE
5 *per se*. The OEB also concluded that the TIER approach was not warranted because it, like the
6 ROE mechanism, is formulaic. In the OEB's view, both the ROE approach and the TIER
7 approach are not connected to the genuine needs of the operating and capital reserves. The OEB
8 therefore permitted FNEI to earn revenues in excess of costs only to the extent necessary to fund
9 the operating and capital reserves for use as a "cushion" in operating FNEI's transmission
10 system. The OEB stated that: (a) the amount of the reserves should be based on an assessment of
11 operating and capital needs, supported by evidence; and (b) once the reserves are fully funded,
12 FNEI's revenue requirement would be adjusted downwards (pp. 21 to 22).

13 The OEB did not accept FNEI's design of the operating and capital reserves. In particular, the
14 OEB held that the reserves are required to have a cap. Moreover, the OEB rejected FNEI's
15 proposal to use its excess revenues to further its civic and social objects. The OEB stated that
16 the revenues in excess of costs were to be used only to ensure the sustainable operation of the
17 utility in its role as a transmitter of electricity, and for no other purpose. The objects of FNEI of
18 supporting the social, economic and civic welfare and development activities of the First Nations
19 communities were stated to be "laudable", but not the responsibility of the utility and not funded
20 by ratepayers (p. 23). The OEB therefore approved the recovery of revenue in excess of costs,
21 but only for the purpose of funding the operating and capital reserves up to the approved cap

amount (p. 24). After the reserves are funded, no further ROE (or equivalent) would be permitted.

3.0 General Principles Governing Rate-Setting by the OEB

FNEI is of the view that there was no basis in law for the OEB to arrive at its conclusions in the Second Decision related to the ability of FNEI to earn a ROE.

Purposes of the Rate-Setting Function

The OEB's power to approve rates as "just and reasonable" is broad (*Toronto Hydro-Electric System Ltd. v. Ontario (Energy Board)*, 2010 ONCA 284 at para. 25 [*Toronto Hydro-Electric*]).

The OEB Act states that the OEB shall be "guided" by a list of objectives in carrying out its responsibilities, including: (a) the protection of the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and (b) the promotion of economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and the facilitation of the maintenance of a financially viable electricity industry (s.1(1), OEB Act).

In addition, the OEB exercises its rate-setting jurisdiction against the backdrop of a significant body of law in both Canada and the United States ("US"). The requirement to establish "just and reasonable" rates has been applied for many years and in many contexts as the basis upon which public utility boards and commissions approve or fix public utility rates in both Canada and the US (*Union Gas v. Ontario* (1983), 1 D.L.R. (4th) 698 (Ont. Div. Ct.) at para. 30 [*Union Gas*]). Utility rate-setting represents the direct intervention of government, through an administrative

1 agency, in setting prices for specific commodities and services (G. Zacher & P. Duffy, *Energy*
2 *Regulation in Ontario* (Toronto: Canada Law Book, 2012) at p. 2-25 [Zacher & Duffy]). The
3 rate-setting function is a corollary of the statutory monopoly granted to utilities (*Toronto Hydro-*
4 *Electric*, para. 48). Rate-setting therefore acts as a surrogate for prices that would otherwise be
5 set by a competitive market (Zacher & Duffy, pp. 2-25). The OEB's mandate through economic
6 regulation is primarily directed at avoiding excessive prices that could be charged by a monopoly
7 provider of an essential service (*Advocacy Centre for Tenants-Ontario v. Ontario (Energy*
8 *Board)* (2008), 293 D.L.R. (4th) 684 (Ont. Div. Ct.) at para. 39 [*Advocacy Centre*]).

9 Right to a Fair Return

10 The authorities universally agree that rate-setting involves a balancing exercise and that the
11 concept of "just and reasonable" rates must take into account both a fair price to the consumer
12 and a reasonable return for the utility (Zacher & Duffy, pp. 2-25; *Northwestern Utilities Ltd. v.*
13 *Edmonton (City), Board of Public Utility Commissioners of Alberta*, [1929] S.C.R. 186 at p.
14 192). The OEB's function is to balance the interest of the utility in earning the highest possible
15 return on the operation of its enterprise (a monopoly) with the conflicting interest of its
16 customers to be served as cheaply as possible (*Union Gas*, para. 41). The obligation to approve
17 rates that produce a fair return to the utility has been stated to be "absolute" (*British Columbia*
18 *Electric Railway v. British Columbia (Public Utilities Commission)*, [1960] S.C.R. 837 at p. 848
19 [*BC Railway*]).

20 In the context of a utility that is a private, profit-making enterprise, the purpose of ensuring a fair
21 return assures the financial viability of the enterprise, which benefits both the utility and the

1 ratepayers (*Union Gas*, p. 711). This “fair return” allows an investor-owned utility to fulfil its
2 objects, including the objective of generating value for shareholders, because this is the basis on
3 which the investor-owned utility is structured. In this way, the utility can attract and sustain
4 investors in the utility, thus ensuring the utility’s financial viability. As noted above, this
5 principle of viability of the electricity industry is embodied in and consistent with the stated
6 objectives in the OEB Act.

7 Approach to Rate-Setting for Not-for-Profit Utility

8 Aside from FNEI (and it’s distributor members), the OEB does not have experience in setting
9 rates for utilities that are operated on a not-for-profit basis, nor is there any guidance provided in
10 the OEB Act to assist with this exercise. In particular, the principles that should determine
11 whether a not-for-profit utility is entitled to rates that reflect a fair return in addition to the costs
12 required to operate the utility, and if so, how such return should be calculated, are unresolved.
13 From a first principles perspective, the OEB’s approach to rate-setting in the not-for-profit
14 context must therefore be developed with the following factors in mind, each of which is
15 elaborated further below:

- 16 • The right of a utility to a “fair return” as part of its rates has been stated to be “absolute”.
17 This principle is not, on its face, limited to for-profit utilities.
- 18 • A not-for-profit corporation is entitled as a matter of corporate and tax law to earn
19 revenues in excess of costs, as long as those revenues are applied to its corporate objects
20 and are not distributed as “profits” to its members.

- 1 • Public utilities commissions in the US, where there is more extensive experience with
2 rate-setting for not-for-profit utilities, have consistently allowed not-for-profit utilities to
3 recover a margin in excess of projected costs in order to ensure their continued financial
4 integrity and to permit these utilities to accomplish their corporate objects.
- 5 • The OEB’s determination of what is “just and reasonable” in the context of a not-for-
6 profit utility must be consistent with the purposes set out in the OEB Act and in the rate-
7 setting case law generally. The OEB cannot base its decisions on inconsistent purposes
8 or extraneous considerations.
- 9 • In the interests of administrative consistency, the OEB should seek to treat a not-for-
10 profit utility in a manner as closely analogous as possible to a for-profit or investor-
11 owned utility.

12 All of the above principles support the conclusion that the OEB has the power to and should
13 approve rates as “just and reasonable” for a not-for-profit utility that include a reasonable return
14 for the utility. As such, the Second Decision, by denying such a return to FNEI, is unreasonable.

15 **4.0 Application of the Proposed Approach to Rate-Setting for Not-for-Profit Utility**

16 Not-for-Profit Corporation Can Earn Revenues in Excess of Costs

17 Under its incorporating statute, a federally incorporated not-for-profit corporation such as FNEI
18 was required to have objects of a “national, patriotic, religious, philanthropic, charitable,
19 scientific, artistic, social, professional or sporting character” or similar. In addition, the

1 corporation must carry on these objects “without pecuniary gain to its members” (*Canada*
2 *Corporations Act*, R.S.C. 1970, c. C-32, as amended, s. 154(1)). In order to obtain its Letters
3 Patent, FNEI had to satisfy these requirements, and demonstrate that its objects are consistent
4 with accepted objects for a federally-incorporated not-for-profit corporation. Under the
5 CNFPCA, FNEI’s purposes are consistent with its former objects.

6 Not-for-profit corporations must carry on their activities in furtherance of their purposes and in a
7 manner that is consistent with those purposes. If the not-for-profit corporation operates any
8 business activity, that activity must further the purposes of the organization, as set out in its
9 incorporating documents, and the income and revenues from the activity must be used to further
10 those purposes (Donald J. Bourgeois, *The Law of Charitable and Not-for-Profit Organizations*,
11 3rd Ed. (Toronto: Butterworths, 2002)) at p. 8.

12 For-profit corporations have as their purpose the maximizing of profits for shareholders. It is
13 hoped (though not required under corporate law) that the profits will be distributed as dividends
14 to shareholders or, at least that the profitability of the utility will support its share price,
15 encouraging ongoing investment. By contrast, not-for-profit corporations are prohibited from
16 distributing revenues to their shareholders/members. This element is fundamental to maintaining
17 the tax-exempt status of the corporation.

18 However, although a not-for-profit organization generally cannot earn profit for distribution to
19 its members, not-for-profit organizations are permitted to earn an excess of income over
20 expenditures without breaching corporate or tax law principles or losing their tax-exempt status.
21 In fact, not-for-profit corporations frequently earn revenues from their activities that exceed the

1 amounts required for their ongoing operating or capital expenses. In FNEI's case, like in the case
2 of any other distributor of electricity, this happens for the basic reason that it is not possible to
3 estimate exactly what revenues will be earned in a given period (e.g., variance in customer
4 usage, weather, etc.), what expenditures will be incurred or how much additional revenue is
5 necessary to establish a cushion for unforeseen expenditures and to address ordinary risks
6 associated with operating a transmission business.

7 FNEI only earns revenues from its operation of the transmission system but has corporate
8 purposes that extend beyond the operation of the transmission system. Whether excess revenues
9 are applied to these purposes once the costs to operate the transmission system have been
10 addressed is a matter of indifference to the ratepayer and by extension, is not relevant to
11 determining whether the rates are "just and reasonable".

12 If a for-profit transmitter earns excess revenues from its rates because, among other things, its
13 revenue requirement included an ROE component, the for-profit transmitter can distribute these
14 profits to its shareholder(s), and the shareholders can then use such funds for whatever they wish,
15 including for purposes that are entirely unrelated to the transmission business. In establishing the
16 utility's revenue requirement, there is no inquiry into whether a for-profit utility will in fact
17 distribute its excess revenues to shareholders or reinvest them in its business. This is a matter of
18 corporate law and corporate governance that is not relevant to the rate-setting process.¹ Nor is
19 there any inquiry into whether the use by the shareholders of the distributed profits is appropriate

¹ In *Toronto Hydro Electric, supra*, the OEB was entitled to inquire into a dramatic increase in dividend payments by a for-profit utility. However, this inquiry was justified as in accordance with OEB's rate-setting function only because of the concern that the dividend payments were affecting the utility's financial stability, would lead to a requirement for increased borrowing and would therefore affect rate-payers.

1 or whether ratepayers would agree or disagree with these uses. The primary consideration from a
2 rate-setting perspective is the requirement for the rate paid by end users to be “just and
3 reasonable”, together with the “absolute” right of the utility to a “fair return.”

4 Not-for-profit transmitters like FNEI are in the exact same business as for-profit transmitters and
5 are subject to the exact same risks and contingencies. The only difference is that, unlike a for-
6 profit transmitter, FNEI cannot distribute profits to its members. Instead, FNEI is required to use
7 any excess revenues in accordance with its corporate purposes. Otherwise, FNEI has equivalent
8 needs for a “fair return” from its rates to the needs of a for-profit utility. FNEI’s not-for-profit
9 status is not jeopardized simply by earning revenues in excess of its expenses. Ratepayers are
10 indifferent, provided that the formula for calculating the “return” is the same regardless of
11 whether the transmitter is for profit or non-for profit and the end result is a rate that is “just and
12 reasonable”.²

13 The Second Decision, by invoking FNEI’s not-for-profit status as the basis for disallowing
14 FNEI’s ability to earn revenues in excess of the costs that are strictly necessary to operate the
15 transmission system, is unreasonable. The Second Decision is based on considerations regarding
16 FNEI’s not-for-profit and tax exempt status that are incorrect as a matter of corporate and tax
17 law. Moreover, it is discriminatory in that it applies standards to not-for-profit utilities and
18 subjects them to a degree of scrutiny regarding their corporate governance and tax planning that
19 is not similarly applied to a for-profit utility.

² In fact, because non-profits are tax exempt, no income tax expense is included in a non-profit transmitter’s revenue requirement.

1 Rates for Not-for-Profit Utilities in the US Include “Margin” in Excess of Costs

2 Given that rate-setting principles are similar in Canada and in the US, the authorities in the US
3 regarding not-for-profit utilities are instructive in determining the proper approach under
4 Canadian law (*Union Gas*, above, at p. 710). In the US, a number of utility commissions have
5 accepted the principle that a non-profit cooperative utility is entitled to earn a reasonable return,
6 in addition to covering the costs to deliver the services. A number of these cases apply the TIER
7 method of calculating return on the basis that this formula establishes a margin of recovery in
8 excess of costs that reflects the risks to which the utility is exposed, its objects and its economic
9 structure (e.g., *Re Inter County Rural Electric Cooperative Corporation* (Kentucky Public
10 Service Commission, Case No. 8958, August 1, 1984); *Re Southern Maryland Electric*
11 *Cooperative Inc.* (Maryland Public Service Commission, Case No. 7953, Order No. 67488,
12 October 3, 1986)).

13 The TIER method essentially provides a surrogate rate of return that is used as an analogy to a
14 “return on equity” and that assists in comparing the revenue requirement of an investor-owned
15 utility with its not-for-profit counterpart (*Re Hoosier Energy Rural Electric Cooperative Inc.*,
16 (Indian Public Service Commission, Case No. 372944, August 27, 1985)). In the cases involving
17 not-for-profit utilities in the US, the overriding principle involves establishing a fair return for
18 the utility that reflects its particular structure, risks and needs related to maintaining financial
19 integrity and pursuing its objects (see *Petition of Village of Hardwick Electric Department*, 143
20 Vt. 437 (S.C. Vt., 1983) at p. 443; *The Sekan Electric Cooperative Association Inc. v. State*
21 *Corporation Commission of the State of Kansas*, 4 Kan. App. 2d 477 (Kan. C.A., 1980)).

1 The need to maintain the utility's financial integrity is also a linchpin of the general principle
2 under Canadian and US law that the right to a reasonable rate of return is "absolute" (*BC*
3 *Railway*, at p. 848). The above US authorities therefore support FNEI's position that the OEB
4 must, in setting rates for a non-profit utility, grant a fair return to the utility on a basis that is
5 consistent with the principles applied to an investor-owned utility and, in particular, that is
6 sufficient to ensure its financial viability in the context of its corporate structure and its purposes.

7 Apart from its impact on FNEI's general ability to fulfill its corporate purposes, by refusing to
8 grant an equivalent to the ROE approved for for-profit utilities, the Second Decision would cause
9 FNEI to suffer financial hardship (e.g., putting FNEI off-side its debt coverage ratios). This is
10 discussed in the last section of this Schedule.

11 The OEB's Determination of "Just and Reasonable" is Limited by Statutory Purposes

12 As a matter of administrative law, an administrative decision-maker like the OEB must exercise
13 its powers in accordance with the purpose(s) for which they are granted. The decision-maker is
14 not entitled to use a statutory power granted to that decision-maker for a purpose that is not
15 authorized by its statute. Similarly, an administrative decision-maker is not entitled to use a
16 power granted for one purpose to accomplish another purpose, or to base a decision on irrelevant
17 or extraneous considerations.³

³ See, for example, *Roncarelli v. Duplessis*, [1959] S.C.R. 121 at para. 90; *Shell Canada Products Ltd. v. Vancouver (City)*, [1994] 1 S.C.R. 231, citing *Gershman v. Manitoba (Vegetable Producers' Marketing Board)*, [1976] 4 W.W.R. 406 (Man. C.A.); *Sandringham Place Inc. v. Ontario (Human Rights Commission)* (2001), 202 D.L.R. (4th) 301 (Ont. Div. Ct.) at para. 14; *Advocacy Centre, supra* at para. 58. Thus, for example, the Ontario Divisional Court has held that Cabinet could not justify a decision to close a hospital for budgetary reasons under legislation allowing Cabinet to issue and cancel hospital permits (*Re Doctors Hospital and Minister of Health* (1976), 12 O.R. (2d) 164 (Div. Ct.)). Although the statutory language conferred broad discretion to issue and cancel hospital permits and did not state that Cabinet could only exercise this power

1 In imposing conditions on utilities that limit their ability to earn revenues, or that impose other
2 conditions on the manner in which they operate as corporations, the OEB must be able to support
3 those conditions by reference to the statutory purposes that explicitly and implicitly govern the
4 OEB's rate-setting function (*Toronto Hydro-Electric*). In approving rates as "just and
5 reasonable," the OEB may have jurisdiction to engage or impact principles of corporate law on
6 the basis that the entities regulated by the OEB are incorporated. However, the jurisdiction of the
7 OEB must be viewed in light of the regulatory scheme, and the rate-setting function in particular
8 (*Toronto Hydro-Electric*, para. 28, citing *Toronto Hydro-Electric System Ltd. v. Ontario Energy*
9 *Board* (2009), 252 O.A.C. 188 (Div. Ct.), leave to appeal to Ont. C.A. refused, at para. 17).
10 Even though the OEB has the express power to impose conditions that it considers proper (OEB
11 Act, s. 23(1); s. 78(6)(c)) this power is not "vague, elastic and open-ended". It must be guided by
12 the legislative objectives. These objectives require the OEB to protect the interests of both the
13 customer and the utility (*Toronto Hydro-Electric*, para. 33).

14 These principles clearly apply to the task of determining whether a not-for-profit utility is
15 entitled to charge rates that accord it a "fair return". In both the First and the Second Decisions,
16 the OEB has strayed from these core principles and embarked on a determination, as a matter of
17 corporate or tax law, that FNEI is not able to earn revenues in excess of its costs because it is
18 structured as a not-for-profit corporation. This is not the OEB's function in setting rates. The
19 purposes underlying the OEB's rate-setting function dictate that the OEB must ensure that the
20 rates are "just and reasonable" in the sense that they: (a) do not result in excessive prices to

for particular reasons, the purpose of the statute was directed towards hospital accreditation, staffing and operations, and not closure of hospital for budgetary reasons.

1 consumers; and (b) ensure a “fair” return for the utility. This is done in the context of ensuring
2 efficient and economic electricity transmission in the province.

3 In particular, to the extent that the OEB’s decision to limit the ability of FNEI to earn revenues in
4 excess of its costs is motivated by a desire to ensure that FNEI preserves its tax exempt status as
5 a not-for-profit corporation, this consideration is extraneous to the purposes of the OEB Act and
6 of the rate-setting function. This concern does not relate to the need to assure provincial
7 transmission customers that they are obtaining a price for electricity transmission that is “just and
8 reasonable” – i.e. not too high despite FNEI’s regulated monopoly in providing the service. Nor
9 does this concern relate to the objective of promoting effectiveness and efficiency in the
10 transmission of electricity.

11 As demonstrated above, it is clear as a matter of corporate and tax law that a not-for-profit
12 corporation can earn revenues in excess of its costs. It is not within the jurisdiction of the OEB to
13 determine that the level of revenues that FNEI proposes to earn will jeopardize its tax-exempt
14 status. In this regard, it is unreasonable, and beyond the scope of the OEB’s powers in light of
15 the statutory purposes underlying the rate-setting function, for the OEB to impose the condition
16 that FNEI can no longer earn excess revenues after establishing reasonable reserves, simply
17 because FNEI is a not-for-profit corporation. The OEB’s reasons for imposing the requirement
18 for FNEI to create the reserves, and then to cap those reserves and limit the uses to which FNEI
19 can put those reserve funds, are clearly motivated by the OEB’s desire to protect FNEI’s not-for-
20 profit status. This is outside the OEB’s jurisdiction.

1 FNEI accepts that the OEB has jurisdiction to require FNEI to establish its revenue requirement
2 on a basis that allows it a sufficient cushion to address unforeseen contingencies, such as an
3 unexpected dip in energy consumption or unforeseen and unusual expenditures. The Board does
4 this via permitting transmitters to earn an ROE, as well as by allowing for Z-factor claims,
5 among other measures. There is no basis for requiring the establishment of specific reserve
6 funds and precluding FNEI from earning excess revenues over and above what is ostensibly
7 required to fund those reserves. Still less is there a basis for imposing limitations on the manner
8 in which those reserves can be expended if, as a result of circumstances in a particular year,
9 FNEI earns higher revenues than are necessary to cover costs in a particular year. None of these
10 requirements arise out of the OEB's rate-setting jurisdiction, and in particular, out of the mandate
11 to ensure that the rates charged to users are "just and reasonable".

12 In a for-profit utility, the ROE provides a cushion against unforeseen expenditures that may or
13 may not be experienced and is a proxy for the level of return that the for-profit utility should
14 ideally earn in order to attract investment. However, it is not based on any calculation of the
15 amount that will ultimately be paid as dividends to shareholders by the utility. Instead, it acts to
16 support the financial integrity of the utility. If the for-profit utility encounters unusual
17 expenditures in a given year, it might apply a greater portion of its revenues to its costs and less
18 revenue to distributions to investors. In a year in which revenues are unexpectedly high due to
19 increased energy usage (for example), shareholders may see distributions of higher than average
20 profits. What is important from a rate-setting perspective is that the for-profit utility has

1 sufficient funds to ensure its financial viability and that the rates charged to customers are “just
2 and reasonable”, with a “fair return” to the utility.

3 Under the OEB’s approach in the Second Decision, FNEI is not only hindered from applying
4 excess revenues to its general social and civic purposes, its financial integrity is potentially
5 undermined in a more basic sense. The practical effects of the Second Decision demonstrate the
6 unreasonableness of the OEB’s approach. Once the operating and capital reserves have been
7 established in accordance with the principles set out in the Second Decision, FNEI will no longer
8 be entitled to earn revenue in excess of its costs to operate the transmission system. At this point,
9 FNEI will immediately be off-side on its debt coverage ratios in its Credit Agreement and will
10 immediately be subject to repayment obligations that are greater than its interest costs. This
11 result demonstrates that denying FNEI the right to earn revenues in excess of its costs because of
12 its not-for-profit status does not result in “just and reasonable” rates, together with a “fair return”
13 for FNEI, in a manner that balances the obligations of the OEB to protect the interests of both the
14 consumer and the utility. This is elaborated upon in the last section of this Schedule.

15 Administrative Consistency between For-Profit and Not-for-Profit Utilities

16 The OEB’s approach to rate-setting for a not-for-profit utility should respect, as much as
17 possible, principles of administrative consistency. Although an administrative agency like the
18 OEB must exercise its statutory powers and discretion on a case-by-case basis, consistency in
19 administrative decision-making is important. Consistency enables regulated parties to plan their
20 affairs in an atmosphere of stability and predictability. It impresses upon officials the importance
21 of objectivity and acts to prevent arbitrary or irrational decisions. It fosters public confidence in

1 the integrity of the regulatory process (*Domtar Inc. v. Québec (Commission d'appel en matière*
2 *de lésions professionnelles)*, [1993] 2 S.C.R. 756 at pp. 784-785, citing H. Wade MacLauchlan,
3 “Some Problems with Judicial Review of Administrative Inconsistency” (1984) 8 Dalhousie L.J.
4 435 at p. 446). Inconsistent action creates insecurity and lack of confidence in agency decision-
5 making. If agency members regularly adopt different approaches in similar situations it calls
6 into question the validity of earlier decision-making and shakes the confidence of the public in
7 the agency (Robert W. Macaulay and James L.H. Sprague, *Practice and Procedure before*
8 *Administrative Tribunals* (Toronto: Carswell, 1988+) (looseleaf) at pp. 6-18.1).

9 The OEB, and other rate-setting decision-makers in Canada and the US, have consistently
10 permitted investor-owned and government-owned utilities to earn a fair return and to incorporate
11 such return into “just and reasonable” rates. This approach is premised on permitting the
12 investor-owned utility to pursue its objects and maintain its financial integrity. These
13 considerations are directed towards generating value for the utility’s shareholders, because that is
14 how the utility is structured to operate.

15 The financial integrity of a “not-for-profit” utility is as important as the financial integrity of an
16 investor-owned or government-owned utility. Both utilities are in the same business, and are
17 subject to the same contingencies and risks. Administrative consistency dictates, therefore, that
18 the OEB, in determining whether to grant a “fair return” to a not-for-profit utility, should take
19 into account similar considerations and develop an approach that is as analogous as possible to
20 the approach taken to investor-owned utilities. In this regard, a not-for-profit utility should not be

1 subject to radically different or more onerous conditions than an investor-owned utility simply
2 because it operates in a not-for-profit environment.

3 It logically follows that it was unreasonable for the OEB to state in its Second Decision that the
4 purposes of FNEI of supporting the social, economic and civic welfare and development
5 activities of the First Nations communities are not the responsibility of the utility and the
6 ratepayers should not be funding them (Second Decision, p. 23). The OEB does not engage in a
7 similar inquiry when determining the manner in which the excess revenues of a for-profit utility
8 will be applied, even though shareholders of the utility who receive profits as dividends may
9 apply those distributions to any use they desire.

10 The ratepayers of for-profit utilities pay rates that include a “fair return” for the utility. This
11 return is calculated on a basis that, ideally, will allow the corporation to meet its corporate
12 objects of earning profits for its shareholder(s). That is the corporate basis upon which a for-
13 profit utility is organized. However, the “return” primarily acts as a cushion that supports the
14 financial integrity of the for-profit utility.

15 By the same token, the customers of a not-for-profit utility should pay reasonable rates that will
16 allow the not-for-profit utility a similar cushion to operate effectively and to secure its financial
17 integrity against unforeseen increases in expenditures or decreases in revenues. If this return, in
18 a given year, generates excess revenues beyond what is necessary to address those contingencies,
19 there is nothing unreasonable about allowing FNEI to apply those revenues to accomplish the
20 very corporate purposes of operating the transmission line for the benefit of the community
21 (which is accomplished by funding community projects) that allow FNEI to operate on a tax-free

basis. In fact, ratepayers are better off with a non-profit utility, since the revenue requirement does not include a component for tax costs, and no income tax expense is embedded in the rates. There is no basis for the OEB to refuse to recognize this aspect of the not-for-profit structure in approving rates as just and reasonable. To the contrary, principles of administrative consistency dictate that the for-profit and not-for-profit utility must be treated similarly because the differences between them are not material from the perspective of rate-setting and, in particular, from the perspective of ensuring that rate-payers pay rates that are “just and reasonable”.

5.0 Harm to FNEI

As noted above, if FNEI were no longer entitled to earn revenue in excess of its costs to operate the transmission system, FNEI would immediately be off-side on its debt coverage ratios in its Credit Agreement and subject to repayment obligations that are greater than its interest costs. This is not something that is unique to FNEI and its lending arrangements – FNEI’s financing is fairly conventional.

FNEI’s main credit facility is a Credit Agreement with Manulife and Pacific and Western Bank of Canada, which was entered into in 2006 and will expire at the end of 2027. It contains typical financial covenants that the borrower (i.e., FNEI) must adhere to, including the requirement that FNEI maintain the following ratios:

- the ratio of debt to capitalization shall not be greater than 60% at the end of any fiscal quarter; and,

- the ratio of EBITDA to debt service, determined as at the end of each fiscal quarter in respect of each immediately preceding four fiscal quarter period, shall not be less than 1.2 to 1.0.

The Second Decision set FNEI's current revenue requirement at \$6.237 million -- \$1.039 million of which was attributable to ROE (or Internally Generated Funds). If the ROE were eliminated from FNEI's revenue requirement (upon fully funding the three reserve accounts), FNEI's debt coverage ratio would drop to approximately 0.81 to 1.0 (from approximately 1.31 to 1.0) – putting FNEI off-side of its financing covenants and prone to having its loan called. The practical implications of the Second Decision finding on the non-profit issue puts FNEI in an unsustainable position.

DEFERRAL AND VARIANCE ACCOUNTS

1.0 Overview

FNEI currently has no deferral or variance accounts.

In its last rates case (EB-2009-0387), the Board directed FNEI, beginning on July 1, 2010, to record in a deferral account the incremental input tax credit it received on revenue requirement items previously subject to PST and which become subject to HST. FNEI tracked the incremental tax credit for a period of six months and determined the applicable amount to be approximately \$5,000 during this period. FNEI did not establish a deferral account on the basis that such an amount was well short of FNEI's materiality threshold.

2.0 New Deferral Accounts

In this Application, FNEI is applying for an Order or Orders of the Board, issued pursuant to section 78 of the OEB Act, approving the establishment of a deferral account to track revenue requirement deficiencies incurred from January 1, 2016 until FNEI's proposed 2016 revenue requirement is approved. The establishment of the deferral account would be updated monthly and interest would be applied consistent with Board-approved rates. FNEI will record the revenue deficiency based upon the difference between the 2010 approved monthly revenue requirement and the monthly revenue at current rates. The recording of this revenue deficiency will cease when a new revenue requirement for FNEI is approved and implemented by the Board.

COST ALLOCATION TO RATE POOLS

1.0 FNEI's Current Cost Allocation to Rate Pools

FNEI and other transmitters have allocated their respective revenue requirements to the UTR asset pools on the same basis as Hydro One Networks Inc. ("HONI"). FNEI's Board-approved revenue requirement for 2016 (as set out in the current UTR) is as follows:

Table 9-1-1-A Approved Allocation for FNEI's Current Revenue Requirement

Network	Line Connection	Transformation Connection	Total
\$3,701,645	\$878,728	\$1,746,716	\$6,327,089

2.0 FNEI's Proposed Cost Allocation to Rate Pools

In this Application, FNEI is applying for a transmission revenue requirement of \$7,894,200. Based on the current 2016 revenue requirement allocators, this applied-for revenue requirement would be allocated to the UTR asset pools as follows:

Table 9-1-1-B Allocation of FNEI's Applied-For Revenue Requirement

Network	Line Connection	Transformation Connection	Total
\$4,618,479	\$1,096,374	\$2,179,347	\$7,894,200

PROPOSED INCENTIVE RATE-SETTING PLAN

1.0 Overview

This is only FNEI's third transmission rate application. FNEI's first application was filed prior to the FNEI line coming into service (RP-2001-0036). FNEI's revenue requirement at that proceeding was \$5.178 million, based on a single forward test year. That revenue requirement remained in place until FNEI's second application (EB-2009-0387). That second application was also based on a single forward test year, and the Board established FNEI's transmission revenue requirement at \$6.327 million.

This Application represents the first time that FNEI is proposing a multi-year incentive rate-setting plan ("IR Plan"). In doing so, FNEI has had regard to the amended *Filing Requirements for Electricity Transmission Applications*, chapter 2, p. 5 (February 11, 2016). FNEI's proposal is a revenue cap index proposal.

2.0 Revenue Cap IR Plan

FNEI is proposing an IR Plan that adjusts the base year 2016 transmission revenue requirement each calendar year for the period from January 1, 2017 through December 31, 2020 according to the following formula:

$$RRA = I - X + S$$

Where:

RRA	Revenue Requirement Adjustment
I	Inflation Factor (actual year-over-year change in the annualized average of four quarters of Statistics Canada's Gross Domestic Product Implicit Price Index for Final Domestic Demand ("GDP-IPI"), as calculated by the Board and in effect at the time the RRA is made)
X	Productivity Factor (same as that utilized by Board for electricity distributor rate adjustments)
S	Stretch Factor of 0.3% (mid-range for electricity distributors)

FNEI proposed IR Plan would permit FNEI to bring forward, for Board approval, costs for unforeseen events outside of FNEI's management control (i.e., Z-factor claims), provided that such claims meet the following three criteria:

Criteria	Description
Causation	Amounts should be directly related to the Z-factor event. The amount must be clearly outside of the base upon which rates were derived.
Materiality	The amounts must exceed \$100,000 (on an individual event basis) and have a significant influence on the operation of FNEI; otherwise they should be expensed in the normal course and addressed through organizational productivity improvements.
Prudence	The amount must have been prudently incurred. This means that FNEI's decision to incur the amount must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

The process for bringing forward Z-factor claims under the IR Plan would be as follows:

- FNEI would record amounts sought to be claimed as a Z-factor in a separate Z-factor deferral account. Monthly carrying charges would also be recorded (calculated using

1 simple interest applied to the monthly opening balances in the account and recorded in a
2 separate sub-account of this account). The rate of interest is the Board-prescribed rates
3 for deferral and variance accounts for the respective quarterly period published on the
4 Board's website.

- 5 • FNEI would notify the Board and interveners in this current rate proceeding of all Z-
6 factor events within six months of the Z-factor event.

7 FNEI would apply to the Board for recovery of amounts recorded in the Z-factor deferral
8 account, and such application shall include evidence from FNEI demonstrating that the costs
9 incurred meet the three eligibility criteria outlined above.

10 FNEI's proposed IR Plan also includes a trigger mechanism for a regulatory review if FNEI's
11 earnings fall outside an annual ROE deadband of ± 300 basis points, based on FNEI's annual
12 audited financial statements (filed with the Board within 60 days of FNEI's receipt of such
13 statements). In the event that FNEI's financial statements show FNEI's earnings falling short of
14 or exceeding FNEI's Board-approved ROE by 300 basis points, a review will be carried out by
15 the Board to determine if further action by the Board is warranted. The review would be
16 prospective in nature and could result in modifications to FNEI's IR Plan (including its
17 termination or continuation).

CALCULATION OF UNIFORM TRANSMISSION RATES

1.0 Overview

The Ontario Energy Board establishes transmission rates on a uniform basis for all electricity transmitters in Ontario. The current provincial Uniform Transmission Rates (“UTR”) were made effective January 1, 2016, pursuant to EB-2015-0311.

In establishing the UTRs for the entire province for a test year, the Board aggregates the revenue requirement of all rate-regulated transmitters in the province. The overall revenue requirement is then allocated to the three transmission rate pools in order for rates by pool to be established. The revenue requirement by rate pool for all transmitters is based on Hydro One Network Inc.’s cost allocation process. Once the revenue requirement by rate pool has been determined, rates are then established by applying the appropriate provincial charge determinants for each pool to the associated total revenue requirement for each pool. The provincial charge determinants are the sum of all charge determinants for all rate-regulated transmitters, by rate pool.

2.0 Current Uniform Transmission Rates

Table 11-1-1-A below sets out the calculation of the current UTRs. FNEI’s information is highlighted in the Table.

1 Table 11-1-1-A Current 2016 UTR Calculation

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$3,701,645	\$878,728	\$1,746,716	\$6,327,089
CNPI	\$2,608,113	\$619,136	\$1,230,705	\$4,457,953
GLPT	\$23,732,985	\$5,633,935	\$11,199,017	\$40,565,936
HONI	\$866,145,218	\$205,612,810	\$408,712,802	\$1,480,470,830
B2M LP	\$32,965,146	\$0	\$0	\$32,965,146
All Transmitters	\$929,153,107	\$212,744,608	\$422,889,239	\$1,564,786,954
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	187.210	213.460	76.190	
CNPI	522.894	549.258	549.258	
GLPT	3,498.236	2,734.624	635.252	
HONI	249,552.000	241,956.000	207,936.000	
B2M LP	0.000	0.000	0.000	
All Transmitters	253,760.250	245,453.342	209,196.700	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	3.66	0.87	2.02	
FNEI Allocation Factor	0.00398	0.00413	0.00413	
CNPI Allocation Factor	0.00281	0.00291	0.00291	
GLPT Allocation Factor	0.02554	0.02648	0.02648	
HONI Allocation Factor	0.93219	0.96648	0.96648	
B2M LP Allocation Factor	0.03548	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

3.0 Proposed Uniform Transmission Rates

Table 11-1-1-B shows FNEI's proposed UTR, which incorporates FNEI's applied-for 2016 revenue requirement and charge determinants. It assumes the revenue requirement and charge determinant values approved for the other transmitters remain the same.

1 *Table 11-1-1-B Proposed 2016 UTR Calculation*

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,618,479	\$1,096,374	\$2,179,347	\$7,894,200
CNPI	\$2,608,113	\$619,136	\$1,230,705	\$4,457,953
GLPT	\$23,732,985	\$5,633,935	\$11,199,017	\$40,565,936
HONI	\$866,145,218	\$205,612,810	\$408,712,802	\$1,480,470,830
B2M LP	\$32,965,146	\$0	\$0	\$32,965,146
All Transmitters	\$930,069,941	\$212,962,254	\$423,321,871	\$1,566,354,065
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	231.743	256.124	73.986	
CNPI	522.894	549.258	549.258	
GLPT	3,498.236	2,734.624	635.252	
HONI	249,552.000	241,956.000	207,936.000	
B2M LP	0.000	0.000	0.000	
All Transmitters	253,804.873	245,496.006	209,194.496	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	3.66	0.87	2.02	
FNEI Allocation Factor	0.00497	0.00515	0.00515	
CNPI Allocation Factor	0.00280	0.00291	0.00291	
GLPT Allocation Factor	0.02552	0.02646	0.02646	
HONI Allocation Factor	0.93127	0.96549	0.96549	
B2M LP Allocation Factor	0.03544	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

2

3 Table 11-1-1-C below shows the variances created FNEI's forecasted 2016 revenue requirement

4 and charge determinant changes.

5

1 Table 11-1-1-C 2016 Variance in UTRs Driven by FNEI

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$916,834	\$217,646	\$432,631	\$1,567,111
CNPI	\$0	\$0	\$0	\$0
GLPT	\$0	\$0	\$0	\$0
HONI	\$0	\$0	\$0	\$0
B2M LP	\$0	\$0	\$0	\$0
All Transmitters	\$916,834	\$217,646	\$432,631	\$1,567,111
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	44.623	452.664	-2.204	
CNPI	0	0	0	
GLPT	0	0	0	
HONI	0	0	0	
B2M LP	0	0	0	
All Transmitters	44.623	452.664	-2.204	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	0	0	0	
FNEI Allocation Factor	0.00099	0.00102	0.00102	
CNPI Allocation Factor	-0.00001	0	0	
GLPT Allocation Factor	-0.00002	-0.00002	-0.00002	
HONI Allocation Factor	-0.00092	-0.00099	-0.00099	
B2M LP Allocation Factor	-0.00004	0	0	
Total of Allocation Factors	0.00000	0.00000	0.00000	

4.0 Bill Impacts

As demonstrated in Table 11-1-1-C above, there is no impact of this application to Ontario rate-payers (i.e., there is no change to the network, line connection or transformation connection charge). The only impact is the revenue allocation as between transmitters.