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BALANCING POOL FINANCIAL HIGHLIGHTS 2001

Presented at the Balancing Pool's
Annual Meeting April 25, 2002



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REVENUES

➤ Four sources of revenue in 2001

(in Millions)

Sale of electricity	\$1,951
Hydro PPA	57
Investment income	36
PILOT & other	63
Total Revenue	\$2,107



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Expenses & Disbursements

➤ Primary expenditures & expenses in 2001:

(in Millions)

✓ Rebates to consumers	\$1,984
✓ Operating costs of generating assets	945
✓ Amortization	133
✓ G&A Expense	2

➤ Under legislation, payment responsibilities include:

- ✓ R&A on isolated generation sites
- ✓ small power producer contracts



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Operating Results 2001

(in Millions)

Revenues	\$2,107
Expenses	<u>1,081</u>
Operating Income	\$1,026
Asset Revaluations	<u>(1,041)</u>
Net Loss	\$ (15)



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Balance Sheet Assets

- \$2.6 billion asset balance at year-end
- Reductions from prior year:
 - \$927 million in investment balances—2001 Electricity Rebate Program of almost \$2 billion
 - Capital asset balances—primarily PPA revaluation of \$990 million based on future market prices



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Balance Sheet Liabilities

- Decreased by \$1.9 billion primarily from reduction in liability for electricity rebates
- Major liabilities at year-end include future payments under PPAs of \$2 billion
- At present, no outstanding debt



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Deferral Account

(in Millions)

2001

\$345

2000

\$330

- Amount required to fund excess of liabilities over assets, based on year-end valuations
- Electric Utilities Act provides for charge to end-use electricity consumers to fund any future deficit (or rebate surplus)
- Amount of charge or rebate, if any, determined annually



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Balancing Pool Fund

- Objective to preserve capital and maintain Fund liquidity
- Another year of success in Fund results
- Investment performance:
 - ✓ outperformed benchmark by 5% during 2001



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Outlook for 2002

- Favourable 2002 results expected
- Will be affected by:
 - ✓ Variability in Power Pool prices
 - ✓ Market prices for ancillary services
 - ✓ Plant availability under the PPAs
 - ✓ Results of Map II sale
- Balancing Pool will use all available methods in managing the asset portfolio to achieve best results for our stakeholders