

ENERSOURCE CORPORATION

Consolidated Balance Sheets
(In thousands of dollars)

Unaudited June 30, 2009, with comparative figures for December 31, 2008

	June 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,456	\$ 76,105
Accounts receivable	58,445	58,574
Unbilled revenue	41,908	53,816
Inventory	9,787	7,230
Prepaid expenses and deposits	1,733	2,596
Future income tax assets (note 3 (c))	2,070	-
	<u>170,399</u>	<u>198,321</u>
Capital assets	422,095	419,244
Intangible assets	13,199	10,336
Deposits and prudentials	19,479	20,563
Regulatory assets	6,750	2,371
Other deferred costs	3,909	3,071
Future income tax assets (note 3 (c))	47,663	-
	<u>513,095</u>	<u>455,585</u>
	<u>\$ 683,494</u>	<u>\$ 653,906</u>
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 86,368	\$ 93,159
Amount in lieu of corporate income taxes payable	887	2,149
Deferred revenue	90	65
Advance payments	2,136	2,844
Regulatory tax liabilities (note 3 (d))	1,071	-
Regulatory liabilities	-	18,295
	<u>90,552</u>	<u>116,512</u>
Long-term liabilities:		
Bonds payable (note 4)	288,998	288,735
Deposits	19,279	20,363
Employee retirement and post-retirement benefits	3,986	3,754
Regulatory liability for future income tax assets (note 3 (d))	47,606	-
	<u>359,869</u>	<u>312,852</u>
Non-controlling interest	1,190	1,135
Shareholders' equity :		
Capital stock	175,691	175,691
Retained earnings	56,192	47,716
	<u>231,883</u>	<u>223,407</u>
Contingencies (note 8)		
Commitments (note 9)		
	<u>\$ 683,494</u>	<u>\$ 653,906</u>

See accompanying notes to interim consolidated financial statements.

Basis of presentation (note 1 (a))

ENERSOURCE CORPORATION

Consolidated Statements of Income and Other Comprehensive Income and Retained Earnings
(In thousands of dollars)

Unaudited Three and Six Months Ended June 30, 2009, with comparative figures for 2008

	Three months ended		Six months ended	
	30-Jun 2009	30-Jun 2008	30-Jun 2009	30-Jun 2008
Revenue:				
Energy sales	\$ 96,582	\$ 134,153	\$ 229,353	\$ 270,130
Distribution	27,525	27,050	56,439	54,309
Recovery (refund) of regulatory assets (liabilities)	(511)	(639)	(2,278)	967
Services	1,458	1,829	3,786	3,290
Other	1,401	1,071	2,454	1,984
	126,455	163,464	289,754	330,680
Operating Expenses:				
Energy purchases	96,582	134,153	229,353	270,130
Operations, maintenance and administration	11,020	9,891	21,957	19,659
Services	1,399	1,487	3,413	2,642
Amortization of capital assets	8,069	7,879	16,028	15,684
Amortization of intangible assets	132	268	260	508
Amortization of regulatory (liabilities) assets	(511)	(639)	(2,278)	967
	116,691	153,039	268,733	309,590
Operating Income	9,764	10,425	21,021	21,090
Non operating revenue (expense):				
Interest income	92	850	372	1,812
Interest expense	(4,381)	(4,891)	(8,907)	(9,837)
Foreign exchange (loss) gain	(274)	(28)	(143)	168
	(4,563)	(4,069)	(8,678)	(7,857)
Income before the undernoted	5,201	6,356	12,343	13,233
Payments in lieu of corporate income taxes	(1,870)	(2,496)	(4,458)	(5,108)
Income before non-controlling interest	\$ 3,331	\$ 3,860	\$ 7,885	\$ 8,125
Non-controlling interest	(53)	(3)	(55)	-
Net income and other comprehensive income	\$ 3,278	\$ 3,857	\$ 7,830	\$ 8,125
Retained earnings				
	2009	2008	2009	2008
Retained earnings, beginning of period	\$ 52,914	\$ 41,742	\$ 47,716	\$ 37,474
Net income	3,278	3,857	7,830	8,125
Accounting policy change (note 1 (f)(ii) & note 3 (a))	-	-	646	-
Retained earnings, end of period	\$ 56,192	\$ 45,599	\$ 56,192	\$ 45,599

See accompanying notes to interim consolidated financial statements.

Basis of presentation (note 1(a)).

ENERSOURCE CORPORATION

Consolidated Statements of Cash Flows
(In thousands of dollars)

Unaudited Three and Six Months Ended June 30, 2009, with comparative figures for 2008

	Three months ended		Six months ended	
	30-Jun	30-Jun	30-Jun	30-Jun
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net Income	\$ 3,278	\$ 3,857	\$ 7,830	\$ 8,125
Items not affecting cash:				
Amortization of debt issue costs	130	109	263	217
Amortization of capital assets	8,069	7,879	16,028	15,684
Amortization of intangible assets	132	268	260	508
Amortization of regulatory (liabilities) assets	(511)	(639)	(2,278)	967
(Gain) loss on disposal of capital assets	(111)	6	(115)	(75)
Employee post-retirement benefits	100	136	232	283
Accounting policy change	-	-	646	-
Non-controlling interest	53	3	55	-
	11,140	11,619	22,921	25,709
Change in non-cash operating working capital (note 7)	(18,294)	5,692	(15,684)	12,911
	(7,154)	17,311	7,237	38,620
Financing activities:				
Deposits	884	(254)	(1,084)	382
Investing activities:				
Deposits and prudenials	(884)	254	1,084	(382)
Additions to capital assets	(10,423)	(10,318)	(21,978)	(18,223)
Additions to intangible assets	(1,406)	(1,375)	(2,704)	(2,214)
Other deferred costs	81	(150)	(838)	(69)
Proceeds on disposal of capital assets	142	86	146	179
Decrease (increase) in regulatory assets	(2,915)	5,909	(1,512)	6,282
	(15,405)	(5,594)	(25,802)	(14,427)
(Decrease) increase in cash and cash equivalents	(21,675)	11,463	(19,649)	24,575
Cash and cash equivalents, beginning of period	78,131	70,211	76,105	57,099
Cash and cash equivalents, end of period	\$ 56,456	\$ 81,674	\$ 56,456	\$ 81,674
Supplemental cash flow information:				
Interest received	\$ 129	\$ 885	\$ 501	\$ 1,982
Interest paid	9,120	9,120	9,120	9,120
Payments in lieu of corporate income taxes paid	3,210	3,182	6,596	7,041

See accompanying notes to interim consolidated financial statements.

Basis of presentation (note 1(a)).

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

Enersource Corporation (the "Corporation"), incorporated under the Ontario Business Corporations Act, was formed to conduct electricity distribution and non-regulated utility service ventures. The Corporation is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("BPC"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS").

1. Significant accounting policies:

(a) Basis of presentation:

The accompanying unaudited interim consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles ("GAAP") for interim financial statements and, accordingly, certain disclosures normally included in annual financial statements prepared in accordance with GAAP are not provided and should be read in conjunction with the Corporation's 2008 audited consolidated financial statements and notes thereto. These unaudited interim consolidated financial statements have been prepared following accounting principles consistent with those used in the annual audited consolidated financial statements, and should be read in conjunction with the annual audited financial statements of the Corporation for the year ended December 31, 2008.

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which consist of normal recurring adjustments, necessary to present fairly the financial position at June 30, 2009 and the results of operations and cash flows for the three and six month periods ended June 30, 2009 and 2008. Due to the nature of the Corporation's revenue seasonality the results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of the results that may be expected for the entire year.

(b) Rate setting:

The Ontario Energy Board ("OEB") has the power to establish electricity prices under a regulated price plan ("RPP") for low volume consumers and designated consumers who do not choose an electricity retailer. The OEB may adjust the electricity commodity prices charged to these RPP consumers every six months as required.

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

1. Significant accounting policies (continued):

Regulated Price Plan:

	<u>January 2008 - April 2008</u>	<u>May 2008 - October 2008</u>	<u>November 2008 - April 2009</u>	<u>May 2009 - June 2009</u>
Residential consumption threshold	1,000 kWh	600 kWh	1,000 kWh	600 kWh
Non-residential consumption threshold	750 kWh	750 kWh	750 kWh	750 kWh
Price below threshold	\$.050/kWh	\$.050/kWh	\$.056/kWh	\$.057/kWh
Price above threshold	\$.059/kWh	\$.059/kWh	\$.065/kWh	\$.066/kWh

Enersource Hydro submitted a rate re-basing application to the OEB on August 23, 2007 for the rate period beginning on May 1, 2008 through April 30, 2009. A settlement negotiated with intervenors was accepted by the OEB on January 4, 2008. On April 18, 2008, the OEB released its final decision and order on this rate application. Enersource Hydro implemented this distribution rate decision, along with OEB approved changes to the recovery of regulatory assets and refund of regulatory liabilities on May 1, 2008.

In November 2008, Enersource Hydro submitted a formula based rate application to the OEB for the rate period May 1, 2009 through April 30, 2010. On March 16, 2009, the OEB released its decision and order on this rate application. Enersource Hydro implemented this distribution rate decision, along with OEB approved changes to electricity commodity prices May 1, 2009.

(c) Capital assets:

Amortization of capital asset values is charged to operations on a straight-line basis over their estimated service lives as follows:

	<u>Estimated service life</u>
Buildings	25 - 60 years
Distribution station equipment	15 - 35 years
Overhead and underground distribution system	25 - 40 years
Equipment and furniture	2 - 10 years

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

1. Significant accounting policies (continued):

An allowance for the cost of funds used during the construction period has been applied. Effective May 1, 2006, the prescribed interest rate used during the period equalled the average weighted bond yield of the DEX Mid Term Corporate Bond Index (formally known as Scotia Capital Inc. Bond Index), as published on the OEB website, updated quarterly. From January through June 2008, the rate used was 5.18%, and from July 1, 2008 to December 31, 2008, the rate used was 5.43%. The rate used was 6.61% from January through June 30, 2009.

(d) Intangible assets:

Amortization of intangible asset values is charged to operations on a straight-line basis over their estimated service lives as follows:

	<u>Estimated service life</u>
<u>Computer software</u>	<u>2 - 10 years</u>

(e) Payments in lieu of corporate income taxes

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Energy Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

(f) Changes in accounting policy:

(i) Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the CICA issued Emerging Issues Committee ("EIC") 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that the credit risk of counterparties should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatements of prior periods to all financial assets and liabilities measured at fair value in interim and annual statements for periods ending on or after the date of issuance of this Abstract. This change has not had a material impact on results of operations.

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

1. Significant accounting policies (continued):

(ii) Future tax assets and liabilities:

Effective January 1, 2009, Enersource Hydro adopted CICA Handbook Section 3465, "Income Taxes" which required Enersource Hydro to record income taxes using the asset and liability method. Under this method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from settlement or recovery of assets and liabilities at their carrying values. The adoption of this section required Enersource Hydro to recognize future income tax liabilities and assets as well as a regulatory asset or liability for future income taxes expected to be recovered from or refunded to customers through future distribution rates. The impact of this accounting policy change was that the financial statements were adjusted retrospectively without restatement. The adoption of this accounting policy change resulted in an increase to retained earnings of \$646.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in future income taxes related to a change in tax rates are recognized in income in the period in which the tax change was enacted or substantively enacted.

Future income tax inflows and outflows are subject to estimation in terms of both timing and amount of future taxable earnings.

2. Inventory:

Inventory, which consists of parts and supplies acquired for internal construction, consumption or recoverable work, is valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

The amount of inventories consumed by the Corporation and recognized as an expense for the three months ended June 30, 2009 was \$538 (2008 - \$407) and for the first six months of 2009 was \$1,046 (2008 - \$713).

3. Payments in lieu of corporate income taxes:

Future income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The impact of the retrospective adjustment and significant components of the Corporation's future tax assets, liabilities, expense and retained earnings are as follows:

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

3. Payments in lieu of corporate income taxes (continued):

(a) Future income tax changes in the consolidated statements of retained earnings

	January 1, 2009
Regulatory assets and liabilities	\$ 214
Unrealized gain on foreign exchange	357
Other	75
	<u>\$ 646</u>

(b) Components of PILs expense

	June 2009
Current PILs	\$ 4,868
Future income tax	(410)
	<u>\$ 4,458</u>

(c) Significant components of future income tax assets on the consolidated balance sheet are as follows:

	June 2009
Capital and intangible assets	\$ 33,147
Regulatory liability for future income taxes	14,034
Regulatory assets and liabilities	573
Retirement benefit liability	1,156
Other temporary differences	823
	<u>\$ 49,733</u>

The future tax asset is presented on the balance sheet as follows:

	June 2009
Future income tax assets, current	\$ 2,070
Future income tax assets, non-current	47,663
	<u>\$ 49,733</u>

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

3. Payments in lieu of corporate income taxes (continued):

- (d) Management expects that \$34,643 of the future income tax assets will be included in the future rates charged to customers and accordingly has recorded a corresponding regulatory liability. The regulatory liability will itself result in an additional future income tax asset of \$14,034. Accordingly, \$48,677 has been recorded as a regulatory liability for future income taxes.

The regulatory tax liability is presented on the balance sheet as follows:

	June 2009
Regulatory tax liabilities, current	\$ 1,071
Regulatory tax liabilities, non-current	47,606
	<u>\$ 48,677</u>

4. Bonds payable:

	June 2009	December 2008
6.29% BPC-Enersource Series Bonds, Tranche 1, due May 3, 2011	\$290,000	\$290,000
Deferred debt issue costs (net of accumulated amortization of \$3,334 (2008 - \$3,071))	(1,002)	(1,265)
	<u>\$288,998</u>	<u>\$288,735</u>

The BPC-Enersource Series Bonds are secured by a credit agreement between the Corporation and Borealis Infrastructure Trust. The credit agreement provides for a first ranking charge on collateral comprised of the Corporation's assets. Interest expense for the six months ended June 30, 2009 included \$9,046 (June 30, 2008, \$9,046) in respect of interest on long-term debt and amortization of debt issue costs in the amount of \$263 (2008 - \$217).

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

5. Employee post-retirement benefits:

The Corporation's total employee post-retirement benefit expense recognized in operating income for the six months ending June 30, 2009 was \$245 (June 30, 2008, \$319), as follows:

	June 2009	June 2008
Change in employee post-retirement benefits liability	\$ 232	\$ 283
Premiums paid for the first six months	13	36
Total Expense	\$ 245	\$ 319

6. Segmented information:

The Corporation operates primarily in two operating segments, electricity distribution services and other operations. Other operations are primarily comprised of engineering design, construction and maintenance services for utilities and developers.

The designation of segments is based on a combination of regulatory status and the nature of the products and services provided. The accounting policies followed by the segments are the same as those described in the summary of significant accounting policies.

Three Months Ended June 30, 2009

2009	Electricity distribution services	Other operations	Intersegment eliminations	Total
Revenue	\$ 124,938	\$ 1,576	\$ (59)	\$ 126,455
Operating expenses	(107,292)	(1,768)	59	(109,001)
Amortization	(7,670)	(20)	-	(7,690)
	(114,962)	(1,788)	59	(116,691)
	9,976	(212)	-	9,764
Interest revenue	67	25	-	92
Interest expense	(4,381)	-	-	(4,381)
Foreign exchange loss	(274)	-	-	(274)
Income (loss) before the undernoted	5,388	(187)	-	5,201
PILs	(1,050)	(820)	-	(1,870)
Non Controlling interest	-	-	(53)	(53)
Net income (loss)	\$ 4,338	\$ (1,007)	\$ (53)	\$ 3,278
Total assets	654,243	254,836	(225,585)	683,494
Capital expenditures (Decrease) increase	11,390	439	-	11,829

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

in cash and cash equivalents	(21,679)	4	-	(21,675)
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6. Segmented information (continued):

Three Months Ended June 30, 2008

2008	Electricity distribution services	Other operations	Intersegment eliminations	Total
Revenue	\$ 161,687	\$ 1,832	\$ (55)	\$ 163,464
Operating expenses	(143,581)	(2,005)	55	(145,531)
Amortization	(7,497)	(11)	-	(7,508)
	(151,078)	(2,016)	55	(153,039)
	10,609	(184)	-	10,425
Interest revenue	658	192	-	850
Interest expense	(4,891)	-	-	(4,891)
Foreign exchange loss	(28)	-	-	(28)
Income before the undernoted	6,348	8	-	6,356
PILs	(2,522)	26	-	(2,496)
Non Controlling interest	-	-	(3)	(3)
Net income (loss)	\$ 3,826	\$ 34	\$ (3)	\$ 3,857
Total assets	612,741	247,484	(216,152)	644,073
Capital expenditures	11,452	241	-	11,693
Increase (decrease) in cash and cash equivalents	11,826	(363)	-	11,463

Six Months Ended June 30, 2009

2009	Electricity distribution services	Other operations	Intersegment eliminations	Total
Revenue	\$ 285,916	\$ 3,954	\$ (116)	\$ 289,754
Operating expenses	(250,458)	(4,381)	116	(254,723)
Amortization	(13,975)	(35)	-	(14,010)
	(264,433)	(4,416)	116	(268,733)
	21,483	(462)	-	21,021
Interest revenue	274	98	-	372
Interest expense	(8,907)	-	-	(8,907)
Foreign exchange loss	(143)	-	-	(143)
Income (loss) before the undernoted	12,707	(364)	-	12,343
PILs	(3,724)	(734)	-	(4,458)
Non-controlling interest	-	-	(55)	(55)
Net income (loss)	\$ 8,983	\$ (1,098)	(55)	\$ 7,830
Total assets	654,243	254,836	(225,585)	683,494
Capital expenditures	24,176	506	-	24,682

ENERSOURCE CORPORATION

Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

(Decrease) increase in cash and cash equivalents	(19,810)	161	-	(19,649)
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6. Segmented information (continued):

Six Months Ended June 30, 2008

2008	Electricity distribution services	Other operations	Intersegment eliminations	Total
Revenue	\$ 327,478	\$ 3,312	\$ (110)	\$ 330,680
Operating expenses	(288,697)	(3,844)	110	(292,431)
Amortization	(17,141)	(18)	-	(17,159)
	(305,838)	(3,862)	110	(309,590)
	21,640	(550)	-	21,090
Interest revenue	1,370	442	-	1,812
Interest expense	(9,837)	-	-	(9,837)
Foreign exchange gain	168	-	-	168
Income (loss) before the undernoted	13,341	(108)	-	13,233
PILs	(5,205)	97	-	(5,108)
Non-controlling interest	-	-	-	-
Net income (loss)	\$ 8,136	\$ (11)	\$ -	\$ 8,125
Total assets	612,741	247,484	(216,152)	644,073
Capital expenditures	20,196	241	-	20,437
Increase in cash and cash equivalents	23,625	950	-	24,575

7. Change in non-cash operating working capital:

	June 2009	June 2008
Accounts receivable	\$ 129	\$ 4,040
Unbilled revenue	11,908	(368)
Inventory	(2,557)	(87)
Prepaid expenses and deposits	863	305
Future income tax assets, current	(2,070)	-
Future income tax assets, non-current	(47,663)	-
Accounts payable and accrued liabilities	(6,791)	6,998
Accounts payable and accrued liabilities in assets	2,060	2,046
Payments in lieu of corporate income taxes payable	(1,262)	(865)
Deferred revenue	25	204
Advance payments	(708)	126
Regulatory tax liabilities	1,071	-
Regulatory liabilities	(18,295)	512
Regulatory liability for future income tax assets	47,606	-
	\$ (15,684)	\$ 12,911

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Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

7. Change in non-cash operating working capital (continued):

Accrued liabilities relating to additions to capital assets and intangible assets for the period ended June 30, 2009 was \$3,747 (June 30, 2008 - \$1,331) has been excluded from the change in non-cash operating working capital.

8. Contingencies:

Environmental matters:

- (i) Enersource is subject to numerous environmental regulations. As part of the Corporation's risk mitigation strategy, various environmental assessments are currently underway. At December 31, 2008, the Corporation had identified four sites and provided \$180 for testing and future soil remediation. During the second quarter of 2009, the Corporation completed the soil remediation at three sites, identified one additional site and provided an additional \$20 for testing and future soil remediation.
- (ii) Environment Canada has issued new regulations governing the management of PCBs. The Corporation is in the process of determining the extent and impact that the new regulations will have on the organization. On December 1, 2008, the OEB approved the Corporation's request to defer any expenses that may be incurred to comply with the new regulations for potential recovery through future rates. As at June 30, 2009 the Corporation has deferred \$514 included in regulatory assets, regarding compliance with the new regulations.

9. Capital asset purchase commitments and addititons:

Capital asset purchase commitments outstanding as at June 30, 2009 total \$8,231, all of which are expected to be fulfilled by the end of the year except \$525 which is expected to be fulfilled in 2010.

10. Regulatory assets and liabilities:

Regulatory assets primarily represent costs that have been deferred because they are expected to be recovered in rates. Similarly, regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding wholesale market cost of power incurred by the utility.

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Notes to Consolidated Financial Statements (Unaudited)
(In thousands of dollars)

Three and Six Months Ended June 30, 2009 and 2008

With the adoption of CICA Handbook Section 3465, "Income Taxes", Enersource Hydro was also required to record a regulatory liability relating to the amount of future tax assets and liabilities that are expected to be recovered or refunded through distribution rates.

11. Revenue seasonality

Under provisions of the regulatory framework that applies to Enersource Hydro, electricity is passed on to customers at cost. Enersource Hydro is allowed to bill and retain a regulated charge for the distribution of electricity. Revenue seasonality affects both the distribution revenue and electricity revenue components of Enersource Hydro. These revenues are based on kWh consumption and, for 2009, are projected to trend as follows:

<u>Quarter One</u>	<u>Quarter Two</u>	<u>Quarter Three</u>	<u>Quarter Four</u>
26.7%	20.6%	27.0%	25.7%

12. Supplementary information:

For the six months ended June 30 2009, \$323 (June 30, 2008 - \$160) of interest, was capitalized to construction in progress which represents an allowance for the cost of funds used during construction.

13. Comparative figures

Certain comparative figures have been changed in order to conform to the presentation adopted in the current period.