

## Regulated Energy Price Trends - May 1 2002 through November 1, 2010

### Electricity Pricing

Beginning in May 2002, the Ontario Electricity Industry became an open market for the sale of energy as a commodity. The new Electricity Market allowed for generation facilities to be built and operated by private companies. These companies can sell the electricity they generate either through the central market managed by the Independent Electricity System Operator (IESO) or through financial agreements with interested purchasers.

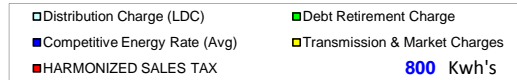
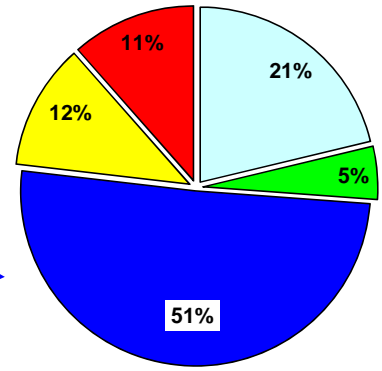
The introduction of competition in energy sales has provided Energy Marketers an opportunity to purchase electricity, and in turn re-sell energy to consumers under fixed contracts.

It is worth noting, that energy is only one component of a consumers total electricity invoice. There are many parties involved in moving that electricity from the generator to a home or place of business. The chart to the right demonstrates the percentage of a residential consumers monthly electricity invoice broken down by component. It is only the **dark blue** section that represents the energy component open to the market.

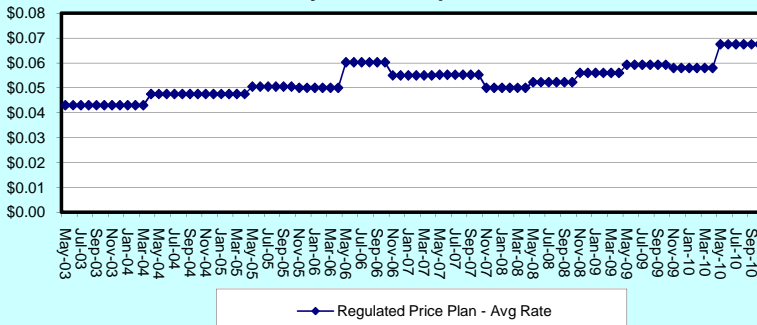
For consumers that choose not to seek out an Energy Marketer, the Local Distributor is obligated to charge the Regulated Rate set by the Ontario Energy Board for the energy, and pass the collected revenues to the IESO so that they can in turn pay the generators.

For the period covering May 1, 2010 through November 1, 2010 - the average energy rate for a customer paying for 800 kWh's per month = **6.75** cents per kWh

### Residential Cost Allocations



### Energy Price Trend May 1, 2003 - April 30, 2010



Values based on billed consumption of 800 kWh's per month

### Regulated Energy Price Trends

In 2002, when the Electricity Energy Market opened, Prices for all consumers were fluctuating based on hourly pricing established by the mix of generators required in that hour and the varied prices they each required to operate.

In the fall of 2002, the Government reviewed the operations of the market and decided it would be best to offer a Regulated Price to the residential and special designated classes of consumers. The Regulated Price for energy was set to 4.3 cents per kwh and by the end of the year, each consumer had been credited the difference between what they had paid and what they would have paid at the Regulated Price. Since then, the Regulated Price has been modified to more closely reflect the costs paid to the generators. In April 2004, the Government changed the 4.3 cent flat rate to a split rate based on energy consumed. Beginning in April of 2005, the Ontario Energy Board assumed the responsibility of setting the Regulated Price, and will continue to manage the task of forecasting costs and setting prices well into the future.

The chart to the below demonstrates the actual costs (in Dollars) a consumer would pay for the energy component of their monthly invoice based on the Regulated Prices since May 2002.

### Regulated Energy Price Trends (continued)

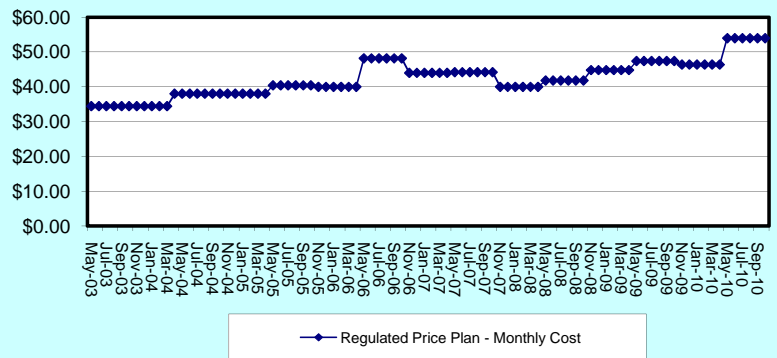
The chart above is a graphical depiction of the Average Energy Price a residential or other "designated consumer" has been paying since May 2002.

#### Regulated Energy Prices

Regulated Rates published by Ontario Energy Board

May 1 2002 - March 31 2004	4.3 cents/kwh	
April 1 2004 - March 31 2005	4.7 (first 750 kwh's)	5.5 cents (over 750 kwh's)
April 1 2005 - Nov 1 2005	5.0 (first 750 kwh's)	5.8 cents (over 750 kwh's)
Nov 1 2005 - April 30 2006	5.0 (first 1000 kwh's)	5.8 cents (over 1000 kwh's)
May 1 2006 - Nov 1 2006	5.8 (first 600 kwh's)	6.7 cents (over 600 kwh's)
Nov 1 2006 - April 30 2007	5.5 (first 1000 kwh's)	6.4 cents (over 1000 kwh's)
May 1 2007 - Nov 1 2007	5.3 (first 600 kwh's)	6.2 cents (over 600 kwh's)
Nov 1 2007 - April 30 2008	5.0 (first 1000 kwh's)	5.9 cents (over 1000 kwh's)
May 1 2008 - Nov 1 2008	5.0 (first 600 kwh's)	5.9 cents (over 600 kwh's)
Nov 1 2008 - April 30 2009	5.6 (first 1000 kwh's)	6.5 cents (over 1000 kwh's)
May 1 2009 - Nov 1 2009	5.7 (first 600 kwh's)	6.6 cents (over 600 kwh's)
Nov 1 2009 - April 30 2010	5.8 (first 1000 kwh's)	6.7 cents (over 1000 kwh's)
May 1 2010 - Nov 1 2010	6.5 (first 600 kwh's)	7.5 cents (over 600 kwh's)

### Energy Price Trend May 1, 2003 - April 30, 2010



Values based on billed consumption of 800 kWh's per month