



EB-2005-0233

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.M15, Sched. B;

AND IN THE MATTER OF an application by Attawapiskat
Power Corporation and Attawapiskat First Nation for an order
or orders approving just and reasonable electricity distribution
rates effective December 3, 2003 through December 31, 2005.

Before: Bob Betts
Presiding Member

Pamela Nowina
Member and Vice Chair

DECISION AND ORDER

Background

The Attawapiskat Power Corporation ("APC" or the "Utility") and the Attawapiskat First Nation ("AFN"), (together the "Applicants") have jointly filed an application, dated February 18, 2005, under section 78 of the *Ontario Energy Board Act, 1998* (the "Act"), S.O. 1998, c.15, Schedule B for an order of the Board to finalize the setting of just and reasonable rates for the distribution of electricity and for other regulated services for the period from December 3, 2003 to December 31, 2005. The Board has assigned the application Board file no. EB-2005-0233.

Before December 3, 2003, the community of Attawapiskat was served by Hydro One Remote Communities Inc. (“HORCI”). On that day, APC connected to the Five Nations Energy Inc. (“FNEI”) transmission line and AFN assumed ownership of the distribution system in the community pursuant to an asset transfer for a nominal cost of \$1 and APC began to operate the distribution system.

On September 23, 2003, in anticipation of the transfer of the distribution assets from HORCI to AFN, the Applicants applied to the Board for the establishment of the distribution rates under section 78 of the Act. Approval to make the application was provided by the Minister of Energy on August 29, 2003 as required by Section 79.6 (1) of the Act. The Board established interim rates for the Applicants by way of an Interim Decision and Order dated December 23, 2003 in RP-2003-0204.

In this Application APC proposes that the rates it now charges be made final and applied to the period December 3, 2003 through December 31, 2005.

Between December 14, 2004 and January 19, 2005, the Applicants filed evidence in support of their application for the following time periods:

- a historic period, from December 3, 2003 to June 30, 2004;
- a bridge period, from July 1, 2004 to December 31, 2004; and
- a test period, covering the calendar year 2005.

Board Staff issued interrogatories to the Applicants requesting information with respect to the evidence.

On March 10, 2005, the Board issued a Notice of Application and Written Hearing (the “Notice”). APC published and served the Notice in accordance with the Board’s Letter of Direction.

On March 16, 2005, Hydro One Networks Inc. (“HONI”) intervened in the proceeding. HONI informed the Board on March 29, 2005 that it would not file interrogatories or make written submissions.

On June 8, 2005, the Board received APC's audited financial statements for the 13 month period ending at December 31, 2004. On June 20, 2005, the Board received APC's revised evidence, based on the audited financial statements, for the bridge period of July 1, 2004 through December 31, 2004.

On August 11, 2005, the Board received APC's responses to Board Staff supplementary interrogatories of July 12, 2005.

On August 25, 2005, Board Staff issued a report to the Panel and on September 2, 2005, AFN and APC filed their final submission in response to Board Staff's report.

Copies of the Application including the evidence filed in this proceeding are available for review at the Board's offices.

The record in this proceeding is comprised of the final submission from AFN and APC, Board Staff's August 25, 2005 report, the responses to supplementary interrogatories received on August 11, 2005, the revised evidence received on June 20, 2005, the evidence received between December 14, 2004 and January 19, 2005 with respect to the three time periods, Board Staff's information requests on this evidence, APC's responses to those information requests, and the evidence filed in June, 2003 for the initial September 23, 2003 application.

While the Board has considered all the evidence filed in this proceeding, it has only referenced the evidence to the extent necessary to provide background to its findings.

Summary of the Application

The Application is for an Order pursuant to section 78 of the Act, approving just and reasonable rates for the distribution of electricity and other regulated rates to be effective from December 3, 2003 through December 31, 2005. The "other regulated rates" include Standard Retail Transmission Service Rates, the Standard Wholesale Market Service Rate, and the Standard Supply Service ("SSS") Rates (to implement the Regulated Price Plan ("RPP") Rates for the period from April 1, 2005 through to December 31, 2005).

The Applicants are requesting that the Board approve final rates identical to those approved on an interim basis by the Board on December 23, 2003 in RP-2003-0204, with two exceptions:

- that the Late Payment penalty interest charge be reduced from 2% per month to 1.5% per month; and
- that the SSS rate be adjusted in accordance with the lawful SSS (RPP, after April 1, 2005) rate in effect, from time to time, during the period covered by the application.

Issues

In reviewing the evidence, the Board has identified the following issues which affect its determination whether the Applicants' request for the finalization of the current interim rates should be approved:

- A. Are APC's Operation & Maintenance and Administrative ("OM&A") expenses reasonable as proposed?
- B. Using APC's method of calculating revenue requirement, finalizing the current interim rates would produce a revenue sufficiency (excess revenue) of \$140,800. Is it acceptable for APC to retain this excess revenue to build its operating and capital reserves?
- C. Is it appropriate for APC to calculate its revenue deficiency/sufficiency using a deemed capital structure, and costs of debt and equity included in the Electricity Distribution Rate Handbook ("EDRH") typically used by for-profit utilities with share capital.
- D. Are APC's proposed operating and capital reserves acceptable?
- E. Should APC's interim rates be made final for the period of December 3, 2003 through December 31, 2005 as requested by the utility?

These issues are addressed separately in the remainder of this decision.

A. Are OM&A Expenses Acceptable

APC's proposed OM&A costs are summarized in the table below (the 2004 amounts are extracted from the utility's 2004 audited financial statements and 2005 pro-forma statements):

	2004	2005	\$ Change	% Change
Operation & Maintenance	\$252,356	\$225,000	- \$27,356	- 10.8%
Administrative Expense	\$320,222	\$333,100	+ \$12,878	+ 4.0%
TOTAL OM&A	\$572,578	\$558,100	- \$14,478	- 2.5%

In its response to Board Staff's supplementary interrogatory with respect to "Board of Directors" and "Wages & Benefits" which formed a significant portion of OM&A expenses, APC submitted an analysis of the 2004 and 2005 totals for these items, consistently using the Board's Uniform System of Accounts (USoA) account numbers for both years as the basis. Accordingly, the total amounts for "Board of Directors" and "Wages & Benefits" are \$302,800 for 2004 and \$321,600 for 2005, indicating an increase of \$18,800 or 6.2%. APC states that the 2005 pro-forma expenses reflect significant increases for training and development activities that will not likely be repeated to the same extent in future years.

APC employs three full time employees and one half time employee as follows:

- One General Manager (Administrative Expense)
- One Administrative Assistant (Administrative Expense)
- One Utility Worker: Full-Time. One Utility Worker: Half-Time. Both are responsible for maintenance work on the distribution system.

On a per employee basis, Wages and Benefits amount to about \$75,000 in 2005. APC states that the reason the labour expenses represent a high percentage of OM&A is that it is a small utility, but nevertheless it has to keep a minimum number of employees available for timely emergency response, etc.

APC has five Directors; on a per Director basis, the proposed expense amounts to approximately \$12,000.

Board Findings

While the Board has some concern with the large increase in Wages & Benefits, the Board supports training and development initiatives for utility employees.

If similar increases are requested in future applications the Applicants should support those requests with details of where the spending is to occur, and a discussion of the new program expectations as compared to the previous program performance.

The Board finds the OM&A costs as proposed for the Test Year are reasonable and acceptable.

B. Acceptability of Retaining Excess Revenue to Build Reserve Accounts

The current interim rates charged by APC produce a revenue sufficiency or excess revenue of \$140,800 over the period of December 3, 2003 through December 31, 2005. This excess revenue amount is the difference between the accumulated net income amount of \$224,200 that APC estimates it will earn during December 3, 2003 through December 31, 2005 and the allowable return on capital of \$83,400 calculated according to the EDRH formula for the same period.

As a non-profit, non-share utility, APC is requesting that it be allowed to earn and retain revenues in excess of its cost of service in order to establish operating and capital reserves. APC states that it is seeking to ensure that it has sufficient reserves to safely and reliably operate its distribution system. Whenever the proposed reserve accounts are fully provided for by the accumulated revenue sufficiency, APC expects that the Board would adjust rates on a going forward basis to eliminate the sufficiency.

In considering this issue the Board reviewed its Decision in RP-2001-0036 (the "0036 Decision"), dated April 24, 2002, seeking transmission rates for Five Nations Energy Inc. (FNEI).

In that decision, the Board referred to the Canada Customs and Revenue Agency (“CCRA”) position that a non-profit organization may earn income in excess of its expenditures under specific circumstances without jeopardizing its non-profit status. The decision also referred to precedents of non-profit utilities [in U.S.] being permitted to earn income in excess of their expenditures. The 0036 Decision stated that these excess revenues were the equivalent of equity contributions in corporations with share capital. In its submissions respecting the Operating Reserve, the Applicants also submitted that an Operating Reserve is comparable to retained earnings and that is designed to deal with out of ordinary circumstances such as an unexpected expense or reduction in revenues.

The 0036 Decision approved in principle FNEI’s request for a revenue requirement that included an amount in excess of its projected expenditures, but stressed that the excess was to be used to build reserves and not be used for any other purposes.

Board Findings

The Board has found no reason in this proceeding to vary from its findings in 0036 Decision and approves in principle a sufficiency to be used for the accumulation of appropriate operating and capital reserves for this non-profit, non-share capital Utility.

In reaching this conclusion the Board has maintained a focus on the Board’s Objectives to protect consumer’s interests with respect to reliability and quality of electricity service, and to facilitate the maintenance of a financially viable electricity industry. To accomplish this in these circumstances the Board must support non-typical funding arrangements to manage unexpected infrastructure upkeep and financial demands.

It is important to note that this approval of excess revenue retention is based entirely on the understanding that the excess will be used to build or accumulate appropriate operating and capital reserves.

That means two things:

1. That all normal operating expense and capital expenditures are expected to be provided for in the revenue requirement. Reserves must be tracked to ensure that they are used only as a temporary bridge or financial buffer to assist with

unexpected spending, in the absence of other funding resources available to the typical for-profit utility; and

2. Once the approved limits of the reserve amounts are reached, the excess revenue stream will no longer be required and will cease by way of an application for new rates by the Applicants.

C. Acceptability of the Method of Calculating the Revenue

In order to determine its revenue requirement and allowable cost of capital for the period of December 3, 2003 through December 31, 2005, the Utility first determined its cost of service (i.e., cost of power, OM&A expenses, and depreciation), and then added the allowable cost of capital using the following EDRH method:

1. To calculate the utility rate base, APC added to the net fixed assets amount an allowance for working capital based on 15% of cost of power and 15% of OM&A.
2. It then assumed a deemed capital structure using a 50% / 50% split for the debt / equity ratio.
3. Finally, it calculated the allowable cost of capital, applying an interest rate of 7.25% p.a. to the deemed debt amount and 9.88% p.a. to the deemed equity amount

Board Findings

The Board confines its findings to the particular circumstance of a non-profit, non-share utility which is permitted by the Board to build in excess revenues for the sole purpose of accumulating capital for reserves. In the absence of an approved methodology for a non-profit, non-share utility, the Applicant followed the methodology normally used by a “for-profit” utility, by applying the Board approved working capital allowance calculation, deemed capital structure, and cost of capital. The problem here is that as a non-profit, non-share, First Nations utility, these factors are not directly applicable and are surrogates at best.

In considering this issue the Board once again reviewed the 0036 Decision. On this issue, the 0036 Decision noted that neither the EDHR nor the Filing Guideline had addressed the issue of a regulated entity that is a non-profit, non-share corporation. It found that if excess revenue is permitted for a non-profit, non-share entity by the Board,

the approved excess should be considered as the equivalent of equity contributions in corporations with share capital. And since FNEI's request duplicates the capital structure required by the Filing Guideline for corporations with share capital, the Board approved a deemed capital structure that assumed that 50 percent of the rate base was financed by debt and 50 percent was financed by earnings in excess of the Company's estimated expenditures.

The Board reaffirms this regulatory concept under these circumstances and accepts the Applicant's proposed revenue requirements.

Once again, the Board reminds the Applicants that approval of this methodology for calculating sufficiency/deficiency for a non-profit, non-share utility is based on the Utility's need to build or accumulate appropriate operating and capital reserves.

Once the appropriate limit of reserves is achieved, the methodology must be reconsidered. The Board expects the Applicants to submit an application seeking a rate adjustment when the operating and capital reserves approved limits are reached in the future.

D. Proposed Operating and Capital Reserve Accounts

Previous sections of this Decision have found that it is reasonable for the Applicants to apply for excess revenue requirements to facilitate the accumulation of operating and capital reserves, and also that the methodology used to determine excess revenue or sufficiency was acceptable.

In addition, the Board must consider whether the procedures proposed and the amounts requested for the reserves are also appropriate.

As stated earlier, the current interim rates charged by APC produce a revenue sufficiency or excess revenue of \$140,800 over the period of December 3, 2003 through December 31, 2005.

Operating Reserve

The utility states that it requires an Operating Reserve to ensure adequate cash flow throughout the year. APC estimates that it requires an Operating Reserve of approximately \$350,000 based on the sum of: (a) the three months with the highest cost of power and transmission costs; plus (b) three months of average OM&A costs.

APC states that three months were chosen because of the historical cash flow problems associated with the largest customers of APC. These customers are wholly dependent on funding from the federal Department of Indian Affairs and Northern Development, whose financial year end is March 31. As a result, the risk for the utility is that these customers will face cash flow problems during the coldest months of the year (January to March) with a delay in payment of electricity charges until the new fiscal year funding is released sometime in April.

Furthermore, APC indicates that the utility currently does not have a bank overdraft facility and therefore a cash shortage would have to be met by the deferral of trade payables and/or repayments of its long-term debt of \$1,134,972 (as of December 31, 2004) to AFN. This amount includes \$950,000 for the assumption of accounts receivable previously carried by HORCI and paid by AFN as a condition of the transfer of distribution assets from HORCI. The pro-forma statement of cash for calendar 2005 indicates that there will be a payment of \$90,000 to AFN, representing the first annual installment, during the three month period ending June 30, 2005, although APC recently confirmed that no installment had been made as at June 30, 2005. APC states that the negotiations between APC and AFN regarding the payment of this long-term debt are not final.

The Applicants also submit that an Operating Reserve is not a substitute for working capital allowance, but is instead more comparable to retained earnings. APC states that the working capital allowance is a Board approved methodology to compensate utilities for the cost of financing normal day-to-day working capital requirements arising from differences between when utility incurred expenses are payable and when they receive cash from billing of their customers. However, the Operating Reserve is designed to deal with out-of-the-ordinary circumstances such as an unexpected expense or reduction in revenues.

Board Findings on the Operating Reserve

The Board finds the quantum for the Operating Reserve as proposed in the Application to be acceptable.

The Board directs the Applicants to create an Operating Reserve account outlined below with an upper balance limit of \$350,000.00 that will be tracked, detailing all debit and credit transactions associated with the account.

The Board also directs the Utility to report quarterly to the Board's Chief Regulatory Auditor (the "CRA") within 45 calendar days of the end of each fiscal quarter the values in APC's trial balance of the Uniform System of Accounts.

The CRA will monitor the reports and take whatever additional steps within his or her statutory authority necessary to advise the Board of matters affecting the financial soundness of APC and when transactions involving the account do not comply with the intent of this Decision and regulatory practices in general.

Capital Reserve

APC states that, in addition to the Operating Reserve, it requires a Capital Reserve for following reasons

- The distribution assets were purchased by APC for a nominal cost of \$1. As a result, there is no rate base associated with these assets on which the utility can earn a return.
- Attawapiskat is growing, with immediate needs for new housing; as a result, it had to construct a second feeder from FNEI transmission substation.
- The existing distribution assets are old and will need to be replaced in the short to medium term.
- APC is new and has not yet built up reserves to a satisfactory level.
- Traditional institutional lenders would not lend money to a new, First Nation-owned entity operating on Indian Reserve lands. Since the assets are on Indian reserve lands, they cannot be encumbered as security in a traditional lending transaction. Therefore, APC cannot raise debt.

APC states that estimating the size of the Capital Reserve required is difficult, although the utility is carrying out an assessment of the capital expenditures for the next five years. It anticipates that the capital reserve amount will be in excess of the December 31, 2005 sufficiency of \$140,800.

Board Findings on the Capital Reserve

While the Board has already found that a Capital Reserve is an appropriate tool for use by the Applicant and accepts the Applicants' reasons for the reserve, the Board finds that it is premature to establish the reserve until the limits and the uses are more clearly understood.

The Board expects the Applicants to complete their five-year capital plan prior to the filing of their next rate application and to include with that plan a proposal detailing the upper limit of, the uses of and the procedures governing a Capital Reserve.

The Board also expects the five-year capital plan and the proposed Capital Reserve to be reviewed and accepted by an independent auditor.

Accounting for the Reserves

The Board directs APC to create three appropriations to retained earnings called "Earnings Retained for Operating Reserve", "Retained Earnings Reserved for Capital Improvement", and "Retained Earnings General Reserve" in accordance with the requirements below.

- At the end of each year before the net income or loss is closed to retained earnings, the amount of "net income" that first arises shall be appropriated to the Retained Earnings Operating Reserve, until the cumulative balance has risen to \$350,000.
- If, and when, an amount appropriate for capital spending has been approved by the Board in the future, the amounts would be appropriated to the Retained Earnings Reserved for Capital Improvement.
- Excess amounts of "net income" over and above the amounts approved in this or future decisions would be closed to the Retained Earnings General Reserve.

These reserves shall be recorded in account 3047, Appropriations of Retained Earnings – Current Period, of the USoA in three separate sub-accounts entitled as indicated above. In the case where a loss arises in a year, the loss would draw down the retained earnings sub-accounts in the reverse priority to how they were built up, i.e., general first, capital second (if approved) and operating last.

The Board directs APC to include in the scope of the annual external audit of its financial statements, a review of the balances in these reserve accounts.

E. Finalizing the Current Interim Rates

This Application is for an Order pursuant to section 78 of the Act, approving just and reasonable rates for the distribution of electricity and other regulated rates to be effective from December 3, 2003 through December 31, 2005. The “other regulated rates” include Standard Retail Transmission Service Rates, the Standard Wholesale Market Service Rate, and the Standard Supply Service (“SSS”) Rates (to implement the RPP Rates for the period from April 1, 2005 to December 31, 2005).

The Applicants are requesting that the Board approve final rates identical to those approved on an interim basis by the Board on December 23, 2003 in RP-2003-0204, with two exceptions:

- that the Late Payment penalty interest charge be reduced from 2% per month to 1.5% per month; and
- that the SSS rate be adjusted in accordance with the lawful SSS (RPP, from April 1, 2005) rate in effect, from time to time, during the period covered by the application.

If the Board revises the revenue requirement without also revising the existing interim rates, the level of excess revenue will be affected.

Board Findings

The Board finds the proposed rates, including the revised late payment charge and the adjusted SSS rate, to be acceptable.

The proposed late payment charge follows the Board's direction to the industry and the SSS rate adjustment is an unavoidable change.

The Board sets the current interim rates as final for the period from December 3, 2003 through December 31, 2005, subject to the provisions for reporting, monitoring and subsequent applications outlined in the Board findings respecting Operating Reserve.

The Applicant has not requested approval of rates for use beyond December 31, 2005. Rates to be applied from January 1, 2006 onward will require a subsequent, section 78 application to the Board.

THEREFORE, THE BOARD ORDERS THAT:

1. The distribution rates and miscellaneous charges, as attached in Appendix A to this Order, are hereby approved, effective December 3, 2003 through December 31, 2005.
2. The retail transmission rates and loss factors in Appendix B to this Order are hereby approved, effective December 3, 2003 through December 31, 2005.
3. The Wholesale Market Service Rate in Appendix C to this Order is hereby approved, effective December 3, 2003 through December 31, 2005.
4. The Standard Supply Service Rates in Appendix D to this Order are hereby approved, for the period of December 3, 2003 through March 31, 2004.
5. The Standard Supply Service Rates in Appendix E to this Order are hereby approved, for the period of April 1, 2004 through March 31, 2005.
6. The Regulatory Price Plan Rates in Appendix F to this Order are hereby approved, for the period of April 1, 2005 through December 31, 2005.
7. The costs of, and incidental to, this proceeding shall immediately be paid by the Applicant upon receipt of the Board's invoice.

Issued at Toronto, October 14, 2005

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

**APPENDIX "A" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF DISTRIBUTION RATES AND CHARGES

EB-2005-0233

Effective
December 3, 2003 to December 31, 2005

APPLICATION

Application of rates and charges shall be in accordance with the Standard Application of Rates and amendmends thereto as approved by the Ontario Energy Board.

No rates or charges for supplying power or rates and charges to meet the costs of any work or service done or furnished for the purpose of a supply of power shall be made except as permitted by the Standard Application of Rates or specified herein.

Miscellaneous Charges, as approved, may be waived at the discretion of the supply authority.

EFFECTIVE DATE

These rates apply to all customers and energy used on or after the time and date of connection to the provincial transmission grid. The effective date for all miscellaneous charges incurred by customers on or after that date shall also be the date of connection to the provincial transmission grid.

MONTHLY RATES AND CHARGES

RESIDENTIAL SERVICE

Monthly Service Charge	(per month)	\$16.45
Distribution Charge	(per kWh)	\$0.0638
Hydro One Transmission Charge	(per kWh)	\$0.0768
RRRP Rate Reduction	(per kWh)	\$(0.1163)
Subsidy Charge	(per kWh)	\$(0.0066)

GENERAL SERVICE - COMMERCIAL

Monthly Service Charge	(per month)	\$27.95
Distribution Charge	(per kWh)	\$0.0691
Hydro One Transmission Charge	(per kWh)	\$0.0695
Subsidy Charge	(per kWh)	\$(0.1205)

GENERAL SERVICE - INSTITUTIONAL

Distribution Charge	(per kWh)	\$0.0746
Hydro One Transmission Charge	(per kWh)	\$0.0696
Subsidy Charge	(per kWh)	\$0.0906

MISCELLANEOUS CHARGES

Late Payment Penalty

All customer payments to be due 30 days from the date of issue of the billing. Late payments to be subject to interest charges of 1.5% per month and/or direct garnishing of wages.

NSF Fee

When a customer provides payment of an account by cheque and the cheque is returned to the APC due to non-sufficient funds, a charge of \$45.00 plus bank charges will be added to the customer's account. A credit deposit will also be required.

**Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF DISTRIBUTION RATES AND CHARGES**

EB-2005-0233

**Effective
December 3, 2003 to December 31, 2005**

New Accounts

There will be a \$5.00 charge for each new account setup. The APC will require a credit deposit for a new customer in the amount of \$100.00 or \$200.00 if the service location has electric heat.

Re-connection Charge

All re-connections will be subject to a fee of \$100.00. This must be paid prior to the re-connection.

Damaged Meter Charge

A customer will be charged \$150.00 to cover the cost of replacing a damaged meter. This will apply even in the case of vandalism or accidental damage.

New Electrical Connections

Where work is done, or services rendered at the customer's request, the APC may charge the actual cost incurred plus a 15% administration charge.

The APC may require a 50% deposit of the estimated cost before beginning any work. Where a new electrical connection is required on an existing serviced lot, the APC will charge a hook-up fee of \$100.00.

Where a new electrical connection is required on a lot in an area of the community that is not presently serviced, the developer or owner of the building to be connected will cover all the costs of extending the overhead distribution system, including, but not limited to:

1. all layout and design costs;
2. purchasing and installation of new poles, wires, transformers, etc.;
3. an additional charge of \$900.00 per house.

**APPENDIX "B" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES

EB-2005-0233

Retail Transmission Rates

Billing Determinants:

For an energy-only metered customer, the billing determinant is the customer's metered energy consumption adjusted by the Total Loss Factor as approved by the Board and set out in this Schedule of Other Regulated Rates.

For a demand customer without an interval meter, the billing determinant for both the Network Service Rate and the Line and Transformation Connection Service Rate is the customer's peak demand at any time of the month.

For a demand customer with an interval meter, the billing determinant for the Network Service Rate is the higher of 85% of the delivery point peak demand 7 a.m. to 7 p.m. or the transmission system coincident peak. The billing determinant for the Line and Transformation Connection Service Rate is the customer's peak demand at any time of the month.

Residential

Network Service Rate	(per kWh)	\$0.0057
Line and Transformation Connection Service Rate	(per kWh)	\$0.0050

General Service - Less than 50 kW

Network Service Rate	(per kWh)	\$0.0052
Line and Transformation Connection Service Rate	(per kWh)	\$0.0045

General Service - Greater than than 50 kW with no interval meter

Network Service Rate	(per kW)	\$2.1218
Line and Transformation Connection Service Rate	(per kW)	\$1.7882

General Service - With an interval meter, Greater than than 1000 kW

Network Service Rate	(per kW)	\$2.2508
Line and Transformation Connection Service Rate	(per kW)	\$1.9763

Large Use - With an interval meter

Network Service Rate	(per kW)	\$2.4952
Line and Transformation Connection Service Rate	(per kW)	\$2.2417

Intermediate Use - With an interval meter

Network Service Rate	(per kW)	\$2.3730
Line and Transformation Connection Service Rate	(per kW)	\$2.1090

Sentinel Lighting

Network Service Rate	(per kW)	\$1.6083
Line and Transformation Connection Service Rate	(per kW)	\$1.4113

Street Lighting

Network Service Rate	(per kW)	\$1.6002
Line and Transformation Connection Service Rate	(per kW)	\$1.3824

Embedded Distributor

Network Service Rate	(per kW)	\$2.4952
Line and Transformation Connection Service Rate	(per kW)	\$2.2417

**Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES**

EB-2005-0233

Loss Factors

Supply Facilities Loss Factor	(a)	1.0000
Distribution Loss Factors		
Secondary metered customers		
- Customer less than 5,000 kW	(b)	1.0440
- Customer greater than 5,000 kW	(c)	1.0100
Primary metered customers		
- Customer less than 5,000 kW	(d)	1.0440
- Customer greater than 5,000 kW	(e)	1.0000
Total Loss Factors		
Secondary metered customers		
- Customer less than 5,000 kW	(a) x (b)	1.0440
- Customer greater than 5,000 kW	(a) x (c)	1.0100
Primary metered customers		
- Customer less than 5,000 kW	(a) x (d)	1.0440
- Customer greater than 5,000 kW	(a) x (e)	1.0000

**APPENDIX "C" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES

EB-2005-0233

Wholesale Market Service Rate

Billing Determinant:

The billing determinant is the customer's metered energy consumption adjusted by the Total Loss Factor as approved by the Board and set out in the Schedule of Other Regulated Rates for Retail Transmission Rates and Loss Factors.

Wholesale Market Service Rate	(per kWh)	\$0.0052 (1)
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- (1) Ontario Regulation 436/02 merged the Wholesale Market Service Rate of \$0.0052 per kWh with the RRRP charge to create the "authorized charge" of \$0.0062 per kWh.

**APPENDIX "D" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES

EB-2005-0233

Standard Supply Service ("SSS") Rates

Effective
December 3, 2003 to March 31, 2004

Residential

Administration Charge	(per month)	\$0.25
SSS Rate (Fixed Reference Price)	(per kWh)	\$0.0430

General Service

Administration Charge	(per month)	\$0.25
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For a customer with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh (1):

SSS Rate (Fixed Reference Price)	(per kWh)	\$0.0430
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For a customer with a monthly peak demand of greater than 50 kW:

SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

Large / Intermediate Use - With an interval meter

Administration Charge	(per month)	\$0.25
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

Sentinel Lighting

Administration Charge	(per connection)	\$0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)

Street Lighting

Administration Charge	(per connection)	\$0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)

(1) Amendments made to Ontario Regulation 339/02 in April 2003 require that customers with a monthly peak demand of less than 50 kW or an annual energy consumption equal to or below 250,000 kWh be guaranteed the fixed reference price of \$0.0430. This regulatory amendment supersedes this Schedule prepared by the Board in October 2001.

(2) Calculated in accordance with the Retail Settlement Code.

**APPENDIX "E" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES

EB-2005-0233

Standard Supply Service ("SSS") Rates

Effective
April 1, 2004 to March 31, 2005

Residential

Administration Charge	(per month)	\$0.25
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SSS Rate (Fixed Reference Price):

First 750 kWh per month	(per kWh)	\$0.0470
All additional kWh per month	(per kWh)	\$0.0550

General Service

Administration Charge	(per month)	\$0.25
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For a customer with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh (1):

SSS Rate (Fixed Reference Price):

First 750 kWh per month	(per kWh)	\$0.0470
All additional kWh per month	(per kWh)	\$0.0550

For a customer with a monthly peak demand of greater than 50 kW:

SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

Large / Intermediate Use - With an interval meter

Administration Charge	(per month)	\$0.25
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

Sentinel Lighting

Administration Charge	(per connection)	\$0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)

Street Lighting

Administration Charge	(per connection)	\$0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (2)

(1) Amendments made by way of Ontario Regulation 42/04, require that, customers with a monthly peak demand of less than 50 kW or an annual energy consumption equal to or below 250,000 kWh, and designated customers, will be guaranteed the fixed reference price of 4.7 cents per kWh for the first 750 kWh per monthly billing period and 5.5 cents per kWh for additional electricity consumed during that billing period.

(2) Calculated in accordance with the Retail Settlement Code.

**APPENDIX "F" TO
BOARD DECISION AND ORDER
BOARD FILE NO. EB-2005-0233
DATED OCTOBER 14, 2005**

Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES

EB-2005-0233

Regulated Price Plan ("RPP") Rates

Effective
April 1, 2005 to December 31, 2005

Residential

Administration Charge		(per month)	\$0.25
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RPP Rate:

First Tier kWh per month	(1)	(per kWh)	\$0.0500
Second Tier kWh per month	(1)	(per kWh)	\$0.0580

Residential - Time of Use

Administration Charge		(per month)	\$0.25
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RPP Rate:

Summer (May 1st - October 31st):

Off-Peak kWh	(2)	(per kWh)	\$0.0290
Mid-Peak kWh	(3)	(per kWh)	\$0.0640
On-Peak kWh	(4)	(per kWh)	\$0.0930

Winter (November 1st - April 30th):

Off-Peak kWh	(2)	(per kWh)	\$0.0290
Mid-Peak kWh	(3)	(per kWh)	\$0.0640
On-Peak kWh	(4)	(per kWh)	\$0.0930

General Service

Administration Charge		(per month)	\$0.25
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For a customer with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh (5):

RPP Rate:

First Tier kWh per month	(1)	(per kWh)	\$0.0500
Second Tier kWh per month	(1)	(per kWh)	\$0.0580

RPP Rate-Time of Use:

Summer (May 1st - October 31st):

Off-Peak kWh	(2)	(per kWh)	\$0.0290
Mid-Peak kWh	(3)	(per kWh)	\$0.0640
On-Peak kWh	(4)	(per kWh)	\$0.0930

Winter (November 1st - April 30th):

Off-Peak kWh	(2)	(per kWh)	\$0.0290
Mid-Peak kWh	(3)	(per kWh)	\$0.0640
On-Peak kWh	(4)	(per kWh)	\$0.0930

**Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES**

EB-2005-0233

Regulated Price Plan ("RPP") Rates

**Effective
April 1, 2005 to December 31, 2005**

For a customer with a monthly peak demand of greater than 50 kW:

RPP Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (6)
RPP Rate (Interval meter)	(per kWh)	Spot Market Price
Large / Intermediate Use - With an interval meter		
Administration Charge	(per month)	\$0.25
RPP Rate (Interval meter)	(per kWh)	Spot Market Price
Sentinel Lighting		
Administration Charge	(per connection)	\$0.25
RPP Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (6)
Street Lighting		
Administration Charge	(per connection)	\$0.25
RPP Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Price (6)

(1) For residential customers, the tier threshold will remain at 750 kWh per month until October 31, 2005 and change to 1,000 kWh per month on November 1, 2005 which will remain in effect until April 30, 2006. For general service customers with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh, and designated customers, the tier threshold will remain at 750 kWh per month throughout the whole year with no change on November 1, 2005.

(2) Off-Peak Period:

Summer: Weekends & holidays: All day; Weekdays: 10 pm to 7 am.

Winter: Weekends & holidays: All day; Weekdays: 10 pm to 7 am.

(3) Mid-Peak Period:

Summer: Weekdays: 5 pm to 10 pm and 7 am to 11 am.

Winter: Weekdays: 8 pm to 10 pm and 11 am to 5 pm.

(4) On-Peak Period:

Summer: Weekdays: 11 am to 5 pm.

Winter: Weekdays: 7 am to 11 am and 5 pm to 8 pm.

**Attawapiskat First Nation & Attawapiskat Power Corporation
SCHEDULE OF OTHER REGULATED RATES**

EB-2005-0233

Regulated Price Plan ("RPP") Rates

**Effective
April 1, 2005 to December 31, 2005**

- (5) Amendments made by way of Ontario Regulation 95/05, require that, customers with a monthly peak demand of less than 50 kW or an annual energy consumption equal to or below 250,000 kWh, and designated customers, will pay the RPP price of 5.0 cents per kWh for the first tier kWh per month and 5.8 cents per kWh for the additional electricity consumed (i.e., second tier) per month. For customers with eligible time-of-use meters, the electricity distributors will have the option of using the time-of-use RPP rates which are indicated in this schedule. As of April 1, 2006, time-of-use RPP pricing will be mandatory for RPP customers with time-of-use meters.
- (6) Calculated in accordance with the Retail Settlement Code.