ATIKOKAN HYDRO INC.

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April 23, 2006

Dear Sir,

I have been instructed to complete an annual report on our CDM plan. I do not believe this report is late, because the plan was not scheduled to start until after we had collected the money from the rate increase. We are tabulating that at this point and have approved one project that should be in place by fall.

Please find attached to this document an annual report with appendixes that only have 0 for data.

Sincerely

Wilf Thorburn
CEO / Sec / Treas
Atikokan Hydro Inc

ANNUAL REPORT ON CDM PLAN FOR ATIKOKAN HYDRO

Over View

Atikokan Hydro Inc. recognizes and supports the government's initiatives in developing a conservation culture as well as influencing use and energy patterns in the immediate future.

We are grateful that the Ontario Energy Board in cooperation with the EDA has decided that LDC input will add to the outcome of the programs.

We recognize that some of our target areas, as well as the time frames may vary from the initial guidelines, but we are convinced that the end result will in fact enhance the government's position, and more importantly, create the cultures so necessary for the survival of our province.

Atikokan Hydro Inc. is in the unusual Ontario position of being a shrinking LDC both in energy sales and numbers of customers. This obviously drives some of our costs to be out of line with Provincial averages, and will result in different calculations as to the amount of the third section of the rate of return [which in our case may only be the second].

The amount indicated in the RAM models would be $48,000.00. Given that we are under a "going forward" comment in our last audited statement, we obviously will not have the cash flow or ability to borrow money to allow expenditures to occur prior to collecting money from sales under the new rates. We see the establishments of the variance accounts as a means to track when we have the money available to invest, but obviously will not be able to do investments in the early stages of an approved program.

Progress to Date

In conjunction with the Municipal Recreation department, we have approved an upgrade to the swimming pool lighting. This project will consume about 2/3 of the approved CDM plan.

The project involves replacing 20 Hg Vapour lights with 14 Metal Halide lights. This will reduce the pool lighting load from 8000 watts to 5600 watts or 2.4 Kw for the time the lights are on which would be $13,333.00 per Kw saved.

The 2.4 Kw reductions would be less than 2% reduction in total load, so will have a very long pay back. The advantage will be a higher level of lumens over the life of the bulb, thus better value for energy dollar spent.

Observations [lessons learned]

During the period 1992 to 1995, Atikokan Hydro was involved with the Ministry of Energy in a major conservation program. Most of the low hanging fruit has been long since harvested.

It is somewhat discouraging to find that there are no new mouse traps. The compact fluorescent has dropped in price, but is still only suitable for some locations. The newer Freon refrigerants have gained a bit in efficiency, but tend to be problematic after the unit has been in service for a few years [leaks are harder to detect with the efficient boxes not exposing any lines. This will result in more Freon escaping to the atmosphere.

I still believe the best long term investment will be in educating our young people. Investments in curriculum for the pre school to grade 3 with continued support will give us the best conservation culture future.

Atikokan Hydro Next Steps

We will continue to proceed with our plan as submitted, and will report again as soon as we have some history on completed projects.

Conclusion:

There will be some merit in doing some signage or at least a bit of PR on the new lights at the pool. We will not want to mention that the project will take about 60 years for a payback, but will need to concentrate on the fewer lights and better light for the users.

Appendix A - Evaluation of the CDM Plan

	Total	Residential	Commercial	Institutional	Industrial	Agricultural	LDC System	Other 1	Other 2	Other 3	Other 4
Net TRC value ($):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Benefit to cost ratio:	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Number of participants or units delivered:	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total KWh to be saved over the lifecycle of the plan (kWh):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total in year kWh saved (kWh):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total peak demand saved (kW):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total kWh saved as a percentage of total kWh delivered (%):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Peak kW saved as a percentage of LDC peak kW load (%):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross in year C&DM expenditures ($):	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Expenditures per KWh saved ($/kWh):*	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
*Expenditures per KW saved ($/kW)**:*	*0*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Utility discount rate (%):	

*Expenditures include all utility program costs (direct and indirect) for all programs which primarily generate energy savings.
**Expenditures include all utility program costs (direct and indirect) for all programs which primarily generate capacity savings.

Appendix B - Discussion of the Program

(complete this section for each program)

A. **Name of the Program:** Atikokan Hydro Inc CDM

Description of the program (including intent, design, delivery, partnerships and evaluation):

As per our application, once we have collected the money, we will invest in the program as noted. We have approved one lighting projec

Measure(s):

	Measure 1	Measure 2 (if applicable)	Measure 3 (if applicable)
Base case technology:	0	0	
Efficient technology:	0	0	
Number of participants or units delive	0	0	
Measure life (years):	0	0	

B. **TRC Results:**

TRC Benefits ($):		
TRC Costs ($):		
Utility program cost (less incentives):	$	-
Participant cost:	$	-
Total TRC costs:	$	-
Net TRC (in year CDN $):	$	-
Benefit to Cost Ratio (TRC Benefits/TRC Costs):	$	-

C. **Results:** (one or more category may apply)

Conservation Programs:

Demand savings (kW):	*Summer*	0	
	Winter	0	
	lifecycle	*in year*	
Energy saved (kWh):	*0*	0	
Other resources saved :			
Natural Gas (m3):	0	0	
Other (specify):	0	0	

Demand Management Programs:

Controlled load (kW)		0
Energy shifted On-peak to Mid-peak (kWh):	0	
Energy shifted On-peak to Off-peak (kWh):		0
Energy shifted Mid-peak to Off-peak (kWh):		0

Demand Response Programs:

Dispatchable load (kW):	0
Peak hours dispatched in year (hours):	0

Power Factor Correction Programs:

Amount of KVar installed (KVar):	0
Distribution system power factor at begining of year (%):	0
Distribution system power factor at end of year (%):	0

Line Loss Reduction Programs:

Peak load savings (kW):		0
	lifecycle	*in year*
Energy savngs (kWh):	0	0

Distributed Generation and Load Displacement Programs:

Amount of DG installed (kW):	0
Energy generated (kWh):	0
Peak energy generated (kWh):	0
Fuel type:	0

Other Programs (specify):

Metric (specify):	0

D. **Program Costs*:**

Utility direct costs ($):	*Incremental capital:*	$ -
	Incremental O&M:	$ -
	Incentive:	$ -
	Total:	$ -
Utility indirect costs ($):	*Incremental capital:*	0
	Incremental O&M:	0
	Total:	0
Participant costs ($):	*Incremental equipment:*	0
	Incremental O&M:	*0*
	Total:	0

E. Comments:

Our program has not started yet. As per our application, we would implement the rate increase, and then spend the money once it was c

*Please refer to the TRC Guide for the treatment of equipment cost in the TRC Test.