Independent Electricity Market Operator
Statement of Operations
For the six months ended June 2002

($THOUSANDS)	YEAR-TO-DATE			YEAR END		
	Actual	Budget	Prior Year	Projection	Budget	Prior Year
Revenues						
Funding for Ancillary Services	34,000	17,000	51,000	34,000	17,000	102,000
Funding for Rural Rate Assistance	49,436	24,718	72,102	49,436	24,718	148,104
IMO Fees/Funding	71,665	71,316	49,820	145,042	145,116	121,238
Total Revenues	**155,101**	**113,034**	**172,922**	**228,478**	**186,834**	**371,342**
Costs						
Cost of Ancillary Services	34,000	17,000	51,000	34,000	17,000	102,000
Cost of Rural Rate Assistance	49,436	24,718	72,102	49,436	24,718	148,104
OM&A	42,686	41,636	34,718	88,850	85,037	82,523
Amortization	21,665	22,691	4,765	45,587	47,996	25,982
Interest	9,854	10,435	2,215	20,169	20,869	11,686
Total Operating Costs	**157,641**	**116,480**	**164,800**	**238,042**	**195,620**	**370,294**
Operating Surplus/(Deficit) for the period	**(2,540)**	**(3,446)**	**8,122**	**(9,566)**	**(8,786)**	**1,047**
Prior Period Surplus	(4,400)	(4,400)	(3,700)	(8,800)	(8,800)	(7,400)
Total Operating Surplus/Deficit)	**1,860**	**954**	**11,822**	**(766)**	**14**	**8,447**

IMO Independent Electricity Market Operator

Independent Electricity Market Operator
Balance Sheet
As at June 30, 2002

($THOUSANDS)	YEAR-TO-DATE			YEAR END		
	Actual	Budget	Year	Projection	Budget	Year
ASSETS						
Current Assets						
Cash & cash equivalents	104,053	76,510	124,362	88,478	78,522	116,109
Accounts receivable	13,453	13,669	30,115	13,476	15,400	35,278
Short term prepaid expenses	3,722	3,538	3,949	2,500	2,500	3,925
Total Current Assets	**121,228**	**93,717**	**158,426**	**104,454**	**96,422**	**155,312**
Property & Equipment						
Property & equipment in service	302,419	322,992	75,818	343,271	357,212	293,731
Less: accumulated amortization	(64,323)	(65,350)	(21,442)	(88,245)	(90,654)	(42,658)
Net Book Value	238,096	257,642	54,376	255,026	266,558	251,073
CIP-Integration mgt program	13,080	15,834	196,188	-	0	4,105
CIP-Other capital projects	9,564	19,441	29	16,720	14,400	2,584
Total Property & Equipment	**260,740**	**292,917**	**250,593**	**271,746**	**280,958**	**257,762**
Other Assets						
Prepaid operating expenses	110	220	1,126	-	0	440
Prepaid pension expense	24,203	24,103	23,423	24,303	24,103	24,103
Total Other Assets	**24,313**	**24,323**	**24,549**	**24,303**	**24,103**	**24,543**
TOTAL ASSETS	**406,281**	**410,957**	**433,568**	**400,503**	**401,483**	**437,617**
LIABILITIES						
Current Liabilities						
Accounts payable & accrued liabilities	20,244	25,881	40,158	20,698	20,698	50,146
Accrued interest	3,682	3,702	3,897	3,702	3,702	3,702
Total Current Liabilities	**23,926**	**29,583**	**44,055**	**24,400**	**24,400**	**53,848**
Long term debt	353,200	353,200	353,200	353,200	353,200	353,200
Accrual for employee future benefits other than pension	22,091	22,015	19,629	22,865	23,065	20,965
TOTAL LIABILITIES	**399,217**	**404,798**	**416,884**	**400,465**	**400,665**	**428,013**
SURPLUS/(DEFICIT)	**7,064**	**6,159**	**16,684**	**38**	**818**	**9,604**
TOTAL LIABILITIES & SURPLUS/(DEFICIT)	**406,281**	**410,957**	**433,568**	**400,503**	**401,483**	**437,617**

IMO Independent Electricity Market Operator

Independent Electricity Market Operator
Statement of Cash Flows
For the six months ended June 2002

($THOUSANDS)	YEAR-TO-DATE			YEAR END		
OPERATING ACTIVITIES	Actual	Budget	Prior Year	Projection	Budget	Prior Year
Operating Surplus/(Deficit) for the period	(2,540)	(3,446)	8,122	(9,566)	(8,786)	1,047
Adjustments for Non-Cash Items:						
Amortization of assets	21,665	22,691	4,765	45,587	47,996	25,982
Increase Prepaid Pension Expense	(100)	-	(2,100)	(200)	-	(2,780)
Increase Accrual for employee future benefits	1,126	1,050	496	1,900	2,100	1,831
Changes in Non-cash items related to Operations:						
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	(2,694)	380	(1,292)	759	759	2,965
Increase/(Decrease) in Accrued Interest	(20)	-	1,086	-	-	890
Decrease in Prepaid Expenses	532	608	1,567	1,865	1,865	2,277
Decrease/(Increase) in Accounts Receivable	984	767	(738)	961	(964)	(5,576)
Cash Provided from Operation	**18,953**	**22,050**	**11,906**	**41,306**	**42,970**	**26,636**
INVESTING ACTIVITIES						
Investment in Property & Equipment	(31,009)	(61,649)	(34,832)	(68,937)	(80,557)	(57,815)
Cash Used in Investing Activities	**(31,009)**	**(61,649)**	**(34,832)**	**(68,937)**	**(80,557)**	**(57,815)**
FINANCING ACTIVITIES						
Issue of long term debt	-	-	41,666	-	-	41,666
Cash Used in Financing Activities	**-**	**-**	**41,666**	**-**	**-**	**41,666**
Net Change in Cash Flow	**(12,056)**	**(39,599)**	**18,740**	**(27,631)**	**(37,587)**	**10,487**
Reconciliation of Cash and Cash Equivalents:						
Opening Cash and Cash Equivalents Balance:	116,109	116,109	105,622	116,109	116,109	105,622
Net Change in Cash Flows	**(12,056)**	**(39,599)**	**18,740**	**(27,631)**	**(37,587)**	**10,487**
Ending Cash Balance: June 30, 2002	**104,053**	**76,510**	**124,362**	**88,478**	**78,522**	**116,109**

Independent Electricity Market Operator

Independent Electricity Market Operator
Notes to Financial Statements (unaudited)

Second Quarter - 2002

1) Interim Financial Statements

The interim financial statements follow the same accounting policies and methods of their application as the 2001 annual financial statements. The interim financial statements should be read in conjunction with the 2001 annual financial statements.

2) Opening of the Competitive Electricity Market

On May 1, 2002, the competitive electricity market opened in Ontario.

3) Summary of Significant Accounting Policies – Revenue Recognition

During the period up to market opening, the IMO received system fees and ancillary service fees in accordance with an agreement ("Transitional Revenue Allocation Agreement") between the IMO and the other successor entities of Ontario Hydro. This amounted to $131.6M from January 1, 2002 to April 30, 2002. Upon market opening, the IMO receives system fees directly from market participants of the wholesale competitive electricity market in Ontario. This amounted to $23.1M from May 1, 2002 to June 30, 2002.

4) Capital Commitments

As at June 30, 2002, the IMO had non-cancellable capital commitments of $14,020,501.

IMO Independent Electricity Market Operator