Independent Electricity Market Operator
Statement of Operations
For the nine months ended September 2002

($THOUSANDS)	YEAR-TO-DATE Actual	YEAR-TO-DATE Budget	YEAR-TO-DATE Variance	YEAR END Projection	YEAR END Budget	YEAR END Variance
Revenues						
Funding for Ancillary Services	34,000	17,000	17,000	34,000	17,000	17,000
Funding for Rural Rate Assistance	49,436	24,718	24,718	49,436	24,718	24,718
IMO Fees/Funding	110,925	107,422	3,503	146,523	145,116	1,407
Total Revenues	**194,361**	**149,140**	**45,221**	**229,959**	**186,834**	**43,125**
Costs						
Cost of Ancillary Services	34,000	17,000	(17,000)	34,000	17,000	(17,000)
Cost of Rural Rate Assistance	49,436	24,718	(24,718)	49,436	24,718	(24,718)
OM&A	61,186	62,951	1,765	86,935	85,037	(1,899)
Amortization	33,054	35,293	2,239	45,232	47,996	2,764
Interest	14,520	15,652	1,132	20,169	20,869	701
Total Operating Costs	**192,196**	**155,614**	**(36,582)**	**235,772**	**195,620**	**(40,152)**
Operating Surplus/(Deficit)	**2,165**	**(6,474)**	**8,639**	**(5,813)**	**(8,786)**	**2,973**
Prior Period Surplus	(6,600)	(6,600)	-	(8,800)	(8,800)	-
Total Operating Surplus/Deficit)	**8,765**	**126**	**8,639**	**2,987**	**14**	**2,973**

IMO Independent Electricity Market Operator

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

($THOUSANDS)	YEAR-TO-DATE			YEAR END		
	Actual	Budget	Variance	Projection	Budget	Variance
ASSETS						
Current Assets						
Cash & cash equivalents	113,439	81,285	32,154	92,383	78,522	13,861
Accounts receivable	14,546	13,410	1,136	13,476	15,400	(1,924)
Short term prepaid expenses	2,656	3,018	(362)	2,000	2,500	(500)
Total Current Assets	**130,641**	**97,713**	**32,928**	**107,859**	**96,422**	**11,437**
Property & Equipment						
Property & equipment in service	320,025	352,253	(32,228)	340,057	357,212	(17,155)
Less: accumulated amortization	(75,712)	(77,951)	2,239	(87,890)	(90,654)	2,764
Net Book Value	244,313	274,302	(29,989)	252,167	266,558	(14,391)
CIP-Integration mgt program	7,452	0	7,452	-	0	(0)
CIP-Other capital projects	6,925	12,686	(5,761)	15,131	14,400	731
Total Property & Equipment	**258,690**	**286,989**	**(28,299)**	**267,298**	**280,958**	**(13,660)**
Other Assets						
Prepaid operating expenses	0	110	(110)	-	0	(0)
Prepaid pension expense	24,279	24,103	176	24,338	24,103	235
Total Other Assets	**24,279**	**24,213**	**66**	**24,338**	**24,103**	**235**
TOTAL ASSETS	**413,610**	**408,915**	**4,695**	**399,495**	**401,483**	**(1,988)**
LIABILITIES						
Current Liabilities						
Accounts payable & accrued liabilities	16,728	20,509	(3,781)	15,950	20,699	(4,749)
Accrued interest	9,516	9,536	(20)	3,890	3,701	189
Total Current Liabilities	**26,244**	**30,045**	**(3,801)**	**19,840**	**24,400**	**(4,560)**
Long term debt	353,200	353,200	-	353,200	353,200	-
Accrual for employee future benefits other than pension	22,397	22,540	(143)	22,664	23,065	(401)
TOTAL LIABILITIES	**401,841**	**405,785**	**(3,944)**	**395,704**	**400,665**	**(4,961)**
SURPLUS/(DEFICIT)	**11,769**	**3,130**	**8,639**	**3,791**	**818**	**2,973**
TOTAL LIABILITIES & SURPLUS/(DEFICIT)	**413,610**	**408,915**	**4,695**	**399,495**	**401,483**	**(1,988)**

IMO Independent Electricity Market Operator

Independent Electricity Market Operator
Statement of Cash Flows
For the nine months ended September 2002

($THOUSANDS)	YEAR-TO-DATE			YEAR END		
	Actual	Budget	Variance	Projection	Budget	Variance
OPERATING ACTIVITIES						
Operating Surplus/(Deficit) for the period	2,165	(6,474)	8,639	(5,813)	(8,786)	2,973
Adjustments for Non-Cash Items:						
Amortization of assets	33,054	35,293	(2,239)	45,232	47,996	(2,764)
Increase Prepaid Pension Expense	(176)	-	(176)	(235)	-	(235)
Increase Accrual for employee future benefits	1,432	1,575	(143)	1,699	2,100	(401)
Changes in Non-cash items related to Operations:						
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	(5,093)	568	(5,661)	(5,690)	759	(6,449)
Increase in Accrued Interest	5,815	5,835	(20)	188	-	188
Decrease in Prepaid Expenses	1,710	1,237	473	2,365	1,865	500
Decrease/(Increase) in Accounts Receivable	(110)	1,026	(1,136)	960	(964)	1,924
Cash Provided from Operations	**38,797**	**39,060**	**(263)**	**38,706**	**42,970**	**(4,264)**
INVESTING ACTIVITIES						
Investment in Property & Equipment	(41,467)	(73,884)	32,417	(62,432)	(80,557)	18,125
Cash Used in Investing Activities	**(41,467)**	**(73,884)**	**32,417**	**(62,432)**	**(80,557)**	**18,125**
Net Change in Cash Flow	**(2,670)**	**(34,824)**	**32,154**	**(23,726)**	**(37,587)**	**13,861**
Reconciliation of Cash and Cash Equivalents:						
Opening Cash and Cash Equivalents Balance:	116,109	116,109	-	116,109	116,109	-
Net Change in Cash Flows	**(2,670)**	**(34,824)**	**32,154**	**(23,726)**	**(37,587)**	**13,861**
Ending Cash Balance: September 30, 2002	**113,439**	**81,285**	**32,154**	**92,383**	**78,522**	**13,861**

IMO Independent Electricity Market Operator

Independent Electricity Market Operator
Notes to Financial Statements (unaudited)

Third 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 $131.6 million 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. These amounted to $61.1 million from May 1, 2002 to September 30, 2002.

4) Capital Commitments

As at September 30, 2002, the IMO had non-cancellable capital commitments of $7.6 million.

IMO Independent Electricity Market Operator