

1 **Q. Please provide updated information in reference to this dispute with Canada**  
2 **Customs and Revenue Agency and the timeframe the Company anticipates for**  
3 **resolving this issue.**  
4

5 A. In October 2002, the Canada Customs and Revenue Agency (CCRA) confirmed a 2000  
6 reassessment related to the Company's 1993 taxation year, which included as income the  
7 value of electricity consumed in December 1993 but billed in January 1994. The 2000  
8 reassessment originated in 1995.  
9

10 Since the Company's inception in 1966, its practice has been to record revenue on a  
11 billed basis rather than on an accrual basis. The billed method, which has been followed  
12 consistently, has been audited and accepted previously by CCRA and is in accordance  
13 with regulatory requirements. The Company believes it has reported its tax position  
14 appropriately and has filed a Notice of Appeal with the Tax Court of Canada. The Court  
15 action is currently expected to begin in 2004.  
16

17 Should the Company be unsuccessful in defending its method of recognizing revenue, a  
18 liability of approximately \$14.9 million, including accrued interest, would arise.  
19

20 The Company objects to providing further details in relation to the matter of its income  
21 tax reassessments. Discussion at this proceeding of this matter would place the Company  
22 in the embarrassing and potentially prejudicial position of dealing with the same issue in  
23 two forums. As the matter is unresolved, the Company does not seek relief in the  
24 Application for matters arising out of the outstanding income tax reassessments.