

Annual Commodity Price Hedging Report as per BY-LAW NO. 2008 – 426

The 2011 budget price target for diesel fuel was \$0.88 per liter. With the combination of the Bank Swap Agreements, higher than budgeted floating rate actual costs and great than forecast volumes for 2011 the ending all-in price for 2011 averaged \$0.92 per litre for a \$0.04 per liter additional expense.

- 2011 - To secure the 2011 budget target, Treasury, in conjunction with Supply and Transit, entered a Bank Swap Agreement with CIBC and RBC to fix 75% of the anticipated diesel fuel consumption for 2011.
- 2012 - Treasury, in conjunction with the Supply Branch and Transit Services, entered into Bank Swap Agreements to fix floating rate diesel prices for 29 million litres at an average price of \$1.042 per litre. Future dated Bank Swaps held by the City had a mark-to-market value of \$27,245 in the City's favor as at December 31, 2011.

All agreements entered during 2011 are consistent with the City's statement of policies and goals relating to the use of Financial Agreements to address commodity pricing and costs.

Statement of outstanding Transactions as of Dec 31, 2011

Transaction Number	Counterparty	litres/month (1000's)	Fixed Price	Maturity schedule	Total Months	Total Litres (1,000's)
2011-1	RBC	500	1.06	Feb 11 – Jan 13	12	6,000
2011-2	RBC	500	1.02	Feb 11 – Jan 13	12	6,000
2011-3	CIBC	500	1.025	Feb 11 – Jan 13	12	6,000
2011-4	CIBC	500	1.0225	Feb 11 – Jan 13	12	6,000