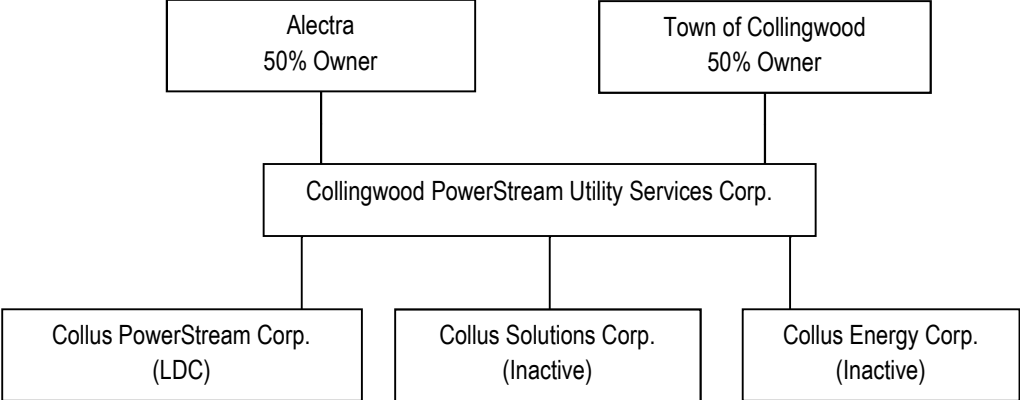
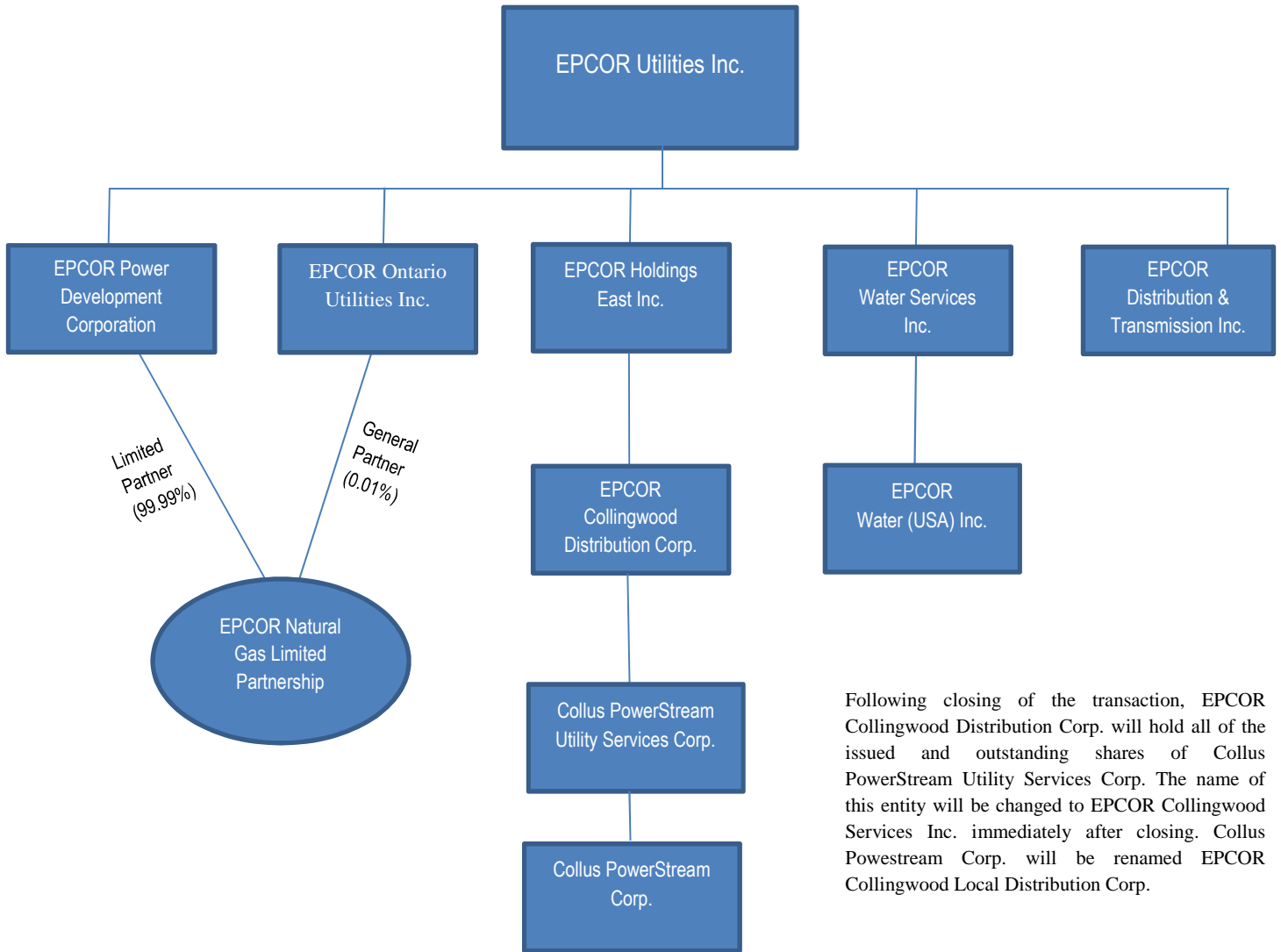


Schedule A: Collingwood PowerStream Utility Services Corp.

Current Corporate Structure



Schedule B

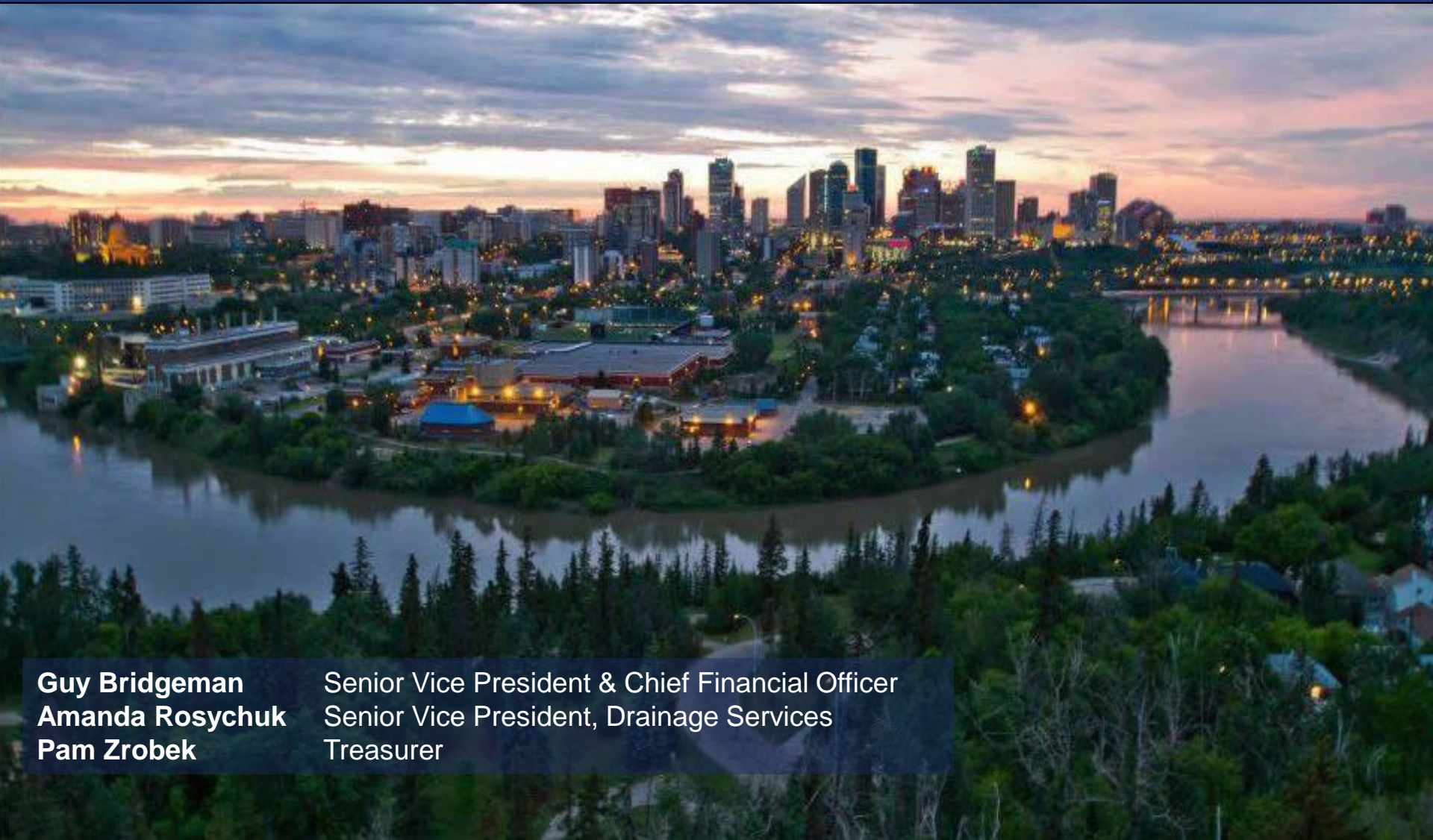


This organizational chart reflects a simplified organizational structure and indicates the EPCOR Utilities Inc. (“EUI”) subsidiaries related to the transaction and EUI’s material subsidiaries as of the date of this application.

EPCOR Utilities Inc.

Investor Presentation

July 2017



Guy Bridgeman
Amanda Rosychuk
Pam Zrobek

Senior Vice President & Chief Financial Officer
Senior Vice President, Drainage Services
Treasurer

Forward-Looking Information

Certain information in this presentation is forward looking within the meaning of Canadian securities laws as it relates to anticipated financial performance, events or strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target”, “could” and “expect” or similar words suggest future outcomes. Forward looking information in this presentation includes, or is related to, but is not limited to: (i) expectations related to customer growth; (ii) expectations related to capital expenditures and construction projects; (iii) competition; (iv) the timing, type and amount of debt transactions; (v) the terms and timing of the transfer of the City of Edmonton’s drainage assets to EPCOR; (vi) the financial and operational impact of the transfer of the drainage assets to EPCOR; (vii) outlook and plans regarding investment, acquisition and other business development projects, including green energy projects; and (viii) general financial outlook for EPCOR including long-term spending, investment in projects, net income, cash flow and financial position.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and in some instances to differ materially from those anticipated by EPCOR. Forward-looking information is based on the estimates and opinions of management at the time the information is presented. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information. Additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information is contained in the most recent interim and annual Management Discussion and Analysis filed on SEDAR (www.sedar.com) and EPCOR’s website (www.epcor.com).

The purpose of financial outlook is to provide readers with management’s assessment of future plans and possible outcomes and may not be appropriate for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Except as required by law, EPCOR assumes no obligation to update any forward-looking information, should circumstances or management’s estimates or opinions change, or any other reason.

EPCOR Overview

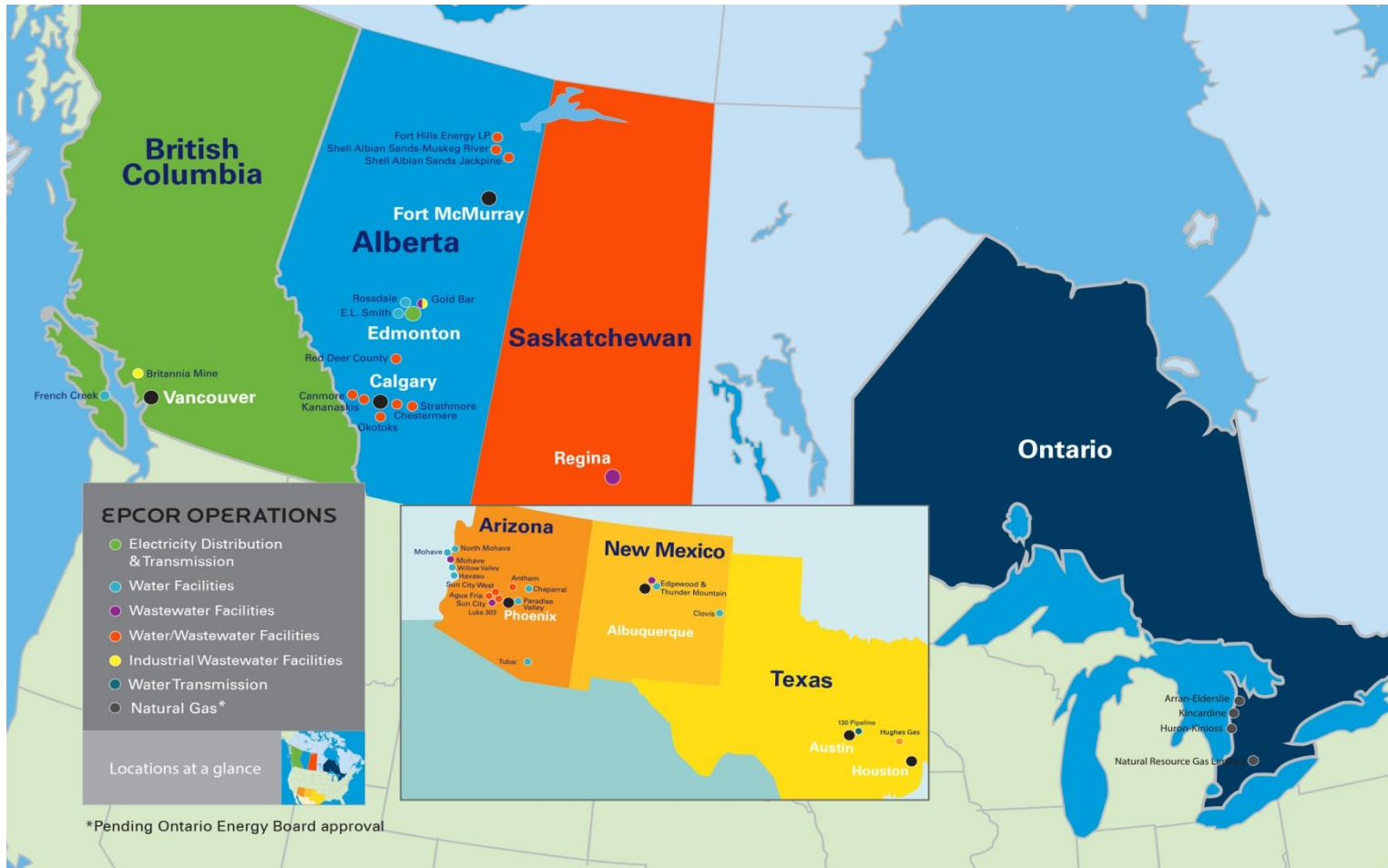
EPCOR – Corporate Snapshot

- Stand-alone corporation, owned solely by City of Edmonton – no reliance on shareholder to fund investments.
- Issuer of public and private debt.
- Strong, stand-alone investment grade credit ratings.
- Governed by independent Board of Directors.
- Predominantly rate regulated business with limited commercial exposure, carried under long-term contracts with investment grade counterparties.
- Long-life, high quality, infrastructure assets in North America.
- Regulatory and geographic diversity.



EPCOR Operations

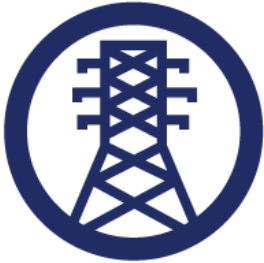
Builder, owner, operator of electrical and natural gas transmission and distribution networks, water and wastewater treatment facilities and infrastructure and provider of retail energy products.



Management and Governance

- **Governance**
 - Independent and experienced Board of Directors.
 - New perspectives and skills added with two new directors in two years.
- **Clear Strategic Direction**
 - Annual in-depth planning process.
 - Delivered on stated strategy to sell down interest in Capital Power and invest in regulated and long-term contracted assets.
- **Risk Management**
 - Comprehensive financial management policies and enterprise risk management system geared to identifying, understanding and mitigating risk.
 - Disciplined approach to operations, business development and capital placement.
- **Organizational Effectiveness**
 - Experienced management team with considerable expertise.

Strategic Direction



Balanced Growth Profile

- Investments heavily weighted towards regulated utility infrastructure.
- Scale of commercial and industrial investments will not jeopardize current credit ratings.

Development

- 80% of capital investment is in regulated businesses.
- Develop new operating hubs in Ontario and Texas.
- Partner with municipalities for new water / wastewater needs.
- Public–private partnership (P3) / concession projects.

Market Reputation

- Continue to build reputation as a trusted developer and operator of utility assets.
- Zero injury culture.
- Service reliability.
- Environmental responsibility.



Recent Developments

- Sold remaining shares in Capital Power
 - Remaining Capital Power back-to-back debt obligations will be paid in 2018.
- Expansion into regulated natural gas distribution – Texas & Ontario
 - Closed acquisition of Hughes Gas Resources Inc. on June 2, 2017. Provides rate-regulated distribution and transmission services to 4,300 connections in NE Houston.
 - Announced acquisition of Natural Resource Gas Limited (NRG) in southwestern Ontario serving 8,000 connections, expected to close on September 1, 2017.
 - Awarded franchises to provide natural gas service in Southern Bruce region of Ontario, remains subject to OEB approval.
- City of Edmonton (the City) Council voted to transfer Drainage assets
 - Transfer expected to be effective as at September 1, 2017.
 - Actively working on smooth integration of Drainage employees and operations.
 - Gives EPCOR expertise in the entire water utility cycle.
- Green Energy Projects
 - Announced intention to proceed with 12 MW solar-energy farm located south of the E.L. Smith Water Treatment plant.
 - Other green projects are being considered.

Financial Update

EPCOR Financial Profile

- **Excellent risk profile**
 - Comprehensive ERM program.
 - Exposure to Capital Power will end in 2018.
 - >90% of EBITDA comes from rate regulated business.
 - Good sector and geographic diversity – enhanced by entry into the natural gas sector in Texas and Ontario.
- **Excellent credit profile**
 - Strong balance sheet.
 - Strong operating cash flow and solvency metrics.
- **Solid growth profile**
 - 80% of capital investment is in regulated businesses – mostly funded by operations.
 - 20% related to business development – mostly funded by debt issuance.
 - Focus on regulated / contracted development projects (natural gas, P3s and regulated / contracted renewables).
 - Disciplined development process within Risk Appetite Framework.

Overview of Full Year 2016 Results

(\$ millions)	2014	2015	2016
Revenue	\$1,927	\$2,018	\$1,946
Net Income	191	260	309
Net Income from Core Operations	168	245	255
Funds From Operations	337	433	412
Investment in Capital Power	393	167	6
Total Debt	2,080	2,117	1,920
Gross Assets	5,738	6,088	6,161
Debt to Capitalization	47%	46%	42%
FFO/Debt	16.2%	20.5%	21.5%



Credit Profile

Strong Business Risk Profile

- Concentration in rate-regulated businesses.
- Drainage transfer strengthens contribution of regulated earnings to total earnings.
- Multiple business lines, with regulatory and geographic diversification.
- Earnings volatility significantly reduced with no interest in Capital Power.

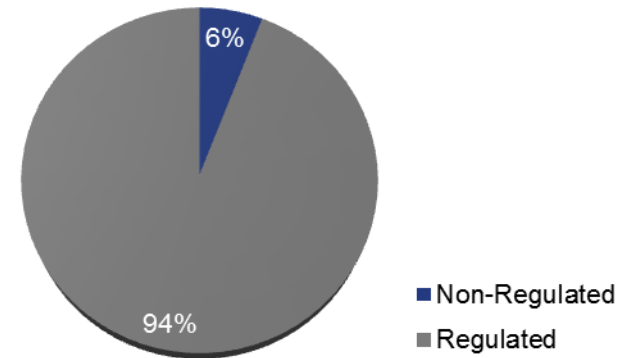
Strong Financial Risk Profile

- Strong and growing cash flow.
- Strong balance sheet.
- Solid credit metrics.
- Excellent debt maturity profile.
- Prudent pacing of capital expenditure program.

Credit Ratings

- **S&P:** A-; stable outlook.
- **DBRS:** A (low); stable outlook.

2016 EBITDA

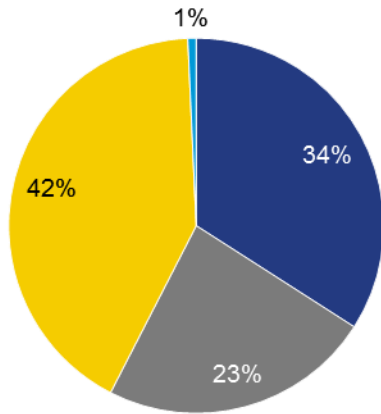


Note: Excludes income from Capital Power.

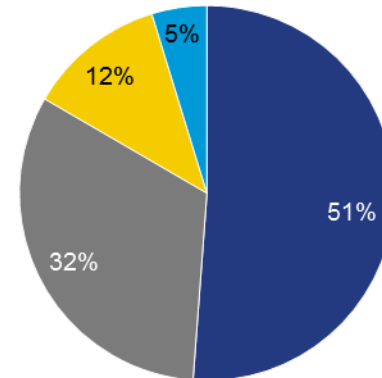
2016 – Financial Overview

■ Water Services ■ Distribution and Transmission ■ Energy Services ■ Corporate ■ LT Receivable from CPC

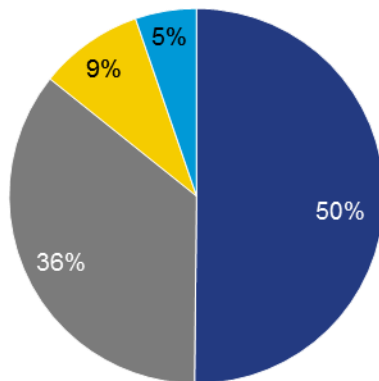
Consolidated Revenue - \$1,946 M



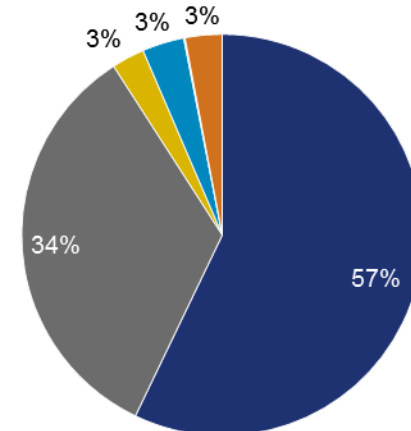
Consolidated Operating Income - \$379 M



Consolidated EBITDA - \$568 M

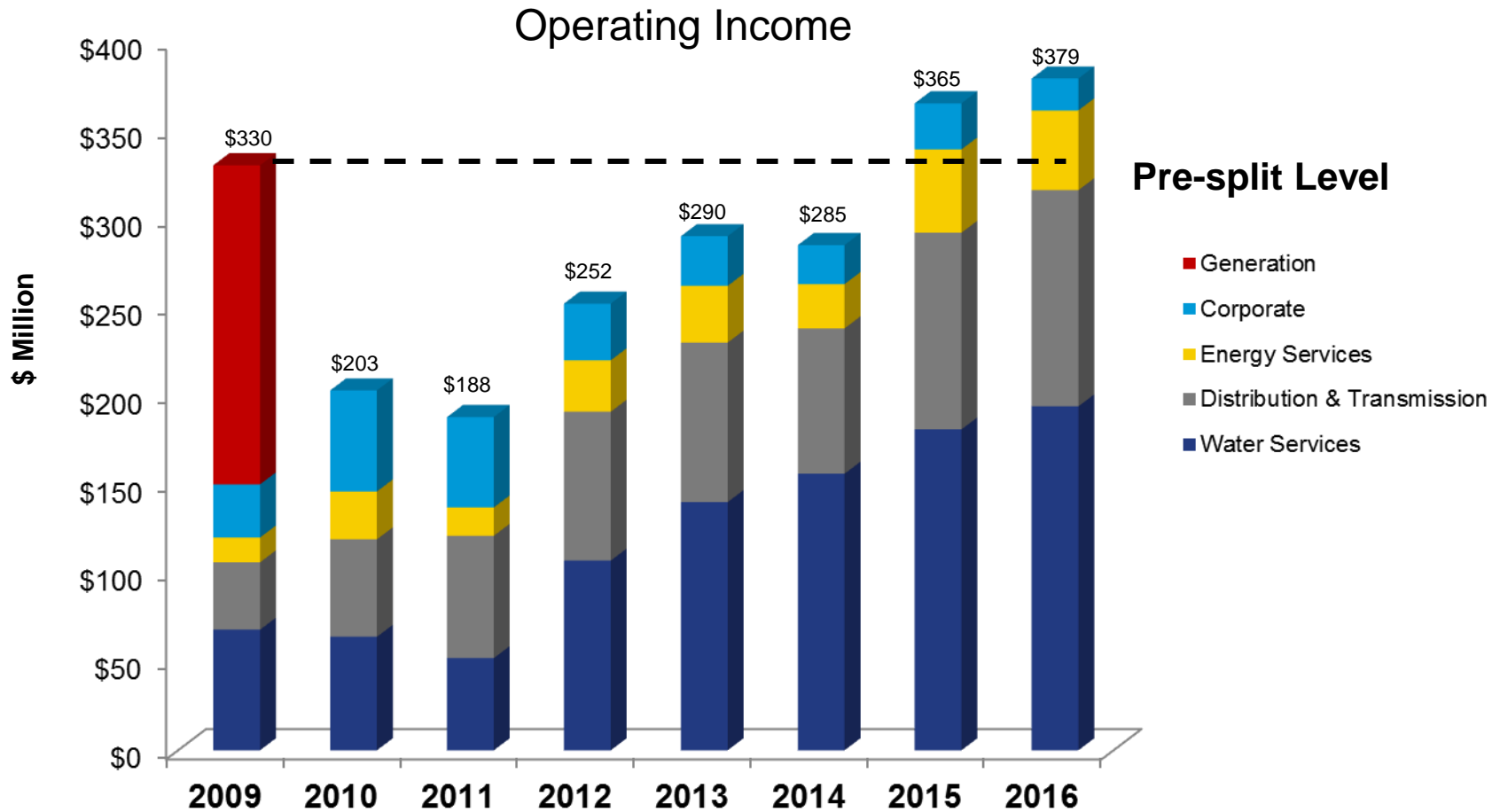


Consolidated Total Assets - \$6,161 M



Risk Re-orientation

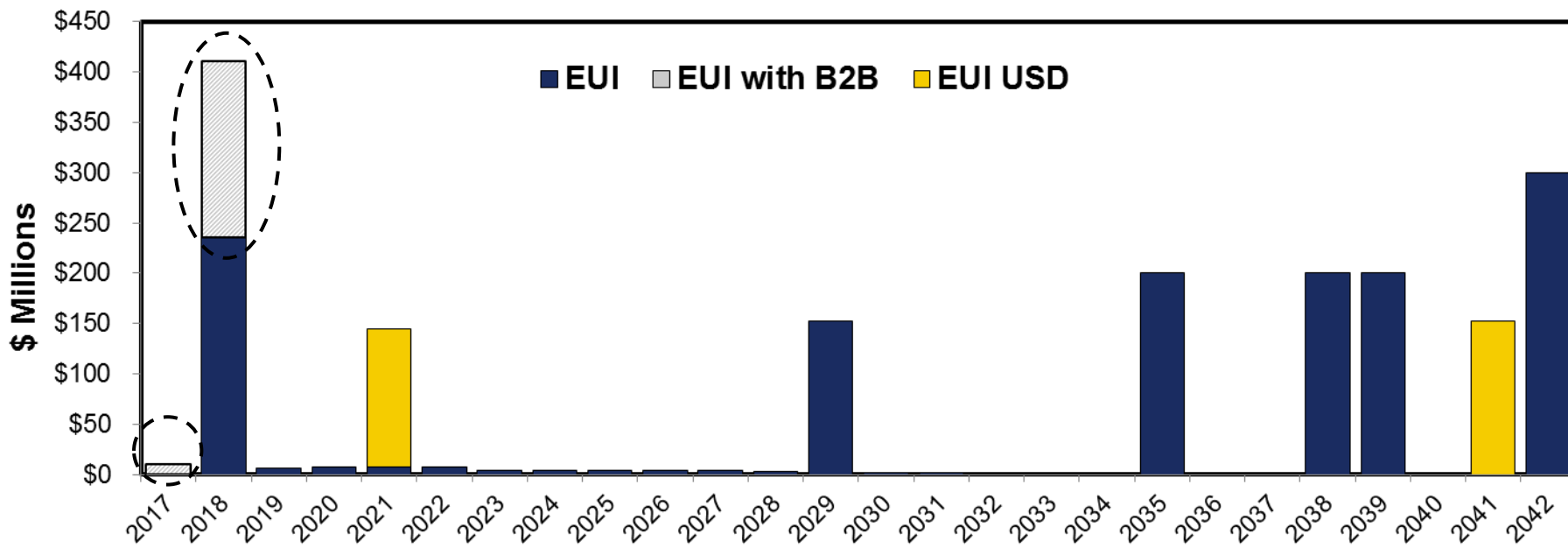
- Sold the power generation business, re-investing in regulated, lower risk wires and water utility infrastructure.



Financing and Liquidity

- Good access to capital and short-term liquidity.
 - Undrawn committed bank revolver of \$350 million, maturing December 2020, supports \$350 million commercial paper program.
 - Committed letter of credit facility of \$200 million matures December 2019.
 - Unutilized \$1 billion short-term base shelf expires December 2017.
 - Market tone is supportive for additional EPCOR debt issuance.
- Expecting to utilize debt to retire existing MTN's maturing in January 2018 (not covered by Capital Power back-to-back obligations) and projected CP position.
- Dividend obligation of \$146 in 2017 million with a commitment to increase by \$20 million in 2018, as a result of the Drainage transfer. The 2017 dividend may also include a prorated portion of this increase.

Debt Maturities

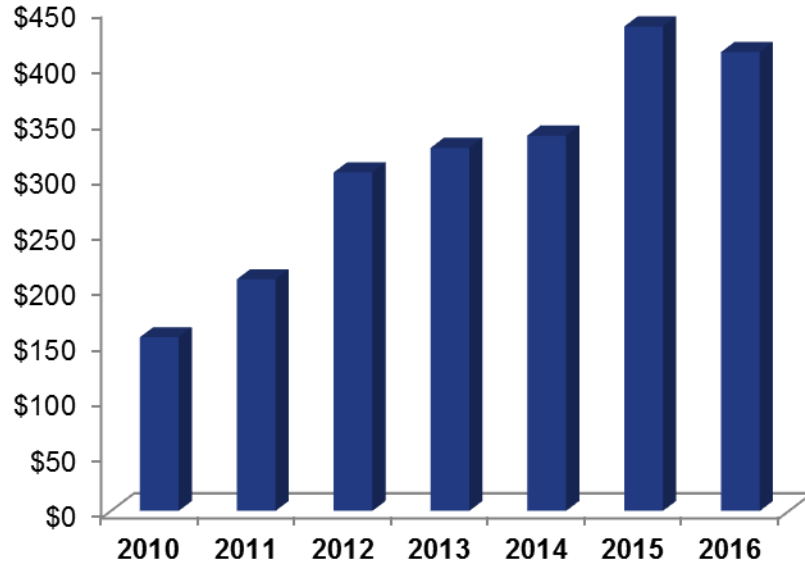


- Debt maturities are well spaced without any notable pressure points.
- 2018 debt maturity is \$237 million, exclusive of Capital Power's back-to-back obligation.

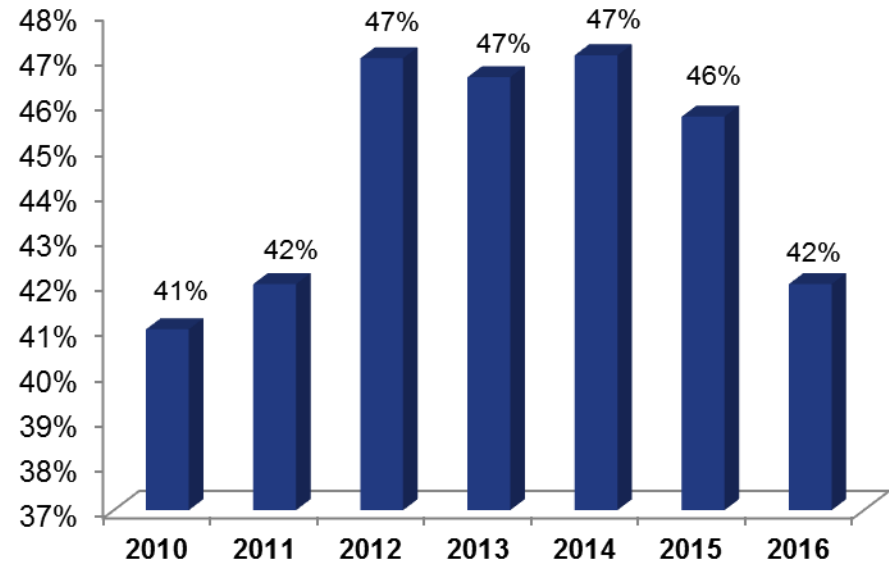
Cash Flow and Leverage

Funds from Operations

\$millions



Debt to Capitalization

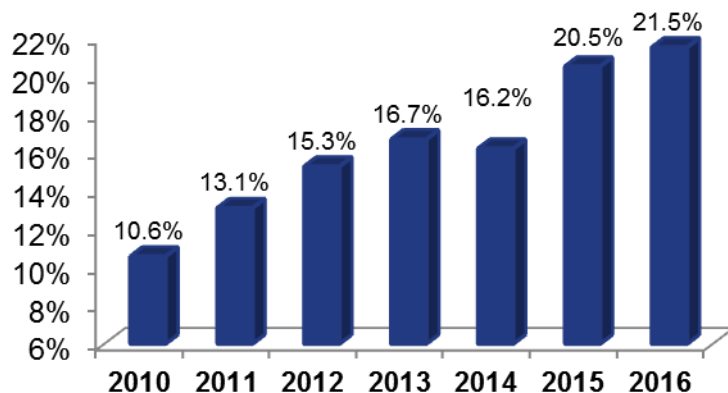


- FFO compound average annual rate of 18% since 2010.
- FFO largely funding sustainable capital program and dividends.

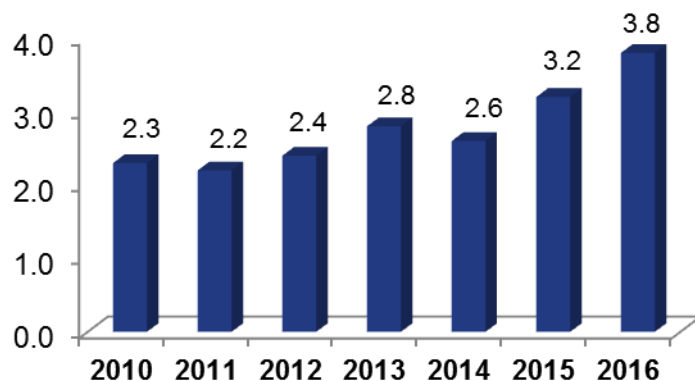
- Prudent leverage provides capacity to add debt.

Improving Solvency

FFO to Debt



EBIT Interest Coverage



- Financial capacity and flexibility evident with improving coverage ratios.
- Strengthening cash flow and earnings, driven by BU performance.
- Reinvestment of Capital Power divestiture into core businesses.
- Diminishing impact from Back-to-Back debt with Capital Power; complete in 2018.

Business Highlights

Water

Water Canada – Regulatory Update

- 2017-2021 PBR for Edmonton application approved
 - All capital and operating costs for the upcoming five year period were approved as filed with a return on equity of 10.175% and equity thickness of 40%.
 - Initial rate increase smoothed over the 5-year period.

Water USA – Regulatory Update

- Regulatory tone remains positive.
- The Arizona Corporation Commission (ACC) recently approved EPCOR's application to consolidate five wastewater districts over a five year period along with a 10% increase in allowed revenue.
- A similar rate application to be filed in 2017 that will seek to consolidate some or all of EPCOR's water districts.

Distribution & Transmission

Regulatory Update

- In December 2016, the AUC issued its 2016 Generic Cost of Capital decision setting the return on equity at 8.30% for 2016 and 8.50% for 2017 and an equity thickness of 37%.
- Distribution received 2018-2022 PBR rebasing decision which incorporates a formulaic approach based on historical actual data to determine funding for both operating and capital over a five year period, limiting the need for capital tracker applications.
- AUC Generic Cost of Capital proceedings presently underway for 2018.

Entity	2015 ROE Rate	2016 ROE Rate	2017 ROE Rate	2017 Equity Capital
Transmission	8.3%	8.3%	8.5%	37%
Distribution	8.3%	8.3%	8.5%	37%

Energy Services

Regulatory Update

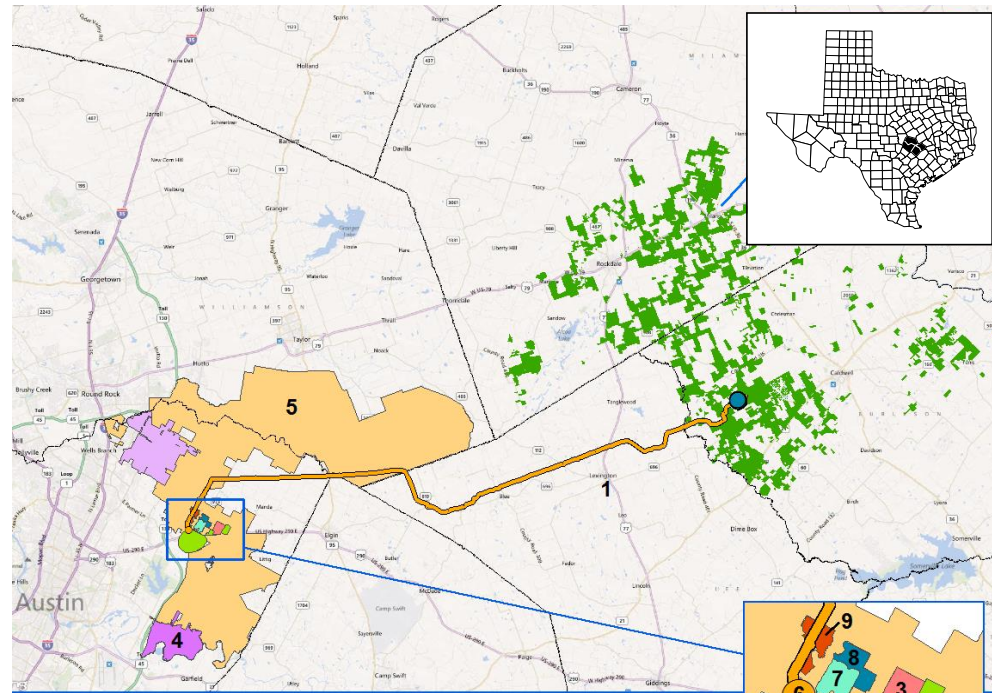
- Filed Energy Price Setting Plan (2018-2021) application in Jan 2017 including new auction methodology and market-based commodity risk compensation mechanism.
- Non-Energy filing (2018-2020) is planned for July 2017.
- Legislative Changes:
 - The Province of Alberta announced an RRO rate cap of 6.8 cents per kilowatt hour effective June 2017. RRO providers will be compensated should the RRO rate exceed the cap.
 - The Province also announced that it will be transitioning to a capacity market structure in 2021.

Recent Projects

Texas Water Pipeline – EPCOR 130

- Closed the acquisition of contracted water pipeline operations in Texas in Aug 2016.
- **Low Risk** - Service to municipal customers under long-term contracts.
 - Water supply also under long-term contract.
- **Attractive Returns** - Potential to increase returns by signing up additional customers.
- **Growth Potential** - New business platform without development risks.
 - Huge water infrastructure need in Texas to meet long-term demands.
- Project funded by a U.S. private debt issue of \$40 million.

Project map showing pipeline and current contract customers



SH130 Pipeline Project

1. City of Lexington
2. City of Manor
3. Cottonwood Creek MUD 1
4. Hornsby Bend Utility
5. Manville WSC
6. Shadow Glen Delivery Point
7. Travis County MUD 2
8. Wilbarger Creek MUD 1
9. Wilbarger Creek MUD 2

● Well Field Location

New business segment - Regulated Natural Gas

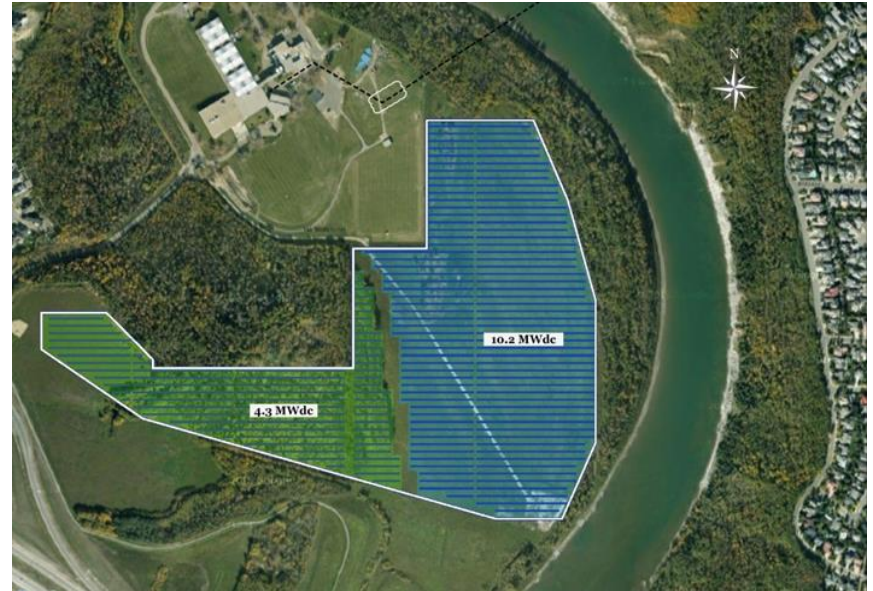


- **NRG expected to close on September 1, 2017. Subject to OEB approval.**
 - Regulated by OEB
 - Provides natural gas to 8,000 customers through Elgin, Middlesex, Oxford and Norfolk Counties.
 - Stable earnings profile – 5% annual growth in earnings since 2010.
 - Potential for synergies with Southern Bruce greenfield development.
- **Approval of greenfield Natural Gas Distribution system in Southern Bruce area is before OEB**

- **Hughes Gas closed in June 2, 2017.**
 - Provides natural gas distribution and transmission services in the northwest suburbs of Houston; close to our water pipeline.
 - Supportive regulatory regime – option to file for interim rates mitigates the negative carry associated with capital placement and regulatory lag.
 - Area expected to have strong economic and population growth; major highway extension should increase residential development.
 - Large number of small natural gas and water utilities available in Texas.

Solar Generation at E.L. Smith

- Announced intention to proceed with solar-energy farm located south of the E.L. Smith Water Treatment plant.
- ~30,000 solar panels.
- >15% of total power requirement for EPCOR Edmonton water and wastewater plants and facilities.
- Environmental studies and regulatory applications to be made in 2017.
- Construction and commissioning in 2018 following approvals.

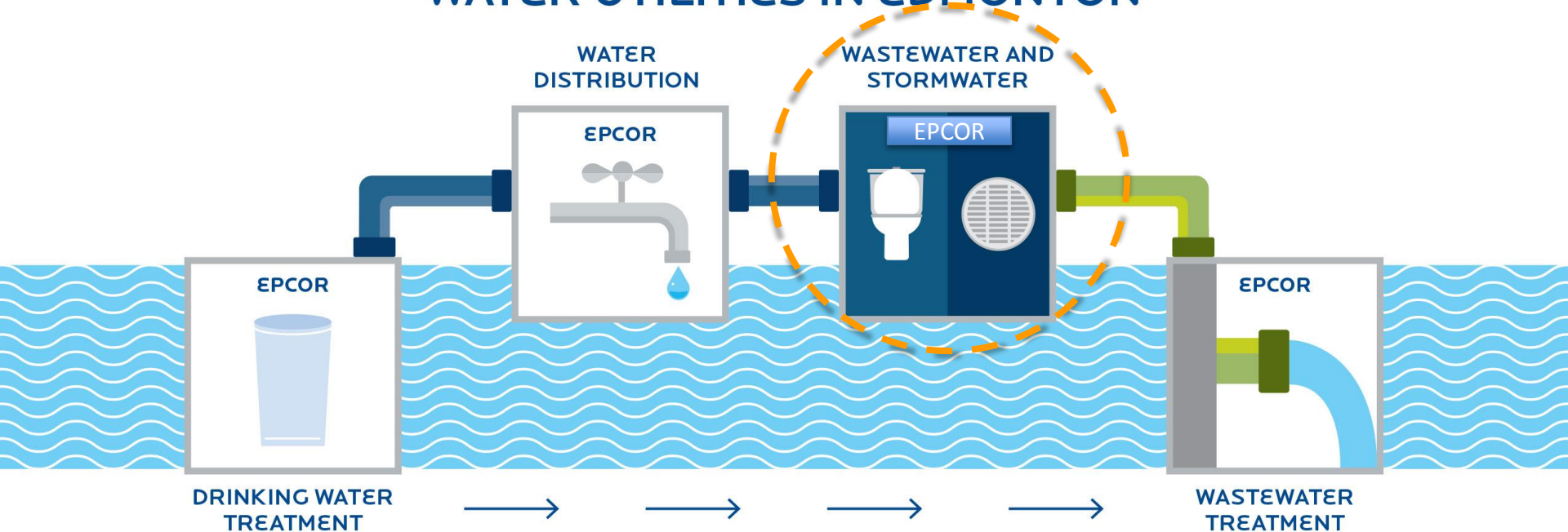


E.L. Smith solar farm location

Drainage Transfer

- Edmonton City Council approved the transfer of the City's Drainage utility to EPCOR on April 12, 2017. Transfer to be completed September 1, 2017.
- This will bring all of Edmonton's water utility operations under one roof – water treatment and distribution, wastewater and stormwater collection, and wastewater treatment.

WATER UTILITIES IN EDMONTON



Drainage - By the Numbers

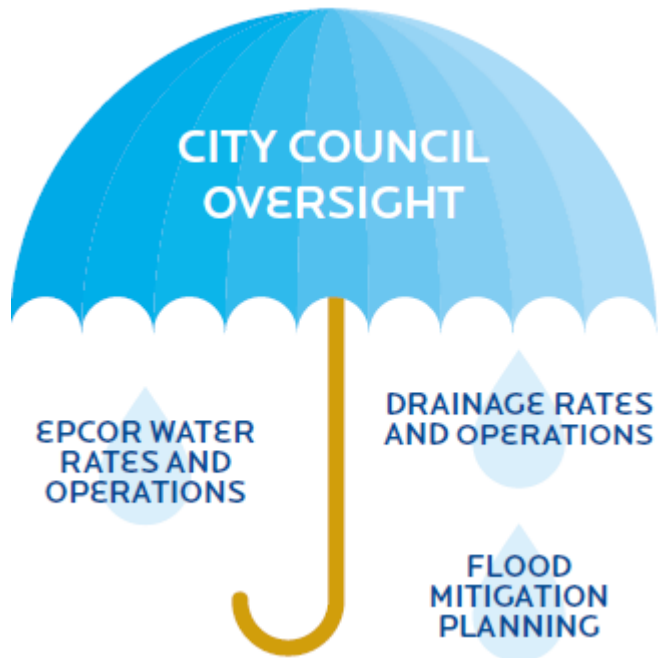
- The size of business being transferred is comparable to our existing combined water operations in Edmonton.
- Will be operated as its own business unit with Amanda Rosychuk as SVP.
- Gross Assets of \$3.4 billion with \$2.3 billion contributed.
- Expect to be recorded as an asset transfer between related parties at book value.
- EPCOR to pay the City \$75 million over time to cover the City's stranded costs / transition costs.
- EPCOR has committed to increase the EPCOR Dividend by at least \$20 million in 2018.

<i>(\$ millions)</i>	<i>City Drainage 2016A</i>	<i>Edmonton Water 2016A</i>
Net Income*	24	58
FFO	69	114
Capital Spend	166	142
Fixed Assets**	1,080	1,444
Debt	556	880
Staffing	~700	~700

*Includes one-time \$17 million charge for remediation of contaminated sites.

**Net of contributed assets

Drainage - Regulation



- The City of Edmonton will continue to review and approve Drainage rates and service levels which is no different than our current Water operations.
- Rate increase limited to 3% annually through 2021 with a return to regulated Water Canada return on equity in following period under PBR (I-X) framework.
- City of Edmonton has been a supportive regulator.

Final Thoughts

- Strong financial performance across all business units.
 - Divestment of Capital Power completed.
- Drainage transfer enhances EPCOR's regulated business activities.
 - Approximately 95% of earnings will now come from regulated businesses.
- Strong capital placement
 - \$553 M in 2016 compared to \$463 M in 2015.
- Supportive Regulatory outlook:
 - Edmonton Water / wastewater PBR renewed with above 10% ROE.
 - Arizona regulatory environment continues to improve.
 - Improved generic return on equity for D&T.
 - Energy Price Setting Plan performing well.
- Improved industry and geographic diversity – enhanced by entry into the natural gas sector in Texas and Ontario.



Thank you for your time



Appendix

Water Services Operations

Municipal Water and Wastewater City of Edmonton

Water Treatment & Distribution

- Two large water treatment plants on the North Saskatchewan river – capacity of 680 million liters/day.
- Rates regulated by City of Edmonton under a PBR covering 2017-2021.
- Serves population over 800,000 plus bulk water sales to over 65 Alberta capital region communities and counties.

Wastewater Treatment

- Enhanced primary treatment – 1,200 million liters/day.
- Rates regulated by the City under PBR covering 2017-2021.

Municipal Water and Wastewater Alberta/British Columbia/Saskatchewan/USA

Alberta

- Operating contracts in Canmore, Chestermere, Okotoks, Red Deer County, Strathmore and Kananaskis (P3).

British Columbia Utility

- Regulated water in French Creek.

Saskatchewan

- P3 Wastewater facility expansion and operating contract in Regina - assumed operations and commenced construction in 2015.

Arizona, New Mexico, Texas

- Regulated water utility – Chaparral City Water Company, EPCOR Water Arizona, EPCOR Water New Mexico.
- Provide water and wastewater services to customer through more than 350,000 customers across 31 communities and 9 counties.
- Rate-regulated natural gas distribution and transmission services to 4,300 connections in NE Houston.
- EPCOR 130 is a 85 KM pipeline that delivers 18 MGD of water to three municipal customers.

Industrial Water and Wastewater

Alberta

- Operate three water treatment and three wastewater treatment facilities in oil sands operations at Fort McMurray.

British Columbia

- Operate the Britannia Mine wastewater treatment facility, and the Sparwood facility at the Teck Resources (Teck) site.

Electricity Operations

Electricity Distribution and Transmission

- Distribution to approximately 390,000 sites within Edmonton with high reliability.
- Approximately 5,500 km of distribution and 260 km of transmission lines, both aerial and underground.
- 51,000 poles with 11,500 aerial transformers and more than 19,400 underground transformer.
- Own and operate 30 transmission and 5 distribution substations.
- Regulated by the Alberta Utilities Commission (AUC) – Distribution (PBR) /Transmission (cost of service).

Technologies

- Provide design, construction and maintenance services for street lighting, traffic signals and Light Rail Transit systems in Edmonton, Calgary and other municipalities.



Energy Services

Regulated Operations

- Provide RRO (procurement, billing and customer care) for approximately 600,000 Edmonton and Fortis Alberta energy customers.
- Regulated by AUC on a cost-of-service based framework.
- Provide billing and customer care for approximately 265,000 EPCOR water customers in Edmonton and City of Edmonton drainage and waste collection services.
- Owing to market conditions and low RRO rates approximately 55% of residential and 43% of small commercial RRO eligible customers have chosen to stay with the RRO (i.e. they have not signed a contract with a competitive electricity retailer)

Encor by EPCOR

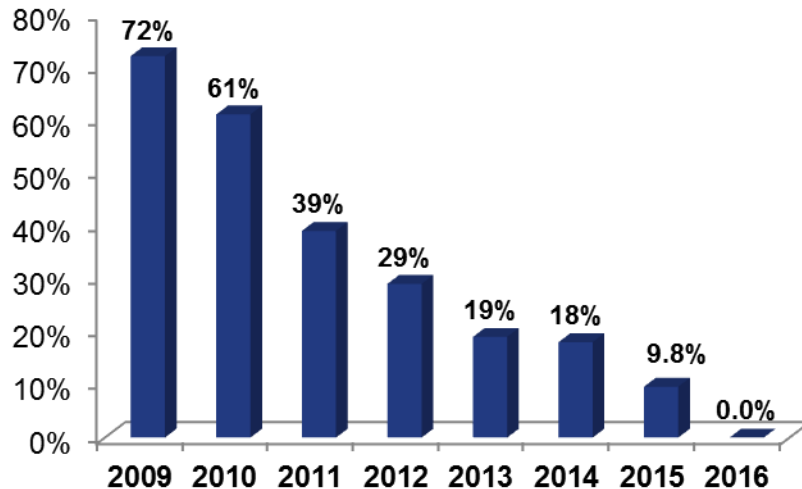
- Competitive Retail energy provider under Encor by EPCOR. Provide procurement, billing and customer care services to Alberta retail electricity and gas customers under competitive contract.
- Currently offers fixed and floating electricity and gas contracts with all commodity risk transferred to the third party.
- Introduced new green competitive product offerings for gas and electricity contracts. Encor green energy is sourced from 100% Canadian renewable energy projects.



Interest in Capital Power

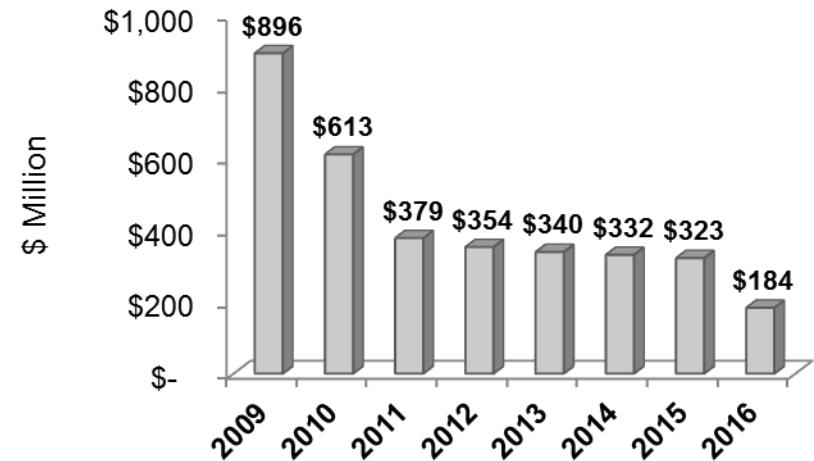
EPCOR has sold its interest in Capital Power over time according to capital requirements and as market conditions permitted.

Equity Interest



- Block Sales of Capital Power LP units in 2010, 2011, 2012, 2013, 2015, and 2016.
 - Remainder was continuously sold in smaller sales through 2016 and early 2017.
- Dilution in 2011 and 2014 by Capital Power.

Back-to-Back Debt (B2B)



- Back-to-back debt owed to EPCOR by Capital Power relates to generation assets transferred to Capital Power LP in 2009.
- Remainder to be repaid by February 2018.
 - Significant repayment: 2018 - \$174 million.

ALECTRA UTILITIES CORPORATION

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD

AMENDED AND RESTATED BUY/SELL SHARE PURCHASE AGREEMENT

Dated the 8th day of November, 2017

**Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, Ontario
M5H 4E3**

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Schedule 2.4(a) – Example Purchase Price Adjustment

THIS AMENDED AND RESTATED SHARE PURCHASE AGREEMENT is made the 8th day of November, 2017 (the “**Effective Date**”).

B E T W E E N:

ALECTRA UTILITIES CORPORATION, a corporation incorporated under the laws of the Province of Ontario (the “**Vendor**”)

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a municipal corporation under the laws of the Province of Ontario (the “**Purchaser**”)

Recitals:

1. The Vendor, the Purchaser and Collingwood PowerStream Utility Services Corp. (the “**Corporation**”) are party to the Unanimous Shareholders Agreement (as defined herein).
2. The Vendor accepted the offer to sell its Purchased Shares to the Purchaser pursuant to the terms and conditions of Buy/Sell Notice (as defined herein) and executed and delivered the share purchase agreement attached to the Buy/Sell Notice as “Vendor” dated November 8, 2017 (the “**Share Purchase Agreement**”).
3. The Parties wish to amend and restate the Share Purchase Agreement on the terms and conditions set forth herein.

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties covenant and agree as follows:

**ARTICLE I
INTERPRETATION**

1.1 Defined Terms. In this Agreement, including the recitals, and schedules hereto, unless the context otherwise specifies or requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**2012 Transaction**” means the transactions that occurred pursuant to the share purchase agreement dated March 6, 2012 between PowerStream Inc. (as a predecessor to Alectra Utilities Corporation), The Corporation of the Town of Collingwood and the Collus Corporations.

- (b) **“Accounts Receivable”** means all accounts receivable and other amounts due, owing or accruing due to the Collus Corporations in connection with the Business, net of an allowance for uncollectible amounts.
- (c) **“Affiliate”** means, in respect of a Party, any Person that as at the time determined, (i) Controls such party, (ii) is Controlled by such party, or (iii) is Controlled by the same Person that Controls such party.
- (d) **“Agreement”** means this amended and restated buy/sell share purchase agreement, including all schedules attached hereto, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.
- (e) **“Applicable Law”** means any and all applicable laws, common law, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, by laws, guidelines, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any Governmental Authority, including without limitation, the OEB.
- (f) **“Auditor”** means the auditors of the Corporation, or, if they are unwilling or unable to act, any one of KPMG, Deloitte & Touche LLP, Ernst & Young LLP and PricewaterhouseCoopers LLP, provided that any such firm does not have an existing business relationship with the Purchaser or the Vendor.
- (g) **“Books and Records”** means all books, records, files and papers of the Collus Corporations including title documentation, computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, including payroll files and records, minute and share certificate books, all other documents and data (technical or otherwise) relating to the Collus Corporations or the Business, and all copies and recordings of the foregoing.
- (h) **“Business”** means:
 - (i) in respect of the Corporation, a holding body corporate;
 - (ii) in respect of Collus, the distribution of electricity in the Service Territory;
 - (iii) in respect of Collus Solutions, the provision of shared employee services in the areas of management, billing, collecting, and customer service to Collus for electricity billings and to Collingwood Public Utilities Service Board for water and sewer billings; and
 - (iv) in respect of Collus Energy, no active business operations.

- (i) **“Business Day”** means a day other than a Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.
- (j) **“Buy/Sell Notice”** means the buy/sell notice dated October 23, 2017 issued by the Purchaser to the Vendor in accordance with the terms of the Unanimous Shareholders Agreement and accepted by the Vendor on November 8, 2017.
- (k) **“Claim”** means any demand, action, complaint, grievance, investigation, inquiry, suit, proceeding, claim, assessment, order, judgment, prosecution or settlement or compromise relating thereto.
- (l) **“Closing”** means completion of the purchase and sale of the Purchased Shares contemplated herein on the Closing Date and in accordance with the provisions of this Agreement.
- (m) **“Closing Date”** means the first date which is the first Business Day of a month and no earlier than five (5) Business Days and no later than thirty-five (35) days following the date that the Required Approval has been obtained or such earlier or later date as may be agreed to by the Parties in writing.
- (n) **“Closing Date Financial Statements”** means audited consolidated financial statements for the Corporation for the fiscal period ended on the day immediately prior to the Closing Date, prepared in accordance with GAAP, consistently applied and on the same basis as the Initial Financial Statements, consisting of a consolidated balance sheet as of such date and statements of operations, retained earnings, and cash flow for such period, together with notes thereto as at such date.
- (o) **“Closing Date Long Term Debt”** means the amount of Long Term Debt based on the Closing Date Financial Statements.
- (p) **“Closing Date NFA”** means the amount of NFA stated in the Closing Date Financial Statements.
- (q) **“Closing Date Working Capital”** means the amount of Working Capital in the Closing Date Financial Statements.
- (r) **“Collateral Benefit”** means any benefit that any Person has previously received or is entitled to receive, directly or indirectly, related to this Transaction, this Agreement and/or the 2012 Transaction, including:
 - (i) any payments or distributions of any kind, whether in cash, securities or otherwise;
 - (ii) success fees, bonuses, transaction fees, brokerage fees or finder’s fees;
 - (iii) increases in salary;

- (iv) lump sum payments;
- (v) payments for surrendering securities; and/or
- (vi) enhancements in benefits related to past or future services as an employee, director, or consultant of a Party, its Affiliates or any other Person,

in each regardless of the existence of any offsetting costs to that Party, Affiliate or Person (as the case may be) or whether the benefit is provided, or agreed to, by the Party, its Affiliates or any other Person.

- (s) “**Collus**” means Collus PowerStream Corp., a corporation incorporated under the OBCA.
- (t) “**Collus Corporations**” means the Corporation, Collus, Collus Energy and Collus Solutions and “**Collus Corporation**” means any one of them.
- (u) “**Collus Energy**” means Collus PowerStream Energy Corp., a corporation incorporated under the OBCA.
- (v) “**Collus Solutions**” means Collus PowerStream Solutions Corp., a corporation incorporated under the OBCA.
- (w) “**Common Shares**” means common shares in the capital of the Corporation.
- (x) “**Contract**” means any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral.
- (y) “**Control**” or “**Controls**” means, with respect to any Person at any time, (i) holding, whether directly or indirectly, as owner or other beneficiary (other than solely as the beneficiary of an unrealized security interest) securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint more than 50% of the individuals who are responsible for the supervision or management of that Person, (ii) the possession of the power to direct or cause the direction of the management or policies of a Person, whether direct or indirect and whether through the ownership of securities or ownership interests or by Contract, trust or otherwise, or (iii) with respect to a partnership, the ability to manage the business and affairs of that partnership and “**Controlled**” and “**Controlling**” have corresponding meanings.
- (z) “**Corporation**” has the meaning ascribed thereto in the recitals to this Agreement, above.
- (aa) “**Current Assets**” means the sum of Accounts Receivable, unbilled service revenue, inventory, prepaid expenses, regulatory assets and current Tax receivable other than any Tax receivables on account of any Taxes paid or payable by the Vendor pursuant to section 10.5 of the Unanimous Shareholders Agreement, excluding cash and cash equivalents.

- (bb) “**Current Liabilities**” means all unconditional liabilities of the Collus Corporations due, payable or accruing, including the sum of bank indebtedness, accounts payable and accrued liabilities, current Taxes payable other than on account of any Taxes paid or payable by the Vendor pursuant to section 10.5 of the Unanimous Shareholders Agreement, Customer security deposits, regulatory liabilities and the current portion of Long Term Debt.
- (cc) “**Direct Claim**” has the meaning ascribed thereto in Section 11.3.
- (dd) “**EA**” or “**Electricity Act**” means the *Electricity Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder.
- (ee) “**Effective Date**” has the meaning ascribed thereto in the preamble to this Agreement, above.
- (ff) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing.
- (gg) “**ETA**” means the *Excise Tax Act* (Canada) and any regulations made thereunder.
- (hh) “**GAAP**” means the generally accepted accounting principles (including the methods of application of such principles and, as applicable, International Financial Reporting Standards) accepted or recommended by the Canadian Institute of Chartered Accountants which are applicable in Canada as at the date on which any calculation made hereunder is to be effective.
- (ii) “**Governmental Authority**” means any domestic government, whether federal, provincial, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government including the OEB.
- (jj) “**HST**” means all taxes payable under Part IX of the ETA (including where applicable both the federal and provincial portion of those taxes) or under any provincial legislation imposing a similar value added or multi-staged tax.
- (kk) “**IFRS**” means International Financial Reporting Standards.
- (ll) “**Indemnified Party**” has the meaning ascribed thereto in Section 11.3.
- (mm) “**Indemnifying Party**” has the meaning ascribed thereto in Section 11.3.

- (nn) **“Independent Auditor”** has the meaning ascribed thereto in Section 2.4(d).
- (oo) **“Initial Financial Statements”** means the audited financial statements of the Corporation as at December 31, 2016 prepared in accordance with IFRS, consisting of a balance sheet of such date and statements of operations, retained earnings, and cash flow for such period, together with notes thereto as at such date.
- (pp) **“Initial Long Term Debt”** means the Long Term Debt in the Initial Financial Statements.
- (qq) **“Initial NFA”** means the aggregate value of the Collus Corporations’ property and equipment as set forth in the Initial Financial Statements.
- (rr) **“Initial Working Capital”** means the Working Capital in the Initial Financial Statements.
- (ss) **“Interim Period”** has the meaning ascribed thereto in Section 5.1.
- (tt) **“Long Term Debt”** means the Collus Corporations’ long term debt, excluding the current portion of long term debt.
- (uu) **“Long Term Debt Calculation”** has the meaning ascribed thereto in Section 2.4(a)(ii).
- (vv) **“Losses”** means any and all loss, liability (whether accrued, actual, contingent, latent or otherwise), damage, cost, expense (including interest, court costs and reasonable fees of lawyers, accountants and other experts and professionals), Taxes, charge, fine, penalty or assessment, suffered or incurred by the Person seeking indemnification, directly resulting from or arising out of any Claim, including the costs and expenses of any action, suit, proceeding, investigation, inquiry, arbitration award, grievance, demand, assessment, judgment, settlement or compromise relating thereto, including without limitation a gross-up to account for any tax payable or a reduction in the “cost amount”, as defined in subsection 248(1) of the Tax Act of any property owned by the Purchaser or the applicable Collus Corporation or a successor entity in the taxation year as a result of receiving the indemnification amount but: (i) excluding any contingent liability until it becomes actual; (ii) reduced by any net Tax benefit; (iii) reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Persons; and (iv) excluding any incidental, indirect, special or consequential loss, liability or damage and loss of profits other than as may be included in damages of a Third Party in respect of a Third Party Claim.
- (ww) **“NFA”** means the depreciated aggregate net value of the Collus Corporations’ property, software, plant and equipment net of contributions in aid of construction.
- (xx) **“NFA Calculation”** has the meaning ascribed thereto in Section 2.4(a)(i) of this Agreement.

- (yy) “**NFA Index**” means an amount equal to 1.8.
- (zz) “**OBCA**” means the *Business Corporations Act* (Ontario), as in effect on the date hereof.
- (aaa) “**OEB**” means the Ontario Energy Board and its successors.
- (bbb) “**OEB Act**” means the *Ontario Energy Board Act, 1998*, as in effect on the date hereof.
- (ccc) “**Party**” means a party to this Agreement, and “**Parties**” means both of them.
- (ddd) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, Governmental Authority or entity however designated or constituted.
- (eee) “**Pre-Closing Tax Period**” means any Tax period ending on or before the day immediately prior to the Closing Date, and with respect to a Straddle Period, the portion of such Straddle Period ending on the day immediately prior to the Closing Date.
- (fff) “**Purchase Price**” has the meaning ascribed thereto in Section 2.2.
- (ggg) “**Purchased Shares**” has the meaning ascribed thereto in Section 2.1.
- (hhh) “**Purchaser**” has the meaning ascribed thereto in the preamble to this Agreement, above.
- (iii) “**Purchaser’s Objection**” has the meaning ascribed thereto in Section 2.4(b).
- (jjj) “**Required Approval**” has the meaning ascribed thereto in Section 7.1(a).
- (kkk) “**Service Territory**” means the Towns of Collingwood, Stayner, Creemore and Thornbury in the Province of Ontario.
- (lll) “**Side Letter**” means the side letter agreement between the Parties dated November ____, 2017 entered into in connection with the Buy/Sell Notice.
- (mmm) “**Straddle Period**” means any Tax period that begins prior to the Closing Date and includes but does not end on the Closing Date.
- (nnn) “**Tax**” or “**Taxes**” means all domestic and foreign federal, provincial, municipal, territorial or other taxes, imposts, rates, levies, assessments and government fees, charges or dues lawfully levied, assessed or imposed including, without limitation, all income, capital gains, sales, excise, use, property, capital, transfer, land transfer, goods and services, HST, business transfer and value added taxes, all customs and import

duties, workers' compensation premiums, Canada Pension Plan contributions, employment insurance premiums, and includes and/or other payments pursuant to Part VI of the EA together with all interest, additions, fines and penalties with respect thereto.

- (ooo) **"Tax Act"** means the *Income Tax Act* (Canada) and any regulations thereunder.
- (ppp) **"Tax Return"** means all returns, information returns, declarations, designations, forms, schedules, elections, reports and other documents of every nature whatsoever (and includes related or supporting information) filed, or which are required to be filed with any Governmental Authority with respect to any Taxes, including those required pursuant to Part VI of the EA or with respect to the administration of any Applicable Laws or administrative requirements relating to any Taxes and any amendments thereof.
- (qqq) **"Third Party Claim"** has the meaning ascribed thereto in Section 11.5.
- (rrr) **"Time of Closing"** means 10:00 a.m. on the Closing Date.
- (sss) **"Transactions"** means the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement.
- (ttt) **"Unanimous Shareholder Agreement"** means the unanimous shareholder agreement dated July 31, 2012 between The Corporation of the Town of Collingwood, Alectra Utilities Corporation (as successor by way of amalgamation to PowerStream Inc.) and the Corporation.
- (uuu) **"Vendor"** has the meaning ascribed thereto in the preamble to this Agreement, above.
- (vvv) **"Working Capital"** means the net book value of Current Assets less the net book value of Current Liabilities, calculated in accordance with IFRS.
- (www) **"Working Capital Calculation"** has the meaning ascribed thereto in Section 2.4(a)(i).

1.2 Construction. This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party does not apply to the construction or interpretation of this Agreement.

1.3 Certain Rules of Interpretation. In this Agreement:

- (a) the division into Articles and Sections and the insertion of headings and the Table of Contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and

- (c) unless specified otherwise or the context otherwise requires:
- (i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement;
 - (ii) “including” or “includes” means “including (or includes) but is not limited to” and is not to be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
 - (iii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”;
 - (iv) references to Contracts are deemed to include all present amendments, supplements, restatements and replacements to those Contracts as of the date of this Agreement;
 - (v) references to any legislation, statutory instrument or regulation or a section thereof are references to the legislation, statutory instrument, regulation or section in force as of the date of this Agreement, except that with respect to the Vendor’s obligations to comply with Applicable Law regarding Taxes, the reference date shall be the relevant point in time prior to the Closing Date; and
 - (vi) words in the singular include the plural and vice versa and words in one gender include all genders.

1.4 Computation of Time. In this Agreement, unless specified otherwise or the context otherwise requires:

- (a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;
- (b) all references to specific dates mean 11:59 p.m. on the dates;
- (c) all references to specific times are references to Toronto time; and
- (d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

1.5 Performance on Business Days. If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.6 Calculation of Interest. In calculating interest payable under this Agreement for any period of time, the first day of the period is included and the last day is excluded.

1.7 Currency and Payment. In this Agreement, unless specified otherwise:

- (a) references to dollar amounts or "\$" are to Canadian dollars; and
- (b) any payment is to be made by an official bank draft drawn on a Canadian chartered bank, wire transfer or any other method (other than cash payment) that provides immediately available funds.

1.8 Schedules. The following schedules are attached to and form part of this Agreement:

Schedule 2.4(a) - Example Purchase Price Adjustment

1.9 Amendment and Restatement. Effective as of the Effective Date, the Share Purchase Agreement is hereby amended and restated as set forth herein without in any way affecting the rights, obligations and liabilities of any Party which may have accrued prior to the date hereof pursuant to the provisions of the Buy/Sell Notice and/or the Share Purchase Agreement prior to its amendment and restatement hereby, and, as so amended and restated, continues in full force and effect.

ARTICLE II PURCHASE AND SALE OF PURCHASED SHARES

2.1 Purchase and Sale of Purchased Shares. Subject to the terms and conditions hereof, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor all, but not less than all, of the issued and outstanding shares in the capital of the Corporation held by the Vendor (the "**Purchased Shares**").

2.2 Purchase Price. The purchase price payable by the Purchaser to the Vendor for the Purchased Shares shall, subject to any adjustment in accordance with Section 2.4, be equal to \$13,112,500 (the "**Purchase Price**").

2.3 Payment of Purchase Price. The Purchase Price shall be payable by the Purchaser as follows:

- (a) at the Time of Closing, by effecting a wire transfer of immediately available funds to an account designated in writing by the Vendor; and
- (b) if applicable, the additional amounts payable by the Purchaser pursuant to Section 2.4.

2.4 Adjustment to Purchase Price.

- (a) Subject to Section 2.5, within ninety (90) days following the Closing Date, the Vendor and the Purchaser shall cause the preparation and delivery to the Purchaser the Closing Date Financial Statements, together with, and based upon the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation, to the Parties. The Purchase Price contemplated in Section 2.2 shall be increased or decreased as set out below:
 - (i) for the difference between the Closing Date Working Capital and the Initial Working Capital ("**Working Capital Calculation**");

- (ii) for an amount equal to the amount obtained when the NFA Index is multiplied by the difference between the Closing Date NFA and the Initial NFA (“**NFA Calculation**”); and
- (iii) for the difference between the Initial Long Term Debt and the Closing Date Long Term Debt (“**Long Term Debt Calculation**”).

The Purchaser shall pay the Vendor, as applicable: (A) fifty percent (50%) of the amount by which the Closing Date Working Capital exceeds the Initial Working Capital; (B) fifty percent (50%) of the amount obtained when the NFA Index is multiplied by the amount by which the Closing Date NFA exceeds the Initial NFA; and (C) fifty percent (50%) of the amount by which the Initial Long Term Debt exceeds the Closing Date Long Term Debt.

The Vendor shall pay the Purchaser, as applicable: (A) fifty percent (50%) of the amount by which the Initial Working Capital exceeds the Closing Date Working Capital; (B) fifty percent (50%) of the amount obtained when the NFA Index is multiplied by the amount by which the Closing Date NFA is less than the Initial NFA; and (C) fifty percent (50%) of the amount by which the Closing Date Long Term Debt exceeds the Initial Long Term Debt. An example of the purchase price adjustments in this subsection is set out in Schedule 2.4(a).

- (b) The Purchaser shall have a period of thirty (30) Business Days from the later of (i) the receipt of the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation; and (ii) the date on which the Purchaser is provided with access to the Auditor’s working papers relating to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation within which to notify the Vendor in writing that it disputes any amounts contained in the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and/or the Long Term Debt Calculation (the “**Purchaser’s Objection**”), failing which the Purchaser shall be deemed to have accepted such amounts. The Purchaser’s Objection shall set forth a specific description of the basis of the Purchaser’s Objection and the adjustments to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and/or the Long Term Debt Calculation which the Purchaser believes should be made. Any items not specifically disputed during such thirty (30) Business Day period shall be deemed to have been accepted by the Purchaser.
- (c) Subject to Section 2.4(d), payment of the adjustment to the Purchase Price pursuant to Section 2.4(a) shall be made by the applicable Party within thirty (30) Business Days following the later of (i) the date that the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and/or the Long Term Debt Calculation are received by the Purchaser; and (ii) the date on which the Purchaser is provided with access to the Auditor’s working papers relating to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation.

- (d) If the Vendor and the Purchaser cannot agree on the adjustment of the Purchase Price pursuant Section 2.4(a) within the time limit for payment of the adjustment to the Purchase Price pursuant to Section 2.4(b), the Vendor and the Purchaser will submit any unresolved matter within a further five (5) day period, to an independent, nationally recognized accounting firm selected by the Vendor and the Purchaser (the “**Independent Auditor**”) for resolution or, failing agreement, as appointed by the Ontario Superior Court of Justice. The Independent Auditor will be given access to all materials and information reasonably requested by it for such purpose. The rules and procedures to be followed in the arbitration proceedings will be determined by the Independent Auditor in its discretion. The Independent Auditor will make its determination as soon as practicable and, in any case, within thirty (30) days of the matter being submitted to it. The Independent Auditor determination of all such matters will be final and binding on the Parties and will not be subject to appeal by any Party. The fees and expenses of the Independent Auditor will be borne equally between the Vendor and the Purchaser. The Closing Date Financial Statements and amounts specified in Section 2.4(a) will be modified to the extent required to give effect to the Independent Auditor’s determination and will be deemed to have been approved as of the date of such determination.

2.5 Access. Following the Closing, the Purchaser shall provide the Vendor and the Auditor with timely access to all books, records, documents, materials, and other information and Representatives of the Collus Corporations reasonably requested by the Vendor for purposes of preparation and delivery of the Closing Date Financial Statements together with the Working Capital Calculation, the NFA Calculation, the Long Term Debt Calculation and the Tax Returns to be prepared by the Vendor pursuant to Section 8.1.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor. The Vendor represents and warrants to the Purchaser as follows:

- (a) **Organization.** The Vendor is duly incorporated and/or formed and is validly subsisting under the laws of the Province of Ontario and has the corporate power, capacity and authority to own or lease or dispose of its property and assets and to carry on business under the laws of the Province of Ontario. The Vendor is not insolvent, and no proceedings have been instituted or are pending for the bankruptcy, insolvency, dissolution, winding up or liquidation of any of the Vendor nor, to the knowledge of the Vendor, have any such proceedings been threatened by any other Person.
- (b) **Power of the Vendor and Due Authorization.** The Vendor has all requisite power, authority and capacity to enter into, and to perform its obligations under this Agreement and to transfer the legal and beneficial title and ownership of the Purchased Shares to the Purchaser free and clear of all Encumbrances, other than the restrictions on transfer contained in the articles of the Corporation and the Unanimous Shareholders Agreement (to the extent applicable). The Vendor has duly taken, or has caused to be taken, all action required to be taken by the Vendor to authorize the

execution and delivery of this Agreement by the Vendor in the performance of its obligations hereunder.

- (c) **Binding Agreement.** This Agreement has been duly executed by the Vendor and will, upon delivery, constitute a valid and binding obligation of the Vendor, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Applicable Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (d) **Authorized and Issued Capital of the Corporation.** The authorized share capital of the Corporation consists of an unlimited number of Common Shares. The Purchased Shares have been validly allotted and issued and are outstanding as fully paid and non-assessable shares and constitute all of the outstanding shares in the capital of the Corporation held by the Vendor at Closing.
- (e) **Ownership of Shares.**
 - (i) The Vendor is the sole legal and beneficial owner of all of the Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances (other than the rights of the Purchaser hereunder and the restrictions on transfer set forth in the articles of the Corporation and the Unanimous Shareholders Agreement (to the extent applicable)) and has the exclusive right to dispose of the Purchased Shares as herein provided. Without limiting the generality of the foregoing, except for the restrictions on transfer set forth in the articles of the Corporation and the Unanimous Shareholders Agreement (to the extent applicable), none of the Purchased Shares are subject to any voting trust, shareholder agreement or voting agreement.
 - (ii) Upon the Closing, the Vendor will have transferred to the Purchaser good and marketable legal and beneficial title to all of the Purchased Shares free of all Encumbrances.
- (f) **No Violations.** Neither the execution nor delivery of this Agreement nor the performance by the Vendor of its obligations under this Agreement completion of the Transactions herein contemplated will:
 - (i) violate any provision of the constating documents of the Vendor;
 - (ii) violate, breach, be in conflict with or constitute a default any Contract or by which the Vendor is bound; or
 - (iii) subject to the Required Approval, to the Vendor's knowledge, violate any Applicable Law or requirement of a Governmental Authority having jurisdiction over each of the Vendor.

3.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Vendor as follows:

- (a) **Organization.** The Purchaser is duly incorporated and/or formed and is validly subsisting under the laws of the Province of Ontario and has the corporate power, capacity and authority to own or lease or dispose of its property and assets and to carry on business under the laws of the Province of Ontario. The Purchaser is not insolvent, and no proceedings have been instituted or are pending for the bankruptcy, insolvency, dissolution, winding up or liquidation of any of the Purchaser nor, to the knowledge of the Purchaser, have any such proceedings been threatened by any other Person.
- (b) **Power of the Purchaser and Due Authorization.** The Purchaser has all requisite power, authority and capacity to enter into, and to perform its obligations under this Agreement. The Purchaser has duly taken, or has caused to be taken, all corporate action required to be taken by the Purchaser to authorize the execution and delivery of this Agreement by the Purchaser in the performance of its obligations hereunder.
- (c) **Binding Agreement.** This Agreement has been duly executed by the Purchaser and will, upon delivery, constitute a valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (d) **No Violations.** Neither the execution nor delivery of this Agreement nor the completion of the Transactions herein contemplated will result in the violation of:
 - (i) any provision of the constating documents of the Purchaser;
 - (ii) any Contract to which the Purchaser is a party or by which the Purchaser or any of its property or assets is bound; or
 - (iii) subject to the Required Approval, to the Purchaser's knowledge, violate any Applicable Law or requirement of a Governmental Authority having jurisdiction over each of the Purchaser.

ARTICLE IV

SURVIVAL OF COVENANTS, AND REPRESENTATIONS AND WARRANTIES

4.1 Survival

- (a) All of the covenants and representations and warranties contained in this Agreement, including this Article IV, will survive the Closing.
- (b) The representations and warranties of the Vendor set out in Section 3.1 shall continue indefinitely and remain in full force and effect for the benefit of the Purchaser.
- (c) The representations and warranties of the Purchaser set out in Section 3.2 shall continue indefinitely and remain in full force and effect for the benefit of the Vendor.

ARTICLE V
JOINT COVENANTS

5.1 Conduct of Business Prior to Closing. During the period between the Effective Date and the Closing Date (the “**Interim Period**”) and the subject to the terms of Unanimous Shareholders Agreement, the Vendor and the Purchaser shall continue to operate the applicable Business in the ordinary course consistent with past practice and, with respect to Collus, in accordance with the most recent distribution system plan of Collus, except as may be otherwise required or contemplated by the provisions of this Agreement. Without limiting the generality of the foregoing, the Vendor and the Purchaser shall cause the applicable Collus Corporations to declare and pay dividends in accordance with the following:

- (i) during the Interim Period, in accordance with, and subject to, the Unanimous Shareholder Agreement, the Dividend Policy (as such term is defined in the Unanimous Shareholder Agreement), the OBCA and Applicable Law; and
- (ii) on or immediately prior to the Closing, a one-time dividend of any remaining excess cash available for distribution with respect to the applicable Collus Corporations, subject to the OBCA and Applicable Law.

5.2 Availability of Records and Information. During the Interim Period, the Vendor and the Purchaser shall cause the Collus Corporations to provide the Vendor and the Purchaser and their respective Representatives during normal business hours, complete and unfettered access to the Collus Corporation’s premises, information technology systems, assets, Contracts and Books and Records and to the Collus Corporation’s personnel and to furnish them with such information relating to the Business.

5.3 Disclosure of Collateral Benefits. The Parties will provide written disclosure to each other of any Collateral Benefits that each Party knows or ought to have known about at least 10 Business Days prior to the Closing Date. The written disclosure of any Collateral Benefits provided to each Party under this Section 5.3 will be set out in reasonably sufficient detail, including the identity of any Person who has received, will receive or may receive any such Collateral Benefit, the amount or quantum of such Collateral Benefit and the time of receipt and/or payment or distribution of any such Collateral Benefit, as applicable.

5.4 Transfer of Purchased Shares. At the Time of Closing, the Vendor shall take, and the Vendor and the Purchaser shall cause the Corporation to take, all necessary steps and proceedings to permit the Purchased Shares to be duly and validly transferred to the Purchaser and to have such transfers duly and validly recorded on the books of the Corporation so that the Purchaser is entered onto the books of the Corporation as the holder of the Purchased Shares and to issue share certificates to the Purchaser representing the Purchased Shares.

5.5 Change of Name. Within 10 Business Days following the Closing Date the Purchaser shall cause each Collus Corporation to file articles of amendment to change the corporate name of each Collus Corporation to a name that does not include the word “PowerStream”.

**ARTICLE VI
SPECIAL COVENANTS**

6.1 Preservation of Historical Books and Records. The Parties shall preserve or cause the preservation of all of the Books and Records of the Collus Corporations for the period from the year 2000 up to the Closing Date.

**ARTICLE VII
REQUIRED APPROVAL**

7.1 Required Approval.

- (a) Each of the Purchaser and the Vendor shall as promptly as practicable after the execution of this Agreement (but in no event later than forty five (45) days after the execution of this Agreement), file or cause to be filed with the OEB an application required to be made under Subsection 86(1) and Subsection 86(2) of the *OEB Act* in respect of the OEB's approval of the sale of the Purchased Shares and any related or connected transactions (the "**Required Approval**").
- (b) Each of the Purchaser and the Vendor shall use commercially reasonable efforts to cooperate and assist the other, so that the Required Approval can be obtained as soon as reasonably possible. All the costs and expenses incurred by the Parties in connection with the application for the Required Approval shall be borne by each Party.

7.2 Ontario Minister of Finance Notice. The Vendor shall as promptly as practicable after the execution of this Agreement (but in no event later than the day before the Closing Date), file or cause to be filed with the Ontario Minister of Finance the notification required under Subsection 4(2) of Ontario Regulation 124/99 made under the EA. The Purchaser shall be responsible for the costs it incurs in connection with the Ontario Minister of Finance Notice.

**ARTICLE VIII
OPERATIONAL TAX MATTERS**

8.1 Preparation and Filing of Tax Returns. The Purchaser shall prepare and submit on behalf of the Collus Corporations all corporate Tax Returns for a Pre-Closing Tax Period that are not due for filing until after the Closing Date to the Vendor for approval at least thirty (30) Business Days before the filing due date thereof, and all other Tax Returns for a Pre-Closing Tax Period which shall be prepared and submitted to the Purchaser for approval at least seven (7) Business Days before the filing due date thereof. All such Tax Returns shall be prepared in compliance with Applicable Law, this Agreement and be consistent with past practice of the applicable Collus Corporation. After the Purchaser has approved those Tax Returns, the Purchaser shall, on a timely basis, cause the Collus Corporations to file the Tax Returns, and provide a copy with proof of filing to the Vendor.

8.2 Notification Requirements. The Purchaser shall promptly forward to the Vendor all written notifications and other written communications from any Governmental Authority received by the Purchaser or the Collus Corporations relating to Taxes of the Collus

Corporations for all Pre-Closing Tax Periods and Straddle Periods, and shall promptly inform the Vendor of any audit proposed to be undertaken and any adjustment proposed in writing to be made by any Governmental Authority in respect of a Pre-Closing Tax Period and Straddle Period.

8.3 Vendor Indemnification. From and after the Closing Date, the Vendor shall be responsible for and shall indemnify and save harmless the Purchaser for fifty percent (50%) of all Taxes payable by the Collus Corporations for all such periods that are a Pre-Closing Tax Period (and except to the extent such Taxes payable are recorded as Current Liabilities on the Closing Date Financial Statements) excluding any Taxes that are payable by the Vendor in accordance with section 10.5 of the Unanimous Shareholders Agreement (the “**Vendor’s Pre-Closing Tax Share**”). The Purchaser shall pay to the Vendor as an increase in the purchase price any Tax refunds received by or credited to the Collus Corporations after the Closing Date provided that such Tax refunds and credits relate to a Pre-Closing Tax Period (and except to the extent that such Tax refunds and credits have been recorded as Current Assets on the Closing Date Financial Statements). In determining the allocation of Taxes to the Pre-Closing Tax Period under this Section 8.3 that pertain to the amount of Taxes payable or recoverable by the Collus Corporation for a taxable period that includes but does not end on the Closing Date (each, a “**Straddle Period**”) the:

- (a) real, personal and intangible property Taxes, and other Taxes imposed against the applicable Collus Corporation on a periodic basis, (the “**Property Taxes**”) that shall be allocable to the Pre-Closing Tax Period shall be equal to the amount of such Property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of days in the Straddle Period, and
- (b) Taxes (other than Property Taxes) imposed upon the applicable Collus Corporation that shall be allocable to the Pre-Closing Tax Period shall be computed as if such taxable period ended on the Closing Date, provided that, subject to Applicable Laws, all exemptions, allowances or deductions for such Straddle Period that are calculated on an annual basis, shall be allocated between the period in respect of the Pre-Closing Tax Period and the period after the Closing Date in proportion to the number of days in each period.

8.4 Purchaser’s Contest Rights. Subject to Section 8.5, the Purchaser shall have the sole right to control, defend, settle, compromise, or prosecute in any manner an audit, examination, investigation, and other proceeding with respect to any Tax of the Collus Corporations. The Purchaser shall keep the Vendor duly informed of any proceedings in connection with any manner for which the Purchaser may have a right to indemnification pursuant to this Article VIII or Article XI and promptly provide the Vendor with copies of all correspondence and documents relating to those proceedings. The Vendor shall execute or cause to be executed such documents and shall take such action as reasonably requested by the Purchaser to enable the Purchaser to take any action the Purchaser deems appropriate with respect to any proceedings in respect of which the Purchaser has contest rights under this Agreement.

8.5 Vendor’s Contest Rights.

- (a) The Vendor may at any time by written notice to the Purchaser elect to control, defend, settle, compromise or prosecute in any manner an audit, examination, investigation, or other proceeding with respect to Taxes or Tax issues related to any matter in respect of which the Purchaser may have a right of indemnification pursuant to this Article VIII or Article XI, except that:
- (i) the Vendor shall deliver to the Purchaser a written agreement that the Purchaser is entitled to indemnification for all Losses arising out of that audit, examination or other proceeding and that the Vendor shall be liable for the entire amount of those Losses;
 - (ii) the Vendor may not, without the written consent of the Purchaser, settle or compromise Taxes or Tax issues related to any matter which may affect Tax liabilities of the Collus Corporations for a period following Closing; and
 - (iii) the Vendor shall pay to the Purchaser the Vendor's Pre-Closing Tax Share (including, for greater certainty, interest and penalties) specified in the notice of assessment or other Claim from the Governmental Authority which are due and payable and to which the Purchaser's indemnity Claim relates within ten (10) Business Days before the amount is required to be paid to the Governmental Authority or within ten (10) Business Days after the Purchaser has forwarded to the Vendor a Claim for indemnity.
- (b) If the consent of the Purchaser to a settlement or compromise arranged by the Vendor is not obtained for any reason, the indemnification liability of the Vendor shall be limited to the proposed settlement amount. The Purchaser and/or the Collus Corporations, as applicable, shall execute or cause to be executed such documents or take such action as reasonably requested by the Vendor to enable the Vendor to take any action it deems appropriate with respect to any proceedings in respect of which the Vendor has contest rights under this Agreement. In addition:
- (i) the Vendor shall keep the Purchaser duly informed of any proceedings in connection with any matter which may affect the Taxes payable by the Purchaser or the Collus Corporations; and
 - (ii) the Purchaser shall be promptly provided with copies of all correspondence and documents relating to those proceedings and may, at its option and its own expense, participate in those proceedings through counsel of its choice.

8.6 Indemnification Procedures. Except to the extent expressly provided to the contrary in this Article VIII, the general procedures regarding notice and pursuit of indemnification Claims set forth in Article XI shall apply to all Claims for indemnification made under this Article VIII, except that notwithstanding any provision of Article XI to the contrary, if a Claim for indemnification involves any matter covered in this Article VIII, then the contest provisions of Section 8.4 and Section 8.5, as applicable, shall control regarding the defence and handling of any such third party Claim that could give rise to an indemnification obligation on the part of the Vendor. Notwithstanding Article IV, the time period during which a Claim for

indemnification may be made under this Article VIII shall survive Closing and continue in full force and effect until, but not beyond, the one hundred and eightieth (180th) day following the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Tax legislation in respect of any taxation year to which those representations and warranties and provisions under this Article VIII could be issued under that Tax legislation to the Collus Corporations.

ARTICLE IX CONDITIONS OF CLOSING

9.1 Conditions of Closing in Favour of the Purchaser. The Transaction is subject to the following conditions for the exclusive benefit of the Purchaser, to be fulfilled or performed at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a senior officer of the Vendor dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (b) **Covenants.** All of the obligations, covenants and agreements contained in this Agreement to be complied with or performed by the Vendor at or prior to Closing shall have been complied with or performed, and a certificate of a senior officer of the Vendor dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (c) **Consents and Required Approval.** The Required Approval shall have been obtained.
- (d) **No Action to Restrain.** No order of any Governmental Authority shall be in existence and, no action or proceeding shall be pending or threatened in writing by any Person, to restrain or prohibit:
 - (i) the purchase and sale of the Purchased Shares; or
 - (ii) the Collus Corporations from carrying on their Business as each Business is being carried on as at the date hereof by each Collus Corporation.
- (e) **Resignation of Directors and Officers.** Vendor shall deliver the resignation of the directors of the Corporation and any Subsidiary nominated by it to the Corporation.

If any of the conditions contained in this Section 9.1 shall not be performed or fulfilled at or prior to the Closing or any other timeframe specified above to the satisfaction of the Purchaser, acting reasonably, the Purchaser may, by notice to the Vendor, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, or if the Vendor terminates this Agreement because of a failure of conditions in Section 9.2(c) or Section 9.2(d) then in any such event the Purchaser shall be released from all obligations hereunder. Any such condition

may be waived in whole or in part by the Purchaser without prejudice to any claims it may have for breach of such condition.

9.2 Conditions of Closing in Favour of the Vendor. The purchase and sale of the Purchased Shares is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be fulfilled or performed at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct at the Time of Closing, with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a senior officer of the Purchaser dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (b) **Covenants.** All of the obligations, covenants, and agreements contained in this Agreement to be complied with or performed by the Purchaser at or prior to the Time of Closing shall have been complied with or performed, and a certificate of a senior officer of the Purchaser dated the Closing Date to that effect shall have been delivered to the Vendor.
- (c) **Consents and Required Approval.** The Required Approval shall have been obtained.
- (d) **No Action to Restrain.** No order of any Governmental Authority shall be in existence and, no action or proceeding shall be pending or threatened in writing by any Person, to restrain or prohibit the purchase of the Purchased Shares.

If any of the conditions in this Section 9.2 shall not be performed or fulfilled at or prior to Closing to the satisfaction of the Vendor, acting reasonably, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, and in such event the Vendor shall be released from all obligations hereunder. Any such condition may be waived in whole or in part by the Vendor without prejudice to any Claims it may have for breach of such condition.

ARTICLE X CLOSING ARRANGEMENTS

10.1 Place of Closing. The Closing shall take place at the Time of Closing at the offices of the Corporation in accordance with section 10.2 of the Unanimous Shareholders Agreement or such other location as may be agreed to by the Parties.

10.2 Transfer. At the Time of Closing, upon fulfilment of all the conditions set out in Article VIII that have not been waived in writing by the Purchaser or the Vendor, the Vendor shall deliver to the Purchaser certificates representing all the Purchased Shares, duly endorsed in blank for transfer and will cause transfers of such shares to be duly and regularly recorded in the name of the Purchaser whereupon, subject to all other terms and conditions hereof being complied with, payment of the Purchase Price shall be paid and satisfied in the manner provided in Article II.

**ARTICLE XI
INDEMNIFICATION**

11.1 Indemnification by the Vendor. The Vendor agrees to indemnify and save harmless the Purchaser from all Losses suffered or incurred by the Purchaser as a result of or arising directly or indirectly out of or in connection with any Claim relating to:

- (a) any breach by the Vendor of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto; and
- (b) any breach or non-performance by the Vendor of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.

11.2 Indemnification by the Purchaser. The Purchaser agrees to indemnify and save harmless the Vendor from all Losses suffered or incurred by the Vendor as a result of or arising directly or indirectly out of or in connection with any Claim relating to:

- (a) any breach by the Purchaser of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto; and
- (b) any breach or non-performance by the Purchaser of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.

11.3 Notice of Claim. In the event that a Party (the “**Indemnified Party**”) shall become aware of any Claim in respect of which the other Party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a Claim by a third party (a “**Third Party**”) against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

11.4 Direct Claims. With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have thirty (30) days to make such

investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the parties may agree or shall be determined by a court of competent jurisdiction.

11.5 Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's reasonable out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to make a payment to any Third Party with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

11.6 Settlement of Third Party Claims. If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

11.7 Exclusivity. The provisions of this Article XI shall be the sole and exclusive remedy with respect to any Claim for or in respect of any breach of any covenant, representation, warranty, indemnity or other provision of this Agreement or any agreement, certificate or other document delivered pursuant to this Agreement.

11.8 Duty to Mitigate, Single Recovery.

- (a) Each Party shall have a general obligation under this Agreement to mitigate any Loss that it may suffer or incur by reason of any breach, inaccuracy or failure to perform by the other Party of any of its representations, warranties, covenants or obligations under this Agreement. If any Loss suffered or incurred by a Party can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any Claim, recovery, settlement or payment by or against any other Person, such Party shall take all appropriate steps to enforce such recovery, settlement or payment prior to enforcing its right to indemnification from the other Party under this Article XI.
- (b) Neither the Purchaser nor the Vendor is entitled to double recovery for any Losses even though they may have resulted from the breach, inaccuracy or failure to perform of more than one of the representations, warranties, covenants and obligations of the other the Purchaser or the Vendor, as the case may be, pursuant to this Agreement.

**ARTICLE XII
MISCELLANEOUS**

12.1 Further Assurances. Each Party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, it will, at the request and expense of the requesting Party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

12.2 Brokerage, Commissions, etc. The Vendor agrees to indemnify and save harmless the Purchaser from and against any claim for commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or to have acted for the Vendor in connection with the Transactions herein contemplated. The Purchaser agrees to indemnify and save harmless the Vendor from and against any claim for commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary, who purports to act or to have acted for the Purchaser in connection with the Transactions herein contemplated.

12.3 Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered to the applicable Party in accordance with section 12.1 of the Unanimous Shareholders Agreement. For clarity, all notices or other communication required or permitted to be given hereunder to the Corporation of the Town of Collingwood shall be addressed and delivered as follows:

The Corporation of the Town of Collingwood
97 Hurontario Street, PO Box 157
Collingwood, Ontario

L9Y 3Z5

Attention: Sara Almas, Clerk
Phone: (705) 445-1030
Fax: (705) 445-2448
Email: clerk@collingwood.ca

12.4 Costs and Expenses. Except as otherwise provided for herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the Transactions herein contemplated shall be paid by the Party incurring such costs and expenses.

12.5 Counterparts. This Agreement may be executed in counterparts, and each of which will be an original and may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission all of which taken together shall constitute one and the same instrument.

12.6 Assignment. No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which may be unreasonably withheld.

12.7 Successors. This Agreement is binding on, and enures to the benefit of, the Parties and their respective successors.

12.8 Governing Law. This Agreement is governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that province, excluding the choice of law rules of that province.

12.9 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement is effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement operates as a waiver of that right. No single or partial exercise of any such right precludes any other or further exercise of that right or the exercise of any other right.

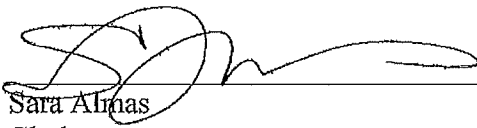
12.10 No Third Party Beneficiary. This Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

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IN WITNESS WHEREOF this Agreement has been executed by the Parties.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: 
Name: Sandra Cooper
Title: Mayor

By: 
Name: Sara Alinas
Title: Clerk

ALECTRA UTILITIES CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____


IN WITNESS WHEREOF this Agreement has been executed by the Parties.

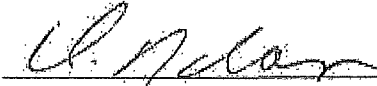
**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: _____
Name: Sandra Cooper
Title: Mayor

By: _____
Name: Sara Almas
Title: Clerk

ALECTRA UTILITIES CORPORATION

By:  _____
Name: Brian Bantz, MBA CPA CEF
Title: President and CEO
Alectra Inc.

By:  _____
Name: Dennis Nolan, BA,LLB
Title: General Counsel & Secretary
Alectra Utilities Corporation

SCHEDULE 2.4(A)– EXAMPLE PURCHASE PRICE ADJUSTMENT

See attached.

SCHEDULE 2.4 (a) - PURCHASE PRICE ADJUSTMENTS

Illustrative Purchase Price Adjustment

	Purchase Price	Illustrative Purchase Price Adjustment	Illustrative Adjusted Purchase Price
Purchase Price	13,112,500	618,552	13,731,052

Purchase Price Adjustment SPA definitions

	CPS 2016 F/S Dec. 31/16	Illustrative Closing Financial Statement	Illustrative Purchase Price Adjustment
Working capital calculation	2,254,792	2,244,218	-10,574
NFA calculation	17,072,342	20,267,032	5,750,442
Long-term debt calculation	11,447,235	15,950,000	-4,502,765
50% ownership share			1,237,103
			618,552

Supporting Calculations

Working capital Calculation

	CPS 2016 F/S Dec. 31/16	Illustrative Closing Financial Statement	Illustrative Purchase Price Adjustment
Cash	N/A	N/A	
Accounts receivable	4,712,668	5,120,000	
Unbilled revenues	4,852,979	5,120,000	
PILs Receivable	53,507	53,507	
Inventories	310,242	310,242	
Prepaid expenses and deposits	355,964	355,964	

Regulatory assets	1,566,053	1,566,053
Current Assets	11,851,413	12,525,766

Accounts payable and accrued Liabilities	7,693,162	8,379,000
Current portion of Long-term debt	503,495	503,000
Current portion of customer deposits	599,416	599,000
Long-term customer deposits	278,020	278,020
Regulatory liabilities	522,528	522,528
Current Liabilities	9,596,621	10,281,548

Working capital	2,254,792	2,244,218	-10,574
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NFA Calculation			
Property Plant & Equipment	19,736,310	22,931,000	
Intangibles (software)	105,883	105,883	
Less: Contributions in aid of construction	-2,769,851	-2,769,851	
NFA	17,072,342	20,267,032	
NFA Index			3,194,690
			1.8
			5,750,442

Long-term Debt Calculation			
Long-term Debt	11,447,235	15,950,000	-4,502,765

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- and -

EPCOR COLLINGWOOD DISTRIBUTION CORP.

SHARE PURCHASE AGREEMENT

Dated the 30th day of November, 2017

**Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, Ontario
M5H 4E3**

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT made the 30th day of November, 2017 (the “**Effective Date**”).

B E T W E E N:

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a municipal corporation under the laws of Ontario, (the “**Vendor**”)

- and -

EPCOR COLLINGWOOD DISTRIBUTION CORP., a corporation incorporated under the laws of the Province of Ontario, (the “**Purchaser**”)

Recitals:

1. Collingwood PowerStream Utility Services Corp. is a corporation incorporated under the *Business Corporations Act* (Ontario) (the “**Corporation**”);
2. The Vendor is the beneficial and registered owner of half of the common shares in the capital of the Corporation and, on the Closing Date and subject to the completion of Shotgun Transaction and receipt of the Required Shotgun Approval, will be the beneficial and registered owner of all of the remaining issued and outstanding shares of the Corporation; and
3. The Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Vendor, all of the issued and outstanding shares of the Corporation, on and subject to the terms and conditions set forth herein;

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties covenant and agree as follows.

ARTICLE I INTERPRETATION

1.1 Defined Terms. In this Agreement, including the recitals, and schedules hereto, unless the context otherwise specifies or requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**Accounts Receivable**” means all accounts receivable and other amounts due, owing or accruing due to the Collus Corporations in connection with the Business, net of an allowance for uncollectible amounts.
- (b) “**Advisory Committee**” has the meaning ascribed thereto in Section 6.4.

- (c) “**Affiliate**” means, in respect of a Party, any Person that as at the time determined, (i) Controls such party, (ii) is Controlled by such party, or (iii) is Controlled by the same Person that Controls such party.
- (d) “**Agreement**” means this share purchase agreement, including all schedules attached hereto, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.
- (e) “**Ancillary Agreements**” has the meaning set forth in Section 6.14.
- (f) “**Applicable Law**” means any and all applicable laws, common law, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, by laws, guidelines, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any Governmental Authority, including without limitation, the OEB.
- (g) “**Auditor**” means the auditors of the Corporation, or, if they are unwilling or unable to act, any one of Deloitte & Touche LLP, Ernst & Young LLP and PricewaterhouseCoopers LLP, provided that any such firm does not have an existing business relationship with the Purchaser or the Vendor.
- (h) “**Books and Records**” means all books, records, files and papers of the Collus Corporations including title documentation, computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, including payroll files and records, minute and share certificate books, all other documents and data (technical or otherwise) relating to the Collus Corporations or the Business, and all copies and recordings of the foregoing.
- (i) “**Business**” means:
 - (i) in respect of the Corporation, a holding body corporate;
 - (ii) in respect of Collus, the distribution of electricity in the Service Territory;
 - (iii) in respect of Collus Solutions, the provision of shared employee services in the areas of management, billing, collecting, and customer service to Collus for electricity billings and to Collingwood Public Utilities Service Board for water and sewer billings; and
 - (iv) in respect of Collus Energy, no active business operations.
- (j) “**Business Day**” means a day other than a Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

- (k) “**Charging Stations**” has the meaning ascribed thereto in Section 6.12.
- (l) “**Claim**” means any demand, action, complaint, grievance, investigation, inquiry, suit, proceeding, claim, assessment, order, judgment, prosecution or settlement or compromise relating thereto.
- (m) “**Closing**” means completion of the purchase and sale of the Purchased Shares contemplated herein on the Closing Date and in accordance with the provisions of this Agreement.
- (n) “**Closing Date**” means the first date which is the first Business Day of a month and no earlier than five (5) Business Days and no later than thirty-five (35) days following the date that the Required Approval and Required Shotgun Approval has been obtained or such earlier or later date as may be agreed to by the Parties in writing.
- (o) “**Closing Date Financial Statements**” means audited consolidated financial statements for the Corporation for the fiscal period ended on the day immediately prior to the Closing Date, prepared in accordance with GAAP, consistently applied and on the same basis as the Initial Financial Statements, consisting of a consolidated balance sheet as of such date and statements of operations, retained earnings, and cash flow for such period, together with notes thereto as at such date.
- (p) “**Closing Date Long Term Debt**” means the amount of Long Term Debt based on the Closing Date Financial Statements.
- (q) “**Closing Date NFA**” means the amount of NFA stated in the Closing Date Financial Statements.
- (r) “**Closing Date Working Capital**” means the amount of Working Capital in the Closing Date Financial Statements.
- (s) “**Collus**” mean Collus PowerStream Corp., a corporation incorporated under the OBCA.
- (t) “**Collus Corporations**” means the Corporation, Collus, Collus Energy and Collus Solutions and “**Collus Corporation**” means any one of them.
- (u) “**Collus Energy**” means Collus PowerStream Energy Corp., a corporation incorporated under the OBCA.
- (v) “**Collus Solutions**” means Collus PowerStream Solutions Corp., a corporation incorporated under the OBCA.
- (w) “**Collective Agreement**” has the meaning ascribed thereto in Section 3.1(q)(i).
- (x) “**Common Shares**” means common shares in the capital of the Corporation.

- (y) “**Confidential Information**” has the meaning ascribed thereto in the Confidentiality Agreement.
- (z) “**Confidentiality Agreement**” means the confidentiality agreement between the Vendor and the Purchaser dated December 6, 2016.
- (aa) “**Contract**” means any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral.
- (bb) “**Control**” or “**Controls**” means, with respect to any Person at any time, (i) holding, whether directly or indirectly, as owner or other beneficiary (other than solely as the beneficiary of an unrealized security interest) securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint more than 50% of the individuals who are responsible for the supervision or management of that Person, (ii) the possession of the power to direct or cause the direction of the management or policies of a Person, whether direct or indirect and whether through the ownership of securities or ownership interests or by Contract, trust or otherwise, or (iii) with respect to a partnership, the ability to manage the business and affairs of that partnership and “**Controlled**” and “**Controlling**” have corresponding meanings.
- (cc) “**Corporation**” has the meaning ascribed thereto in the recitals to this Agreement, above.
- (dd) “**CTA**” means the *Corporations Tax Act* (Ontario) or the *Taxation Act, 2007* (Ontario) and any regulation made thereunder.
- (ee) “**Current Assets**” means the sum of Accounts Receivable, unbilled service revenue, inventory, prepaid expenses, regulatory assets and current Tax receivable other than any Tax receivables by the applicable Collus Corporation on account of any Departure Tax paid by the Purchaser in accordance with Article X, excluding cash and cash equivalents.
- (ff) “**Current Liabilities**” means all unconditional liabilities of the Collus Corporations due, payable or accruing in connection with the Business, including the sum of bank indebtedness, accounts payable and accrued liabilities, current Taxes payable other than any Departure Tax payable by the applicable Collus Corporation (which Departure Tax shall be paid by the Purchaser in accordance with Article X), Customer security deposits, regulatory liabilities and the current portion of Long Term Debt.
- (gg) “**Customers**” means the residential customers and non-residential customers of Collus to which it distributes electricity to within the Service Territory.
- (hh) “**Data Room**” means the Collus electronic data site located at <https://extranet.blg.com/clients/Collus/Pages/Home.aspx>, a complete copy of which has been downloaded and stored on a portable flash drive by or on behalf of the Vendor and delivered to the Purchaser concurrently with the execution of this Agreement.

- (ii) “**Deductible**” has the meaning ascribed thereto in Section 14.7(a)(i).
- (jj) “**Departure Tax**” means the tax payable pursuant to Section 93 of the EA and calculated according to Section 12 of O. Reg. 162/01 *Payments in Lieu of Corporate Taxes – Municipal Electricity Utilities* promulgated pursuant to the EA, or any similar tax or replacement or substitution thereof.
- (kk) “**Deposit**” has the meaning ascribed thereto in Section 2.3.
- (ll) “**Direct Claim**” has the meaning ascribed thereto in Section 14.3.
- (mm) “**EA**” or “**Electricity Act**” means the *Electricity Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder.
- (nn) “**Easements**” means the right to use, traverse, enjoy or have access to, over, in or under any real property.
- (oo) “**Effective Date**” has the meaning ascribed thereto in the preamble to this Agreement, above.
- (pp) “**Employee Fact Sheet**” has the meaning ascribed thereto in Section 3.1(r)(i).
- (qq) “**Employee Plans**” has the meaning attributed to that term in Section 3.1(p)(i) and for greater clarity, includes the OMERS Plan.
- (rr) “**Employees**” has the meaning ascribed thereto in Section 3.1(r)(i).
- (ss) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing.
- (tt) “**Environment**” means the environment or natural environment as defined in any Environmental Law and includes air, surface water, ground water, land surface, soil, sub surface strata and sewer system.
- (uu) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, registrations, directions, instructions, waste generation numbers or approvals required pursuant to Environmental Laws with respect to Real Property or the operation of the Collus Corporations or their respective Business.
- (vv) “**Environmental Laws**” means all Applicable Law relating to (i) the protection of the natural environment; and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transportation or handling of Hazardous Substances, including those pertaining to occupational health and safety.

- (ww) “**Escrow Agent**” has the meaning ascribed thereto in the Escrow Agreement.
- (xx) “**Escrow Agreement**” means the escrow agreement to be entered into between the Purchaser, the Vendor and the Escrow Agent in the form attached hereto as Schedule 1.1(xx).
- (yy) “**Escrowed Deliveries**” means the delivery of the following completed and executed documentation by the applicable parties to the Vendor’s Counsel in escrow:
- (i) the resignations and releases of the directors of the Collus Corporations pursuant to Section 5.1;
 - (ii) the documentation required to complete the Infrastructure Ontario Debt Assignment between Collus, the Vendor and Infrastructure Ontario and Lands Corporation;
 - (iii) the certificates of the senior officers of the Vendor and the Purchaser, as applicable, pursuant to Sections 11.1(a), 11.1(b), 11.2(a) and 11.2(b); and
 - (iv) the Ancillary Agreements.
- (zz) “**ETA**” means the *Excise Tax Act* (Canada) and any regulations made thereunder.
- (aaa) “**Financing Agreements**” means the following (i) financing agreement between Collus and Infrastructure Ontario and Lands Corporation dated March 10, 2010, as amended by amending agreements dated April 10, 2015 and December 22, 2015, respectively, (ii) financing agreement between Collus and Infrastructure Ontario and Lands Corporation dated July 26, 2012, as amended by an amending agreement dated July 27, 2012 and December 22, 2015, respectively, and (iii) any other financing agreements entered into between Collus and Infrastructure Ontario and Lands Corporation in respect of the Business during the Interim Period.
- (bbb) “**Five Year Fixed Payment Amount**” means \$200,000.
- (ccc) “**Fixed Assets**” means fixed assets, furniture, furnishings, parts, tools, personal property fixtures, plants, buildings, structures, erections, improvements, appurtenances, machinery, equipment, computer hardware and software, substations, transformers, vaults, distribution lines, transmission lines, conduits, ducts, pipes, wires, rods, cables, fibre optic strands, devices, appliances, material, poles, pipelines, fittings and any other similar or related item of the Business.
- (ddd) “**GAAP**” means the generally accepted accounting principles (including the methods of application of such principles and, as applicable, International Financial Reporting Standards) accepted or recommended by the Canadian Institute of Chartered Accountants which are applicable in Canada as at the date on which any calculation made hereunder is to be effective.

- (eee) “**Governmental Authority**” means any domestic government, whether federal, provincial, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government including the OEB.
- (fff) “**Hazardous Substances**” means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance, or material as defined in or regulated by any Environmental Law including, without limitation, friable asbestos and poly chlorinated biphenyls.
- (ggg) “**HST**” means all taxes payable under Part IX of the ETA (including where applicable both the federal and provincial portion of those taxes) or under any provincial legislation imposing a similar value added or multi-staged tax.
- (hhh) “**IFRS**” means International Financial Reporting Standards.
- (iii) “**Indemnified Party**” has the meaning ascribed thereto in Section 14.3.
- (jjj) “**Indemnifying Party**” has the meaning ascribed thereto in Section 14.3.
- (kkk) “**Independent Auditor**” has the meaning ascribed thereto in Section 2.6(d).
- (lll) “**Infrastructure Ontario Debt Assignment**” means assignment by Collus and assumption by the Vendor of the Financing Agreements.
- (mmm) “**Initial Financial Statements**” means the audited consolidated financial statements of the Corporation as at December 31, 2016 prepared in accordance with IFRS, consisting of a balance sheet of such date and statements of operations, retained earnings, and cash flow for such period, together with notes thereto as at such date.
- (nnn) “**Initial Long Term Debt**” means the Long Term Debt in the Initial Financial Statements.
- (ooo) “**Initial NFA**” means the aggregate value of the Collus Corporations’ property and equipment as set forth in the Initial Financial Statements.
- (ppp) “**Initial Working Capital**” means the Working Capital in the Initial Financial Statements.
- (qqq) “**Interim Period**” has the meaning ascribed thereto in Section 5.3.
- (rrr) “**Joint Use Agreement for Power Utility Distribution Poles**” has the meaning set forth in Section 6.14(a).
- (sss) “**Leased Property**” has the meaning ascribed thereto in Subsection 3.1(l)(i).

- (ttt) “**Licences**” has the meaning ascribed thereto in Subsection 3.1(y).
- (uuu) “**Long Term Debt**” means the Collus Corporations’ long term debt, excluding the current portion of long term debt.
- (vvv) “**Long Term Debt Calculation**” has the meaning ascribed thereto in Section 2.6(a)(ii).
- (www) “**Losses**” means any and all loss, liability (whether accrued, actual, contingent, latent or otherwise), damage, cost, expense (including interest, court costs and reasonable fees of lawyers, accountants and other experts and professionals), Taxes, charge, fine, penalty or assessment, suffered or incurred by the Person seeking indemnification, directly resulting from or arising out of any Claim, including the costs and expenses of any action, suit, proceeding, investigation, inquiry, arbitration award, grievance, demand, assessment, judgment, settlement or compromise relating thereto, including without limitation a gross-up to account for any tax payable or a reduction in the “cost amount”, as defined in subsection 248(1) of the Tax Act of any property owned by the Purchaser or the Corporation or a successor entity in the taxation year as a result of receiving the indemnification amount but: (i) excluding any contingent liability until it becomes actual; (ii) reduced by any net Tax benefit; (iii) reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Persons; and (iv) excluding any incidental, indirect, special or consequential loss, liability or damage and loss of profits other than as may be included in damages of a Third Party in respect of a Third Party Claim.
- (xxx) “**Material Adverse Effect**” means any change or effect that has a material adverse effect on the Property or obligations and liabilities of the Collus Corporations or the operations or results of operations of the Business of the Collus Corporations after taking into account any insurance which may be available with respect to such a change or effect, excluding a change in Applicable Law.
- (yyy) “**Material Contract**” means any Contract (other than Contracts or commitments with customers of Collus) that has a value exceeding \$250,000 in the aggregate (excluding any collective bargaining agreements or other employment related agreements).
- (zzz) “**Negative Rate Rider**” has the meaning ascribed thereto in Section 6.10(a)(i).
- (aaaa) “**NFA**” means the depreciated aggregate net value of the Collus Corporations’ property, software, plant and equipment net of contributions in aid of construction.
- (bbbb) “**NFA Calculation**” has the meaning ascribed thereto in Section 2.6(a)(i) of this Agreement.
- (cccc) “**NFA Index**” means an amount equal to 1.8.
- (dddd) “**OBCA**” means the *Business Corporations Act* (Ontario), as in effect on the date hereof.

- (eeee) “**OEB**” means the Ontario Energy Board and its successors.
- (ffff) “**OEB Act**” means the *Ontario Energy Board Act, 1998*, as in effect on the date hereof.
- (gggg) “**OMERS Plan**” means the OMERS Primary Pension Plan, Financial Services Commission of Ontario Registration Number 130091.
- (hhhh) “**Partial Rate Rider**” means a rate rider applied to Collus residential customer current rates which is greater than the Negative Rate Rider.
- (iiii) “**Party**” means a party to this Agreement, and “**Parties**” means both of them.
- (jjjj) “**Permitted Encumbrances**” means:
- (i) servitudes, easements, restrictions, rights-of-way and other similar rights in real property or any interest therein, provided that those servitudes, easements, restrictions, rights-of-way and other similar rights are not of such a nature as to materially adversely affect the use or value of the property subject thereto;
 - (ii) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations, except for liens, charges and privileges related to Taxes;
 - (iii) statutory liens, charges, adverse claims, security interests or Encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed or registered against the title to the asset or served on the Corporation pursuant to Applicable Law or that relate to obligations not due or delinquent, except for statutory liens, charges, adverse claims, security interests or Encumbrances related to Taxes;
 - (iv) assignments of insurance provided to landlords or their mortgagees or hypothecary creditors pursuant to the terms of any lease and liens, security interests, or rights reserved in or granted pursuant to any lease as security for payment of rent or for compliance with the terms of that lease;
 - (v) security given in the ordinary course of the Business to any public utility or Governmental Authority in connection with the operations of the Business, other than security for borrowed money; and
 - (vi) the reservations in any original grants from the Crown of any Real Property or interest therein and statutory exceptions to title that do not materially detract from the value of the Real Property concerned or materially impair its use in the operation of the Business.
- (kkkk) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal

personal representative, regulatory body or agency, Governmental Authority or entity however designated or constituted.

- (lll) “**PILs**” means payment in lieu of corporate taxes required to be made under Section 93 of the EA or any similar tax or replacement or substitution thereof.
- (mmmm) “**Pre-Closing Tax Period**” means any Tax period ending on or before the day immediately prior to the Closing Date, and with respect to a Straddle Period, the portion of such Straddle Period ending on the day immediately prior to the Closing Date.
- (nnn) “**Property**” means the property and assets used by the Collus Corporations to conduct their respective Business, including without limitation, the Real Property, the Leased Property, the Easements, the Intellectual Property and Fixed Assets.
- (oooo) “**Purchase Price**” has the meaning ascribed thereto in Section 2.2.
- (pppp) “**Purchased Shares**” has the meaning ascribed thereto in Section 2.1.
- (qqqq) “**Purchaser**” has the meaning ascribed thereto in the preamble to this Agreement, above.
- (rrr) “**Purchaser’s Objection**” has the meaning ascribed thereto in Section 2.6(b).
- (ssss) “**Purchaser Parent**” means EPCOR Utilities Inc., a corporation incorporated under the laws of the Province of Alberta.
- (ttt) “**Rate**” or “**Rates**” means the rate or rates Collus Energy charges Customers for the delivery of electricity approved by the OEB from time to time.
- (uuuu) “**Rate Adjustment Difference**” means a difference equal to one percent (1%) minus the OEB Percentage Rate Reduction.
- (vvvv) “**Rate Adjustment Factor**” means a factor equal to the Rate Adjustment Difference divided by one percent (1%).
- (wwww) “**Rate Rider Period**” means the period commencing on the Closing Date and ending on the date which is five (5) years following the Closing Date.
- (xxxx) “**Rate Order**” means the decision and rate order dated March 30, 2017 issued by the OEB in matter EB-2016-0064 approving Collus’ Rates.
- (yyyy) “**Real Property**” has the meaning ascribed thereto in Subsection 3.1(l).
- (zzzz) “**Release**” has the meaning ascribed thereto in any Environmental Law and includes, without limitation, any presence, release, spill, leak, pumping, pouring, addition, emission, emptying, discharge, injection, escape, leaching, disposal, dispersal,

migration, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement.

- (aaaaa) “**Remedial Order**” means any complaint, direction or order or sanction issued, filed or imposed by any Governmental Authority pursuant to any Environmental Law and includes any order requiring any remediation, removal or clean-up of any Hazardous Substance or requiring that any Release or any other activity be reduced, modified or eliminated.
- (bbbb) “**Representative**” means, with respect to any Party, its Affiliates and, its and their respective directors, officers, employees, agents and other representatives and advisors.
- (cccc) “**Required Approval**” has the meaning ascribed thereto in Section 8.1(a).
- (dddd) “**Required Shotgun Approval**” has the meaning ascribed thereto in Section 8.1(b).
- (eeee) “**Service Territory**” means the Towns of Collingwood, Stayner, Creemore and Thornbury in the Province of Ontario.
- (ffff) “**Statutory Plans**” means benefit plans that the applicable Collus Corporations are required by Applicable Law to participate in, contribute to or comply with in respect of an employee, director or officer of the applicable Collus Corporation or any beneficiary or dependent thereof, including the Canada Pension Plan, and plans administered pursuant to applicable health, Tax, workplace safety insurance, workers’ compensation and employment insurance legislation.
- (ggggg) “**Shotgun Transaction**” means the purchase by the Vendor of the common shares in the capital of the Corporation held by Alectra Utilities Corporation pursuant to section 9.1 of the Unanimous Shareholders Agreement.
- (hhhhh) “**Straddle Period**” means any Tax period that begins prior to the Closing Date and includes but does not end on the Closing Date.
- (iiii) “**Tax**” or “**Taxes**” means all domestic and foreign federal, provincial, municipal, territorial or other taxes, imposts, rates, levies, assessments and government fees, charges or dues lawfully levied, assessed or imposed including, without limitation, all income, capital gains, sales, excise, use, property, capital, transfer, land transfer, goods and services, HST, business transfer and value added taxes, all customs and import duties, workers’ compensation premiums, Canada Pension Plan contributions, employment insurance premiums, and includes PILs, Departure Tax, and Transfer Tax and/or other payments pursuant to Part VI of the EA together with all interest, additions, fines and penalties with respect thereto.
- (iiii) “**Tax Act**” means the *Income Tax Act* (Canada) and any regulations thereunder.
- (kkkkk) “**Tax Return**” means all returns, information returns, declarations, designations, forms, schedules, elections, reports and other documents of every nature whatsoever

(and includes related or supporting information) filed, or which are required to be filed with any Governmental Authority with respect to any Taxes, including those required pursuant to Part VI of the EA or with respect to the administration of any Applicable Laws or administrative requirements relating to any Taxes and any amendments thereof.

(lllll) “**Third Party Claim**” has the meaning ascribed thereto in Section 14.5.

(mmmmm) “**Time of Closing**” means 10:00 a.m. on the Closing Date.

(nnnnn) “**Transactions**” means the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement.

(ooooo) “**Transfer Tax**” means the tax payable pursuant to Section 94 of the EA or any similar tax or replacement or substitution thereof.

(ppppp) “**Unanimous Shareholder Agreement**” means the unanimous shareholder agreement dated July 31, 2012 between the Vendor, Alectra Utilities Corporation (as successor to Powerstream Inc.) and the Corporation.

(qqqqq) “**Vendor**” has the meaning ascribed thereto in the preamble to this Agreement, above.

(rrrrr) “**Vendor’s Counsel**” means Borden Ladner Gervais LLP.

(sssss) “**Working Capital**” means the net book value of Current Assets less the net book value of Current Liabilities, calculated in accordance with IFRS.

(ttttt) “**Working Capital Calculation**” has the meaning ascribed thereto in Section 2.6(a)(i).

1.2 Construction. This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party does not apply to the construction or interpretation of this Agreement.

1.3 Certain Rules of Interpretation. In this Agreement:

- (a) the division into Articles and Sections and the insertion of headings and the Table of Contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires:
 - (i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement;

- (ii) “including” or “includes” means “including (or includes) but is not limited to” and is not to be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
- (iii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”;
- (iv) references to Contracts are deemed to include all present amendments, supplements, restatements and replacements to those Contracts as of the date of this Agreement;
- (v) references to any legislation, statutory instrument or regulation or a section thereof are references to the legislation, statutory instrument, regulation or section in force as of the date of this Agreement, except that with respect to the Vendor’s obligations to comply with Applicable Law regarding Taxes, the reference date shall be the relevant point in time prior to the Closing Date; and
- (vi) words in the singular include the plural and vice versa and words in one gender include all genders.

1.4 Knowledge. In this Agreement, any reference to the knowledge of the Vendor means the actual knowledge of the Vendor (and not constructive, implied or imputed knowledge) based solely upon the inquiries of the applicable Collus Corporations as at December 1, 2016 other than in respect of the representations and warranties of the Vendor set out in Sections 3.1(l), 3.1(n), 3.1(p), 3.1(q), 3.1(r), 3.1(s), 3.1(t) and 3.1(u) which actual knowledge of the Vendor (and not constructive, implied or imputed knowledge) is based solely upon the inquiries of the applicable Collus Corporations as at October 16, 2017.

1.5 Computation of Time. In this Agreement, unless specified otherwise or the context otherwise requires:

- (a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;
- (b) all references to specific dates mean 11:59 p.m. on the dates;
- (c) all references to specific times are references to Toronto time; and
- (d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

1.6 Performance on Business Days. If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.7 Calculation of Interest. In calculating interest payable under this Agreement for any period of time, the first day of the period is included and the last day is excluded.

1.8 Currency and Payment. In this Agreement, unless specified otherwise:

- (a) references to dollar amounts or “\$” are to Canadian dollars; and
- (b) any payment is to be made by an official bank draft drawn on a Canadian chartered bank, wire transfer or any other method (other than cash payment) that provides immediately available funds.

1.9 Schedules. The following schedules are attached to and form part of this Agreement:

- Schedule 1.1(mmm) - Initial Financial Statements
- Schedule 1.1(xx) - Form of Escrow Agreement
- Schedule 2.6(a) - Example Purchase Price Adjustment
- Schedule 6.3(a) - Vendors and/or Suppliers within the Service Territory
- Schedule 6.14(a) - Form of Joint Use Agreement for Utility Distribution Poles
- Schedule 6.14(c) - Form of Parental Guarantee
- Schedule 6.14(d) - Form of General Security Agreement

ARTICLE II PURCHASE AND SALE OF PURCHASED SHARES

2.1 Purchase and Sale of Purchased Shares. Subject to the terms and conditions hereof, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor all, but not less than all, of the issued and outstanding shares of the Corporation, (the “**Purchased Shares**”).

2.2 Purchase Price. The purchase price payable by the Purchaser to the Vendor for the Purchased Shares shall, subject to any adjustment in accordance with Section 2.6, be equal to \$25,000,000 (the “**Purchase Price**”) plus an (i) additional fixed amount of \$200,000 in respect of the Vendor’s transaction costs and expenses, (ii) the payment of \$150,000 pursuant to Section 6.3(b), and (iii) the payment of \$10,000 pursuant to Section 7.6.

2.3 Deposit. Concurrently with the execution and delivery of this Agreement the Purchaser will effect a wire transfer of immediately available funds in the sum of \$2,000,000 delivered to the Vendor’s Counsel, in trust, which amount shall hereinafter be referred to as the “**Deposit**”, and such Deposit to be held by Vendor’s Counsel in trust in an interest bearing account and released in accordance with the terms and conditions of the Escrow Agreement.

2.4 Escrowed Deliveries, Advance and Release of Deposit for Shotgun Transaction. Subject to confirmation that the Escrowed Deliveries have been made or tendered to the Vendor’s Counsel in escrow, the Purchaser advance an aggregate amount \$11,000,000 (the “**Advance**”) to the Vendor’s Counsel in trust by way of wire transfer on account of the Purchase Price to be held in escrow pursuant to the terms of the Escrow Agreement at least three Business Days prior to the Closing Date. The Vendor will not waive the analogous closing conditions in the Shotgun Transaction to Section 11.1(e) and Section 11.1(f) without the prior consent of the

Purchaser. Subject to the foregoing, Vendor's Counsel will be irrevocably authorized and directed under the terms of the Escrow Agreement to release the Deposit and the Advance directly to Alectra Utilities Corporation on the closing date of the Shotgun Transaction provided that all conditions precedent to complete the closing of the Shotgun Transaction have been satisfied other than the payment of the purchase price payable to Alectra Utilities Corporation.

2.5 Payment of Purchase Price. Subject to Section 2.4, the balance of the Purchase Price shall be payable by the Purchaser as follows:

- (a) at the Time of Closing, by effecting a wire transfer of immediately available funds to an account designated in writing by the Vendor; and
- (b) if applicable, the additional amounts payable by the Purchaser pursuant to Section 2.6(a).

2.6 Adjustment to Purchase Price.

(a) Subject to Section 2.7, within ninety (90) days following the Closing Date, the Vendor shall cause the preparation and delivery to the Purchaser the Closing Date Financial Statements, together with, and based upon the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation, to the Parties. The Purchase Price contemplated in Section 2.2 shall be increased or decreased as follows:

- (i) for the difference between the Closing Date Working Capital and the Initial Working Capital ("**Working Capital Calculation**");
- (ii) for an amount equal to the amount obtained when the NFA Index is multiplied by the difference between the Closing Date NFA and the Initial NFA ("**NFA Calculation**");
- (iii) for an amount equal to any Transfer Tax payable by the Vendor and any Departure Tax payable by the applicable Collus Corporation, in each case to the extent exigible and not otherwise previously paid by the Purchaser as a result or as a consequence of the transfer of the Purchased Shares by the Vendor to the Purchaser pursuant to Article X (and such Transfer Tax and Departure Tax shall collectively be the "**Departure Tax Calculation**"); and
- (iv) for the difference between the Initial Long Term Debt and the Closing Date Long Term Debt ("**Long Term Debt Calculation**").

The Purchaser shall pay the Vendor, as applicable: (A) the amount by which the Closing Date Working Capital exceeds the Initial Working Capital; (B) an amount equal to the amount obtained when the NFA Index is multiplied by the amount by which the Closing Date NFA exceeds the Initial NFA; (C) the amount by which the Initial Long Term Debt exceeds the Closing Date Long Term Debt; and (D) an amount equal to the Departure Tax Calculation.

The Vendor shall pay the Purchaser, as applicable: (A) the amount by which the Initial Working Capital exceeds the Closing Date Working Capital; (B) an amount equal to the amount obtained when the NFA Index is multiplied by the amount by which the Closing Date NFA is less than the Initial NFA; and (C) the amount by which the Closing Date Long Term Debt exceeds the Initial Long Term Debt. An example of the purchase price adjustments in this subsection is set out in Schedule 2.6(a).

- (b) The Purchaser shall have a period of thirty (30) Business Days from the later of (i) the receipt of the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation, the Long Term Debt Calculation and the Departure Tax Calculation; and (ii) the date on which the Purchaser is provided with access to the Auditor's working papers relating to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation, the Long Term Debt Calculation and the Departure Tax Calculation within which to notify the Vendor in writing that it disputes any amounts contained in the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation, the Long Term Debt Calculation and/or the Departure Tax Calculation (the "**Purchaser's Objection**"), failing which the Purchaser shall be deemed to have accepted such amounts. The Purchaser's Objection shall set forth a specific description of the basis of the Purchaser's Objection and the adjustments to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and/or the Long Term Debt Calculation which the Purchaser believes should be made. Any items not specifically disputed during such thirty (30) Business Day period shall be deemed to have been accepted by the Purchaser.
- (c) Subject to Section 2.6(d), payment of the adjustment to the Purchase Price pursuant to Section 2.6(a) shall be made by the applicable Party within thirty (30) Business Days following the later of (i) the date that the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and/or the Long Term Debt Calculation are received by the Purchaser; and (ii) the date on which the Purchaser is provided with access to the Auditor's working papers relating to the Closing Date Financial Statements, the Working Capital Calculation, the NFA Calculation and the Long Term Debt Calculation.
- (d) If the Vendor and the Purchaser cannot agree on the adjustment of the Purchase Price pursuant to Section 2.6(a) within the time limit for payment of the adjustment to the Purchase Price pursuant to Section 2.6(b), the Vendor and the Purchaser will submit any unresolved matter within a further five (5) day period, to an independent, nationally recognized accounting firm selected by the Vendor and the Purchaser (the "**Independent Auditor**") for resolution or, failing agreement, as appointed by the Ontario Superior Court of Justice. The Independent Auditor will be given access to all materials and information reasonably requested by it for such purpose. The rules and procedures to be followed in the arbitration proceedings will be determined by the Independent Auditor in its discretion. The Independent Auditor will make its determination as soon as practicable and, in any case, within thirty (30) days of the matter being submitted to it. The Independent Auditor determination of all such matters will be final and binding on the Parties and will not be subject to appeal by

any Party. The fees and expenses of the Independent Auditor will be borne equally between the Vendor and the Purchaser. The Closing Date Financial Statements and amounts specified in Section 2.6(a) will be modified to the extent required to give effect to the Independent Auditor's determination and will be deemed to have been approved as of the date of such determination.

2.7 Access. Following the Closing, the Purchaser shall provide the Vendor and the Auditor with timely access to all books, records, documents, materials, and other information and Representatives of the Collus Corporations reasonably requested by the Vendor for purposes of preparation and delivery of the Closing Date Financial Statements together with the Working Capital Calculation, the NFA Calculation, the Long Term Debt Calculation and the Tax Returns to be prepared by the Vendor pursuant to Section 9.1.

2.8 Community Benefit Payment.

- (a) In the event the OEB does not approve any negative rate rider (including the Negative Rate Rider or the Partial Rate Rider), the Purchaser shall, at the option of the Vendor, pay an aggregate amount equal to the Five Year Fixed Payment Amount to: (i) a charity within the Service Territory as selected by Vendor, or (ii) the Vendor, in each case within five (5) Business Days from the Closing Date.
- (b) In the event that the OEB approves a Partial Rate Rider, the Purchaser shall, at the option of the Vendor, pay an aggregate amount equal to the Five Year Fixed Payment Amount multiplied by the Rate Adjustment Factor to: (i) a charity within the Service Territory as selected by the Vendor, or (ii) the Vendor, in each case within five (5) Business Days from the Closing Date.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Vendor. The Vendor represents and warrants to the Purchaser as follows and acknowledges that, except as otherwise expressly provided herein, the Purchaser is relying on such representations and warranties in connection with the Transactions contemplated herein:

- (a) **Organization.** Each of the Collus Corporations is a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario and each has the corporate power, capacity and authority to own or lease or dispose of its property and assets and to carry on the Business under the laws of the Province of Ontario. Neither the Vendor nor the Collus Corporations are insolvent, and no proceedings have been instituted or are pending for the bankruptcy, insolvency, dissolution, winding up or liquidation of any of the Vendor or the Collus Corporations nor, to the knowledge of the Vendor, have any such proceedings been threatened by any other Person.
- (b) **Corporate Power of the Vendor and Due Authorization.** The Vendor has all requisite statutory power, authority and capacity to enter into, and to perform its obligations under this Agreement and to transfer the legal and beneficial title and ownership of the Purchased Shares to the Purchaser free and clear of all

Encumbrances, other than the restrictions on transfer contained in the articles of the Corporation and the Unanimous Shareholders Agreement (to the extent applicable). The Vendor has duly taken, or has caused to be taken, all action required to be taken by the Vendor to authorize the execution and delivery of this Agreement by the Vendor in the performance of its obligations hereunder.

- (c) **Binding Agreement.** This Agreement has been duly executed by the Vendor and will, upon delivery, constitute a valid and binding obligation of the Vendor, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Applicable Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (d) **Authorized and Issued Capital of the Corporation.** The authorized share capital of the Corporation consists of an unlimited number of Common Shares, of which only the Purchased Shares have been validly allotted and issued and are outstanding as fully paid and non-assessable shares, and will be the only outstanding shares of the Corporation at Closing.
- (e) **Ownership of Shares.**
 - (i) On the Closing Date and subject to the completion of the Shotgun Transaction, the Vendor will be the sole legal and beneficial owner of all of the Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances (other than the rights of the Purchaser hereunder and the restrictions on transfer set forth in the articles of incorporation of the Corporation) and has the exclusive right to dispose of the Purchased Shares as herein provided. Without limiting the generality of the foregoing, except for the restrictions on transfer set forth in the articles of the Corporation and the Unanimous Shareholders Agreement (to the extent applicable), none of the Purchased Shares are subject to any voting trust, shareholder agreement or voting agreement.
 - (ii) The Corporation is sole legal and beneficial owner of the all of the issued and outstanding shares in the capital of Collus, Collus Energy and Collus Solutions, free and clear of all Encumbrances, other than the restrictions on transfer contained in the articles of the applicable Collus Corporation and the Unanimous Shareholders Agreement (to the extent applicable).
 - (iii) Upon the Closing, the Vendor will have transferred to the Purchaser good and marketable legal and beneficial title to all of the Purchased Shares free of all Encumbrances, other than the restrictions on transfer contained in the articles of the Corporation.
- (f) **Options.** On the Closing Date and subject to the completion of the Shotgun Transaction, no Person (other than the Purchaser under this Agreement) has the benefit of any Contract or any right or privilege (whether by Applicable Law, pre-emptive or

contractual) binding upon or which may at any time in the future become binding upon the Vendor to acquire or obtain in any other way an interest in any of the Purchased Shares or any other securities of the Corporation.

- (g) **Subsidiaries.** The Corporation does not own nor has any interest in any shares or equity interests of any other Person other than Collus, Collus Energy and Collus Solutions or other securities of any other Person.
- (h) **No Violations.** Neither the execution nor delivery of this Agreement nor the performance by the Vendor of its obligations under this Agreement completion of the Transactions herein contemplated will:
 - (i) any by-laws of the Vendor;
 - (ii) violate, breach, be in conflict with or constitute a default any Contract or by which the Vendor is bound which would have a Material Adverse Effect on the Vendor's ability to perform its obligations under this Agreement; or
 - (iii) subject to the Required Approval, to the Vendor's knowledge, violate any Applicable Law or requirement of a Governmental Authority having jurisdiction over each of the Vendor which would have a Material Adverse Effect on the Vendor's ability to perform its obligations under this Agreement.
- (i) **Consents and Approvals.** Other than the Required Approval and the completion of the Infrastructure Ontario Debt Assignment, there is no requirement for the Vendor or the Collus Corporations to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Governmental Authority as a condition to the lawful consummation of the Transaction.
- (j) **Compliance with Applicable Law.** Each of the Collus Corporations has complied in all respects with all Applicable Laws relating to its Business, except for such non-compliance which would not reasonably be expected to result in a Material Adverse Effect. The Collus Corporations are not in, and has not received any notice of any alleged, violation or default under, and to the Vendor's knowledge, no event has occurred which, with the lapse of time or the giving of notice or both, would result in the violation of or default under, the terms of any judgment, decree, order injunction or writ of any court or other Governmental Authority with respect to their respective Business which would constitute a Material Adverse Effect.
- (k) **Corporate Records.** The corporate records and minute books of the Collus Corporations in the Data Room are in all material respects a complete and accurate record of the material business transacted at meetings of, and contain all resolutions passed by, the directors and shareholders of the Collus Corporations. To the Vendor's knowledge, each and all such meetings were duly called and held and all such resolutions and by-laws were duly passed. The share certificate books, registers of shareholders, registers of transfers, registers of directors and other corporate registers are complete and accurate.

(l) **Real Property.**

- (i) To the Vendor's knowledge, the Data Room contains a list of lands owned in fee simple (the "**Real Property**") and property leased (the "**Leased Property**") by the Collus Corporations and Easements held by the Collus Corporations.
- (ii) To the Vendor's knowledge, the Collus Corporations have not agreed to acquire or lease, any real property other than as set forth in the Data Room.
- (iii) Neither the Vendor, nor, to its knowledge, the Collus Corporations, has received any, nor to the Vendor's knowledge, are there any pending or threatened, notices of violation or alleged violation of any Applicable Laws against or affecting any Real Property or Leased Property.
- (iv) To the Vendor's knowledge, the Real Property, Leased Property and Easements provide the required rights of occupancy, possession, use, entry and exit, as applicable, as are reasonably necessary to conduct on the Business, except for those, the absence of which, individually or in the aggregate would not have a Material Adverse Effect, presently carried on by the applicable Collus Corporation.
- (v) To the Vendor's knowledge and except as disclosed in the Data Room, no Person has any right to purchase any of the Real Property and no Person other than the applicable Collus Corporation is using or has any right to use, is in possession or occupancy, of any part of the Real Property.
- (vi) Neither the Vendor, nor, to its knowledge, the Collus Corporations, has entered into any contract to sell, transfer, encumber, or otherwise dispose of or impair the right, title and interest of the applicable Collus Corporation in and to Real Property, Leased Property, or Easements, except any Permitted Encumbrances.
- (vii) Neither the Vendor, nor, to its knowledge, the Collus Corporations, has received any notification of, nor are there any outstanding or incomplete work orders in respect of any Fixed Assets on the Real Property, Leased Property, Easements or of any current non-compliance (other than non-compliances which are legal non-conforming under relevant zoning by laws) with Applicable Law.
- (viii) To the Vendor's knowledge, all accounts for work and services performed or materials placed or furnished upon or in respect of the construction and completion of any Fixed Assets on Real Property, Leased Property or Easements have been fully paid and, to the Vendor's knowledge, no Person has claimed or is entitled to claim a lien under the *Construction Lien Act* (Ontario) or other similar legislation for such work.
- (ix) To the Vendor's knowledge, there are no matters affecting the right, title and interest of the Collus Corporations, as applicable, in and to the Real Property,

Leased Property or Easements which would have a Material Adverse Effect on the ability of the Collus Corporations to conduct their respective Business thereon.

- (m) **Intellectual Property.** To the Vendor's knowledge, the Data Room sets forth and describes all trade secrets and any licensed property or technology used in whole or in part by each of the Collus Corporations in connection with their respective Business, and all material trademarks, trade names, service marks, brand names, patents, copyrights, industrial designs and other industrial property rights, and all applications therefor, in each case specifying whether the item is owned by the Collus Corporations or is used by the Collus Corporations under a licence agreement or arrangement from another Person.
- (n) **Employment Contracts and Commitments.** To the knowledge of the Vendor and except as disclosed in the Data Room, none of the Collus Corporations are party to or bound by any of the following:
- (i) any offer, employment or consulting Contract or any other written Contract with any officer, employee or consultant, including any agreements or arrangements relating to compensation, other than oral Contracts of indefinite hire terminable by the Corporation without cause on reasonable notice;
 - (ii) any offer, employment or consulting Contract for the employment or retainer of any Person which provides for annual salary and bonus payments of more than \$100,000 in the aggregate to any single Person;
 - (iii) retention bonus agreement or employment Contract providing for cash or other compensation or benefits upon the consummation of the transactions contemplated by this Agreement; or
 - (iv) subject to any restrictions and conditions in OEB licences or Applicable Laws, contract or commitment limiting the freedom of the Corporation to engage in any line of business or to compete with another Person; or
 - (v) any agreement obligating the Corporation to provide payment to any employee or other compensation or benefits upon or as a result of the consummation of the transactions contemplated by this Agreement.
- (o) **Material Contracts.** To the knowledge of the Vendor, the Data Room contains true and complete copies of all Material Contracts, all of which are in full force and effect and unamended and no material default exists under any such Material Contract on the part of the Collus Corporations or, to the knowledge of the Vendor on the part of any other party to such Contracts, and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such Material Contract.
- (p) **Employee Plans.** Except as set forth in the documents contained in the Data Room, the Collus Corporations are not party to, bound by, subject to and does not have any liability relating to any of the following:

- (i) any employment agreement or any agreement or arrangement described in Section 3.1(n), salary, wages, deferred compensation, bonus, incentive or other compensation, commission, fee, profit sharing, severance, termination pay, supplementary employment insurance, vacation, sick, and banked time entitlements, insurance, health, welfare, disability, pension, retirement, savings, hospitalization, medical, prescription drug, dental, eye care, arrangements for personal use of any corporate assets based on past practice and other similar benefits, plans or arrangements, including as may be included in any Collective Agreement (the “**Employee Plans**”), whether funded or unfunded, formal or informal, written or unwritten, that is maintained, administered, contributed to, or required to be maintained or contributed to, by the Corporation, or to which the Corporation is a party, for the benefit of the Employees and their respective beneficiaries and dependents, other than Statutory Plans;
- (ii) other than the OMERS Plan and to the Vendor’s knowledge, the Data Room contains a true and complete copy of each Employee Plan (as amended to date) together with true and complete copies of all material documents relating to each Employee Plan, including, as applicable, all current booklets, summaries, notices or manuals prepared for or circulated to Employees generally concerning each Employee Plan and all premium and rate tables, most recent actuarial valuation reports, financial statements and reports and all documents that create and support each Employee Plan, and all contracts or other agreements through which the Corporation obtains, funds or provides benefits under the Employee Plans;
- (iii) to the Vendor’s knowledge, the Data Room contains all employee data necessary to administer the Collus Corporations’ participation in the Employee Plans and is complete and correct in all material respects and in a form which is sufficient in all material respects for the proper administration of the Collus Corporations’ participation in the Employee Plans in accordance with the terms thereof and all Applicable Laws;
- (iv) other than the OMERS Plan and to the Vendor’s knowledge, there are no pension or retirement plans or arrangements in which Employees or former employees of the Collus Corporations (as applicable) participate and/or to which the Collus Corporations contribute to in respect of such Employees or former employees, as applicable;
- (v) to the knowledge of the Vendor, there is no investigation by a Governmental Authority or Claim (other than routine claims for payment of benefits) pending threatened involving any Employee Plan (including the OMERS Plan) or its assets, and no facts exist which could reasonably be expected to give rise to any such investigation or Claim (other than routine claims for payment of benefits); and

- (vi) to the knowledge of the Vendor, the level of insurance reserves, if any, under any insured or self-insured Employee Plan, is reasonable and sufficient to provide for all incurred but unreported claims, and the transactions contemplated in this Agreement will not alone or together with any additional or subsequent event, result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan. To the knowledge of the Vendor, all financial obligations and accrued liabilities with respect to each Employee Plan have been or will be satisfied and paid in full as of the Closing Date, or full and adequate disclosure of and provision for such financial obligations and accrued liabilities have been or will be made in the Books and Records and financial statements of the Collus Corporations.

(q) **Labour Matters.**

- (i) Except as set forth the collective agreement contained in the Data Room (the “**Collective Agreement**”) and to the Vendor’s knowledge, the Collus Corporations are not a party to or bound by or subject to any agreement or arrangement with any labour union or employee association and has not made any commitment to or conducted any negotiation or discussion with any labour union or employee association with respect to any future agreement or arrangement and no labour union or employee association has any bargaining or representation rights in respect of the applicable Collus Corporation or any employee of the applicable Collus Corporation.
- (ii) There is no strike or lockout occurring or affecting, or to the Vendor’s knowledge threatened against, the Collus Corporations. There is no work stoppage or other material concerted action, grievance or dispute existing or, to the knowledge of the Vendor, threatened against the applicable Collus Corporation with respect to any of their employees.

(r) **Employees.**

- (i) To the Vendor’s knowledge, the Data Room contains a list of the names of all individuals who are employees of the Collus Corporations, as applicable (the “**Employees**”).
- (ii) To the Vendor’s knowledge, the Collus Corporations have been operated in compliance with all Applicable Laws in all material respects relating to employees, including employment standards and all laws relating to full or in part to the protection of employee health and safety, human rights, labour relations and pay equity. To the Vendor’s knowledge, except as disclosed in the Data Room:
 - (A) there have been no Claims in the past four (4) years nor, to the best of the Vendor’s knowledge, are there any threatened Claims, under such laws against the applicable Collus Corporation;

- (B) to the Vendor's knowledge, nothing has occurred in the past four (4) years which might lead to a Claim or complaint against the applicable Collus Corporation, under any such laws; and
 - (C) there are no outstanding decisions or settlements or pending settlements which place any obligation upon the Collus Corporations to do or refrain from doing any act with respect to their respective Employees.
- (s) **Insurance.** To the Vendor's knowledge, the Data Room contains all material insurance policies, maintained by the applicable Collus Corporations on its respective Property and Business (the "**Insurance Policies**").
 - (i) To the Vendor's knowledge, all Insurance Policies are in full force and effect, all insurance premiums due thereon have been paid in full when due and no written notice of cancellation, non-renewal or termination, or any written notice threatening cancellation, non-renewal or termination, has been received by the applicable Collus Corporation.

(t) **Environmental.**

To the knowledge of the Vendor and except as disclosed in the Data Room:

- (i) the Business conducted on or at the Real Property and Leased Property while occupied or used by the applicable Collus Corporation, has been and is now in compliance in all material respects with all applicable Environmental Laws. Any Release by the applicable Collus Corporation of any Hazardous Substance into the Environment complied and complies in all material respects with all applicable Environmental Laws;
- (ii) each of the Collus Corporations has obtained all requisite Environmental Approvals required for the operation of the Business as it is currently conducted, each Environmental Approval is valid and in full force and effect, has been and is being complied with in all material respects and there have been and are no proceedings commenced or threatened to revoke or amend any Environmental Approvals in a manner that could reasonably be expected to have a Material Adverse Effect;
- (iii) the Collus Corporations have not been and are not now the subject of any Remedial Order, any investigation or evaluation threatened or commenced as to whether any such Remedial Order is necessary;
- (iv) the Collus Corporations have never been prosecuted for or convicted of any offence under Environmental Laws, nor has it been found liable in any proceeding to pay any damages, fine or judgment to any Person as a result of any Release or threatened Release of any Hazardous Substance into the Environment or as the result of any breach of any Environmental Laws. No notice has been received by the Vendor or by the Collus Corporations of any investigation or evaluation by any Governmental Authority or of any Claims,

pending or threatened, and there are no investigations or evaluations threatened or commenced as to whether any offence under Environmental Laws by any of the foregoing has occurred. There are no Claims that have been threatened or commenced against the Collus Corporations as a result of any Release or threatened Release of any Hazardous Substance into the Environment or as the result of the breach of any Environmental Laws;

- (v) there are no Hazardous Substances in, on or under the Real Property, Leased Property or real property to which the Easements relate; the Collus Corporations have not caused or permitted the Release of any Hazardous Substance at, on or under the Real Property, Leased Property, real property to which Easements relate, any real property previously owned, leased, occupied or used by the Collus Corporations or off-site of such properties, except in compliance with Environmental Laws; and
 - (vi) no underground or above-ground storage tanks of PCB storage facilities are or, to the knowledge of the Vendor, have been located on any Real Property, Leased Property or real property previously owned, leased occupied or used by the Collus Corporations.
- (u) **Litigation.** Except as disclosed in the Data Room there are no Claims (whether civil, quasi-criminal or criminal, and whether or not purportedly against or on behalf of the Collus Corporations) pending or, to the Vendor's knowledge, threatened against or affecting, the Collus Corporations at law or in equity, or before or by any Governmental Authority, or by or before an arbitrator or arbitration board which, either:
- (i) individually or in the aggregate, could result in an order greater than \$50,000 to any Collus Corporation or for injunctive relief;
 - (ii) which would have a Material Adverse Effect; or
 - (iii) prevent the Vendor from fulfilling any of its obligations set out in, or arising in connection with, this Agreement.
- (v) **Taxes.**
- (i) To the Vendor's knowledge:
 - (A) The Collus Corporations collectively have less than 30,000 customers. The Collus Corporations do not hold any contingent rights to acquire any interest in electricity properties, or entities that distribute, generate, transmit or retail electricity.
 - (B) Collus is, and has been at all material times, exempt from income tax under the Tax Act and the CTA but is required to make PIL payments under the EA in an amount equal to the income tax that it would be

liable to pay under the Tax Act and CTA if it were not exempt from income tax under those statutes.

- (C) The Collus Corporations have filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by each of them in all applicable jurisdictions with respect to taxation periods ended within four (4) years prior to the Closing Date. All such Tax Returns are complete and correct and disclose all Taxes required to be paid for the periods covered thereby. The Collus Corporations have never been required to file any Tax Returns with, and has never been liable to pay or remit Taxes to, any Governmental Authority outside Ontario or Canada. The Collus Corporations have paid in full when due all Taxes and all instalments of Taxes due prior to the Closing Date. There are no liens for unpaid Taxes on any Property held by the Collus Corporations. Without restricting the generality of the foregoing, all Taxes shown on all Tax Returns or on any assessments or reassessments in respect of any such Tax Returns have been paid in full when due except to the extent that the applicable Collus Corporation has properly objected to such assessments or reassessments in accordance with Applicable Law and has taken adequate provisions in the Closing Date Financial Statements as a current liability.
- (D) Assessments under the EA have been issued to the Collus Corporations covering all periods up to and including its fiscal year ended December 31, 2016.
- (E) There are no audits, assessments, reassessments or other Claims in progress or, to the knowledge of the Vendor, threatened against the Collus Corporations, in respect of any Taxes and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any such Taxes except as set forth in the Data Room. The Vendor is not aware of any contingent liability of the Collus Corporations for Taxes or any grounds that could prompt an assessment or reassessment for Taxes, and the Collus Corporations have not received any indication from any Governmental Authority that any assessment or reassessment is proposed with respect to the Pre-Closing Tax Period.
- (F) The Collus Corporations have not entered into any agreements, waivers or other arrangements with any Governmental Authority providing for an extension of time with respect to the issuance of any assessment or reassessment, the filing of any Tax Return, nor the payment of any Taxes by or in respect of the Collus Corporations. The Collus Corporations are not a party to any agreements or undertakings with respect to Taxes.

- (G) The following Collus Corporations are registrants for purposes of the ETA, and their HST registration numbers are as follows:

Collus: 866168834 RT0001

Collus Solutions: 866168636 RT0001

- (H) During the past four (4) years, all input tax credits claimed by the Collus Corporations pursuant to the ETA have been proper, correctly calculated and documented. The Collus Corporations have collected and timely remitted to the appropriate Governmental Authority when due all Taxes (including all HST) as required by tax legislation.
- (ii) The Collus Corporations have timely deducted, withheld, collected and remitted when due to each Governmental Authority and Person, all Taxes which each is required to deduct, withhold, collect and remit during the past four (4) years. Without limiting the generality of the foregoing, the Collus Corporations have withheld from each amount paid or credited or deemed to have been paid or credited, and each taxable benefit conferred upon or distribution paid or deemed to have been paid to any of their respective past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes and other deductions required to be withheld therefrom, including without limitation, all employee and employer portions for Workers' Compensation, Canada Pension Plan, OMERS, Employer Health Tax and Employment Insurance and has paid the same to the proper Governmental Authority within the time required under any applicable legislation.
- (iii) The Collus Corporations have not received any requirement, demand or request from any Governmental Authority pursuant to section 224 of the Tax Act or any similar provision of Applicable Law that remains unsatisfied in any respect.
- (iv) The Collus Corporations are not party to, bound by or obligated under; nor made any undertaking regarding any Tax allocation, indemnity or sharing contract or arrangement such that it could be liable for the Taxes of any other Person as a transferee or successor, by contract or otherwise.
- (v) Collus is a corporation to which paragraph 149(1)(d.6) of the Tax Act applies, the income of which is restricted to activities in Ontario as a distributor of electrical energy within the meaning of paragraph 149(1.2)(b).
- (w) **Ownership of Property.** To the Vendor's knowledge, the Collus Corporations are the sole legal and beneficial, and where interests are registerable, the sole registered owner, of all of the Property used in connection with, directly or indirectly, ancillary to, or reasonably necessary for the operation of the Business with good and valid title thereto free and clear of all Encumbrances other than in respect of the Real Property, Leased Property or Easements, with good and marketable title to the Real Property in fee simple, which may be subject to (i) minor Easements for the supply of utilities, and

(ii) Permitted Encumbrances. To the Vendor's knowledge, as of the Effective Date, leases for the Leased Property disclosed to the Purchaser are in good standing and unamended. To the Vendor's knowledge, all of the Fixed Assets used in connection with or operation of the Business are in good working order, reasonable wear and tear having regard to such assets' respective ages excepted, and have been properly and regularly maintained in material compliance with all Applicable Laws and good utility practice except where any such non-compliance could not reasonably be expected to have a Material Adverse Effect. To the Vendor's knowledge, there has been no assignment, subletting or granting of any licence (of occupation or otherwise) of or in respect of any material aspect of such Property or any granting of any contract or right capable of becoming a Contract or option for the purchase of any material aspect of such Property other than pursuant to the provisions of, or as disclosed in, this Agreement.

(x) **Financial Statements.** The Initial Financial Statements were prepared and the Closing Date Financial Statements will be prepared in accordance with IFRS consistently applied throughout the periods indicated on a basis consistent with that of the preceding period and present, or will present (in the case of the Closing Date Financial Statements), fairly:

(i) in the case of the Initial Financial Statements, all of the assets, liabilities and financial position of the Collus Corporations as at December 31, 2016, and the sales, earnings, results of operation and changes in financial position of the Collus Corporations for the 12 month period then ended; and

(ii) in the case of the Closing Date Financial Statements, the assets, liabilities and financial position of the Collus Corporations as at the Time of Closing, and the sales, earnings, results of operation and changes in financial position of the Collus Corporations for the period then ended.

(y) **Licences.** To the Vendor's knowledge, the Data Room contains a complete list of all licences, permits, approvals, consents, certificates, registrations and authorizations (collectively, the "**Licences**") held by or granted to the applicable Collus Corporation, and there are no other licences, permits, approvals, consents, certificates, registrations or authorizations necessary to carry on the Business carried on by the applicable Collus Corporation. To the Vendor's knowledge, each Licence is valid, subsisting and in good standing and the applicable Collus Corporation is not in default or in breach of any Licence and, to the Vendor's knowledge, no proceeding is threatened or pending to revoke, modify, suspend or limit any Licence.

(z) **Absence of Guarantees.** To the Vendor's knowledge and except as disclosed in the Data Room, the Collus Corporations have not given, agreed to give nor shall give, nor are they bound by, any guarantee or indemnity in respect of indebtedness, or other obligations, of any Person, or any other commitment by which the Collus Corporations are, or are contingently, responsible for such indebtedness or other obligations.

- (aa) **Limitation.** The Vendor makes no representation or warranty to the Purchaser except as specifically set forth in this Agreement and this Agreement contains all representations and warranties of the Vendor relating to the Purchased Shares and the Transaction.
- (bb) **Effect of Disclosure.** All disclosure contained in a particular representation and warranty set forth in this Agreement (or the Data Room referred to herein) shall be deemed for the purposes of this Agreement to have been made with respect to all of the representations and warranties in this Section 3.1 to which such disclosure would be reasonably apparent to a Person other than the Vendor. Notwithstanding anything else contained herein, the Vendor shall have no liability to the Purchaser with respect to any failure by it to disclose the existence of any matter, document or thing, or to make any other disclosure in the context of a particular representation and warranty set out in this Section 3.1 where the existence of such matter, document or thing has been disclosed as part of another representation or warranty contained in this Agreement, the Data Room and its relevance to such first particular representation or warranty would be reasonably apparent to a Person other than the Vendor.

3.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying on such representations and warranties in connection with the Transactions contemplated herein:

- (a) **Organization.** The Purchaser is a corporation duly incorporated and validly subsisting corporation under the laws of the Province of Ontario and has the corporate power to own or lease its property and assets and to carry on the business presently carried on by it.
- (b) **Corporate Power of the Purchaser and Due Authorization.** The Purchaser has all requisite corporate power, authority and capacity to enter into, and to perform its obligations under this Agreement. The Purchaser has duly taken, or has caused to be taken, all corporate action required to be taken by the Purchaser to authorize the execution and delivery of this Agreement by the Purchaser in the performance of its obligations hereunder and has the financial ability to complete the Transactions and pay the Purchase Price.
- (c) **Binding Agreement.** This Agreement has been duly executed by the Purchaser and will, upon delivery, constitute a valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (d) **No Violations.** Neither the execution nor delivery of this Agreement nor the completion of the Transactions herein contemplated will result in the violation of:
- (i) any provision of the constating documents, by laws or any unanimous shareholder agreement of the Purchaser;

- (ii) any Contract to which the Purchaser is a party or by which the Purchaser or any of its property or assets is bound, which would have a material adverse effect on the Purchaser's ability to perform its obligations under this Agreement; or
 - (iii) subject to obtaining the regulatory approvals set forth in Article VII, any terms or provisions of any Applicable Law of any authority having jurisdiction over the Purchaser which would have a material adverse effect on the Purchaser's ability to perform its obligations under this Agreement.
- (e) **Investment Canada Act.** The Purchaser is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada). The Purchaser is not a "non-resident" for tax purposes.
 - (f) **Financial Capability.** The Purchaser has sufficient funds in place or has binding commitments to obtain funds to pay the Purchase Price on the Closing Date on the terms and conditions contained in this Agreement.
 - (g) **Consents and Approvals.** Except for the Required Approval, there is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Governmental Authority as a condition to the lawful consummation of the Transactions contemplated by this Agreement.
 - (h) **Litigation.** There is no legal proceeding in progress, pending, threatened against or affecting the Purchaser and, to the best of the knowledge and belief of the Purchaser, there are no grounds on which any such legal proceeding might be commenced with any reasonable likelihood of success and no judgment, decree, injunction, ruling, order or award of any tribunal outstanding against or affecting the Purchaser which, in any such case, might prevent the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder.
 - (i) **Crown Corporation.** The Purchaser is not a crown corporation as described in paragraph 149(1)(d) or (d.2) of the *Tax Act*.
 - (j) **Limitation.** The Purchaser makes no representation or warranty to the Vendor except as specifically set forth in this Section 3.2 and this Agreement contains all representations and warranties of the Purchaser relating to the Transactions contemplated hereby.

ARTICLE IV

SURVIVAL OF COVENANTS, AND REPRESENTATIONS AND WARRANTIES

4.1 Survival

- (a) All of the covenants and representations and warranties contained in this Agreement, including this Article IV, will survive the Closing.

- (b) The representations and warranties of the Vendor set out in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), 3.1(e) and 3.1(f) shall continue indefinitely and remain in full force and effect for the benefit of the Purchaser.
- (c) Except as set forth in Section 4.1(b), the representations and warranties of the Vendor set out in Section 3.1 shall continue in full force and effect for the benefit of the Purchaser provided, however, that no Claim in respect thereof shall be valid unless it is made within a period of two (2) years from the Closing Date and, upon the expiry of such limitation period, the Vendor shall have no further liability to the Purchaser with respect to the representations and warranties referred to in such section, except in respect of Claims which have been made by the Purchaser to the Vendor in writing prior to the expiration of such period, provided that the representations and warranties of the Vendor set out in Section 3.1(v) (Taxes) shall survive the Closing and continue in full force and effect until, but not beyond, the fourth anniversary of the Closing Date.
- (d) The representations and warranties of the Purchaser set out in Section 3.2 shall continue in full force and effect for the benefit of the Vendor provided, however, that no Claim in respect thereof shall be valid unless it is made within a period of two (2) years from the Closing Date and, upon the expiry of such limitation period, the Purchaser shall have no further liability to the Vendor with respect to the representations and warranties referred to in such section, except in respect of Claims which have been made by the Vendor to the Purchaser in writing prior to the expiration of such period.

ARTICLE V COVENANTS OF THE VENDOR

5.1 Resignation of Directors and Officers. On the Closing Date, the Vendor shall cause the following to occur in the case of the directors of the Collus Corporations who remain on the board of directors of the Collus Corporations or are appointed to the board of directors of the Collus Corporations following completion of the Shotgun Transaction:

- (a) resign in favour of the nominees of the Purchaser, such resignations to be effective at the Time of Closing; and
- (b) execute and deliver mutual releases in form and substance satisfactory to the Purchaser, acting reasonably:
 - (i) from such individuals in favour of the applicable Collus Corporations of all Claims they may have against the applicable Collus Corporation (other than in respect of unpaid fees, compensation, salaries and accrued vacation pay which shall be listed in a schedule to the release), and
 - (ii) in favour of such individuals from all Claims the applicable Collus Corporation may have against them.

5.2 Transfer of Purchased Shares. At the Time of Closing, the Vendor shall take, and shall cause the Corporation to take, all necessary steps and proceedings to permit the Purchased Shares to be duly and validly transferred to the Purchaser and to have such transfers duly and validly recorded on the books of the Corporation so that the Purchaser is entered onto the books of the Corporation as the holder of the Purchased Shares and to issue share certificates to the Purchaser representing the Purchased Shares.

5.3 Conduct of Business Prior to Closing. During the period between the Effective Date and the Closing Date (the “**Interim Period**”), the Vendor shall vote its shares substantially consistent with past practice in order to continue the operation of the Business of the applicable Collus Corporation to be conducted in the ordinary course and with respect to Collus in accordance with the most recent distribution system plan of Collus, except as may be otherwise required or contemplated by the provisions of this Agreement.

5.4 Availability of Records and Information. During the Interim Period, the Vendor shall, subject to the prior consent of Alectra Utilities Corp., cause the Collus Corporation to provide to the Purchaser and its Representatives during normal business hours, such access to the Collus Corporation’s premises, information technology systems, assets, Contracts and Books and Records and to the Collus Corporation’s personnel and to furnish them with such information relating to the Business as the Purchaser may reasonably request.

5.5 Non-Solicitation. The Vendor agrees that for a period of two years following the Closing Date it will not induce any Employee of or consultant to the Collus Corporations to leave the employ or retention of the applicable Collus Corporation.

5.6 Insurance. To the extent required, the Vendor covenants and agrees to provide any relevant information in its possession or control in connection with any claims under the Insurance Policies which relate to matters, events or circumstances existing or occurring prior to the Closing Date.

5.7 Books and Records. At the Time of Closing, the Vendor shall use commercially reasonable efforts to cause the Collus Corporations to deliver possession of the Books and Records to the Purchaser.

ARTICLE VI COVENANTS OF THE PURCHASER

6.1 Employment Guarantee and Location Guarantees. For a period of two (2) years following the Closing Date, the Purchaser hereby covenants and agrees with the Vendor that it will cause the continued employment of each Employee who is an Employee of the Collus Corporations on the Closing Date within the Service Territory with the applicable Collus Corporation or any Affiliate thereof on materially similar terms of their respective employment as at the Closing Date (other than titles of employees who are officers), including the same or not less favourable: (i) benefits in the aggregate; (ii) compensation; and (iii) position and seniority, subject to the rights of the applicable Collus Corporation or any Affiliate dismiss such employee for just cause.

6.2 Participation in Community Events and Programs. After Closing, the Purchaser will and will cause and direct the applicable Collus Corporations to provide community assistance to the Vendor within the Service Territory by carrying out such initiatives, all without charge to the Vendor as may otherwise be reasonably directed by the Advisory Committee. Where the Advisory Committee is voting on whether to require Collus to expend funds outside of its budget, ordinary course operations, or OEB approved expenditures on community assistance initiatives, Collus will have a casting vote if the Advisory Committee voting members are deadlocked.

6.3 Economic Development in the Community.

- (a) The Purchaser agrees to support local businesses by causing the continuation of the existing arrangements between the Collus Corporations and its vendors and/or suppliers located in the Town of Collingwood as set forth in Schedule 6.3(a) to the extent reasonably practical and on commercially reasonable terms.
- (b) On the Closing Date, the Purchaser will pay an aggregate of \$150,000 to the Vendor to support the redevelopment and/or rehabilitation of public waterfront lands in the Town of Collingwood.

6.4 Advisory Committee. The Purchaser shall establish a municipal advisory committee (the “**Advisory Committee**”) as soon as practicable after the Closing Date to provide a forum for communication and continuing dialogue between the Purchaser and the Vendor. The Advisory Committee will receive information on, and provide input and feedback on, the provision of utility distribution services in the Service Territory, with emphasis on such matters as quality of service, reliability, safety, presence in the community, growth and other matters of particular concern to residents within the Service Territory. The Advisory Committee will function as the primary conduit to ensure regular and ongoing dialogue between the Purchaser after Closing and the Town of Collingwood. In establishing the Advisory Committee, the Vendor has the right to appoint up to three (3) representatives to the Advisory Committee. The Purchaser has the right to appoint up to three (3) senior officials as its representatives. The Advisory Committee will meet on a regularly scheduled basis, being at least four (4) times per year for the first three (3) years following the Closing Date, then semi-annually thereafter, unless the Advisory Committee is otherwise dissolved by agreement of the Parties.

6.5 Employee Related Matters. The Purchaser acknowledges that from and after the Closing, it shall be responsible for all obligations owing to present and former Employees of the Collus Corporations relating to such employment, including all obligations and liabilities relating to wages, severance pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other employee benefits or Claims, including vacation pay, and Employee Plans regardless of whether these arose before or after Closing. From and after the Time of Closing the Purchaser shall indemnify and save harmless the Vendor from and against any and all losses, damages, expenses, liabilities, Claims and demands whatsoever made or brought against the Vendor by any person or Employee, association or trade union or by any Governmental Authority or any other Person or body which in any way pertains to or arises out of such liability including, without limiting the generality of the foregoing, any and all losses, damages, expenses, liabilities, Claims and demands whatsoever with respect to wages, severance

pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other employee benefits or Claims, including vacation pay, and Employee Plans and including any interest, award, judgment or penalty relating thereto and any costs or expenses incurred by the Vendor in defending any such Claim or demand. The general procedures regarding notice and procedures regarding indemnification Claims set forth in Article XIII shall apply to all Claims for indemnification made under this Section 6.5.

6.6 Service Quality and Service Standards. The Purchaser shall cause Collus to meet or exceed current service levels and service quality for Collus for the period from 2017 to 2022, subject to force majeure events and provided that enforcement and remedies in respect of any breach by the Purchaser of its covenant under this Section 6.6 will be available against Collus under the Distribution System Code and further provided that the Vendor may refer any failure to meet such service level or service quality to the Advisory Committee or board of directors of the Purchaser, as applicable, for discussion and consultation on appropriate courses of action.

6.7 Smart Grid, Conservation and Demand Management and Smart Meters. Following Closing, the Purchaser will cause Collus to place continued importance on smart grid development and conservation and demand management initiatives in the operations of Collus or any successor by integrating such matters into its applicable conservation and demand plan filed by Collus with the OEB.

6.8 Capital Plans. The Purchaser will act in good faith and use commercially reasonable efforts to cause Collus to make expenditures in accordance with Collus' current capital plan in the amount of \$2,000,000 per year on average for the first 5 years following the Closing Date, subject to OEB approval of such expenditures.

6.9 Engagement in respect of the Transaction. The Purchaser will follow the guidelines as established by the OEB with respect to notice requirements for the regulatory approval application in respect of the Transaction. Preceding this process, the Purchaser also agrees to hold, at the option of the Vendor, three (3) public information sessions in three different locations in the Service Territory and create a dedicated website including all necessary information that could be accessed by a link from Collus' website and the Purchaser or its Affiliate's website, as applicable. The Purchaser will hold at least one information session between the President or other senior executive officers of the Purchaser and the applicable Collus Corporation to address any questions or concerns and establish a transition plan aimed at integrating the combining workforces, including organizing team building events.

6.10 Rates.

- (a) Notwithstanding Section 2.8, the Purchaser acknowledges, agrees and covenants that it will, within the time frame specified in Section 8.1 and as part of the Required Approvals cause Collus to:
 - (i) seek OEB approval for the negative rate rider to reduce Current Rates by 1% for residential Customers and consistent with OEB policy to eliminate the variable portion of rates for residential Customers ("**Negative Rate Rider**"); and

- (ii) request that the Negative Rate Rider shall:
 - (A) be effective immediately following Closing or as approved by the OEB, whichever is later; and
 - (B) be maintained at the reduced levels during the Rate Rider Period.
- (b) The Purchaser acknowledges, agrees and covenants to cause Collus to maintain Rates at Current Rates if the OEB does not approve the Negative Rate Rider and does not approve a Partial Rate Rider in accordance with Section 6.10(a). For greater clarity, this Section 6.10(b) shall not affect the obligations of the Purchaser under Section 2.8 which are in addition to the Purchaser's obligations under this Section 6.10(b).

6.11 Future Distribution Rates. Subject to any requirements of Applicable Law or prescribed requirements of the OEB, the Purchaser agrees and covenants with the Vendor that for the first five (5) years following the Closing Date the Purchaser will, at a minimum, cause Collus to maintain the existing rates for Customers adjusted solely by the OEB's price cap incentive rate-setting option, or any amendment, modification, successor or replacement thereof, established by the OEB.

6.12 Electric Vehicle Charging Stations. The Purchaser or its Affiliates shall install at least two (2) plug-in electric vehicle charging stations and related attachments and equipment, including utility-grade electric meters (if required) and all software or firmware upgrades needed to maintain network compatibility (the "**Charging Stations**") within the geographical boundaries of the Town of Collingwood following the Closing Date, subject to the prior completion of an economic feasibility analysis in respect of such Charging Stations by the Purchaser or its Affiliates, which economic feasibility analysis must be satisfactory to the Purchaser, acting reasonably and in good faith. The Purchaser will complete the economic feasibility analysis conducted by it pursuant to this Section 6.12 and provide a copy to the Vendor within two (2) years following the Closing Date. The Purchaser shall operate and maintain the Charging Stations (if any) in accordance with Applicable Law and prudent industry standards in the Province of Ontario applicable to the operation and maintenance of electric vehicle charging stations.

6.13 Preservation of Historical Books and Records. The Purchaser shall preserve all of the Books and Records of the Collus Corporations for the period from the year 2000 up to the Closing Date for a period of ten (10) years from the Closing Date or for such longer period that is the later of: (i) the period as is required by any Applicable Law, (ii) or until all litigation (if any) related to Pre-Closing Tax or the Departure Tax Calculation has been resolved and will permit the Vendor or its authorized Representatives with access thereto during normal business hours. The Vendor will be permitted to make copies of all or part of the Books and Records (whether in written or electronic form) and retain such copies for any lawful purpose, subject to Section 6.15.

6.14 Ancillary Agreements. The Parties hereby covenant and agree that each Party shall cause the following agreements to be executed and delivered by the applicable party (the "**Ancillary Agreements**"):

- (a) the joint use agreement for power utility distribution poles between Collus and the Vendor in the form attached hereto as Schedule 6.14(a) to be executed and delivered by Collus and the Vendor on or before the Closing Date;
- (b) a lease in respect of the premises at 43 Stewart Road, Collingwood, Ontario between Collus and Vendor reflecting the following: (i) a lease term of 25 years, including the use of the premises as a Customer service centre for the Collus Corporations for a period of ten (10) years following the Closing Date, (ii) annual rent no less than the current rent following the Closing Date calculated and payable by Collus pursuant to the terms of its current shared services lease; provided; however that such current rent will be subject to adjustment: as follows (x) increases for inflation; (y) for current market rents within the Town of Collingwood commencing on the sixth anniversary following the Closing Date, and (z) an option to terminate the lease on the tenth anniversary of the Closing date if the Purchaser, its Affiliates and/or Collus, as applicable, construct a new operations center within the Town of Collingwood;
- (c) a parental guarantee in favour of the Vendor from the Purchaser Parent in the form attached hereto as Schedule 6.14(c) to be executed by the Purchaser Parent and delivered by the Purchaser on behalf of the Purchaser Parent concurrently with the execution and delivery of this Agreement by the Parties;
- (d) a general security agreement in favour of the Vendor from the Purchaser and the Collus Corporations in substantially the form as the draft attached hereto as Schedule 6.14(d) to be executed by the Purchaser and the Collus Corporations and delivered by the Purchaser and the Collus Corporations on the Closing Date; and
- (e) a municipal access agreement between the between Collus and Vendor with respect to the real property and municipal rights-of-way where Fixed Assets of the Collus Corporations are located and/or situated, including the following terms (all capitalized used below have the meanings set forth in the joint use agreement for power utility distribution poles between Collus and the Vendor in the form attached hereto as Schedule 6.14(a)):
 - (i) that each party to the municipal access agreement will perform its obligations and handle all Attachments in accordance with Good Utility Practice and will comply with the requirements of Applicable Law at all times, both at the time of affixing Attachments and thereafter throughout the duration of the term of the municipal access agreement. Without limiting the generality of the foregoing, each party to the municipal access agreement will ensure that all of its employees, agents, representatives, contractors or subcontractors that perform its obligations under this Agreement are fully qualified, licensed and in good standing in accordance with Applicable Law; and
 - (ii) that Collus shall at all times and at its sole expense maintain its Joint Use Poles and all other supporting attachments in a safe and serviceable condition and in accordance with Applicable Law and Good Utility Practice and repair or replace such attachments and/or Joint Use Poles as they become defective,

deteriorated or unsafe. In addition, Collus shall be solely responsible for all vegetation management that may interfere with a Joint Use Pole, including trimming or removing of trees, underbrush or any other items as required that may be required to establish proper clearance for Attachments.

6.15 Confidentiality.

(a) Each Party hereby covenants and agrees that it shall keep confidential and not use (except for the purposes of the Transaction) or disclose except as required by Applicable Law, any and all information received by it from the other Party leading up to or in connection with the execution of this Agreement and completion of the Transactions contemplated hereby, whether or not received prior to or after the Effective Date, concerning the business and affairs of the other Party or its Affiliates.

(b) In the event that this Agreement is terminated in accordance with the provisions hereof,

(i) the Purchaser hereby covenants and agrees that it, and its Affiliates, shall keep confidential, in accordance with the terms of and subject to the exceptions in the Confidentiality Agreement, any and all Confidential Information received by the Purchaser from the Vendor, whether or not received prior to or after the date of this Agreement.

(ii) the Purchaser shall:

(A) promptly return to the Vendor all documents, computer disks, other forms of electronic storage or other materials furnished by the Vendor, or the Collus Corporations or by any of their respective Representatives to the Purchaser or its Representatives constituting Confidential Information, together with all copies and summaries thereof in the possession or under the control of the Purchaser or its Representatives and materials generated by the Purchaser or its Representatives that include or refer to any part of the Confidential Information, save and except one copy of the material to be retained for archival purposes only; or

(B) alternatively, provided that the prior written consent of the Vendor has been obtained, promptly destroy all documents or other matters constituting Confidential Information in the possession or under the control of the Purchaser or its Representatives, save and except one copy of the material to be retained for archival purposes only;

and the Purchaser shall confirm such return and/or destruction of Confidential Information to the Vendor in writing and certified by two senior officers of the Purchaser;

(iii) any oral or visual Confidential Information will continue to be subject to the terms of the Confidentiality Agreement and the terms of this Section 6.15; and

- (iv) the Purchaser shall not, directly, use for its own purposes, any Confidential Information discovered or acquired by the Purchaser's Representatives as a result of the Vendor, or the Collus Corporations making available to them any Confidential Information.
- (c) The Vendor hereby covenants and agrees that it shall keep confidential and not use or disclose any and all information received by it from the Collus Corporations or their successors in accordance with Sections 6.13 and 6.15(a) concerning the business and affairs of the Collus Corporations or their successors; provided that the Vendor may disclose such information:
 - (i) to its Representatives provided that (x) prior to disclosing such information to any such Representative, issue appropriate instructions to such Representative with respect to the restrictions that apply to such information and obtain the Representative's agreement to receive and use such information on a confidential basis on the same conditions as contained in this Section 6.15(c); and (y) the Vendor will be responsible for any and all breaches of the terms of this Section 6.15(c) by its Representatives; and
 - (ii) as required by Applicable Law, but must first provide the Collus Corporations or their successors with prompt notice of such request or requirement, unless notice is prohibited by law, in order to enable the Collus Corporations or their successors to seek an appropriate protective order or other remedy or to waive compliance with this provision or both and, if such protective order fails, use reasonable efforts to ensure that the disclosure will be afforded confidential treatment.

6.16 Survival. The covenants contained in this Article VI shall survive the Closing Date in accordance with Section 4.1(a).

ARTICLE VII INFRASTRUCTURE ONTARIO FINANCING AGREEMENTS

7.1 Assignment and Assumption. Immediately prior to the Time of Closing, the Vendor will cause Collus to assign all of its rights under the Financing Agreements to the Vendor and the Vendor will assume all of the obligations under the Financing Agreements.

7.2 Vendor as Nominee and Bare Trustee. The Parties acknowledge that, as between themselves, the Vendor is assuming the obligations under the Financing Agreements pursuant to Section 7.1 as bare trustee and nominee for the sole use, benefit and advantage of the Purchaser and Collus. All obligations or responsibilities relating to the Financing Agreements during the time the Vendor is the "borrower" under such Financing Agreements will be paid, discharged, completed or performed directly by the Purchaser and/or Collus as if the Purchaser and/or Collus were the "borrower" for the purposes of such Financing Agreements. Without limiting the generality of the foregoing, the Purchaser acknowledges and agrees with the Vendor as follows:

- (a) the Vendor will have no active duties to perform, settle or discharge the obligations set forth in the Financing Agreements except as expressly set forth in this Agreement or any other written agreement between the Parties;
- (b) it holds no beneficial interest in the Financing Agreements and will hold all proceeds, losses, benefits and advantages as bare trustee and nominee exclusively for the benefit of the Purchaser; and
- (c) at the request and sole cost and expense of the Purchaser, the Vendor will assign, transfer and convey the Financing Agreements to any Person as the Purchaser may direct in writing.

7.3 Indemnification. The Purchaser will, as a separate and distinct obligation, indemnify and hold the Vendor, its Affiliates and its directors, officers or employees harmless, against the full amount of any Loss that the Vendor, its Affiliates and its directors, officers or employees suffers in connection with any Loss the Vendor, its Affiliates and its directors, officers or employees suffers in connection with the Vendor's capacity as bare trustee and nominee for the Purchaser under this Article VII. For clarity, the limitations set forth in Article XIV (if any) shall apply to this Section 7.3. Notwithstanding the foregoing, the Purchaser's indemnification obligations under this Section 7.3 will not apply to the extent a Loss claimed by the Vendor under this Section 7.3 is caused by the Vendor's wilful misconduct in carrying out its obligations as bare trustee and nominee of the Purchaser under the Financing Agreements; provided, however, that the Purchaser may not claim any wilful misconduct on the part of the Vendor unless the Purchaser has fully complied with its obligations under this Article VII, including its obligations to pay, discharge and perform all obligations under the Financing Agreements.

7.4 Additional Security. The Vendor may, acting reasonably, request such additional financial or performance security in favour the Vendor from the Purchaser from time to time in connection with the Vendor's role as nominee and trustee under this Article VII. Without limiting the generality of the foregoing, if at any time the credit rating of the Purchaser Parent is reduced below a rating of "BBB+" from S&P the Purchaser shall deliver an unconditional, irrevocable standby letter of credit (not secured by the assets of the Collus Corporations) by, from, or confirmed by any Schedule 1 Bank and drawable on presentation at an office in Collingwood, Ontario for the full amount of the outstanding obligations of the Purchaser under this Article VII.

7.5 Option to Compel Payout of Financing Agreements. The Vendor may at any time after the Closing Date deliver a written notice to the Purchaser requiring it to pay, discharge and settle all outstanding obligations under the Financing Agreements within 10 Business Days following the date of such written notice provided that the Vendor will be responsible to pay any penalties and breakage costs that are actually due and payable under such Financing Agreements in excess of \$50,000.

7.6 Costs and Expenses. On the Closing Date, the Purchaser will make a onetime payment of \$10,000 to the Vendor in connection with the costs, expenses and fees incurred by the Vendor (including legal fees and expenses) in connection with the Vendor's assignment and

assumption of the Financing Agreements, its role as nominee and trustee under this Article VII and its performance of the Financing Agreements for and on behalf of the Purchaser.

7.7 Changes and Amendment and Restatement of Financing Agreements. The obligations of the Purchaser under this Article VII are absolute and, without limiting the generality of the foregoing, the Purchaser will not be released, discharged, limited or otherwise affected by any modification or amendment of or supplement to the obligations of the Vendor under the Financing Agreements, including any increase or decrease in the principal, the rates of interest, other amounts payable under them, or any change in the nature or form of the credit provided and any amendment to the covenants or other provisions contained in the Financing Agreements; provided that the Vendor will not incur any additional indebtedness under the Financing Agreements (other than any additional indebtedness caused by a failure of the Purchaser to fully comply with its obligations under this Article VII, including its obligations to pay, discharge and perform all obligations under the Financing Agreements) or modify or amend the Financing Agreements without prior written consent of the Purchaser, acting reasonably. Without limiting the generality of the foregoing, the Purchaser acknowledges, agrees, and confirms that the Vendor may enter into one or more amended and restated financing agreements with Infrastructure Ontario and Lands Corporation to consolidate the obligations under the Financing Agreements with other indebtedness and obligations of the Vendor that are owed to Infrastructure Ontario and Lands Corporation; provided; however, that the Purchaser will have no obligation to the Vendor in respect of such other indebtedness of the Vendor that is consolidated under any amended and restated financing agreements with Infrastructure Ontario and Lands Corporation, or for any additional interest, fees or other amounts whatsoever that become payable as a result of such consolidation.

7.8 Survival and Further Agreements. The covenants contained in this Article VII shall survive the Closing Date in accordance with Section 4.1(a) and continue in full force an effect until the Vendor owes no further duties, liabilities or obligations to Infrastructure Ontario under the Financing Agreements. The Parties agree to enter into such further agreements as may be reasonably necessary from time to time, both before and after the Closing Date, to separately document and give effect to this Article VII, including, at the request of the Vendor, a loan agreement between Collus (as borrower) and the Vendor (as lender) that reflects substantially the same terms as the outstanding obligations that were assumed by the Vendor pursuant to the Infrastructure Ontario Debt Assignment.

ARTICLE VIII REQUIRED APPROVAL

8.1 Required Approval.

- (a) Each of the Purchaser and the Vendor shall as promptly as practicable after the execution of this Agreement (but in no event later than forty five (45) days after the execution of this Agreement), file or cause to be filed with the OEB an application required to be made under Subsection 86(1) and Subsection 86(2) of the *OEB Act* in respect of the OEB's approval as it relates to the sale of the Purchased Shares (the "**Required Approval**").

- (b) The Purchaser acknowledges and agrees with the Vendor that the application made with respect to the Required Approval may (subject to the receipt of any necessary approvals and consents) be joined with the application made by the Vendor and Alectra Utilities Corp. under Subsection 86(1) and Subsection 86(2) of the *OEB Act* in respect of the OEB's approval of the Shotgun Transaction (the "**Required Shotgun Approval**").
- (c) Each of the Purchaser and the Vendor shall use commercially reasonable efforts to cooperate and assist the other, so that the Required Approval and Required Shotgun Approval, as applicable, can be obtained as soon as reasonably possible. All the costs and expenses incurred by the Parties in connection with the application for the Required Approval shall be borne by each Party.

8.2 Ontario Minister of Finance Notice. The Vendor shall as promptly as practicable after the execution of this Agreement (but in no event later than the day before the Closing Date), file or cause to be filed with the Ontario Minister of Finance the notification required under Subsection 4(2) of Ontario Regulation 124/99 made under the EA. The Purchaser shall be responsible for the costs that the Purchaser incurs in connection with the Ontario Minister of Finance Notice.

ARTICLE IX OPERATIONAL TAX MATTERS

9.1 Preparation and Filing of Tax Returns. The Vendor shall prepare and submit on behalf of the Collus Corporations all corporate Tax Returns for a Pre-Closing Tax Period that are not due for filing until after the Closing Date to the Purchaser for approval at least thirty (30) Business Days before the filing due date thereof, and all other Tax Returns for a Pre-Closing Tax Period which shall be prepared and submitted to the Purchaser for approval at least seven (7) Business Days before the filing due date thereof. All such Tax Returns shall be prepared in compliance with Applicable Law, this Agreement and be consistent with past practice of the applicable Collus Corporation. The Purchaser shall provide all comments in respect of such corporate Tax Returns for a Pre-Closing Tax Period within fifteen (15) Business Days of its receipt of those corporate Tax Returns, and in respect of all other Tax Returns for a Pre-Closing Tax Period the Purchaser shall provide all comments within three (3) Business Days of its receipt of such other Tax Returns. Vendor shall reasonably consider all such comments provided and revise the Tax Returns as appropriate. After the Purchaser has provided its comments those Tax Returns, and after Alectra Utilities Corporation has provided its approval that it may be entitled to exercise over the Pre-Closing Tax Returns, then the Vendor shall, on a timely basis, cause the Collus Corporations to file the Tax Returns, and provide a copy with proof of filing to the Purchaser.

9.2 Notification Requirements. The Purchaser shall promptly forward to the Vendor all written notifications and other written communications from any Governmental Authority received by the Purchaser or the Collus Corporations relating to Taxes of the Collus Corporations for all Pre-Closing Tax Periods and Straddle Periods, and shall promptly inform the Vendor of any audit proposed to be undertaken and any adjustment proposed in writing to be

made by any Governmental Authority in respect of a Pre-Closing Tax Period and Straddle Period.

9.3 Vendor Indemnification. From and after the Closing Date, the Vendor shall be responsible for and shall indemnify and save harmless the Purchaser for 50% of all Taxes payable by the Collus Corporations for all such periods that are a Pre-Closing Tax Period (the “**Vendor’s Pre-Closing Tax Share**”). The Vendor’s Pre-Closing Tax Share shall be deemed to exclude: (i) Tax that are recorded as Current Liabilities on the Closing Date Financial Statements and (ii) any Departure Tax and Transfer Tax payable by the Purchaser to the Vendor in accordance with Article X, and (iii) any Tax amounts in respect of a Pre-Closing Tax Period that are recovered from Alectra Utilities Corporation in connection with the completion of the Shotgun Transaction, less the costs of recovery of such tax amounts in respect of a Pre-Closing Tax Period that are incurred by the Vendor (the “**Remaining Pre-Closing Tax Share**”). The Vendor shall pay over to the Purchaser any amount in respect of the Remaining Pre-Closing Tax Share that is received from Alectra Utilities Corporation pursuant to item (iii) in the immediately preceding sentence. The Purchaser shall pay to the Vendor as an increase in the purchase price any Tax refunds received by or credited to the Collus Corporations after the Closing Date provided that such Tax refunds and credits relate to a Pre-Closing Tax Period (and except to the extent that such Tax refunds and credits have been recorded as Current Assets on the Closing Date Financial Statements and excluding any refunds of Departure Tax). In determining the allocation of Taxes to the Pre-Closing Tax Period under this Section 9.3 that pertain to the amount of Taxes payable or recoverable by the Collus Corporation for a taxable period that includes but does not end on the Closing Date (each, a “**Straddle Period**”) the:

- (a) real, personal and intangible property Taxes, and other Taxes imposed against the applicable Collus Corporation on a periodic basis, (the “**Property Taxes**”) that shall be allocable to the Pre-Closing Tax Period shall be equal to the amount of such Property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of days in the Straddle Period, and
- (b) Taxes (other than Property Taxes) imposed upon the applicable Collus Corporation that shall be allocable to the Pre-Closing Tax Period shall be computed as if such taxable period ended on the Closing Date, provided that, subject to Applicable Laws, all exemptions, allowances or deductions for such Straddle Period that are calculated on an annual basis, shall be allocated between the period in respect of the Pre-Closing Tax Period and the period after the Closing Date in proportion to the number of days in each period.

9.4 Purchaser’s Contest Rights. Subject to Section 9.5 and the prior written consent of Alectra Utilities Corporation, the Purchaser shall have the sole right to control, defend, settle, compromise, or prosecute in any manner an audit, examination, investigation, and other proceeding with respect to any Tax of the Collus Corporations. The Purchaser shall keep the Vendor duly informed of any proceedings in connection with any manner for which the Purchaser may have a right to indemnification pursuant to this Article IX or Article XIV and promptly provide the Vendor with copies of all correspondence and documents relating to those proceedings. The Vendor shall execute or cause to be executed such documents and shall take

such action as reasonably requested by the Purchaser to enable the Purchaser to take any action the Purchaser deems appropriate with respect to any proceedings in respect of which the Purchaser has contest rights under this Agreement.

9.5 Vendor's Contest Rights.

- (a) The Vendor may at any time by written notice to the Purchaser elect to control, defend, settle, compromise or prosecute in any manner an audit, examination, investigation, or other proceeding with respect to Taxes or Tax issues related to any matter in respect of which the Purchaser may have a right of indemnification pursuant to this Article IX or Article XIV, except that:
- (i) the Vendor shall deliver to the Purchaser a written agreement that the Purchaser is entitled to indemnification for all Losses arising out of that audit, examination or other proceeding and that the Vendor shall be liable for the entire amount of the Vendor's Pre-Closing Tax Share;
 - (ii) the Vendor may not, without the written consent of the Purchaser, settle or compromise Taxes or Tax issues related to any matter which may affect Tax liabilities of the Collus Corporations for a period following Closing; and
 - (iii) the Vendor shall pay to the Purchaser the Vendor's Pre-Closing Tax Share and, to the extent recovered in accordance with Section 9.3, (including, for greater certainty, interest and penalties) specified in the notice of assessment or other Claim from the Governmental Authority which are due and payable and to which the Purchaser's indemnity Claim relates within ten (10) Business Days before the amount is required to be paid to the Governmental Authority or within ten (10) Business Days after the Purchaser has forwarded to the Vendor a Claim for indemnity.
- (b) If the consent of the Purchaser to a settlement or compromise arranged by the Vendor is not obtained for any reason, the indemnification liability of the Vendor shall be limited to the proposed settlement amount. The Purchaser and/or the Collus Corporations, as applicable, shall execute or cause to be executed such documents or take such action as reasonably requested by the Vendor to enable the Vendor to take any action it deems appropriate with respect to any proceedings in respect of which the Vendor has contest rights under this Agreement. In addition:
- (i) the Vendor shall keep the Purchaser duly informed of any proceedings in connection with any matter which may affect the Taxes payable by the Purchaser or the Collus Corporations; and
 - (ii) the Purchaser shall be promptly provided with copies of all correspondence and documents relating to those proceedings and may, at its option and its own expense, participate in those proceedings through counsel of its choice.

9.6 Indemnification Procedures. Except to the extent expressly provided to the contrary in this Article IX, the general procedures regarding notice and pursuit of

indemnification Claims set forth in Article XIV shall apply to all Claims for indemnification made under this Article IX, except that notwithstanding any provision of Article XIV to the contrary, if a Claim for indemnification involves any matter covered in this Article IX, then the contest provisions of Section 9.4 and Section 9.5, as applicable, shall control regarding the defence and handling of any such third party Claim that could give rise to an indemnification obligation on the part of the Vendor. Notwithstanding Article IV, the time period during which a Claim for indemnification may be made under this Article IX shall survive Closing and continue in full force and effect until, but not beyond, the one hundred and eightieth (180th) day following the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Tax legislation in respect of any taxation year to which those representations and warranties and provisions under this Article IX could be issued under that Tax legislation to the Collus Corporations.

ARTICLE X DEPARTURE TAX AND TRANSFER TAX

10.1 Payment of Departure Tax and Transfer Tax.

- (a) The Purchaser shall pay to the Vendor an amount equal to the aggregate of any Transfer Tax payable by the Vendor and any Departure Tax payable by the applicable Collus Corporation or by the Vendor, in each case to the extent exigible in connection with any the execution of this Agreement by the Parties. All such amounts payable by the Purchaser pursuant to this Article X shall be deemed to represent an increase in the Purchase Price.
- (b) Within 30 days following the Effective Date, the Purchaser shall provide an officer's certificate, signed by either the chief financial officer or president of the Purchaser, confirming that the Purchaser as at the Effective Time, is first, exempt from corporate income tax under the Tax Act by virtue of either paragraph 149(1)(d.5) or paragraph 149(1)(d.6) thereto and second, that paragraph 149(1.1)(c) of the Tax Act would not reasonably be expected to apply to the Purchaser. From the Effective Date to the Closing, the Purchaser shall have an ongoing obligation to provide notice to the Vendor, within five (5) business days of its occurrence if any of the confirmations recorded in the officer's certificate have changed.
- (c) The calculation of the Departure Tax shall be prepared by the Vendor, acting reasonably and based on its interpretation of the EA and on the officer's certificate and notices thereunder provided pursuant to the provisions of clause 10.1(b) of this Article. The Purchaser shall be provided, pursuant to the provisions of section 9.1 of this Agreement, with the calculation of the Departure Tax that the Vendor reasonable believes shall be owing by the applicable Collus Corporation or by the Vendor.
- (d) To the extent that the Vendor reasonably believes that an amount of Departure Tax shall be owing by the applicable Collus Corporation or by the Vendor, then the amount of any Departure Tax owing shall be estimated at the Effective Date by reference to the current book value of the assets of the applicable Collus Corporation and the most recent real estate appraisals for any real property owned by the

applicable Collus Corporation, and by reference to the estimated Purchase Price. The Departure Tax calculated as the Effective Date shall be subsequently adjusted as necessary to reflect the fair market value of the assets held by the applicable Collus Corporation that are relevant for the calculation of the Departure Tax, and by the Purchase Price as finally adjusted.

- (e) The Purchaser shall pay to the Vendor the amount of the Departure Tax (as determined by the Vendor) no later than ten (10) business days prior to the filing due date of the Pre-Closing Tax Return for the applicable Collus Corporation or of the Vendor that records the inclusion of the Departure Tax. In the event that the amount of Departure Tax due is subsequently determined by the Ontario Ministry of Finance to be a greater amount and the Closing has not yet occurred, then the Purchaser shall pay to the Vendor any increase in the amount of the Departure Tax (where such increase would be equal to the difference between the applicable amount calculated pursuant to a Notice of Assessment or Notice of Reassessment issued by the Ontario Ministry of Finance and the amount that had been calculated by the Vendor and reported on the Pre-Closing Tax Return previously filed with the Ontario Ministry of Finance) within ten (10) business days of the issuance of any Notice of Assessment or Notice of Reassessment by Ontario Ministry of Finance. In the event that the Departure Tax due is subsequently increased by the Ontario Ministry of Finance and the Closing has occurred, then the Purchaser shall cause the applicable Collus Corporation to remit to the Ontario Ministry of Finance within the prescribed time period any such additional amounts owing.
- (f) The Vendor shall reasonably determine if either the sale of the Purchased Shares will be subject to the Transfer Tax. In all such circumstances, the calculation of the Transfer Tax that shall become payable by the Purchaser under this Article X shall be prepared by the Vendor acting reasonably. The Vendor shall provide to the Purchaser a calculation of the Transfer Tax at least five (5) business days prior to the anticipated Closing Date. The amount of the Transfer Tax shall be paid by the Purchaser to the Vendor three (3) business days prior to Closing, and the Vendor shall remit such Transfer Tax amount to the Ontario Ministry of Finance prior to the anticipated Closing Date.
- (g) Should the Ontario Ministry of Finance assess or reassess the Vendor for an amount of Transfer Tax that is in excess of the amount that had been remitted by the Vendor, then the Vendor shall provide notice of such increased amount to the Purchaser and the Purchaser shall forthwith pay such increased amount to the Vendor. Should the Ontario Ministry of Finance assess or reassess the Vendor for an amount of Transfer Tax that is less than the amount that had been previously remitted by the Vendor, then the Vendor shall forthwith repay to the Purchaser such refund amount after it is paid or credited by the Ontario Ministry of Finance to the Vendor. Provided that the Purchaser has paid to the Vendor all amounts of Transfer Tax that are owing under this Article X, then the Purchaser may request that the Vendor take all measures necessary to contest any Notices of Assessment and Notices of Reassessment issued by the Ontario Ministry of Finance in connection with the Transfer Tax. All costs to contest any such

Notices of Assessment and Notices of Reassessment pertaining to the Transfer Tax shall be borne by the Purchaser.

10.2 Survival. The covenants contained in this Article X shall survive before and after the Closing Date (including any termination of this Agreement prior to the Closing Date in accordance with Article XI) and shall continue in full force an effect for the benefit of the Vendor.

ARTICLE XI CONDITIONS OF CLOSING

11.1 Conditions of Closing in Favour of the Purchaser. The Transaction including sale and purchase of the Purchased Shares are subject to the following conditions for the exclusive benefit of the Purchaser, to be fulfilled or performed at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement which are qualified as to materiality shall be true and correct and those not qualified as to materiality shall be true and correct in all material respects at Closing, with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a senior officer of the Vendor dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (b) **Covenants.** All of the obligations, covenants and agreements contained in this Agreement to be complied with or performed by the Vendor at or prior to Closing shall have been complied with or performed, and a certificate of a senior officer of the Vendor dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (c) **Required Approvals.** The Required Approval and the Required Shotgun Approval, respectively, will have been obtained.
- (d) **Ancillary Agreements.** The Purchaser and Vendor shall have entered into each Ancillary Agreement substantially in the forms attached to this Agreement.
- (e) **No Action to Restrain.** No order of any Governmental Authority shall be in existence and, no action or proceeding shall be pending or threatened in writing by any Person, to restrain or prohibit:
 - (i) the purchase and sale of the Purchased Shares; or
 - (ii) the Collus Corporations from carrying on their respective Business as such Business is being carried on as at the date hereof.
- (f) **Material Adverse Effect.** There shall not have occurred any Material Adverse Effect since the date of this Agreement.

- (g) **Resignation of Directors.** All directors of the Collus Corporations shall have tendered their resignations as directors and each director shall have duly executed and delivered comprehensive mutual releases of all their respective claims against each other in accordance with Section 5.1.
- (h) **Shotgun Transaction.** The Shotgun Transaction will be completed prior to the Closing.
- (i) **Financing Agreements.** The Infrastructure Ontario Debt Assignment will be completed immediately prior to the Closing.

If any of the conditions contained in this Section 11.1 shall not be performed or fulfilled at or prior to the Closing or any other timeframe specified above to the satisfaction of the Purchaser, acting reasonably, the Purchaser may, by notice to the Vendor, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement. If the Vendor terminates this Agreement because of a failure of conditions in Section 11.2(c), Section 11.2(e) or Section 11.2(f), then in any such event the Purchaser shall be released from all obligations hereunder except those set forth in Section 6.15, Article X and in the Confidentiality Agreement and the Vendor shall direct the Escrow Agent to refund the Deposit, the Advance and all accrued interest thereon (but shall not refund any Departure Tax that is required to be paid by the Collus Corporations notwithstanding the termination of this Agreement) to the Purchaser and Purchaser shall be released from all obligations hereunder. Subject to the following sentence, if the Purchaser terminates this Agreement because of a failure of conditions in Section 11.1, then in any such event the Purchaser shall be released from all obligations hereunder except those set forth in 6.15 and in the Confidentiality Agreement and the Vendor shall direct the Escrow Agent to refund the Deposit, the Advance and all accrued interest thereon to the Purchaser and Purchaser shall be released from all obligations hereunder. Any such condition may be waived in whole or in part by the Purchaser without prejudice to any claims it may have for breach of such condition.

11.2 Conditions of Closing in Favour of the Vendor. The purchase and sale of the Purchased Shares is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be fulfilled or performed at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement which are qualified as to materiality shall be true and correct and those not qualified as to materiality shall be true and correct in all material respects at the Time of Closing, with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a senior officer of the Purchaser dated the Closing Date to that effect shall have been delivered to the Purchaser.
- (b) **Covenants.** All of the obligations, covenants, and agreements contained in this Agreement to be complied with or performed by the Purchaser at or prior to the Time of Closing shall have been complied with or performed, and a certificate of a senior officer of the Purchaser dated the Closing Date to that effect shall have been delivered to the Vendor.

- (c) **Required Approvals.** The Required Approval and the Required Shotgun Approval, respectively, will have been obtained.
- (d) **Ancillary Agreements.** The Purchaser and Vendor shall have entered into each Ancillary Agreement substantially in the forms attached to this Agreement.
- (e) **No Action to Restrain.** No order of any Governmental Authority shall be in existence and, no action or proceeding shall be pending or threatened in writing by any Person, to restrain or prohibit the purchase of the Purchased Shares.
- (f) **Shotgun Transaction.** The Shotgun Transaction will be completed prior to the Closing.
- (g) **Financing Agreements.** The Infrastructure Ontario Debt Assignment will be completed immediately prior to the Closing.

If any of the conditions in this Section 11.2 shall not be performed or fulfilled at or prior to Closing to the satisfaction of the Vendor, acting reasonably, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement except for the obligations of the Purchaser under Section 6.15, Article X and in the Confidentiality Agreement, and in such event the Vendor shall be released from all obligations hereunder except those set forth in the Confidentiality Agreement and the Vendor shall be entitled to the Deposit and accrued interest thereon but shall not refund any Departure Tax that is required to be paid by the Collus Corporation notwithstanding the termination of this Agreement, only in circumstances resulting in termination for failure of performance or fulfillment by the Purchaser of the conditions listed in Section 11.2(a) and Section 11.2(b), as its sole and exclusive remedy for all matters arising out of this Agreement and Purchaser shall be released from all obligations hereunder. Any such condition may be waived in whole or in part by the Vendor without prejudice to any Claims it may have for breach of such condition.

ARTICLE XII CLOSING ARRANGEMENTS

12.1 Place of Closing. The Closing shall take place at the Time of Closing at the offices of Borden Ladner Gervais LLP, the Vendor's Counsel, at Toronto, Ontario.

12.2 Transfer. At the Time of Closing, upon fulfilment of all the conditions set out in Article IX that have not been waived in writing by the Purchaser or the Vendor, the Vendor shall deliver to the Purchaser certificates representing all the Purchased Shares, duly endorsed in blank for transfer and will cause transfers of such shares to be duly and regularly recorded in the name of the Purchaser whereupon, subject to all other terms and conditions hereof being complied with, payment of the Purchase Price shall be paid and satisfied in the manner provided in Article II.

ARTICLE XIII ARBITRATION

13.1 Arbitration.

- (a) Any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement, including the Confidentiality Agreement, or the performance, breach, termination or validity thereof, shall be finally settled by arbitration. Either Party may initiate arbitration within a reasonable time after any such dispute, controversy or claim has arisen, by delivering a written demand for arbitration upon the other Party. The arbitration shall be conducted in accordance with the *Arbitration Act*, 1991 (Ontario). The arbitration shall take place in Toronto, Ontario, and shall be conducted in English.
- (b) The arbitration shall be conducted by a single arbitrator having no financial or personal interest in the outcome of the arbitration. The arbitrator shall be appointed jointly by agreement of the Parties. In the event the Parties are unable to agree on the appointment of the arbitrator within ten (10) days after notice of a demand for arbitration is given by either Party, then either Party shall be free to apply to the Ontario Superior Court of Justice for an Order appointing the arbitrator. Absent agreement or an award in the arbitration to the contrary, the arbitration fees and expenses shall be borne by the Parties equally.
- (c) The arbitrator shall have the authority to award any remedy or relief that a court could order or grant in accordance with this Agreement, including, without limitation, specific performance of any obligation created under this Agreement, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process.
- (d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the Parties with no rights of appeal. The award may include an award of costs, including reasonable legal fees and disbursements and fees and expenses of the arbitrator. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets.

ARTICLE XIV INDEMNIFICATION

14.1 Indemnification by the Vendor. Subject to the limitations contained in Section 4.1 respecting survival of the representations and warranties of the Parties and to the remaining provisions of this Article XIV, the Vendor agrees to indemnify and save harmless the Purchaser from all Losses suffered or incurred by the Purchaser as a result of or arising directly or indirectly out of or in connection with any Claim relating to:

- (a) any breach by the Vendor of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto; and

- (b) any breach or non-performance by the Vendor of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.

14.2 Indemnification by the Purchaser. Subject to the limitations contained in Section 4.1 respecting survival of the representations and warranties of the Parties and to the remaining provisions of this Article XIV, the Purchaser agrees to indemnify and save harmless the Vendor from all Losses suffered or incurred by the Vendor as a result of or arising directly or indirectly out of or in connection with any Claim relating to:

- (a) any breach by the Purchaser of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto;
- (b) any breach or non-performance by the Purchaser of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto; and
- (c) the ownership of the Purchased Shares in respect of the period after Closing.

14.3 Notice of Claim. In the event that a Party (the “**Indemnified Party**”) shall become aware of any Claim in respect of which the other Party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a Claim by a third party (a “**Third Party**”) against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

14.4 Direct Claims. With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall

be referred to binding arbitration in such manner as the parties may agree or shall be determined by a court of competent jurisdiction.

14.5 Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's reasonable out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to make a payment to any Third Party with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

14.6 Settlement of Third Party Claims. If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

14.7 Limitation on Claims.

- (a) Notwithstanding Section 14.1 or any other provision in this Agreement:
 - (i) no Claim for indemnification hereunder may be made by the Purchaser against the Vendor until the aggregate amount of Claims in respect of which the Purchaser may so claim exceeds one million dollars (\$1,000,000) (the "**Deductible**"), and then only for the amount of any Claims exceeding the Deductible;

- (ii) for the purposes of this Section 14.7(a)(ii) and for greater clarity, Claims that occur prior to the Time of Closing that are based on events that occur prior to the Time of Closing that give rise to a Claim under Section 14.1(a), other than in respect of a breach by the Vendor of any representation and warranty based on fraud, intentional misrepresentation or wilful misconduct, will be included in the calculation of the Deductible, whether or not the Vendor or its respective officers, directors and employees and any of its respective agents, counsel or consultants involved in the due diligence investigations related to the Transactions had knowledge of such events prior to or following the Time of Closing;
- (iii) the maximum aggregate amount of indemnification exceeding the Deductible which may be payable by the Vendor under this Agreement shall not exceed an aggregate of one million dollars (\$1,000,000), except as set forth in Section 14.7(a)(iv);
- (iv) the limitations set out in Section 14.7(a)(i) and Section 14.7(a)(iii) shall not apply to Claims for indemnification that are attributable to the fraud, intentional misrepresentation or wilful misconduct of the Vendor for the indemnification obligations of the Vendor or to Claims for indemnification made pursuant to Section 9.3;
- (v) to the extent that any amount claimed by way of indemnification is deemed to be subject to GST/HST, such amount will be increased by adding an amount that is equal to the applicable rate of GST/HST multiplied by the amount of such claim for indemnification with the result that the Indemnified Party will be entitled to receive an amount in respect of any claim for indemnification equal to the amount of the claim for indemnification it would have been entitled to receive had GST/HST not been deemed to be included in such amount;
- (vi) if any Indemnified Party is required under applicable Laws to pay Taxes (except as otherwise provided in Section 14.7(a)(iii) above and subject to Section 14.7(a)(vii) below) in respect of an amount received in respect of any claim for indemnification submitted hereunder by way of indemnification as determined hereunder, the Indemnifying Party will pay such additional amount as is necessary to place the Indemnified Party in the same after Tax position as it would have been if no Taxes (except as provided in the previous sentence) had been payable by the Indemnified Party on the amount received by the Indemnified Party in respect of any such claim; and
- (vii) if the Vendor is required under applicable Laws to pay Transfer Tax, Departure Tax or other similar Tax in respect of an amount received in respect of any claim for indemnification submitted hereunder by way of indemnification as determined hereunder, the Purchaser will pay such additional amount to the Vendor as is necessary to place the Vendor in the same after Tax position as it would have been if no Transfer Tax, Departure Tax or other similar Tax had

been payable by the Vendor on the amount received by the Vendor in respect of any such claim.

- (b) Neither Party shall be required to indemnify or save harmless the other Party in respect of any breach or inaccuracy of any representation or warranty made under Article III unless notice is provided by the Indemnified Party to the Indemnifying Party in accordance with Section 15.4 on or prior to the expiration of the applicable time period related to such representation and warranty as set out in Article IV.
- (c) The amount of Losses recovered by an Indemnifying Party under this Article XIV shall be reduced by taking into account any insurance proceeds received by the Indemnified Party in respect of the occurrence giving rise to the Claim.
- (d) In determining the amount of any Loss under this Article XIV, such Loss will be increased (or decreased) to take into account any net Tax cost (or net current or future Tax benefit) incurred or enjoyed by the Indemnitee as a result of the matter giving rise to such Loss and the receipt of an indemnity payment hereunder. For greater certainty, any net Tax cost will include any further cost resulting from such increased payment.
- (e) Any indemnification payment made under this Article XIII shall be treated by the Purchaser and the Vendors as an adjustment to the Purchase Price.

14.8 Exclusivity. The provisions of this Article XIV shall be the sole and exclusive remedy with respect to any Claim for or in respect of any breach of any covenant, representation, warranty, indemnity or other provision of this Agreement (other than a claim for specific performance or injunctive relief pursuant to Section 6.16) or any agreement, certificate or other document delivered pursuant to this Agreement with the intent that all such Claims made after the Closing Time shall be subject to the limitations and other provisions contained in this Article XIV.

14.9 Purchaser's Acknowledgement. The Purchaser acknowledges and agrees with the Vendor that it has had the opportunity to conduct due diligence and investigation with respect to the Transactions. The Purchaser must promptly notify the Vendor in writing to the extent that the Purchaser, by reason of conducting such due diligence and investigation, or otherwise, knows of a breach of any representation and warranty or other statement made by the Vendor in this Agreement (or in any agreement, certificate or other document delivered under this Agreement). If the Purchaser fails to provide such prompt written notification at least 15 Business Days prior to Closing the Purchaser will not have the right to make a Claim against the Vendor for Losses in respect of the breach of that representation, warranty or other statement.

14.10 Duty to Mitigate, Single Recovery.

- (a) Each Party shall have a general obligation under this Agreement to mitigate any Loss that it may suffer or incur by reason of any breach, inaccuracy or failure to perform by the other Party of any of its representations, warranties, covenants or obligations under this Agreement. If any Loss suffered or incurred by a Party can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or

pursuant to any Claim, recovery, settlement or payment by or against any other Person, such Party shall take all appropriate steps to enforce such recovery, settlement or payment prior to enforcing its right to indemnification from the other Party under this Article XIV, and the amount of any Loss of suffered or incurred by the Party seeking indemnification shall be reduced by the amount of such proceeds recoverable by such Party in accordance with Section 14.7(c).

- (b) Neither the Purchaser nor the Vendor is entitled to double recovery for any Losses even though they may have resulted from the breach, inaccuracy or failure to perform of more than one of the representations, warranties, covenants and obligations of the other the Purchaser or the Vendor, as the case may be, pursuant to this Agreement.

14.11 Specific Performance. Each Party shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any breach or anticipatory breach by the other Party of the provisions of this Agreement or in the event of any fraud of the other Party, in addition to any other remedies available to the undersigned at Applicable Law, and the Parties acknowledge and agree that an award of damages may not be an effective or adequate remedy in the event of a breach of this Agreement or in the event of any fraud of the other Party.

ARTICLE XV MISCELLANEOUS

15.1 Further Assurances. Each Party to this Agreement covenants and agrees that, from time to time before or subsequent to the Closing Date, it will, at the request of the requesting Party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

15.2 Announcements. The Parties shall make a joint public announcement with respect to entering into this Agreement and the Transactions herein contemplated, at such time and in such manner as may be mutually agreed upon by the Parties, acting reasonably. Except as required by Applicable Law, no other public announcement, press release, notices, statements and communications to third parties shall be made by either Party hereto without the prior consent and approval of the other Party, provided that at or after the Closing, the Purchaser may make a press release, public statement or announcement that the Closing has occurred provided that the Purchaser has first reasonably consulted with the Vendor as to the content. The Parties hereby acknowledge that the Parties may be compelled to disclose details of this Agreement and the Transactions contemplated herein in respect of the Required Approval and other approvals contemplated by this Agreement. The Purchaser further acknowledges that the Vendor may be compelled to disclose details of this Agreement and the Transactions herein contemplated in response to an access request pursuant to the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) or the *Freedom of Information and Protection of Privacy Act* (Ontario) provided that the Vendor will advise the Purchaser of any such access request prior to providing

a response, so that the Vendor may avail itself of any disclosure exemptions that may be applicable to the requested information under either such statute.

15.3 Brokerage, Commissions, etc. It is understood and agreed that no broker, agent or other intermediary has acted for the Vendor, the Collus Corporations or the Purchaser, in connection with the transaction herein contemplated. The Vendor agrees to indemnify and save harmless the Purchaser from and against any claim for commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or to have acted for the Vendor in connection with the Transactions herein contemplated. The Purchaser agrees to indemnify and save harmless the Vendor from and against any claim for commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary, who purports to act or to have acted for the Purchaser in connection with the Transactions herein contemplated.

15.4 Notices.

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile (confirmation of receipt required) or sent by registered mail, charges prepaid, addressed as follows:

(i) if to the Vendor: The Corporation of the Town of Collingwood
97 Hurontario Street, PO Box 157
Collingwood, Ontario
L9Y 3Z5

Attention: Sara Almas, Clerk
Phone: (705) 445-1030
Fax: (705) 445-2448
Email: clerk@collingwood.ca

(ii) if to the Purchaser: EPCOR Collingwood Distribution Corp.
2000 – 10423 101 Street NW Edmonton, Alberta
T5H 0E8

Attention: Senior Vice-President, Commercial
Services
Fax: (780) 441-7118

with a copy to:

EPCOR Utilities Inc.
2000 – 10423 101 Street NW Edmonton, Alberta
T5H 0E8

Attention: Associate General Counsel
Fax: (780) 441-7118

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted by facsimile (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by telecopy as aforesaid.
- (c) Either Party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 15.4.

15.5 Costs and Expenses. Except as otherwise provided for herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the Transactions herein contemplated shall be paid by the Party incurring such costs and expenses.

15.6 Counterparts. This Agreement may be executed in counterparts, and each of which will be an original and may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission all of which taken together shall constitute one and the same instrument.

15.7 Assignment. No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which may be unreasonably withheld, provided that the Purchaser may assign this Agreement to an Affiliate provided that the Purchaser shall remain jointly liable with any such assignee.

15.8 Successors. This Agreement is binding on, and enures to the benefit of, the Parties and their respective successors and permitted assigns.

15.9 Governing Law. This Agreement is governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that province, excluding the choice of law rules of that province.

15.10 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement is effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement operates as a waiver of that right. No single or partial exercise of any such right precludes any other or further exercise of that right or the exercise of any other right.

15.11 No Third Party Beneficiary. This Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

15.12 Invalidity of Provisions. Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by Applicable Law, the Parties waive any provision of Applicable Law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

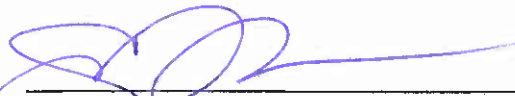
15.13 Entire Agreement. This Agreement and the Confidentiality Agreement (as modified by this Agreement) constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by either Party to this Agreement or its directors, officers, managers, partners, trustees, employees or agents, to the other Party to this Agreement or its directors, officers, managers, partners, employees, trustees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

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IN WITNESS WHEREOF this Agreement has been executed by the Parties.


**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: 
Name: SANDRA COOPER
Title: MAYOR

By: 
Name: SARA ALMAS
Title: CLERK

EPCOR COLLINGWOOD DISTRIBUTION CORP.

By: 
Name: _____
Title: **Guy Bridgeman**
Senior Vice President and Chief Financial Officer

By: 
Name: _____
Title: **Jennifer Addison**
Senior Vice President, General Counsel
and Corporate Secretary

SCHEDULE 1.1(MMM) – INITIAL FINANCIAL STATEMENTS

See attached.



Collingwood PowerStream Utility Services Corp.

Consolidated Financial Statements

For the year ended December 31, 2016

(expressed in CDN\$)



**Collingwood PowerStream Utility Services Corp.
Consolidated Financial Statements
For the year ended December 31, 2016**

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COLLINS BARROW SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Collingwood PowerStream Utility Services Corp.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Collingwood PowerStream Utility Services Corp., which comprise the consolidated balance sheet as at December 31, 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Collingwood PowerStream Utility Services Corp. as at December 31, 2016, and the results of its consolidated operations and its cash flows for the year then ended in accordance International Financial Reporting Standards.

Collins Barrow SGB LLP

Collins Barrow SGB LLP

Licensed Public Accountants

Collingwood, Ontario

March 23, 2017



Collingwood PowerStream Utility Services Corp. Consolidated Balance Sheet

(expressed in CDN\$)

As at December 31

2016

2015

Assets

Current

Cash and bank	(Note 7)	\$ 949,653	\$ 3,236,083
Investments	(Note 8)	-	100
Accounts receivable	(Note 9)	4,712,668	4,203,810
Unbilled energy revenue		4,852,979	4,232,314
Inventory		310,242	285,875
Payments in lieu of taxes receivable	(Note 10)	53,507	-
Prepaid expenses		355,964	466,092

11,235,013 12,424,274

Deferred taxes	(Note 10)	560,930	771,439
Property, plant and equipment	(Note 11)	19,736,310	17,240,932
Intangibles	(Note 12)	936,002	343,980

Total Assets 32,468,255 30,780,625

Regulatory deferrals (Note 13) **1,566,053** 1,598,265

Total Assets and Regulatory Deferrals \$ 34,034,308 \$ 32,378,890

Liabilities and Shareholders' Equity

Current

Accounts payable and accruals	(Note 14)	\$ 7,693,162	\$ 7,256,679
Payments in lieu of taxes payable	(Note 10)	-	3,816
Customer deposits and credits	(Note 15)	599,416	834,308
Current portion of long-term debt	(Note 17)	503,495	491,505

8,796,073 8,586,308

Long-term customer deposits	(Note 15)	278,020	281,455
Long-term debt	(Note 17)	11,447,235	11,950,730
Contributions in aid of construction	(Note 16)	2,769,851	1,075,897
Employee future benefits	(Note 18)	838,844	721,016

Total Liabilities 24,130,023 22,615,406

Commitments (Note 19)

Shareholders' Equity

Share capital	(Note 20)	5,101,640	5,101,640
Miscellaneous paid in capital	(Note 21)	2,966,014	2,966,014
Retained earnings		1,352,221	752,541
Accumulated other comprehensive (deficit) income		(38,118)	55,810

Total Shareholders' Equity 9,381,757 8,876,005

Total Liabilities and Shareholders' Equity 33,511,780 31,491,411

Regulatory deferrals (Note 13) **522,528** 887,479

Total Liabilities, Equity and Regulatory Deferrals \$ 34,034,308 \$ 32,378,890

On behalf of the Board:

Dan Horchik

Director

Director



Collingwood PowerStream Utility Services Corp.
Consolidated Statement of Comprehensive Income
(expressed in CDN\$)

For the year ended December 31	2016	2015
Revenues		
Sale of energy	\$ 36,500,735	\$ 34,446,520
Distribution revenue	6,741,148	6,648,383
Other revenue	595,882	480,897
Administrative service revenue	408,809	852,985
	44,246,574	42,428,785
Cost of power purchased		
	36,667,055	33,644,023
	7,579,519	8,784,762
Expenses		
Amortization (Note 25)	836,935	751,188
Billing and collecting (Note 33)	1,054,295	1,036,537
Operations and maintenance (Note 33)	2,482,131	2,388,712
General and administrative (Note 33)	1,914,426	2,015,695
Loss on disposal of property, plant and equipment	62,919	200,578
Donations and Low-Income Energy Assistance Program	10,108	13,536
	6,360,814	6,406,246
Income from operations		
	1,218,705	2,378,516
Finance income (Note 32)	35,028	37,013
Finance cost (Note 32)	(522,584)	(501,099)
Income before income taxes and net regulatory movements		
	731,149	1,914,430
Income taxes (Note 10)		
Current	130,701	184,827
Deferred	235,400	58,157
	366,101	242,984
Income before net regulatory movements		
	365,048	1,671,446
Net movement on regulatory deferral accounts (Note 13)	357,630	(683,495)
Net income and regulatory movements		
	722,678	987,951
Other comprehensive income: items that will not be reclassified to profit or loss, net of income tax		
Remeasurement of defined benefit pension plan, net of tax	(69,037)	-
Net movement on regulatory deferral accounts (Note 13)	(24,891)	-
	(93,928)	-
Total income and other comprehensive income		
	\$ 628,750	\$ 987,951



Collingwood PowerStream Utility Services Corp.
Consolidated Statement of Changes in Equity
(expressed in CDN\$)

For the year ended December 31

	Share Capital	Miscellaneous Paid In Capital	Accumulated Other Comprehensive Income (Deficit)	Retained Earnings	Total
Balance January 1, 2015	\$ 5,101,640	\$ 2,966,014	\$ 55,810	\$ 172,697	\$ 8,296,161
Net income and regulatory movements	-	-	-	987,951	987,951
Dividends	-	-	-	(408,107)	(408,107)
Balance December 31, 2015	\$ 5,101,640	\$ 2,966,014	\$ 55,810	\$ 752,541	\$ 8,876,005
Net income and regulatory movements	-	-	-	722,678	722,678
Other comprehensive income	-	-	(93,928)	-	(93,928)
Dividends	-	-	-	(122,998)	(122,998)
Balance December 31, 2016	\$ 5,101,640	\$ 2,966,014	\$ (38,118)	\$ 1,352,221	\$ 9,381,757



Collingwood PowerStream Utility Services Corp.
Consolidated Statement of Cash Flows

(expressed in CDN\$)

For the year ended December 31

2016

2015

Cash flows from operating activities

Total income and other comprehensive income	\$	628,750	\$	987,951
Adjustments for items not affecting cash:				
Amortization (Note 25)		836,935		751,188
Vehicle amortization, allocated to other accts (Note 25)		224,957		231,922
Loss on disposal of property, plant and equipment		62,919		200,578
Gain on disposal of property, plant and equipment		(23,506)		(2,715)
Contributions in aid of construction		(45,635)		(16,751)
Provision for payment in lieu of taxes		341,210		242,984
Finance income		(35,028)		(37,013)
Finance expense		522,584		501,099
		2,513,186		2,859,243
Changes in non-cash working capital:				
Accounts receivable		(508,858)		537,108
Unbilled energy revenue		(620,665)		(287,460)
Inventory		(24,367)		(21,502)
Prepaid expenses		110,129		(302,677)
Accounts payable and accruals		441,784		(1,484,122)
Customer deposits and credit balances		(234,892)		278,027
Employee future benefits		84,034		(17,078)
Payments in lieu of corporate taxes paid		(189,282)		(207,782)
Payments in lieu of corporate taxes received		-		1,809
		1,571,069		1,355,566

Cash flows from investing activities

Purchase of property, plant and equipment (Note 11)		(3,696,344)		(2,430,616)
Proceeds of contributions in aid of construction (Note 16)		1,739,589		745,573
Purchase of computer software (Note 12)		(69,340)		(12,521)
Proceeds on disposal of property, plant and equipment		130,393		2,825
Proceeds from disposal of investment		100		-
Capital contributions in aid of construction paid (Note 12)		(553,415)		-
Net increase (decrease) regulatory accounts		(332,739)		683,495
Interest received		35,028		37,013
		(2,746,728)		(974,231)

Cash flows from financing activities

Deferred program funding		-		(35,813)
Increase (decrease) in long-term customer deposits		(3,435)		(4,513)
Proceeds of long-term debt		-		4,110,170
Repayments of long-term debt		(491,505)		(2,113,853)
Interest paid		(492,833)		(463,771)
Dividends paid (Note 22)		(122,998)		(408,107)
		(1,110,771)		1,084,113

Decrease (increase) in cash during the year

Decrease (increase) in cash during the year		(2,286,430)		1,465,448
Cash and bank, beginning of year		3,236,083		1,770,635
Cash and bank, end of year	\$	949,653	\$	3,236,083



Collingwood PowerStream Utility Services Corp. Notes to Consolidated Financial Statements December 31, 2016

1. Corporate Information

Collingwood PowerStream Utility Services Corp. (the "corporation") (formerly known as Collingwood Utility Services Corp.) was incorporated on April 13, 2000, under the Business Corporations Act (Ontario). The corporation is owned 50% by the Town of Collingwood and 50% by PowerStream Inc. The address of the corporation's office and principal place of business is 43 Stewart Road, Collingwood, Ontario, Canada.

The corporation is a holding company for the following three wholly-owned subsidiaries:

(i) Collus PowerStream Corp. distributes electricity in the service area of Collingwood, Thornbury, Stayner, and Creemore in the Province of Ontario, under licences issued by the Ontario Energy Board ("OEB"). The subsidiary is regulated under the OEB and adjustments to the distribution rates require OEB approval.

(ii) Collus PowerStream Solutions Corp. provides shared employee services in the areas of management, billing, collecting, and customer service to Collus PowerStream Corp. for electricity billings and to The Town of Collingwood for water and sewer billings. The corporation is inactive as at January 1, 2017.

(iii) Collus PowerStream Energy Corp. has remained an inactive company since incorporation.

2. Basis of Consolidation

The consolidated financial statements include the accounts of Collingwood PowerStream Utility Services Corp. and 100% of its wholly-owned operating subsidiaries, including Collus PowerStream Corp., Collus PowerStream Solutions Corp., and Collus PowerStream Energy Corp. All intercompany transactions and balances are eliminated upon consolidation.

3. Basis of Preparation

(a) Statement of compliance

The financial statements of the corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The financial statements were authorized for issue by the Board of Directors on March 23, 2017.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Presentation currency

The financial statements are presented in Canadian dollars (CDN\$), which is also the corporation's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

3. Basis of Preparation Continued

(d) Use of estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the corporation's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(e) Explanation of activities subject to rate regulation

Collus PowerStream Corp., as an electricity distributor, is both licensed and regulated by the Ontario Energy Board "OEB" which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the corporation and establishing standards of service for the corporation's customers.

The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the corporation and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30.

Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. The corporation is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies

The preparation and presentation of financial statements can be significantly affected by the accounting policies selected by the corporation. The financial statements reflect the following significant accounting policies, which are an integral part of understanding them.

(a) Regulatory Deferral Accounts

The corporation has early adopted IFRS 14 Regulatory Deferral Accounts. In accordance with IFRS 14, the corporation has continued to apply the accounting policies it applied in accordance with pre-changeover Canadian GAAP for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the corporation in the wholesale market administered by the Independent Electricity System Operator (the "IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

Explanation of Recognized Amounts

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below.

Management continually assesses the likelihood of recovery of regulatory deferral accounts. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(b) Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the corporation and that the revenue can be reliably measured. Revenue is comprised of sales and distribution of energy, pole use rental, collection charges, and other administrative and miscellaneous revenues.

Sale and distribution of energy

The corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the corporation ultimately collects these amounts from customers. The corporation has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other

Other revenues, which include revenues from pole use rental, collection charges and other miscellaneous revenues are recognized at the time services are provided.

Where the corporation has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Contributions in aid of construction

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

Administrative service revenue

Revenue from administrative services provided is recognized at the time the service is rendered.

(c) Cash and Bank

Cash and bank includes cash on hand, deposits held on demand with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(d) Financial Assets

Financial assets - classified as loans and receivables

These include cash and bank, accounts receivable and unbilled energy revenue and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts approximate fair value due to the short-term maturity of these instruments.

Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the corporation will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the statement of comprehensive income.

Financial assets - classified as available for sale

Available for sale financial assets include the corporation's investment in Utility Collaborative Services Inc. (Note 8). This investment does not have a quoted market price in an active market and a reliable fair value cannot be reliably measured. This financial instrument is measured at cost instead of fair value.

Impairment of Financial assets

A financial asset not carried at fair value through income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The corporation considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(d) Financial Assets continued

Impairment of Financial assets continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

(e) Financial Liabilities

Accounts payable and accruals, customer deposits and credits and long-term debt are classified as other financial liabilities. These liabilities are measured at amortized cost.

Customer Deposits

Customers may be required to post security to obtain electricity or other services, which are refundable. Where the security posted is in the form of cash and bank, these amounts are recorded in the accounts as deposits. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2%.

(f) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment (PP&E) are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the corporation, including eligible borrowing costs.

Amortization of PP&E is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful life of the related asset. Half of a year's amortization is taken for the first year, regardless of when the property was actually put into service during the year. The estimated useful lives, residual values and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(f) Property, Plant and Equipment Continued

The estimated useful lives are as follows:

Land and Buildings	
Land	Not amortized
Buildings	50 years
Distribution Equipment	
Distribution stations	20 - 45 years
Distribution lines	40 - 60 years
Distribution transformers	40 years
Distribution services	40 years
Distribution meters	15 years
Smart meters	15 years
Vehicles	
Vehicles	5 - 8 years
Other Equipment	
Office equipment	10 years
Computer equipment	3 years
Tools and equipment	10 years
Communication equipment	10 years
System supervisory equipment	15 years
Work-in-Progress	
Work-in-Progress	Not amortized
Major Spare Parts	Not amortized

Work-in-Progress assets are not amortized until the project is complete and ready for use.

Major spares such as spare transformers and other items kept as standby/back up equipment are accounted for as PP&E since they support the corporation's distribution system reliability. These are included in work-in-progress (Note 11).

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction. The contribution represents the corporation's obligation to continue to provide customers access to the supply of electricity and is amortized to income over the economic useful life of the contributed asset ranging between 40 and 45 years.

Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the statement of comprehensive income when the asset is disposed. When an item of property, plant and equipment with related contributions in aid of construction is disposed, the remaining contributions are recognized in full in the statement of comprehensive income.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(g) Borrowing Costs

The corporation capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

(h) Intangible Assets

Paid Capital Contributions include amounts paid by the corporation for capital expenditures under a Capital Cost Recovery Agreement. The contribution is measured at cost less accumulated amortization and accumulated impairment losses. They are not amortized until put into use.

Computer software that is acquired or developed by the corporation, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Half of a year's amortization is taken for the first year in service. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are:

Paid Capital Contributions	40 years
Computer software	5 years

Goodwill represents the cost of acquired local distribution companies in Stayner, Creemore and Thornbury in excess of fair value of the net identifiable assets purchased. Goodwill is measured at cost and is not amortized.

(i) Impairment of Non-Financial Assets

At the end of each reporting period, the corporation conducts annual internal assessments of the values of property, plant and equipment, intangible assets and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ("CGU"), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The corporation has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the statement of comprehensive income, except to the extent it reverses gains previously recognized in other comprehensive income.

At the end of each reporting period or when an indicator for impairment exists, the corporation conducts an internal assessment of goodwill. An impairment loss in respect of goodwill is not reversed.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(j) Employee Future Benefits

Pension plan

The employees of the corporation participate in the Ontario Municipal Employees Retirement System ("OMERS"). The corporation also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The corporation is only one of a number of employers that participates in the plan and the financial information provided to the corporation on the basis of the contractual agreements is usually insufficient to measure the corporation's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Post employment medical and life insurance plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The corporation's net obligation on behalf of its retired employees unfunded extended medical and dental benefits is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. Any unrecognized past service costs are deducted.

The calculation is performed by a qualified actuary using the projected unit credit method every third year or when there are significant changes to workforce. When the calculation results in a benefit to the corporation, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Defined benefit obligations are measured using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating the terms of the liabilities.

Remeasurements of the defined benefit obligation are recognized directly within equity in other comprehensive income. The remeasurements include actuarial gains and losses.

Service costs are recognized in operating expenses and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognized in finance costs and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the statement of comprehensive income. Settlements of defined benefit plans are recognized in the period in which the settlement occurs.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(j) Employee Future Benefits Continued

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

(k) Payments in Lieu of Taxes Payable

Tax status

The corporation is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As a MEU, the corporation is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the corporation is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFEC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Current and deferred tax

Provision in lieu of taxes ("PILs") is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 13).

Current PILs are recognized on the taxable income or loss for the current year plus any adjustment in respect of previous years. Current PILs are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered). The corporation recognized deferred tax arising from temporary difference on regulatory deferral account balances.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period, the corporation reassesses both recognized and unrecognized deferred tax assets. The corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(l) Finance Income and Finance Costs

Finance income is comprised of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method.

Finance cost is comprised of interest payable on debt, impairment losses recognized on financial assets and net interest on employee future benefits.

(m) Inventory

Cost of inventory is comprised of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Standards, Amendments and Interpretations Not Yet Effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the corporation.

Management anticipates that all of the relevant pronouncements will be adopted in the corporation's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the corporation's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the corporation's financial statements and therefore have not been described here.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018. The corporation is in the process of evaluating the impact of the new standard.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

4. Significant Accounting Policies Continued

(n) Standards, Amendments and Interpretations Not Yet Effective Continued

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRS. The effective date for IFRS 15 is January 1, 2018. The corporation is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 is effective for periods beginning on or after January 1, 2019. The new requirements eliminate nearly all off balance sheet accounting for leases and redefine many commonly used financial ratios and performance metrics. This will increase comparability, but may also affect covenants, credit ratings, borrowing costs and stakeholder perceptions. IFRS 16 does not require a company to capitalize leases of low-value assets that, at the time of issuing IFRS 16 would have a capital value of \$5,000 US or less. Management has yet to fully assess the impact of the Standard. However, management has identified that the corporation currently only has the following two leases:

- Three separate photocopier leases for an aggregate annual lease cost of \$8,616, with a term of 36 months, beginning February 1, 2017
- Building lease with the Town of Collingwood for \$216,000 annually, currently on a month-to-month basis with one year notice required

In order to determine the impact management is in the process of deciding which transitional provision to adopt, assessing current disclosures for leases as these are likely to form the basis of the amounts to be capitalized and become right-of-use assets, and assessing the additional disclosures that will be required.

5. Use of Estimates and Judgments

The corporation makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Employee future benefits

The cost of post employment medical and insurance benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, post employment medical and insurance benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See Note 18 Employee Future Benefits.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

5. Use of Estimates and Judgments Continued

Payments in Lieu of Taxes Payable and Deferred Taxes

The corporation is required to make payments in lieu of tax calculated on the same basis as income taxes on taxable income earned and capital taxes. Significant judgment is required in determining the provision for income taxes and deferred taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The corporation recognizes liabilities for anticipated tax audit issues based on the corporation's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounts Receivable Impairment

In determining the allowance for doubtful accounts, the corporation considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

Estimate of Useful Life of Assets

The estimates and assumptions made to determine the useful life of property, plant and equipment and certain intangibles are determined by management at the time the asset is acquired and reviewed annually for appropriateness based on industry standards, historical experience, and technological obsolescence.

Regulatory Estimates

Certain estimates are necessary given that the regulatory environment in which the corporation operates often requires amounts to be recorded at estimated values until finalization and adjustment, pursuant to subsequent OEB regulatory proceedings or decisions.

6. Seasonality

The corporation's operations are seasonal. The corporation's revenues tend to be higher in the first and third quarters of a year as a result of higher energy consumption for winter heating in the first quarter and air conditioning and cooling in the third quarter. The volume of electricity consumed by customers during any period is governed by events largely outside of the corporation's control (principally, sustained periods of hot or cold weather which increase the consumption of electricity, and sustained periods of moderate weather which decrease the consumption of electricity).



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

7. Cash and Bank

The corporation's bank accounts are held at one chartered bank and earns interest based upon its average monthly credit balance. Interest is paid monthly at the bank's monthly average prime rate less 1.70%. As at December 31, 2016 the rate was 1.00% (December 31, 2015 - 1.00%).

8. Investments

	2016	2015
Utility Collaborative Services Inc. ("UCS") recorded using the cost method, 100 common shares, 10% interest	\$ -	\$ 100

Utility Collaborative Services Inc. ("UCS") offers standards-based back office services. The collaboration of nine Local Distribution Companies ("LDCs") plus the management services of Util-Assist Inc. allows leverage in the reduction of costs for items such as information technology hosting and software licensing. (See Note 19 & 27)

On May 25, 2016 the corporation redeemed 100 common shares and received \$100.

9. Accounts Receivable

	2016	2015
Accounts receivable	\$ 3,978,432	\$ 3,513,889
Other accrued and miscellaneous receivable	172,390	200,031
Construction and trade receivable	476,385	500,106
HST receivable	160,477	46,612
Ontario Power Authority receivable	-	21,088
	4,787,684	4,281,726
Less: Allowance for bad debts (See Note 26)	75,016	77,916
	\$ 4,712,668	\$ 4,203,810

Accounts receivable include \$752,890 (December 31, 2015 - \$747,289) for water and sewer billings.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

10. Payments in Lieu of Corporate Taxes and Deferred Taxes

The significant components of the provision for payments in lieu of taxes recognized in net income are as follows:

	2016	2015
Current tax		
Based on current year taxable income	\$ 130,701	\$ 184,827
Deferred tax		
Origination and reversal of temporary differences	235,400	58,157
	\$ 366,101	\$ 242,984

The significant components of the tax effect of the amount recognized in other comprehensive income are composed of:

	2016	2015
Deferred tax		
Remeasurement of defined benefit plan	\$ (24,891)	\$ -

Deferred tax movement

The movement in the deferred tax asset is as follows:

	2016	2015
Opening balance, January 1	\$ 771,439	\$ 829,596
Recognized in net income	(235,400)	(58,157)
Recognized in other comprehensive income	24,891	-
Closing balance, December 31	\$ 560,930	\$ 771,439

Deferred tax assets are attributable to the following:

Employee future benefits	\$ 222,294	\$ 191,069
Property, plant and equipment	312,063	546,278
Goodwill	26,573	34,092
	\$ 560,930	\$ 771,439

The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The corporation believes that this asset should be recognized as it will be recovered through future services.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

10. Payments in Lieu of Corporate Taxes and Deferred Taxes Continued

Statutory Canadian federal and provincial tax rates for the current year comprise 15% (2015 - 15%) for federal corporate tax and 11.5% (2015 - 11.5%) for corporate tax in Ontario. The PILs expense varies from amounts which would be computed by applying the corporation's combined statutory income tax rate as follows:

	2016	2015
Total income and other comprehensive income	\$ 628,750	\$ 987,951
Less:		
Current income taxes	130,701	184,827
Deferred taxes not within regulatory movement	89,857	(6,000)
	220,558	178,827
Net income before income taxes	849,308	1,166,778
Statutory Canadian federal and provincial tax rate	26.50%	26.50%
Provision for PILs at statutory rate	\$ 225,067	\$ 309,196
Increase (decrease) in income tax resulting from:		
Reassessment 2012	5,041	-
Cumulative eligible capital deduction	(7,519)	(8,085)
Interest and penalties on taxes	333	-
Non-capital losses carried forward	114,092	-
Amortization expense in excess of capital cost allowance	(133,853)	(113,437)
Change in pension post retirement plan	31,236	(1,810)
Meals and entertainment	1,271	1,324
Co-operative education and apprenticeship credits	(16,174)	(8,361)
Taxable gain and net capital losses	1,453	-
Miscellaneous other	708	-
Investment income	585	-
Dividend tax credit	(1,682)	-
Total provision	\$ 220,558	\$ 178,827
Effective tax rate	25.97%	15.33%



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

11. Property, Plant and Equipment

	Land and Buildings	Distribution Equipment	Vehicles	Other Equipment	Work-in Progress	Total
COST						
January 1, 2015	\$ 859,783	\$ 14,194,677	\$ 1,100,611	\$ 462,820	\$ 359,294	\$ 16,977,185
Additions	2,300	1,804,122	39,114	114,518	470,562	2,430,616
Disposals	-	(225,654)	-	-	-	(225,654)
December 31, 2015	862,083	15,773,145	1,139,725	577,338	829,856	19,182,147
Additions	-	3,737,887	354,140	86,911	(482,594)	3,696,344
Disposals	(106,886)	(69,254)	-	(1,503)	-	(177,643)
December 31, 2016	\$ 755,197	\$ 19,441,778	\$ 1,493,865	\$ 662,746	\$ 347,262	\$ 22,700,848

ACCUMULATED AMORTIZATION

January 1, 2015	\$ 9,296	\$ 708,270	\$ 219,594	\$ 65,141	\$ -	\$ 1,002,301
Amortization	9,335	645,283	231,921	77,341	-	963,880
Disposals	-	(24,966)	-	-	-	(24,966)
Impairment Loss	-	-	-	-	-	-
December 31, 2015	18,631	1,328,587	451,515	142,482	-	1,941,215
Amortization	9,399	706,284	224,957	94,549	-	1,035,189
Disposals	-	(11,080)	-	(786)	-	(11,866)
December 31, 2016	\$ 28,030	\$ 2,023,791	\$ 676,472	\$ 236,245	\$ -	\$ 2,964,538

CARRYING AMOUNTS

December 31, 2015	\$ 843,452	\$ 14,444,558	\$ 688,210	\$ 434,856	\$ 829,856	\$ 17,240,932
December 31, 2016	\$ 727,167	\$ 17,417,987	\$ 817,393	\$ 426,501	\$ 347,262	\$ 19,736,310

During the year, the corporation capitalized borrowing costs, related to the duration of capital construction projects greater than four months, amounting to \$NIL (2015 - \$13,511).



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

12. Intangibles

	Paid Capital Contributions	Software	Goodwill	Total
COST				
January 1, 2015	\$ -	\$ 95,975	\$ 276,704	\$ 372,679
Additions	-	12,521	-	12,521
Disposals	-	-	-	-
December 31, 2015	-	108,496	276,704	385,200
Additions	553,415	69,340	-	622,755
Disposals	-	(5,035)	-	(5,035)
December 31, 2016	\$ 553,415	\$ 172,801	\$ 276,704	\$ 1,002,920
ACCUMULATED AMORTIZATION				
January 1, 2015	\$ -	\$ 21,990	\$ -	\$ 21,990
Additions	-	19,230	-	19,230
Disposals	-	-	-	-
December 31, 2015	-	41,220	-	41,220
Additions	-	26,705	-	26,705
Disposals	-	(1,007)	-	(1,007)
December 31, 2016	\$ -	\$ 66,918	\$ -	\$ 66,918
CARRYING AMOUNTS				
December 31, 2015	-	67,276	276,704	343,980
December 31, 2016	\$ 553,415	\$ 105,883	\$ 276,704	\$ 936,002



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

13. Regulatory Deferral Accounts

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Where no recovery period is noted, the deferral amount will be applied for disposition at the time of the next Cost of Service Application to the OEB, which is currently scheduled for 2017. The recovery period will be determined by the OEB at that time.

Due to previous, existing or expected future regulatory articles or decisions, the corporation has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

	2015	Disposition May 2016	Balances Arising in the Period	Recovery	2016
Regulatory deferral debits:					
Stranded assets	\$ 521,954	\$ -	\$ 5,637	\$ -	\$ 527,591
OEB Cost assessment variance	-	-	27,817	-	27,817
Energy East consultation costs	2,290	-	25	-	2,315
IFRS transition costs	180,484	-	20,802	-	201,286
Late payment penalty settlement	(2,217)	-	-	-	(2,217)
Green Energy Renewable Connection	5,454	-	3,258	-	8,712
Stranded meters	9,852	-	40	-	9,892
Smart Grid	4,661	-	49	-	4,710
PILs tax variance - other	17	-	-	(17)	-
PILs tax variance - Ontario SBD	35,187	-	385	-	35,572
LRAMVA	52,730	-	50,810	-	103,540
RARA approved May 1, 2013, 2 yr	98,637	-	1,182	-	99,819
RARA approved May 1, 2015, 1 yr	514,186	-	2,277	(356,915)	159,548
Retail settlement variances	-	-	272,404	-	272,404
	1,423,235	-	384,686	(356,932)	1,450,989
Miscellaneous deferred debits	175,030	-	30,454	(90,420)	115,064
	\$ 1,598,265	\$ -	\$ 415,140	\$ (447,352)	\$ 1,566,053
Regulatory deferral credits:					
Retail settlement variances	\$ 249,932	\$ -	\$ (249,932)	\$ -	\$ -
RARA approved May 1, 2010, 4 yr	(56,204)	-	5,727	-	(50,477)
RARA approved May 1, 2012, 2 yr	12,169	-	(77)	(17)	12,075
Deferred taxes (See Note 10b)	681,582	-	(120,652)	-	560,930
	\$ 887,479	\$ -	\$ (364,934)	\$ (17)	\$ 522,528
Net regulatory asset	\$ 710,786	\$ -	\$ 780,074	\$ (447,335)	\$ 1,043,525



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

13. Regulatory Deferral Accounts Continued

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate set by the OEB. During the year the corporation recorded a net debit balance of \$5,829 (2015 - \$18,078) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income (Note 32). The prescribed interest rate history is as follows:

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2016 OEB quarterly prescribed interest rates	1.10 %	1.10 %	1.10 %	1.10 %
2015 OEB quarterly prescribed interest rates	1.47 %	1.10 %	1.10 %	1.10 %

Stranded Assets

The purpose of this other regulatory deferral account is to record the cost of Sensus ICON model F and model G smart meters net of their accumulated amortization that must be removed from service prematurely before the end of their expected service life and replaced with new meters. These meters are exhibiting communication issues that are causing severe operational issues and are unable to meet new requirements such as data encryption. No amortization expense is recorded on these meters after they have been removed from service. Carrying charges are recorded monthly on the opening principal balance. A total of 4,631 units were replaced between June 2013 and December 31, 2015 at an actual removed net book value of \$512,493.

OEB Cost Assessment Variance

On February 9, 2016, the Board established this deferral account to record material differences between the quarterly OEB cost assessments currently built into rates and the cost assessments that will result from the application of the new Cost Assessment Model.

Energy East Consultation Costs

On June 13, 2014, the Board established this deferral account to record the Energy East Pipeline Project consultation costs.

IFRS Transition Costs

The corporation uses this deferral account to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates and the associated carrying charges.

Late Payment Penalty ("LPP") Settlement

On July 22, 2010, the Ontario Superior Court of Justice approved a settlement of the LPP Class Action. As its share of this settlement, the corporation was required to pay \$46,486 on June 30, 2011 to charity to assist low income electricity users. The corporation received approval from the OEB to recover this amount from ratepayers over a one-year period, starting May 1, 2011.

Green Energy Renewable Connection

Under the Green Energy and Green Economy Act, electricity distributors are required to facilitate the connection of renewable energy sources to their systems and to undertake activities that will lead to a smart grid. The OEB has authorized deferral accounts to record the associated costs and related carrying charges.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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13. Regulatory Deferral Accounts Continued

Stranded Meters

This account includes the NBV of stranded mechanical meters, which have been replaced by smart meters, plus carrying charges and less rate rider recoveries beginning October 1, 2013 and ending April 30, 2015.

Smart Grid

Investments related to smart grid demonstration projects and investments undertaken as part of a project to accommodate renewable generation are recorded in the capital deferral account. Operating expenses directly related to smart grid development activities are recorded in the operating deferral account. Both of these deferral accounts attract applicable carrying charges.

Payments in Lieu of Taxes ("PILs") Variances - Other

The PILs variance relates to the differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model. The OEB approved the disposition of a credit balance of \$250,601 representing principal and interest to April 30, 2012, over a two year period from May 1, 2012 to April 30, 2014.

Payments in Lieu of Taxes ("PILs") Variances - Ontario Small Business Deduction (SBD)

Effective for taxation years ending after May 1, 2014, Canadian Controlled Private Corporations with taxable capital of \$15 million or more are no longer eligible for the Ontario Small Business Deduction, which is a preferential corporate income tax rate of 4.5% instead of 11.5% on the first \$500,000 of active business income. The Board requires any tax changes to be shared equally between ratepayers and the shareholder. The tax change was incorporated into the Incentive Regulation Mechanism ("IRM") with effective rates May 1, 2016.

2014 Impact on Corporate Tax Return	\$500,000 x (11.5% - 4.5%) = \$35,000
2015 Impact on Corporate Tax Return	\$500,000 x (11.5% - 4.5%) = \$35,000
	\$70,000
	50% sharing of tax change x 50%
	\$35,000
Carrying charges	572
	\$35,572

Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")

This variance account captures the difference between results of actual, verified impacts of authorized CDM activities undertaken and the level of CDM program activities included in the distributor's load forecast and therefore embedded into rates.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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13. Regulatory Deferral Accounts Continued

Regulatory Asset Recovery Accounts ("RARA")

The RARA is comprised of the cumulative balances of regulatory assets and regulatory liabilities approved for disposition by the OEB, reduced by amounts settled with customers through billing of approved disposition rate riders. The RARA is subject to carrying charges following the OEB prescribed methodology and rates. The number of years over which the recovery has been approved has been noted in the preceding schedule.

Retail Settlement Variance Accounts ("RSVA")

RSVAs are comprised of the variances between amounts charged by the corporation to its customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the corporation. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the corporation has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. The balance for settlement variances continues to be calculated and attracts carrying charges in accordance with the OEB's direction.

Low Voltage Variance

This account is included in Retail Settlement Variances and is used to record the variances arising from low voltage transactions that are not part of the electricity wholesale market.

Other Regulatory Assets - Miscellaneous Deferred Debits

The following regulatory group of accounts tracks deferred costs for items that will be included in the expenses of other fiscal periods for purposes of developing the rates that the utility is authorized to charge:

	2016			2015		
	Cost	Expensed	Net Book Value	Cost	Expensed	Net Book Value
Regulatory expenses	\$ 346,356	\$ 318,936	\$ 27,420	\$ 346,356	\$ 236,676	\$ 109,680
Distribution system plan	30,579	-	30,579	125	-	125
Expansion charges	204,914	147,849	57,065	204,914	139,689	65,225
	\$ 581,849	\$ 466,785	\$ 115,064	\$ 551,395	\$ 376,365	\$ 175,030

Regulatory expenses include 2013 cost of service application expenses, which will have recoveries in future periods and are carried forward and charged to expense over the four year term of the application ending April 30, 2017. Deferred regulatory costs of \$27,420 will be expensed to the general and administration category over the next four months.

The distribution system plan is currently in progress for the upcoming cost of service application.

Expansion charges includes expenses incurred in the expansion of the service area for Stayner, Creemore, and Thornbury, which will benefit future periods and are carried forward and charged to amortization expense over a twenty-five year period ending December 31, 2024 at an annual amount of \$8,160.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
December 31, 2016

13. Regulatory Deferral Accounts Continued

Deferred Taxes Regulatory Liability

This regulatory liability account relates to the expected future electricity distribution rate adjustments for customers arising from timing differences in the recognition of deferred taxes.

Impact in the Absence of Regulatory Accounting

The following impacts are recognized in the financial statements as a result of IFRS regulatory treatment:

	<u>2016</u>	<u>2015</u>
Statement of Comprehensive Income:		
(Increase) decrease in the sale of energy	\$ 166,320	\$ (802,498)
(Increase) decrease in distribution revenue	50,238	(41,174)
(Decrease) in operating expenses	(2,140)	(75,169)
Loss on disposal of property, plant and equipment	-	161,271
Increase in interest expense	5,829	18,078
(Decrease) in amortization	(8,160)	(8,160)
Increase in deferred tax expense	145,543	64,157
	<u>357,630</u>	<u>(683,495)</u>
Statement of Other Comprehensive Income:		
(Decrease) in deferred tax expense related to OCI	(24,891)	-
	<u>332,739</u>	<u>(683,495)</u>
Balance Sheet:		
Increase in retained earnings	710,786	1,394,281
	<u>\$ 1,043,525</u>	<u>\$ 710,786</u>



Collingwood PowerStream Utility Services Corp.
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14. Accounts Payable and Accruals

	<u>2016</u>	<u>2015</u>
Independent Electricity System Operator	\$ 3,994,330	\$ 3,363,174
Hydro One	795,110	747,500
Trade payables	744,252	591,689
Town of Collingwood - Sewer	1,137,903	1,165,058
Town of Collingwood - Interest Payable	-	81,575
Town of Collingwood - Water	638,157	754,389
HST payable	-	71,130
Economic evaluations	66,989	129,159
Debt retirement charge payable	87,801	151,598
Other accounts payable and accruals	70,532	62,067
Accrued interest on long-term debt	30,775	36,076
Deferred conservation program funding	127,313	103,264
	<u>\$ 7,693,162</u>	<u>\$ 7,256,679</u>

15. Customer Deposits and Credits

	<u>2016</u>	<u>2015</u>
Customer deposits	\$ 480,169	\$ 481,279
Construction work deposits	96,146	327,354
Customer credit balances in trade receivables	301,121	307,130
	<u>877,436</u>	1,115,763
Less long-term portion of customer deposits	278,020	281,455
	<u>\$ 599,416</u>	<u>\$ 834,308</u>

16. Contributions in Aid of Construction

	<u>2016</u>	<u>2015</u>
Deferred contributions, net, beginning of year	\$ 1,075,897	\$ 347,075
Contributions in aid of construction received	1,739,589	745,573
Contributions in aid of construction recognized as distribution revenue	(45,635)	(16,751)
Deferred contributions, net, end of year	<u>\$ 2,769,851</u>	<u>\$ 1,075,897</u>



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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17. Long-term Debt

	2016	2015
Infrastructure Ontario Debentures - secured by a general security agreement on all assets and real property under a second charge equal priority ranking arrangement with TD		
<ul style="list-style-type: none"> • 4.67% fixed rate, \$100,000 principal repayable semi-annually plus interest in October and April, due April 2025 	\$ 1,700,000	\$ 1,900,000
<ul style="list-style-type: none"> • 3.84% fixed rate, \$32,700 principal and interest repayable monthly, due September 2037 	5,606,535	5,780,010
<ul style="list-style-type: none"> • 4.58% fixed rate, \$3,563 principal and interest repayable monthly, due December 2043 	664,778	677,055
<ul style="list-style-type: none"> • 2.76% fixed rate, \$25,000 principal repayable semi-annually plus interest in October and April, due April 2035 	925,000	975,000
TD Bank - 3.65% fixed rate, \$14,239 combined principal and interest repayable monthly, secured by a general security agreement on all assets and real property under a second charge equal priority ranking arrangement with Infrastructure Ontario, due December 31, 2025	3,054,417	3,110,170
	11,950,730	12,442,235
Current portion of long-term debt	503,495	491,505
	\$ 11,447,235	\$ 11,950,730

The agreement governing these facilities contains certain covenants as described in Note 29.

The finance agreements with Infrastructure Ontario had total authorizations of \$11,000,000. Total advances of \$11,000,000 have been approved. At December 31, 2016, the corporation had undrawn credit capacity under this facility of \$NIL (2015 - \$NIL).

Principal repayments for each of the five subsequent years and thereafter are as follows:

2017	\$ 503,495
2018	513,377
2019	523,645
2020	534,020
2021	545,390
Thereafter	9,330,803
	\$ 11,950,730

Subsequent to year-end, on March 10th, 2017 the corporation received a \$3,100,000 loan advance from TD bank.



Collingwood PowerStream Utility Services Corp.
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December 31, 2016

18. Employee Future Benefits

(a) Pension plan

The employees of the corporation participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit plan for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant.

The plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The employer portion of amounts paid to OMERS during the year was \$274,672 (2015 - \$280,730). The contributions were made for current service and these have been recognized in net income.

Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82.4 (2014 - \$77.3) billion in respect of benefits accrued for service with actuarial assets at that date of \$75.4 (2014 - \$70.2) billion, indicating an actuarial deficit of \$7.0 (2014 - \$7.1) billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the corporation does not recognize any share of the OMERS pension surplus or deficit.

The contribution rates for normal retirement age 65 members were 9.0% (2015 - 9.0%) for employees earning up to \$54,900 (2015 - \$53,600) and 14.6% (2015 - 14.6%) thereafter.

(b) Post employment medical and life insurance plan

The corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. All employees who retire from the corporation are eligible for post-retirement life insurance benefits. In addition, employees age 55 or older with a minimum of 25 years of active service are eligible for extended health, dental, and vision benefits until they turn 65.

These benefits are provided through a group defined benefit plan. The corporation has reported its share of the defined benefit costs and related liabilities, as calculated by an actuary, in these financial statements. The accrued benefit liability and the expense for the years ended December 31, 2016 and 2015 were based on results and assumptions determined by actuarial valuation as at December 31, 2016 and January 1, 2014 respectively.

The plan is exposed to a number of risks, including:

- Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation.
- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Health care cost risk: increases in cost of providing health, dental and life insurance benefits.



Collingwood PowerStream Utility Services Corp.
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18. Employee Future Benefits Continued

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

	2016	2015
Defined benefit obligation, beginning of the year	\$ 721,016	\$ 705,206
Amounts recognized in net income:		
Current service cost	24,075	22,973
Interest cost on obligation	33,794	32,888
	57,869	55,861
Amounts recognized in other comprehensive income:		
Actuarial loss from financial assumption	93,928	-
Benefit payments	(33,969)	(40,051)
Defined benefit obligation, end of the year	\$ 838,844	\$ 721,016

Actuarial assumptions are as follows:

	2016	2015
Discount rate	3.90 %	4.80 %
Consumer price index	2.00 %	2.00 %
Rate of compensation increase	3.50 %	3.50 %
Health benefits costs escalation	4.50 % to 5.99 %	4.60 % to 6.70 %
Dental benefits costs escalation	4.50 %	4.60 %
Retirement age	59 yrs	59 yrs

Sensitivity analysis for each significant actuarial assumption to which the corporation is exposed is as follows:

	Discount Rate		Retirement Age		Health Benefits	
	1%+	1%-	2 yrs+	2 yrs-	1%+	1%-
Obligation	\$ (101,000)	\$ 130,000	\$ (64,000)	\$ 62,000	\$ 32,000	\$ (29,000)
Service Cost	(5,000)	7,000	(4,000)	4,000	4,000	(3,000)
Interest Cost	3,000	(5,000)	(3,000)	2,000	1,000	(2,000)

The weighted average duration of the defined benefit obligation at December 31, 2016 was 14 years (December 31, 2015 - 12 years).



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19. Commitments

Cornerstone Hydro Electric Concepts ("CHEC")

Cornerstone Hydro Electric Concepts Association Inc. ("CHEC") is an association of fifteen LDCs modelled after a co-operative to share resources and proficiencies. (See Note 27)

The corporation may terminate its membership at any time upon the following terms:

- (a) giving written notice 60 days in advance of termination;
- (b) and by making a pre-payment in full of the balance of its contract service costs to CHEC. The amount of the pre-payment cost shall be the total cost which the corporation would have paid over the three year term of the agreement less amounts already paid by it to the date of the termination. The current three year term for the CHEC commitment goes to December 31, 2017. The pre-payment cost of termination is a settlement of the corporation's obligation under the agreement by reason of termination of its membership before the expiry of the term. The amount is liquidated damages and not a penalty for early termination and is intended to leave the remaining members in the same position as if the corporation had not terminated the agreement. As at December 31, 2016 the obligation to CHEC includes 2017 membership dues of approximately \$46,500.

Utility Collaborative Services Inc. ("UCS")

The corporation had the right to redeem its shares in UCS by retraction upon the following terms:

- (a) notice of such retraction shall be given 120 days prior to the effective date;
- (b) and a retraction fee shall be paid equal to the previous three years worth of the average purchases from UCS for services or products; or in alternative to paying such fees, the corporation may elect in writing to provide three years' written notice of the retraction, provided that the corporation continues to receive services at the same or greater average volume as those received at the time the notice was given.

In January 2016 notice was provided to UCS indicating the corporation's intent to retract their shares with an effective date of May 25, 2016. The corporation will continue to receive services for the three year notice period ending May 25, 2019. The corporation is paying the first eighteen months of the three year notice period as normally billed each month. The corporation prepaid the last eighteen months of the three year notice period in the amount of \$197,387. The prepaid expense will be recognized in the income statement as follows:

2017	\$	10,966
2018		131,591
2019		54,830

As at December 31, 2016 the estimated future obligation to UCS includes fees of approximately \$227,640 payable as follows:

2017	\$	171,999
2018		39,034
2019		16,607



Collingwood PowerStream Utility Services Corp.
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20. Share Capital

(a) Ordinary shares

The authorized share capital of the corporation is an unlimited number of common shares. The shares have no par value. All shares are ranked equally with regard to the corporation's residual assets. There are no preference shares. The issued and fully paid share capital is as follows:

	<u>2016</u>	<u>2015</u>
5,101,640 Common shares	\$ 5,101,640	\$ 5,101,640

(b) Movement in ordinary share capital

No movement in ordinary share capital has occurred during 2016 or 2015.

21. Miscellaneous Paid In Capital

Collingwood Public Utilities Commission was restructured November 1, 2000. The Ontario Government enacted the Energy Competition Act, 1998 which introduced competition to the Ontario electricity market. Net electricity distribution assets and liabilities of the original Collingwood Public Utilities Commission were transferred to the newly created corporations on November 1, 2000.

Net assets & liabilities	\$ 9,777,524
Promissory note - Town of Collingwood	(1,710,170)
Common shares	<u>(5,101,340)</u>
Miscellaneous Paid In Capital	\$ 2,966,014

The promissory note to the Town of Collingwood was repaid on December 31, 2015 and replaced with a loan from the TD Bank.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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22. Dividends

A non-routine dividend in 2016 in the amount of \$122,998 was paid solely to The Town of Collingwood on account of the sale of a particular portion of land that was negotiated during the sale purchase agreement in 2012.

Regular annual dividends in the amount of \$NIL (2015 - \$408,107) were declared and 50% paid to the Town of Collingwood and 50% paid to PowerStream Inc. (See Note 27).

The amount of dividends declared in any given year is at the discretion of the Board of Directors of the corporation. The dividend policy states that the corporation shall normally pay a minimum of 50% of the prior year annual net income, as dividends, with consideration given to the cash position, working capital, net capital expenditures, and other cash requirements.

23. Liability Insurance

The corporation belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2016, the corporation has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is \$24,000,000 for liability insurance, \$14,414,851 for property insurance, and \$15,000,000 for vehicle insurance.

24. Credit Facilities

The credit facility agreement contains certain covenants as described in Note 29.

Line of Credit

The corporation has a line of credit, secured by a general security agreement, with an authorized limit of \$750,000 available under a credit facility agreement with a Canadian chartered bank. Interest on advances is calculated using the bank's prime rate less 0.30% per annum, calculated and payable monthly. As at December 31, 2016 the balance was \$NIL (2015 - \$NIL) on this credit facility and the rate was 2.40% (2015 - 2.70%).

Letter of Credit ("LOC")

As at December 31, 2016, the corporation had utilized \$2,326,160 (2015 - \$2,326,160) of the \$2,417,179 uncommitted Letter of Guarantee facility for a letter of credit that was provided to the IESO to mitigate the risk of default on energy payments. The IESO could draw on the LOC if the corporation defaults on its payment. The standby LOC fee is charged annually at a rate of 0.50% (2015 - 0.50%). For the year ended December 31, 2016 the fee incurred was \$11,695 (2015 - \$11,631).

Credit Card

The corporation has a VISA account, secured by a general security agreement, with an authorized limit of \$25,000 available under a credit facility agreement with a Canadian chartered bank.



Collingwood PowerStream Utility Services Corp.
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25. Amortization

	<u>2016</u>	<u>2015</u>
Property, plant and equipment	\$ 810,230	\$ 731,958
Software	26,705	19,230
Deferred charges	8,160	8,160
	<u>845,095</u>	<u>759,348</u>
Less net regulatory movement related to deferred charges	(8,160)	(8,160)
	<u>836,935</u>	<u>751,188</u>
Vehicles, allocated to other accounts	224,957	231,922
	<u>\$ 1,061,892</u>	<u>\$ 983,110</u>

26. Bad Debt Expense (Included in Billing and Collecting)

	<u>2016</u>	<u>2015</u>
Write-offs during the year	\$ 74,862	\$ 55,536
Recoveries during the year	(13,580)	(13,576)
Opening allowance	(77,916)	(90,964)
Closing allowance	75,016	77,916
	<u>\$ 58,382</u>	<u>\$ 28,912</u>

27. Related Party Transactions

(a) The ultimate parent

Collingwood PowerStream Utility Services Corp. (owned 50% by the Town of Collingwood and 50% by PowerStream Inc., which in turn is owned by the Cities of Barrie, Vaughan, and Markham) is the holding company for the following three wholly-owned subsidiaries:

- (i) Collus PowerStream Corp. - Electricity distributor
- (ii) Collus PowerStream Solutions Corp. - Administrative service provider
- (iii) Collus PowerStream Energy Corp. - Inactive

Since the ultimate parent constitutes local government, the corporation is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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27. Related Party Transactions Continued

(b) Transactions with related parties

The following summarizes the corporation's related party transactions for the year. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product or provision of service.

	2016	
	50% Shareholder of Parent	50% Shareholder of Parent
	Town of Collingwood	PowerStream Inc.
Receipts:		
Administrative revenue	\$ 408,809	
Streetlight maintenance	41,638	
Conservation funding from IESO		40,000
Emergency assistance		12,999
	\$ 450,447	\$ 52,999
Disbursements:		
Property taxes	\$ 18,662	
Property maintenance	5,000	
Board payments	2,100	
Services		20,973
Shared employee charge	43,331	143,291
Computer lease	21,792	
Building lease	216,000	
Conservation program		12,750
Misc and shared invoices	13,812	1,960
Emergency assistance		5,796
Inventory and capital materials		36,394
	\$ 320,697	\$ 221,164
Dividends paid	\$ 122,998	



Collingwood PowerStream Utility Services Corp.
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27. Related Party Transactions Continued

	2015	
	50% Shareholder of Parent	50% Shareholder of Parent
	Town of Collingwood	PowerStream Inc.
Receipts:		
Administrative revenue	\$ 852,985	
Streetlight maintenance	49,548	
Conservation funding from IESO		40,000
	\$ 902,533	\$ 40,000
 Disbursements:		
Property taxes	\$ 18,782	
Property maintenance	7,500	
Interest	81,575	
Services		20,246
Shared employee charge	37,743	
Computer lease	21,792	
Building lease	216,000	
Conservation program		140,103
	\$ 383,392	\$ 160,349
 Dividends paid	\$ 204,054	\$ 204,054



Collingwood PowerStream Utility Services Corp.
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27. Related Party Transactions Continued

At the end of the year, the amounts due from and due (to) related parties are as follows:

	<u>2016</u>	
	50% Shareholder of Parent	50% Shareholder of Parent
	Town of Collingwood	PowerStream Inc.
Trade receivable	\$ 147,238	\$ 14,689
Trade payable	(24,883)	(18,049)
Waste water collections payable	(1,137,903)	
Water collections payable	(638,157)	
	<u>\$ (1,653,705)</u>	<u>\$ (3,360)</u>

	<u>2015</u>	
Trade receivable	\$ 164,402	\$
Trade payable	(2,599)	(13,947)
Interest payable	(81,575)	
Waste water collections payable	(1,165,058)	
Water collections payable	(754,389)	
	<u>\$ (1,839,219)</u>	<u>\$ 13,947</u>

The corporation paid \$58,290 (2015 - \$59,892) in fees to Cornerstone Hydro Electric Concepts Association Inc. ("CHEC") (See Note 19).

The corporation paid \$374,425 (2015 - \$179,287) in fees to Utility Collaborative Services Inc. ("UCS") for items such as information technology hosting and software licensing (See Note 19).

(c) Key management personnel compensation comprised:

The key management personnel of the corporation has been identified as members of its board of directors and management team members, including management fees paid to Collus PowerStream Solutions Corp.

	<u>2016</u>		<u>2015</u>	
Board of directors' fees	\$ 54,192	\$	76,012	
Short-term employment benefits and salaries	1,044,120		1,015,593	
Post-employment benefits	28,872		19,747	
	<u>\$ 1,127,184</u>	<u>\$</u>	<u>1,111,352</u>	



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28. Financial Instruments

The corporation's carrying value and fair value of financial instruments consist of the following:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and bank	\$ 949,653	\$ 949,653	\$ 3,236,083	\$ 3,236,083
Investments	-	-	100	undeterminable
Accounts receivable	4,712,668	4,712,668	4,203,810	4,203,810
Unbilled energy revenue	4,852,979	4,852,979	4,232,314	4,232,314
Liabilities				
Accounts payable & accruals	\$ 7,693,162	\$ 7,693,162	\$ 7,256,679	\$ 7,256,679
Customer deposits	877,436	877,436	1,115,763	1,115,763
Long-term debt	11,950,730	11,950,730	12,442,235	12,442,235

The estimated fair values of financial instruments as at December 31, 2016 and December 31, 2015 are based on relevant market prices and information available at the time. The fair value estimates are not necessarily indicative of the amounts that the corporation may receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Determination of fair values

- (a) The fair values of cash and bank, accounts receivable, unbilled energy revenue, current customer deposits and credit balances, and accounts payable and accruals approximate their carrying values because of the short-term nature of these instruments.
- (b) Investments include common shares of a private company accounted for by the cost method. These investments are not publicly traded and, therefore, fair values are not practicable to determine.
- (c) The fair value of each of the corporation's long-term debt instruments is based on the amount of future cash flows associated with each instrument discounted using an estimate of what the corporation's current borrowing rate for similar debt instruments of comparable maturity would be.

It is management's intention not to renew the long-term debt until its maturity.

Financial Instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities and are as follows:

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;



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28. Financial Instruments Continued

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs)

The corporation's fair value hierarchy is classified as Level 2 for long-term debt. The classification has been calculated using the discounted cash flow model based on the contractual terms of the instrument discounted using an appropriate market rate of interest.

29. Capital Disclosures

The corporation considers its capital to be its share capital, miscellaneous paid in capital, retained earnings and accumulated other comprehensive income. The corporation's main objectives when managing capital are to: i) ensure sufficient liquidity to maintain and improve its electricity distribution system, support its financial obligations and execute its operating and strategic plans, ii) minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions, iii) maintain an optimal capital structure that provides necessary financial flexibility and considers recoveries of financing charges permitted by the OEB, while also ensuring compliance with any financial covenants, and iv) provide an adequate return to its shareholders.

The corporation relies on its cash flow from operations to fund its dividend distributions to its shareholders.

As part of existing debt agreements, financial covenants are monitored and communicated, as required by the terms of credit agreements, on an annual basis by management to ensure compliance with the agreements.

The covenants require the corporation to provide notification prior to any new debt issuance. All covenants are to be tested and calculated as of the end of each fiscal year. The corporation was in compliance with these covenants during the year and as at December 31, 2016.

Management monitors the following Collus PowerStream Corp. key ratios to effectively manage capital:

	2016	2015
a) Debt Service Coverage Ratio IO: (must be at least 1.30)	1.52:1	2.17:1
b) Debt Service Coverage Ratio TD: (must be at least 1.20)	1.21:1	1.45:1
d) Debt to Total Assets IO: (must not exceed 0.60)	0.35:1	0.38:1
c) Debt to Capital TD: (must not exceed 0.60)	0.50:1	0.56:1
e) Current ratio IO: (must be at least 1.10)	1.28:1	1.45:1



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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30. Financial Risk Management

As part of its operations, the corporation carries out transactions that expose it to financial risks such as credit, liquidity and market risks. The following is a discussion of risks and related mitigation strategies that have been identified by the corporation for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks identified.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The maximum credit exposure is limited to the carrying amount of cash and bank, accounts receivable, and unbilled energy revenue presented on the balance sheet.

The corporation limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The corporation maintains cash with only one major financial institution. Eligible deposits per financial institution are insured to a maximum basic insurance level of \$100,000, including principal and interest by the Canada Deposit Insurance Corporation.

The corporation is exposed to credit risk related to accounts receivable and unbilled energy revenue arising from its day-to-day electricity and service revenue. Exposure to credit risk is limited due to the corporation's large and diverse customer base. The corporation has approximately 17,000 customers, the majority of which are residential. No single customer accounts for revenue in excess of 10% of total revenue. The corporation limits its credit risk by collecting deposits (See Note 15), purchasing commercial account credit insurance, following collection policies, monitoring accounts receivable aging, and utilizing collection agencies. The Ontario Energy Board has prescribed certain rules for the payment of deposits by customers. Although these rules limit the risk of the corporation, no deposits are required by customers who have shown good payment history for the previous 24 month period. The corporation does not have any material accounts receivable balances greater than 90 days outstanding. The corporation believes that its accounts receivable represent a low credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the related impairment loss is recognized in net income. The provision is based on account age and customer standing. Subsequent recoveries of receivables previously provisioned are credited to net income. (See Note 26)

The value of accounts receivable, by age, and the related bad debt provision are presented in the following table. Unbilled energy revenue which is not included in the table below is considered all current. Receivables greater than 30 days are considered past due.

	2016	2015
Under 30 days	\$ 4,470,250	\$ 4,171,249
30 to 60 days	171,114	79,379
61 to 90 days	50,589	15,115
Over 90 days	95,731	15,983
	4,787,684	4,281,726
Provision	75,016	77,916
Total accounts receivable	\$ 4,712,668	\$ 4,203,810



Collingwood PowerStream Utility Services Corp.
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30. Financial Risk Management Continued

(b) Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting obligations associated with financial liabilities. The corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the corporation's reputation. The corporation's exposure is reduced by cash generated from operations and undrawn credit facilities. The corporation engages in borrowing to meet financing needs that exceed cash from operations. Exposure to such risks is significantly reduced through close monitoring of cash flows and budgeting. Liquidity risks associated with financial commitments are as follows:

	0 - 3 mo	3 mo - 1 yr	1 - 5 yr	Thereafter	Total
Accounts payable	\$ 7,626,173	\$ 66,989	\$ -	\$ -	\$ 7,693,162
Payments in lieu of taxes	-	-	-	-	-
Customer deposits/credits	-	599,416	278,020	-	877,436
Long-term debt	<u>62,847</u>	<u>440,648</u>	<u>2,116,432</u>	<u>9,330,803</u>	<u>11,950,730</u>
Total	<u>\$ 7,689,020</u>	<u>\$ 1,107,053</u>	<u>\$ 2,394,452</u>	<u>\$ 9,330,803</u>	<u>\$ 20,521,328</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the corporation's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits.

The corporation does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The corporation had no forward exchange rate contracts or commodity price contracts in place as at or during the year ended December 31, 2016.

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Note 18 describes the interest rate risk associated with Employee Future Benefits. The corporation is also exposed to interest rate fluctuations on its cash and bank and undrawn bank credit facilities. The corporation is protected from interest rate fluctuations on long-term debt for Infrastructure Ontario and TD Bank loans, which bear fixed rates of interest. As at December 31, 2016, if interest rates had been 1% lower or higher with all other variables held constant, net income for the year would not have been impacted materially.



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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31. Financial Statement Presentation

Certain comparative figures have been reclassified to conform with current financial statement presentation.

32. Finance Income and Finance Cost

	<u>2016</u>	<u>2015</u>
Finance Income:		
Interest earned on bank account	\$ 35,028	\$ 37,013
Finance Cost:		
Net interest on employee future benefits	\$ 33,794	\$ 32,888
Interest on customer deposits	3,354	4,524
Interest on Letter of Credit	11,695	11,631
Interest on long-term debt	472,483	452,056
Interest other	1,258	-
	<u>\$ 522,584</u>	<u>\$ 501,099</u>



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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33. Expenses by Nature

	2016	2015
Billing and collecting:		
After hours call centre	\$ 15,521	\$ 15,888
Bad debts (Note 26)	58,382	28,912
Bank charges	16,027	15,639
Billing supplies and services provided	150,401	124,847
Collection agency costs	2,233	2,733
Conservation and community safety programs	-	5,175
Disconnection and collection service subcontractor	36,046	26,685
Information technology	16,403	16,801
Insurance - Business credit collections	21,760	22,611
Meter reading - manual	10,120	6,573
Office and general	8,167	13,170
Postage	67,693	108,690
Retailer Settlement Expenses	85,048	86,000
Survey	9,700	-
Salaries and benefits	320,937	348,653
Smart meter reading and operations	227,790	199,932
Telephone	2,246	4,892
Training and travel	1,706	5,580
Vehicle burden allocation	932	1,046
	\$ 1,051,112	\$ 1,033,827
Add regulatory movement	3,183	2,710
	\$ 1,054,295	\$ 1,036,537
Operations and maintenance:		
Materials, supplies, small tools	\$ 72,128	\$ 137,580
Office and general	3,356	4,781
Property taxes	22,082	22,167
Rent - operations facility and yard	172,800	172,800
Rent - joint pole use	20,790	19,999
Salaries, benefits and burdens	1,677,799	1,391,127
Subcontractor and service providers	195,531	316,840
Telephone	13,850	18,163
Training and travel	21,069	51,320
Utilities	8,821	7,647
Vehicle burden allocation	273,905	246,288
	\$ 2,482,131	\$ 2,388,712



Collingwood PowerStream Utility Services Corp.
Notes to Consolidated Financial Statements
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33. Expenses by Nature Continued

	<u>2016</u>	<u>2015</u>
General and administrative:		
Advertising and sponsorships	\$ 14,203	\$ 23,418
Actuary	7,757	-
Audit	43,800	39,600
Building maintenance	393	30,730
Computer lease	21,792	21,792
Conferences, events, training, meetings and travel	31,626	70,392
Consulting	26,703	26,018
Information technology	30,201	25,644
Insurance	72,984	75,188
Legal	59,143	34,932
Memberships, fees and dues	102,203	102,799
Office supplies and materials	9,044	5,054
Regulatory	125,798	122,296
Rent - administration building	43,200	43,200
Salaries and benefits	1,324,044	1,462,758
Telephone	6,859	9,753
	<u>\$ 1,919,750</u>	<u>\$ 2,093,574</u>
Less regulatory movement	(5,324)	(77,879)
	<u>\$ 1,914,426</u>	<u>\$ 2,015,695</u>

SCHEDULE 1.1(XX) – FORM OF ESCROW AGREEMENT

THIS AGREEMENT dated this 30th day of November, 2017 (the “**Effective Date**”).

BETWEEN:

THE CORPORATION OF THE TOWN OF COLLINGWOOD

as Vendor

– and –

EPCOR COLLINGWOOD DISTRIBUTION CORP.

as Purchaser

– and –

BORDEN LADNER GERVAIS LLP

as Escrow Agent

RECITALS:

- A. The Vendor and the Purchaser entered into a purchase agreement (the “**Purchase Agreement**”) dated November 30, 2017 providing for the purchase and sale of all of the issued and outstanding shares of Collingwood Powerstream Utility Services Corporation (the “**Corporation**”).
- B. Pursuant to Section 2.5(a) of the Purchase Agreement, concurrently with the execution and delivery of the Purchase Agreement, the Purchaser shall deliver the Deposit to the Escrow Agent in trust and in accordance with the terms of this Agreement.
- C. The preceding recitals and statements of fact are made by the Vendor and the Purchaser and not by the Escrow Agent.

IN CONSIDERATION of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Agreement, including the Recitals to this Agreement, capitalized terms not otherwise defined herein shall have the meaning ascribed thereto under the Purchase Agreement:

- (1) **“Agreement”** means this escrow agreement as amended, supplemented, restated and replaced from time to time in accordance with its provisions.
- (2) **“Escrow Agent”** means Borden Ladner Gervais LLP, a limited liability partnership duly constituted under the laws of the Province of Ontario.
- (3) **“Parties”** means collectively the Vendor, the Purchaser and the Escrow Agent, and **“Party”** means any of them.
- (4) **“Purchaser”** means EPCOR Collingwood Distribution Corp., a corporation incorporated under the laws of the Province of Ontario.
- (5) **“Purchase Agreement”** has the meaning attributed to that term in the Recitals.
- (6) **“Vendor”** means The Corporation of the Town of Collingwood, a municipal corporation incorporated under the laws of Ontario.

1.2 **Certain Rules of Interpretation.** In this Agreement:

- (a) the division into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires:
 - (i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement; and
 - (ii) words in the singular include the plural and vice-versa and words in one gender include all genders.

1.3 **Performance on Business Days.** If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.4 **Currency and Payment.** In this Agreement, unless specified otherwise references to dollar amounts or “\$” are to Canadian dollars.

ARTICLE 2 ESCROW

- 2.1 **Appointment of Escrow Agent.** The Vendor hereby appoints, and the Purchaser hereby concurs in the appointment of, the Escrow Agent to act as escrow agent, in accordance with the terms and conditions set out in this Agreement and the Escrow Agent hereby accepts that appointment.
- 2.2 **Delivery of Deposit and Advance into Escrow.** The Purchaser shall deliver the Deposit to the Escrow Agent on the date of this Agreement and shall deliver the Advance at least three Business Days prior to the Closing Date. The Escrow Agent shall hold and dispose of the Deposit and the Advance in accordance with, and subject to the terms and conditions, of this Agreement.
- 2.3 **Retention of Deposit and the Advance.** The Escrow Agent shall invest and retain the Deposit and the Advance in its name in a daily interest bearing account with any Canadian chartered bank listed on Schedule 1 of the *Bank Act* (Canada) in accordance with the terms of this Agreement.
- 2.4 **Interest on Deposit and the Advance.** Any interest accrued on the Deposit and the Advance (the “**Interest**”) shall be reported by the Purchaser as its income for the applicable taxation year and the Purchaser shall pay any Taxes in connection therewith. Notwithstanding Section 2.5, the Escrow Agent is hereby irrevocably authorized and directed by the Purchaser and the Vendor to make a distribution of Interest equal to 25% of the Interest earned on the Deposit and the Advance in each calendar year to the Purchaser in connection with the Purchaser’s payment obligations set out in this Section 2.4.
- 2.5 **Irrevocable Direction to Release Deposit, Advance and Interest.** The Escrow Agent shall retain the Deposit, the Advance and the undistributed portion of the Interest until the closing of the Shotgun Transaction in accordance with Section 2.4 of the Purchase Agreement. Subject to the remaining provisions of this Section 2.5, the Escrow Agent is hereby irrevocably authorized and directed by the Purchaser and the Vendor (without any further written direction or confirmation by either party) to release:
- (1) the Deposit and the Advance to Alectra Utilities Corp. at the time of closing of the Shotgun Transaction; and
 - (2) the undistributed portion of the Interest to the Purchaser at the Time of Closing.

If the conditions set forth in Section 11.1 of the Purchase Agreement have not been satisfied or complied with and the Purchaser does not waive compliance therewith in whole or in part, the Deposit and the Advance, together with any undistributed Interest earned thereon shall (subject to the terms of Section 10.1) be refunded to the Purchaser. If the Transactions contemplated in the Purchase Agreement are not completed by the Closing Date due to the breach of the terms of the Purchase Agreement by the Purchaser and the conditions set forth in Section 11.1 therein have been satisfied, complied with or

waived, the Deposit, together with any Interest earned thereon, shall be released to the Vendor.

- 2.6 **Termination of Escrow.** Upon the release and disbursement by the Escrow Agent of the all of the Deposit, the Advance and Interest in accordance with the terms of this Agreement, this Agreement will terminate and be of no further force and effect, except to the extent necessary in order for Sections 3.3, 3.5, 3.6 and 3.7 to continue to be of full force and effect, and the Escrow Agent will be automatically released from all of its duties and liabilities under this Agreement.

ARTICLE 3 CONCERNING THE ESCROW AGENT

3.1 Duties and Liability of Escrow Agent.

- (1) The Escrow Agent has no duties other than those duties expressly set forth in this Agreement. The Escrow Agent will not refer to, and is not bound by, the provisions of any agreement other than the terms of this Agreement and no implied duties or obligations of the Escrow Agent may be read into this Agreement.
- (2) Notwithstanding anything contained in this Agreement or in the Purchase Agreement to the contrary, the Escrow Agent has no duty to determine the performance or non-performance of any term or provision of the Purchase Agreement, has no obligation or responsibility to determine any dispute or evaluate any equities between the parties regardless of any knowledge or any fact that the Escrow Agent may have or receive, and has no obligations, responsibilities or liability arising under any other agreement to which the Escrow Agent is not a party, even though reference to such other agreement may be made in this Agreement or the Purchase Agreement.
- (3) Nothing in this Agreement is to be construed as creating a relationship of trust between the Escrow Agent and the Vendor and Purchaser or either of them. The Vendor and the Purchaser understand and agree that the duties of the Escrow Agent under this Agreement are purely ministerial in nature and that the Escrow Agent is not liable for any error, judgement, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own fraud, gross negligence or wilful misconduct.
- (4) The Escrow Agent is not under any duty to give the Deposit, the Advance and the Interest held by it under this Agreement any greater degree of care than it gives its own similar property. The Escrow Agent's duties with respect to delivery of the Deposit under this Agreement will be fully performed by delivering the Deposit and any Interest accrued thereon in accordance with Section 2.5.
- (5) The appointment of the Escrow Agent is a personal one and the duty of the Escrow Agent is only to the other Parties, their successors and assigns, and to no other Person whomsoever.

3.2 **Legal Counsel.** The Escrow Agent has the right to consult with counsel of its own choice and is not be liable for any action taken, suffered or omitted to be taken by it if the Escrow Agent acts in accordance with the advice of such counsel.

3.3 **Indemnity.** The Purchaser and the Vendor hereby jointly and severally indemnify and shall save harmless the Escrow Agent from and against any and all actions, causes of action, Claims, Losses, demands, Damages, expenses, costs, liabilities, penalties and expenses whatsoever and to reimburse the Escrow Agent for any legal or related expenses, including those of its own partners and associates (collectively, the “**Claims**”) which the Escrow Agent, its partners, associates, employees and agents may suffer or incur in connection with its acting as Escrow Agent under this Agreement, other than Claims arising as a result of the fraud, gross negligence or wilful misconduct of the Escrow Agent in the performance of its duties under this Agreement. The Escrow Agent, its partners, associates, employees and agents will in no event be liable for any loss, Claim or indirect, consequential, incidental or punitive damages to either the Vendor or the Purchaser, regardless of whether or not such Losses, Claims or Damages were reasonably foreseeable by the Escrow Agent.

3.4 **Reliance.**

(1) The Escrow Agent may:

- (a) act in reliance on any writing or instrument or signature which it, in good faith, believes to be genuine;
- (b) assume the validity and accuracy of any statement or assertion contained in such a writing or instrument; and
- (c) assume that any Person purporting to give any written notice, advice or instructions on behalf of any of the other Parties in connection with the provisions of this Agreement has been duly authorized to do so.

The Escrow Agent is not, as such, liable in any manner for the sufficiency or correctness as to form, execution, or validity of any document, nor as to the identity, authority, or right of any Person executing the document.

(2) Nothing in this Agreement makes the Escrow Agent responsible, or liable in any manner for the sufficiency, correctness, genuineness or validity of any document forming part of Deposit, the Advance and the Interest.

(3) The Escrow Agent is not required to make any determination or decision with respect to the validity of any Claim made by any Party, or of any denial thereof but is entitled to rely conclusively on the terms of this Agreement and the documents tendered to it in accordance with the terms of this Agreement.

3.5 **Disputes.** If there is any dispute as to whether the Escrow Agent is obligated to deliver the Deposit, the Advance and the Interest, the Escrow Agent shall hold the Deposit, the Advance and the Interest until receipt of an authorization in writing executed by each of

the Vendor and the Purchaser directing the delivery thereof, or in the absence of such authorization, the Escrow Agent may hold the Deposit, the Advance and the Interest until the final determination of the rights of the Parties in an appropriate court proceeding. If such written authorization is not given, or proceedings for such determination have not begun and been diligently continued, the Escrow Agent may bring, but is not required to bring, an appropriate action or proceeding pursuant to Section 3.6 for leave to deposit the Deposit, the Advance and the Interest in court, pending such determination. If a judicial proceeding is instituted by the Escrow Agent, the Escrow Agent will be entitled to reasonable solicitor's fees.

3.6 Interpleader. Without limiting Section 3.5, if:

- (a) any action is threatened or instituted against the Escrow Agent;
- (b) any dispute arises, or any action is threatened or instituted, concerning the entitlement of a Party to the Deposit, the Advance and/or the Interest; or
- (c) if at any time the Escrow Agent is uncertain as to its obligations under this Agreement,

the Escrow Agent may apply to a court of competent jurisdiction in the Province of Ontario for clarification or directions with respect to its obligations under this Agreement, and in such event, or if any other person should apply to a court of competent jurisdiction (which must be in the Province of Ontario) on any matter affecting the obligations of the Escrow Agent under this Agreement or otherwise relating to the Deposit, the Advance and/or the Interest, the Escrow Agent may and is hereby authorized to release, deliver or otherwise deal with the Deposit, the Advance and/or the Interest in accordance with the directions, order, judgment or decree of such court.

3.7 Court Orders.

- (1) The Escrow Agent is hereby authorized, in its sole discretion, to comply with all writs, orders or decrees entered or issued, whether with or without jurisdiction, which purport to:
 - (a) attach, garnish or be levied on any part of the Deposit, the Advance and the Interest;
 - (b) stay or enjoin the disbursement, payment or delivery of any part of the Deposit, the Advance and the Interest; or
 - (c) affect any part of the Deposit, the Advance and the Interest in any way.

The Escrow Agent is not liable to any of the other Parties or to any other Person because it obeys or complies with any such writ, order or decree, even if such writ, order or decree is subsequently reversed, modified, annulled, set aside or vacated.

- 3.8 **No Disqualification.** Each of the Vendor and the Purchaser acknowledges that the Escrow Agent:
- (a) acts as counsel to the Vendor and may continue to act as counsel to Vendor in all matters including any matters in dispute between the Vendor and the Purchaser and any issue arising out of or in connection with this Agreement or the Deposit, the Advance and the Interest; and
 - (b) in so acting, is not disqualified from acting as Escrow Agent under this Agreement and is deemed not to be in conflict by reason of performing its duties under this Agreement.
- 3.9 **Resignation, Removal and Replacement of Escrow Agent.** The Escrow Agent may resign by notice to the other Parties. Upon the effective date of such resignation, the Escrow Agent shall deliver the Deposit and Interest then held by it under this Agreement to such Person as may be jointly designated in writing by the Vendor and the Purchaser as the new escrow agent (the “**Successor Escrow Agent**”). If the Vendor and the Purchaser fail to deliver such a written designation, the Escrow Agent will not resign its position until such designation is delivered or until the Deposit and Interest then held are delivered to the control of a court of competent jurisdiction. Upon the delivery of the Deposit, the Advance and the Interest to the Successor Escrow Agent or to the control of a court of competent jurisdiction, all of the Escrow Agent’s obligations as escrow agent under this Agreement will cease and terminate.

ARTICLE 4 GENERAL

- 4.1 **Time of Essence.** Time is of the essence of this Agreement.
- 4.2 **Amendment.** This Agreement may be supplemented, amended, restated or replaced only by a written agreement signed by each Party.
- 4.3 **Waiver of Rights.** Any waiver of, or consent to depart from, the requirements of any provision of this Agreement is effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement operates as a waiver of such right. No single or partial exercise of any such right precludes any other or further exercise of such right or the exercise of any other right.
- 4.4 **Jurisdiction.** Each Party irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the province of Ontario.
- 4.5 **Governing Law.** This Agreement and any dispute arising from or in relation to this Agreement is governed by, and interpreted and enforced in accordance with, the law of the Province of Ontario and the laws of Canada applicable in that Province, excluding the choice of law rules of that Province.

4.6 **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter of this Agreement and supersedes all prior correspondence, agreements, negotiations, discussions and understandings, written or oral. There are no representations, warranties, conditions or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or which induced any Party to enter into this Agreement. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement by any Party to this Agreement to any other Party, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement and none of the Parties has been induced to enter into this Agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There is no liability, either in tort or in contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

4.7 **Notices.**

- (1) Any notice, demand or other communication (in this Section 4.7, a “**notice**”) required or permitted to be given or made under this Agreement must be in writing and is sufficiently given or made if:
- (a) delivered in person and left with a receptionist or other responsible employee of the relevant Party at the applicable address set forth below;
 - (b) sent by prepaid courier service or (except in the case of actual or apprehended disruption of postal service) mail; or
 - (c) sent by facsimile transmission, with confirmation of transmission by the transmitting equipment (a “**Transmission**”);

in the case of a notice to the Vendor addressed to it at:

The Corporation of the Town of Collingwood
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

Attention: Clerk
Fax: (705) 445-2448

and in the case of a notice to the Purchaser, addressed to it at:

EPCOR Collingwood Distribution Corp.
2000 – 10423 101 Street NW Edmonton, Alberta
T5H 0E8

Attention: Senior Vice-President, Commercial

Services
Fax: (780) 441-7118

with a copy to:

EPCOR Utilities Inc.
2000 – 10423 101 Street NW Edmonton, Alberta
T5H 0E8

Attention: Associate General Counsel
Fax: (780) 441-7118

and in the case of a notice to Escrow Agent, addressed to it at:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, Ontario, Canada
M5H 4E3

Attention: J. Mark Rodger, Partner
Facsimile No.: 416.361.7088

- (2) Any notice sent in accordance with this Section 4.7 shall be deemed to have been received:
- (a) if delivered prior to or during normal business hours on a Business Day in the place where the notice is received, on the date of delivery;
 - (b) if sent by mail, on the fifth Business Day in the place where the notice is received after mailing, or, in the case of disruption of postal service, on the fifth Business Day after cessation of such disruption;
 - (c) if sent by facsimile during normal business hours on a Business Day in the place where the transmission is received, on the same day that it was received by Transmission, on production of a Transmission report from the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the relevant facsimile number of the recipient; or
 - (d) if sent in any other manner, on the date of actual receipt;

except that any notice delivered in person or sent by Transmission not on a Business Day or after normal business hours on a Business Day, in each case in the place where the notice is received, shall be deemed to have been received on the next succeeding Business Day in the place where the notice is received.

- (3) Any Party may change its address for notice by giving notice to the other Parties.

- 4.8 **Assignment.** No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person without the prior written consent of the other Parties except for the Escrow Agent's right to resign pursuant to Section 3.9.
- 4.9 **Further Assurances.** Each Party shall, at the expense of another Party, promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that such other Party may reasonably require, for the purposes of giving effect to this Agreement.
- 4.10 **Successors and Assigns.** This Agreement is binding on, and enures to the benefit of, the Parties and their respective heirs, administrators, executors, successors and permitted assigns.
- 4.11 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which is deemed to be an original and all of which taken together constitutes one agreement. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to all other Parties by Transmission and the signature transmitted by Transmission is deemed to be its original signature for all purposes.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the Effective Date.

EPCOR COLLINGWOOD DISTRIBUTION CORP.

By: _____
Name:
Title:

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: _____
Name:
Title:

BORDEN LADNER GERVAIS LLP

By: _____
Name: J. Mark Rodger
Title: Partner

SCHEDULE 2.6 (a) - PURCHASE PRICE ADJUSTMENTS

Illustrative Purchase Price Adjustment

	Purchase Price	Illustrative Purchase Price Adjustment	Illustrative Adjusted Purchase Price
Purchase Price	25,000,000	1,237,103	26,237,103

Purchase Price Adjustment SPA definitions

	CPS 2016 F/S Dec. 31/16	Illustrative Closing Financial Statement	Illustrative Purchase Price Adjustment
Working capital calculation	2,254,792	2,244,218	-10,574
NFA calculation	17,072,342	20,267,032	5,750,442
Long-term debt calculation	11,447,235	15,950,000	-4,502,765
			1,237,103

Supporting Calculations

Working capital Calculation

	CPS 2016 F/S Dec. 31/16	Illustrative Closing Financial Statement	Illustrative Purchase Price Adjustment
Cash	N/A	N/A	
Accounts receivable	4,712,668	5,120,000	
Unbilled revenues	4,852,979	5,120,000	
PILs Receivable	53,507	53,507	
Inventories	310,242	310,242	
Prepaid expenses and deposits	355,964	355,964	
Regulatory assets	1,566,053	1,566,053	
Current Assets	11,851,413	12,525,766	
Accounts payable and accrued Liabilities	7,693,162	8,379,000	
Current portion of Long-term debt	503,495	503,000	
Current portion of customer deposits	599,416	599,000	
Long-term customer deposits	278,020	278,020	
Regulatory liabilities	522,528	522,528	
Current Liabilities	9,596,621	10,281,548	
Working capital	2,254,792	2,244,218	-10,574

NFA Calculation

Property Plant & Equipment	19,736,310	22,931,000	
Intangibles (software)	105,883	105,883	
Less: Contributions in aid of construction	-2,769,851	-2,769,851	
NFA	17,072,342	20,267,032	3,194,690
NFA Index			1.8
			5,750,442

Long-term Debt Calculation

Long-term Debt	11,447,235	15,950,000	-4,502,765
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**SCHEDULE 6.3(A) - LIST OF VENDORS AND/OR SUPPLIERS
WITHIN THE SERVICE TERRITORY**

Sunset Point Property Services
PO Box 5009
Collingwood, ON
L9Y0B1

Blue Mountain Village Foundation
796455 Grey Rd 19 2nd Floor
Blue Mountains, ON
L9Y0N8

Walker's Small Motor Sales
850 Hurontario Street
Collingwood, ON
L9Y0G7

Legendary Logcrafters Limited
475 Tenth Line
Collingwood, ON
L9Y0W1

Village Blue Mt Foundation Cha
Box 3073, 796455 Grey Rd 19
Blue Mountains, ON
L9Y0N8

Collingwood Public Library
55 Ste Marie Street
Collingwood, ON
L9Y0W6

Georgian Triangle Humane Society
549 Tenth Line
Collingwood ON
L9Y0W1

L'Attitudes Salon & Spa
101 - 1 First Street
Collingwood, ON
L9Y1A1

Huronian Auto Wreckers and Recycle
9325 Beachwood Road
Collingwood, ON
L9Y0X2

KelRay Inc.
285 First Street
Collingwood, ON
L9Y1B2

241 Pizza
115 First Street, Unit 2
Collingwood, ON
L9Y1A5

Georgian Bay Foods 2000 Inc.
440 First Street
Collingwood, ON
L9Y1B6

Master Mechanic
345 First Street
Collingwood, ON
L9Y1B3

Georgian Tri-Tel Communication
29 Fourth Street East
Collingwood, ON
L9Y1T2

Kamikaze Bikes
470 First Street
Collingwood, ON
L9Y1B8

Steam FX Inc.
112 Hume Street
Collingwood, ON
L9Y1V5

Employment Resource Services
50 Hume Street
Collingwood, ON
L9Y1V2

Tough Electric
117 Seventh Street
Collingwood, ON
L9Y2B1

SB Fuel & Collingwood Variety
280 Sixth Street
Collingwood, ON
L9Y1Z5

Collingwood Collegiate Institute
6 Cameron Street
Collingwood, ON
L9Y2J2

Financial Centre of Collingwood
59 Hurontario Street
Collingwood, ON
L9Y2L7

Temple Trustees of Oddfellows
126 Hurontario Street Suite 303
Collingwood, ON
L9Y2L8

Big Brothers/Big Sisters
129 Hurontario Street Unit 201
Collingwood, ON
L9Y2L9

Collingwood Chamber of Commerce
115 Hurontario Street Suite 102
Collingwood, ON
L9Y2L9

Play It Again Sports
135 Hurontario Street
Collingwood, ON
L9Y2L9

MasterPix
16 Ferguson Rd
Collingwood, ON
L9Y3A1

Helix Hearing Care Centre
246 Hurontario Street
Collingwood, ON
L9Y2M3

John Knox Photography
119 Seventh Street
Collingwood, ON
L9Y2B1

Huggy Communications
22 Bryan Drive
Collingwood, ON
L9Y2K7

D. C. Taylor Jewellers
120 Hurontario Street
Collingwood, ON
L9Y2L8

1889671 Ontario Limited
119 Hurontario Street
Collingwood, ON
L9Y2L9

Breaking Down Barriers
115 Hurontario Street Suite 203
Collingwood, ON
L9Y2L9

Georgian Triangle Housing
115 Hurontario Street Suite 201
Collingwood, ON
L9Y2L9

A's Supply Restaurant & Janito
207 Hurontario Street
Collingwood, ON
L9Y2M1

Georgian Frame Gallery
172 Hurontario Street
Collingwood, ON
L9Y2M2

Elaine Dickinsons Fashions Inc.
311 Hurontario Street
Collingwood, ON
L9Y2M5

The Huron Club
94 Pine Street
Collingwood, ON
L9Y2N9

No Good Productions
336 Birch Street
Collingwood, ON
L9Y2V7

Currie's Farm Market
736 Sixth Street
Collingwood, ON
L9Y3Y9

Gus's Transmission & Auto Service
26 Elm Street
Collingwood, ON
L9Y3J2

The Oil Shop
7 St Marie Street
Collingwood, ON
L9Y3J9

Giant Tiger Stores
190 Saint Marie Street
Collingwood, ON
L9Y3K5

Theatre Collingwood
45 St. Paul Street
Collingwood, ON
L9Y3P1

Rentwell
532 Sixth Street
Collingwood, ON
L9Y3Y9

Blue Mountain Chrysler Ltd.
9950 Beachwood Road
Collingwood, ON
L9Y3Z1

Nights of Columbus Council 579
150 St Paul Street, Suite 205
Collingwood, ON
L9Y2P0

Ace Cabs (2013) Inc.
19 Stewart Road
Collingwood, ON
L9Y2Z5

Mountain View Elementary School
300 Spruce Street
Collingwood, ON
L9Y3H1

Royal Mat Rentals
7 Ste Marie St
Collingwood, ON
L9Y3J9

Environment Network
44 Ste Marie Street
Collingwood, ON
L9Y3K1

HG Appraisers Inc.
297 Ste Marie Street
Collingwood, ON
L9Y3K6

2206859 Ontario Ltd. Fast Oil
143 Hume Street
Collingwood, ON
L9Y3V7

Collingwood Hearing Clinic
10126 Hwy 26 East RR 2
Collingwood, ON
L9Y3Z1

Burger Bob's Catering
181 Glenlake Blvd
Collingwood, ON
L9Y3Z1

The Brick
10216 Hwy 26
Collingwood, ON
L9Y3Z1

Oslerbrook Golf and Country Cl
PO Box 26
Collingwood, ON
L9Y3Z4

Katano/Collingwood Sister City
Town of Collingwood 97 Hurontario Street
Collingwood, ON
L9Y3Z5

Wayne Bird Fuels
387 Raglan Street South, PO Box 218
Collingwood, ON
L9Y3Z5

Walker Aggregates Inc.
PO Box 340
Collingwood, ON
L9Y3Z7

Ladies Auxiliary RCL Branch 63
PO Box 551
Collingwood, ON
L9Y4B2

Progress Club
PO Box 562
Collingwood, ON
L9Y4B2

M&M Meat Shop
560 First Street
Collingwood, ON
L9Y4E8

2286901 Ontario Inc.
501 Hume Street, Unit 3
Collingwood, ON
L9Y4H8

Collins Barrow SGB LLP
PO Box 130, 3rd Floor, 115 Hurontario St
Collingwood, ON
L9Y3Z4

Victor L. Vandergust
11 Hurontario Street PO Box 39
Collingwood, ON
L9Y3Z4

Living Faith Christian Church
PO Box 292
Collingwood, ON
L9Y3Z5

My Friends House
PO Box 374
Collingwood, ON
L9Y3Z7

2131006 Ontario Ltd.
PO Box 453
Collingwood, ON
L9Y4B2

Legion Auxillary Branch 63
PO Box 551 Stn Main
Collingwood, ON
L9Y4B2

Blue Mountain Foundation for t
163 Hurontario Street PO Box 581
Collingwood, ON
L9Y4E8

Premier Kitchens
20 Balsam Street, Unit 4
Collingwood, ON
L9Y4H7

Tim Horton Donuts
501 Hume Street, Unit 2
Collingwood, ON
L9Y4H9

Canadian Mist Distillers Ltd.
202 MacDonald Road
Collingwood, ON
L9Y4J2

Huronian Alarm & Fire Security
284 Pretty River Parkway
Collingwood, ON
L9Y4J5

Parkway Yamaha
293 Pretty River Parkway
Collingwood, ON
L9Y4J5

Speedy Glass
295 Pretty River Pkwy, Unit C
Collingwood, ON
L9Y4J6

Collingwood Home Hardware Bldg
104 High Street
Collingwood, ON
L9Y4K2

Ontario Provincial Police
201 Ontario Street
Collingwood, ON
L9Y4M4

Mr. Norm Weatherall
139 Second Street
Collingwood, ON
L9Y4M7

Collingwood Nissan
307 Pretty River Parkway
Collingwood, ON
L9Y4P4

Collingwood Leisure Time Club
100 Minnesota Street
Collingwood, ON
L9Y4R5

Parkway Collision
301 Pretty River Parkway
Collingwood, ON
L9Y4J4

McKeough Supply
298 Pretty River Parkway
Collingwood, ON
L9Y4J5

960165 Ontario Limited Images
11 Ronnell Crescent
Collingwood, ON
L9Y4J6

Wayne Spears Electric Limited
12 Ronell Crescent
Collingwood, ON
L9Y4J7

Georgian Design Centre
84 High Street
Collingwood, ON
L9Y4K2

Wally's Wheels
17 Stewart Road
Collingwood, ON
L9Y4M7

Bayside Distributing
101 Pretty River Parkway Unit 4
Collingwood, ON
L9Y4M8

Landex Corporation
40 Huron Street, Suite 300
Collingwood, ON
L9Y4R3

Corus Radio Sales Inc.
186 Hurontario Street Suite 200
Collingwood, ON
L9Y4T4

Collingwood Clippers Swim Club
115 First Street, Suite 313
Collingwood, ON
L9Y4W2

Clearlite Electric
75C Sandford Fleming Rd
Collingwood, ON
L9Y5A6

2052741 Ontario Inc.
623 Johnston Park Ave
Collingwood, ON
L9Y5C7

Georgian Bay Hotel & Conference
10 Vacation Inn Drive
Collingwood, ON
L9Y5G4

Georgian Audio Video
15 Balsam Street, Unit 3
Collingwood, ON
L9Y5H6

Agnora
200 Mountain Road
Collingwood, ON
L9Y4V3

Collingwood & Dist Personnel
100 Pretty River Parkway South
Collingwood, ON
L9Y5A4

Pretty River Academy
11521 Hwy 26 West
Collingwood, ON
L9Y5E7

Tempo Photography
23 Marina Crescent
Collingwood, ON
L9Y5H1

Staples Canada
15 Balsam Street, Unit 3
Collingwood, ON
L9Y5H6

**SCHEDULE 6.14(A) – FORM OF JOINT USE AGREEMENT
FOR UTILITY DISTRIBUTION POLES**

JOINT USE AGREEMENT FOR POWER UTILITY DISTRIBUTION POLES

THIS AGREEMENT made the [●] day of [●],[●] (the “Effective Date”).

B E T W E E N:

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a municipal corporation under the laws of Ontario

(the “Licensee”)

- and -

COLLUS POWERSTREAM CORP., a corporation incorporated under the laws of Ontario

(“Collus”)

RECITALS

- A. Reference is made to a share purchase agreement dated ● between Licensee and ● (the “SPA”).
- B. Pursuant to the terms of the SPA, (i) ● acquired all of the issued and outstanding shares in the capital of Collingwood PowerStream Utility Services Corp. which owns all of the issued and outstanding shares in the capital of Collus, a local distribution company incorporated under the *Business Corporations Act* (Ontario) that distributes electricity within the Service Area (as defined herein), and (ii) Collus and the Licensee agreed to enter into this Agreement in connection with the existing and future Attachments (as defined herein) to the hydro poles owned by Collus.

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms. In this Agreement, including the recitals, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**Applicable Law**” means any and all applicable laws in the Province of Ontario and the laws of Canada applicable in that province, including Environmental Laws, common law, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, by laws, guidelines, orders, injunctions, rulings, awards, judgments,

decrees or any requirement or decision or agreement with or by any Government Authority.

(b) “**Agreement**” means this joint use agreement for power utility distribution poles, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.

(c) “**Attachments**” means any assets or equipment owned or leased by the Licensee and attached to, either by being carried on or supported by, the Joint Use Poles, as of the date of this Agreement or in the future, including:

(i) mast arms, luminaires, supply conductors, relays and other equipment required to operate a street lighting system;

(ii) traffic signals, power and control cables, junction and splice boxes and any other equipment and/or devices normally required for the operation of traffic signals;

(iii) traffic signs;

(iv) decorative lighting and/or event lighting;

(v) standards and/or banners (down the side of poles and/or between poles);

(vi) seasonal decorations;

(vii) flower pots; and

(viii) telecommunications equipment, if any.

(d) “**Damages**” means any loss, liability, damage or expense (including reasonable legal fees, accountants’, investigators’, engineers’ and consultants’ fees and expenses, interest, penalties and amounts paid in settlements), whether resulting from any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, or any cause, matter, thing, act or omission or state of facts not involving a third party, but excluding any incidental, indirect, special or consequential loss, liability or damage and loss of profits other than damages of a third party in respect of a third party claim.

(e) “**Effective Date**” has the meaning set forth above.

(f) “**Electrical Safety Authority**” means the electrical safety authority designated by the Province of Ontario pursuant the regulations to the *Electricity Act, 1998* (Ontario) or any similar or successor Governmental Authority.

(g) “**Environment**” means the environment or natural environment as defined in any Environmental Law and includes air, surface water, ground water, land surface, soil, sub surface strata and sewer system.

(h) “**Environmental Laws**” means all Applicable Law relating to (i) the protection of the Environment; and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transportation or handling of Hazardous Substances, including those pertaining to occupational health and safety.

(i) “**Existing Attachments**” means all Attachments affixed to Joint Use Poles within the Service Area prior to the date of this Agreement.

(j) “**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

(k) “**Governmental Authority**” means any domestic government, whether federal, provincial, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government.

(l) “**Hazardous Substances**” means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance, or material as defined in or regulated by any Environmental Law including, without limitation, friable asbestos and poly chlorinated biphenyls.

(m) “**In-Span**” means a position between Joint Use Poles or a Joint Use Pole and another object.

(n) “**Joint Use Pole(s)**” means a Pole in respect of which Collus has granted the Licensee a Permit to affix its Attachments pursuant to Section 2.1 hereof.

(o) “**Make-ready Work**” means work that is necessary and required solely for the purpose of directly accommodating the Attachment(s) that the Licensee wishes to attach to Collus’ pole(s) and includes, but is not limited to, initial line clearing, any changes or additions to or rearrangement of Collus’ poles or Collus’ attachments. Without restricting the generality of the foregoing, Make-ready Work does not include the replacement of defective poles, or previously scheduled betterment programs initiated by Collus.

(p) “**OEB**” means the Ontario Energy Board and its successors.

(q) “**OEB Tariffs**” has the meaning attributed to that term in Section 6.1.

(r) **“Permit”** means the permission granted by Collus to the Licensee to affix its Attachments, as specified in the Permit, to Joint Use Poles or In-Span.

(s) **“Pole Rental Rate”** means the annual fee payable by the Licensee to Collus pursuant to the terms of this Licence.

(t) **“Pole”** means any hydro pole owned by Collus or its Affiliates within the Service Area.

(u) **“Post-Termination Period”** has the meaning attributed to that term in Section 3.4.

(v) **“Service Area”** means the service territory of the Town of Collingwood, Thornbury, Stayner, and Creemore (Clearview Township) and the Town of Blue Mountains (Grey County) in the Province of Ontario.

(w) **“Term”** has the meaning attributed to that term in Section 3.1.

(x) **“Transfer”** means the removal of Attachment(s) from one Joint Use Pole and placing the same Attachment(s) and such incidental materials as may be required on another Joint Use Pole.

Section 1.2 Computation of Time. In this Agreement, unless specified otherwise or the context otherwise requires:

(a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;

(b) all references to specific dates mean 11:59 p.m. on the dates;

(c) all references to specific times are references to Toronto time; and

(d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

Section 1.3 Performance on Business Days. If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

Section 1.4 Calculation of Interest. In calculating interest payable under this Agreement for any period of time, the first day of the period is included and the last day is excluded.

ARTICLE 2 GRANT OF LICENCE

Section 2.1 License. Collus hereby grants to Licensee for the duration of the Term the right to affix and maintain Attachments to Joint Use Poles within the Service Area as designated on one or more Permits. For certainty, all Existing Attachments are hereby deemed to be ratified and approved by Collus and will not require the issuance of any Permit.

ARTICLE 3 TERM AND TERMINATION

Section 3.1 Term. The initial term of this Agreement commences upon the Effective Date and will end no later than twenty years after that date, and shall automatically renew without any further action of the parties for successive twenty year periods (such initial term and renewal term(s) are referred to together as the “**Term**”) unless this Agreement is terminated in accordance with Section 3.2 or Section 3.3.

Section 3.2 Termination by Collus. Collus shall be entitled to terminate any Permit issued under this Agreement upon 90 calendar days written notice to the Licensee where the Licensee fails to maintain its Attachments and keep them in a safe condition in accordance with Section 5.1, Good Utility Practice and Applicable Law. In addition, Collus shall be entitled to terminate this Agreement if the Licensee fails to pay any undisputed amounts due and owing to the Company under this Agreement. The Licensee shall have been given written notice of such failure to pay or to comply and (i) a period of 90 calendar days within which to cure or commence action to cure such failure to pay or to comply, as applicable, and that such deficiency remains un-remedied at the expiration of such 90 day period, or (ii) such other reasonable period of time if the default is of such a nature that it cannot be cured within 90 calendar days, provided the Licensee is making diligent attempts to remedy the default. A Permit shall not be terminated due to Joint Use Poles being replaced in accordance with Section 5.2.

Section 3.3 Termination by Licensee. Licensee shall be entitled to terminate this Agreement and/or any Permit issued under this Agreement upon 90 calendar days’ written notice to Collus.

Section 3.4 Removal of Attachments Upon Termination. In the event of termination of this Agreement the Licensee shall, at its expense, remove its Attachments from the applicable Joint Use Poles within ten years or such additional period as the parties may agree upon the effective date of termination of this Agreement (the “**Post-Termination Period**”); provided; however, that the Licensee shall continue to maintain its Attachments during the Post-Termination Period in accordance with Section 5.1. In the event of the termination of a Permit, the Licensee shall, at its expense, remove its Attachments from the applicable Joint Use Poles (i) within the time period specified for removal in such Permit, or (ii) within two years from the date of termination of the applicable Permit if no time period is specified in such Permit for the removal of the applicable Attachments; provided that in each case the Licensee shall continue to maintain its Attachments during the Post-Termination Period in accordance with Section 5.1. If the Licensee fails to complete the required removal, Collus will complete this work and the Licensee will reimburse Collus for its costs to do so.

ARTICLE 4 PERMITS

Section 4.1 Permitting Process. The Licensee will inform Collus that it intends to seek permission to Affix and maintain its Attachments to a Joint Use Pole or In-span prior to making a formal application for a Permit pursuant to this Article 4. The Licensee will deliver such preliminary information as may be reasonably requested by Collus. Collus may arrange for a joint field visit by Collus and the Licensee to inspect the site of the proposed affixing of Attachments by the Licensee. The Licensee shall also be entitled to require that Collus arrange and attend such joint field visit. Subsequent to the joint field visit, if any, Collus shall inform the Licensee as to the feasibility of the proposed affixing of the Attachments by the Licensee, which opinion shall be communicated to the Licensee within a reasonable period of time. Collus will prepare an estimate of the costs of any Make-ready Work and deliver such estimate to the Licensee together with its preliminary opinion. In making its determination, Collus must base its opinion and conclusions on the following requirements: (i) health and safety; (ii) material degradation to the operation and maintenance of Collus' electricity distribution system; and (iii) material compliance with Applicable Law. If Collus informs the Licensee that proposed affixing of the Attachments by the Licensee is not feasible on any one or more of the foregoing grounds, and the Licensee disputes such determination, the Licensee may refer the matter for resolution in accordance with Article 13 of the SPA.

Section 4.2 Permit Issuance. If the Licensee accepts the estimate delivered to it pursuant to Section 4.1, the Permit, in duplicate, shall be prepared, executed and delivered by Collus to the Licensee. The Licensee will deliver an executed copy of the Permit together with copies of all drawings, plans or designs in respect of the Attachments that are subject to the Permit, certified or otherwise, and where required by Applicable Law the Licensee will include certificate of approval of the drawings by the Electrical Safety Authority. If a Permit is cancelled by the Licensee, the Licensee shall reimburse Collus for the cost of any Make-ready Work completed on the Licensee's behalf upon receiving the invoice for such Make-ready Work. Collus will not unreasonably withhold or delay any Permit nor will any Permit be subject to any additional terms, conditions and/or qualifications other than the terms, additional terms, conditions and/or qualifications required by this Agreement.

Section 4.3 Effect of Issuance and Expiration of Permit. Each Permit, once issued pursuant to Section 4.2 shall be deemed to have been issued pursuant to this Agreement, and shall be read and construed in accordance with this Agreement. Upon expiration of a Permit, Collus shall remove the Attachments from the applicable Joint Use Poles within the time period set forth in Section 3.4.

Section 4.4 Easements. The Licensee shall be responsible for obtaining any and all easements, rights of way, authorizations or permissions from other persons, including required authorizations or permissions to locate on private property, municipal or provincial road allowances, or any other applicable authorization or required permission required for private property or from Governmental Authority having jurisdiction with respect to the affixing and maintaining of the Attachments provided for in a Permit.

ARTICLE 5
PERFORMANCE STANDARDS

Section 5.1 Compliance with Law and Standards. Each Party will perform its obligations under this Agreement and handle and maintain all Attachments in accordance with Good Utility Practice and will comply with the requirements of Applicable Law at all times, both at the time of affixing Attachments and thereafter throughout the duration of the Term. Without limiting the generality of the foregoing, each Party will ensure that all of its employees, agents, representatives, contractors or subcontractors that perform its obligations under this Agreement are fully qualified, licensed and in good standing in accordance with Applicable Law.

Section 5.2 Joint Use Pole Maintenance. Collus shall at all times and at its sole expense maintain its Joint Use Poles and all other supporting attachments in a safe and serviceable condition and in accordance with Applicable Law and Good Utility Practice and repair or replace such attachments and/or Joint Use Poles as they become defective, deteriorated or unsafe. In addition, Collus shall be solely responsible for all vegetation management that may interfere with a Joint Use Pole, including trimming or removing of trees, underbrush or any other items as required that may be required to establish proper clearance for Attachments.

ARTICLE 6
FEES AND INVOICES

Section 6.1 Fees. The one-time fee for all Existing Attachments and all additional Attachments is an aggregate amount of \$10, the receipt of which is hereby acknowledged by Collus. Notwithstanding the foregoing, Collus will be permitted to charge the Licensee additional costs or fees pursuant to any applicable rate order issued by the OEB after the Effective Date (such additional costs or fees are referred to as the “**OEB Tariffs**”).

Section 6.2 Invoices. Payment of OEB Tariffs owed and not disputed by the Licensee to Collus will be made within 30 days of receipt of the invoice by the Licensee. Payments will be made to an account specified by the Collus in writing. Licensee may issue a dispute notice to Collus if Licensee disputes the amount of the OEB Tariff payable to Collus; otherwise Licensee will pay all amounts hereunder that are not in dispute.

ARTICLE 7
INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 7.1 General Indemnification. Collus shall indemnify and save Licensee harmless from and against all Damages caused by or resulting from the acts, omissions, wilful acts, default or negligence of Collus, its agents, contractors, invitees, or licensees with respect to the performance of its obligations under this Agreement or the exercise of the rights granted herein other than to the extent such Damages result from the acts, omissions, wilful acts, default, or gross negligence of Licensee, its agents, contractors, invitees or licensees. Licensee shall indemnify and save harmless Collus from and against all Damages caused by or resulting from the acts, omissions, wilful acts, default or gross negligence of Licensee, its agents, contractors, invitees, or licensees with respect to the performance of its obligations under this Agreement other than to the extent such Damages result from the acts, omissions, wilful acts, default, or

negligence of Collus, its agents, contractors, invitees, licensees or other persons for whom Collus is responsible.

Section 7.2 Limitation of Liability. Licensee shall not be liable for any death or injury arising from or out of any occurrence in, upon, at or relating to the Joint Use Poles, or damage to property of Collus or of others, nor shall it be responsible for any loss of or damage to any property of Collus or others, save and except in the event any such death, injury, loss or damage results from the gross negligence of Licensee, its servants or employees or other persons for whom Licensee is in law responsible or in respect of any known defects in the Attachments. Without limiting the generality of the foregoing, but subject to the exceptions to the limitation of the liability of Licensee set out herein, Licensee shall not be liable for any injury or damage to persons or property resulting from fire, explosion, dampness, electricity, water, rain, flood or snow. Licensee shall not be liable for any such damage caused by other attachments to Joint Use Poles. Licensee shall not be liable for any indirect, incidental, special, consequential or punitive damages of any kind arising out of or in connection with this Agreement, or damages for loss of profits, revenue, loss of goodwill, cost of substitute facilities, goods or services, cost of capital, cost of replacement, business, savings, data, use or cost of substitute procurement, incurred by Collus or any third party, whether in an action in contract or tort, even if Licensee has been advised of the possibility of such damages or if such damages are foreseeable and regardless of whether such losses, damages or liability arises from breach of contract or warranty, tort (including negligence), strict liability or otherwise.

Section 7.3 Insurance. Collus shall obtain and maintain in full force and effect during the Term with respect to the Joint Use Poles insurance against such occurrences and in such amounts, on such terms and with such deductible(s) as required by Applicable Law and as would a prudent owner of Joint Use Poles in accordance with Good Utility Practice. Licensee shall obtain and maintain in full force and effect during the Term with respect to the Attachments insurance against such occurrences and in such amounts, on such terms and with such deductible(s) as would be in place with similar municipalities located in the Province of Ontario.

ARTICLE 8 GENERAL PROVISIONS

Section 8.1 Notices.

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or sent by registered mail, charges prepaid, addressed as follows:

- (i) if to Collingwood: The Corporation of the Town of Collingwood
97 Hurontario Street, PO Box 157
Collingwood, Ontario
L9Y 3Z5

Attention: Clerk
Fax: (705) 445-2448

(ii) if to Collus: ●

Attention: ●

Fax No.: ●

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by telecopy as aforesaid.

(c) Either Party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 8.1.

Section 8.2 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

Section 8.3 Assignment. No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which consent may be not be unreasonably withheld or delayed.

Section 8.4 Successors. This Agreement is binding on, and enures to the benefit of, the Parties and their respective successors.

Section 8.5 Governing Law. This Agreement is governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that province, excluding the choice of law rules of that province.

Section 8.6 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement is effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement operates as a waiver of that right. No single or partial exercise of any such right precludes any other or further exercise of that right or the exercise of any other right.

Section 8.7 No Third Party Beneficiary. This Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

Section 8.8. Force Majeure. Neither Party shall be in breach of the performance of this Agreement by reason of the happening of an event that is beyond the reasonable control of that party, provided that that Party shall have taken all reasonable steps to perform its obligations.

Section 8.9 Entire Agreement. This Agreement shall constitute the entire Agreement between the Parties with respect to the matters addressed herein, and there is no representation, warranty, collateral agreement or condition affecting this other than as is expressed herein in writing. This Agreement shall be read with all changes of gender and number required by the context.

Section 8.10 Planning Act. This Agreement shall be effective to create an interest in the lands only if the subdivision control provisions of the *Planning Act* (Ontario) are complied with on or before completion. The land or any use of or right therein is being acquired for the purpose of an electricity distribution line, electricity transmission line or hydrocarbon line within the meaning of Part VI of the *Ontario Energy Board Act, 1998*.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first noted above.

COLLUS POWERSTREAM CORP.

By: _____
Name:
Title:

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: _____
Name:
Title:

SCHEDULE 6.14(C) – FORM OF PARENTAL GUARANTEE

EPCOR Utilities Inc.

Guarantee

This Guarantee (the "Guarantee"), dated effective as of November 30, 2017 is made and entered into by EPCOR Utilities Inc., an Alberta corporation ("Guarantor").

WITNESSETH:

WHEREAS EPCOR Collingwood Distribution Corp., an affiliate of Guarantor ("Company") and The Corporation of the Town of Collingwood, a municipal corporation formed under the laws of Ontario ("Beneficiary"), have entered into a share purchase agreement dated as of November 30, 2017, as the same may from time to time be modified, amended and supplemented (the "Contract"); and

WHEREAS Guarantor will directly or indirectly benefit from the Contract between Beneficiary and Company.

NOW THEREFORE, in consideration of Beneficiary entering into the Contract, Guarantor hereby covenants and agrees as follows:

1. GUARANTEE

Subject to the provisions of this Guarantee and, in particular, Section 1(b), Guarantor hereby irrevocably and unconditionally guarantees the timely payment when due of the obligations of Company (the "Obligations") to Beneficiary under the Contract. This Guarantee shall constitute a guarantee of payment and not of collection. The liability of Guarantor under this Guarantee shall be subject to the following:

(a) Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made under the Contract (even if such payments are deemed to be damages) and, except to the extent specifically provided in the Contract or in this Guarantee, in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs.

(b) Guarantor's aggregate liability hereunder in respect of any and all Payment Demands (as defined below) shall not exceed the total amounts owing by the Company to the Beneficiary under Sections 2.2 and 2.6 and Article VII of the Contract (the "Maximum Amount"). For greater certainty, subject to Section 8 below, the amount covered by this Guarantee for all Obligations in respect of the Contract that ever shall be required to be paid by Guarantor shall not exceed the Maximum Amount.

2. DEMANDS AND NOTICE

If the Company fails or refuses to pay any Obligations when due and Beneficiary has elected to exercise its rights under this Guarantee, Beneficiary shall make a demand upon Guarantor (hereinafter referred to as a "**Payment Demand**"). A Payment Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Company has failed to pay and an explanation of why such payment is due, with a specific statement that Beneficiary is calling upon Guarantor to pay under this Guarantee. A Payment Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to pay such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must pay the Obligations within five (5) Business Days after the date of the Payment Demand (the "**Payment Date**"). A single written Payment Demand shall be effective as to any specific default during the continuance of such default, until Company or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. The Payment Demand specifying the outstanding amount of the Obligations shall be conclusive evidence of that amount against the Guarantor in the absence of manifest error. For greater certainty, the Beneficiary may issue multiple Payment Demands pursuant to this Guarantee.

3. REPRESENTATIONS AND WARRANTIES

Guarantor represents and warrants that:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and has the corporate power and authority to execute and deliver this Guarantee, and to carry out the terms and provisions of this Guarantee;
- (b) the execution, delivery and performance of this Guarantee by Guarantor have been duly authorized by all necessary corporate action and approvals;
- (c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guarantee; and
- (d) this Guarantee has been duly executed and delivered by Guarantor and constitutes a valid and legally binding agreement of Guarantor enforceable in accordance with its terms, except as the enforceability of this Guarantee may be limited by the effect of any bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity applicable to Guarantor.

4. DEFENSES

The liability of Guarantor hereunder shall be irrevocable, continuing, absolute and unconditional and shall not be affected by, and Guarantor hereby waives, to the fullest extent permitted by law, any act, omission, law, circumstance or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, or that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's liabilities under this Agreement, including without limitation the following, whether or not known to the Beneficiary or consented to by the Beneficiary: (a) any lack of validity, legality or enforceability of the Contract; (b) any amendment to or change in any of the Obligations or the terms and conditions of the Contract agreed to by Beneficiary and Company; (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of Company or any other person, including any discharge of any of the Obligations resulting therefrom; (d) any lack or limitation of power, incapacity or disability on the part of Company or any of its partners, directors, officers or agents, or any other irregularity, defect or informality on the part of Company in relation to any Obligation; (e) the existence of any claim, set-off or other rights which Guarantor may have at any time against Beneficiary in connection with any matter; (f) any defense arising by reason of any failure of Beneficiary to make any presentment, demand for performance, notice of non-performance, protest, or any other notice, except as expressly set forth herein; or (g) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of Guarantor, Company or Beneficiary.

5. AMENDMENT OF GUARANTEE

No term or provision of this Guarantee shall be amended, modified, altered, waived or supplemented except in writing signed by Guarantor and Beneficiary.

6. WAIVERS

Guarantor hereby waives (a) notice of acceptance of this Guarantee; (b) presentment and demand concerning the liabilities of Guarantor, except as expressly set forth in Section 2 above; and (c) any right to require that any action or proceeding be brought against Company or any other person to require that Beneficiary seek enforcement of any performance against Company or any other person, prior to any action against Guarantor under the terms hereof. Except as to applicable statutes of limitation, no delay of Beneficiary in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder. Guarantor consents to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations, or any part thereof, or any changes or

modifications to the terms of the Contract. This Guarantee is irrevocable and the Guarantor expressly and unconditionally waives any right to terminate this Guarantee.

7. POSTPONEMENT OF GUARANTOR'S RIGHTS

Until all of the Obligations guaranteed hereunder have been paid in full or otherwise satisfied, Guarantor will not:

- (a) exercise any rights which it may acquire by way of subrogation under this Guarantee by any payment made hereunder or otherwise. If any amount shall be paid to Guarantor on account of such subrogation rights at any time when all the Obligations guaranteed hereunder shall not have been paid in full or otherwise satisfied, such amount shall be held in trust by Guarantor for the benefit of Beneficiary and shall forthwith be paid to Beneficiary, to be credited and applied to the Obligations guaranteed hereunder.
- (b) claim any set-off or counterclaim against the Company as a result of any liability of the Company to the Guarantor, or claim or prove in the bankruptcy or insolvency of the Company in competition to the Beneficiary.

8. EXPENSES

In addition to the Guarantor's liability under Section 1, Guarantor shall pay for or reimburse Beneficiary for any and all out-of-pocket expenses (including, without limitation all reasonable fees and disbursements of legal counsel) incurred in connection with the successful enforcement of its rights under this Guarantee.

9. NO MARSHALLING

This Agreement is in addition to and is not in any way prejudiced or merged with any other guarantee, indemnity or security now or subsequently held by the Beneficiary in respect of any Obligations. The Beneficiary shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any money or other property that the Beneficiary may be entitled to receive or may have a claim upon.

10. REINSTATEMENT

If, at any time, all or any part of any payment previously applied by the Beneficiary to any of the Obligations is or must be rescinded or returned by the Beneficiary for any reason whatsoever (including, without limitation, the reorganization of insolvency of the Company), such Obligations shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Beneficiary, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligations, all as though such application by the Beneficiary had not been made.

11. LIMITATION PERIOD

The Guarantor acknowledges and agrees that the Beneficiary may demand payment in accordance with the terms of this Guarantee and commence proceedings against the Guarantor in respect of any claim pursuant to this Guarantee at any time while any of the Obligations remain unpaid, notwithstanding any limitation period under the *Limitations Act, 2002* (Ontario) or any other applicable law and, to the fullest extent permitted by law, all limitation periods under such Act or other applicable law are hereby expressly excluded. For greater certainty, the Guarantor acknowledges that this Guarantee is a "business agreement" within the meaning of Section 22(6) of the *Limitations Act, 2002* (Ontario).

12. NOTICE

Any Payment Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered mail, postage prepaid and return receipt requested, or by telegram or telecopier, as follows:



To Beneficiary:

Attn:
Fax No:

To Guarantor:

EPCOR Utilities Inc.
2000 – 10423 101 Street NW
Edmonton, AB T5J 3B1
Attn: Treasury - Credit
Fax No: (780) 412-3418

Notice given by personal delivery shall be deemed to have been received on the date of actual delivery. Notice given by registered mail (as aforesaid) shall be deemed to have been given on the date of mailing and received on the third Business Day following the date of mailing. Transmittal of any Notice given by telecopier shall be confirmed by the sender's telecopier and shall be deemed to have been given and received on the day it was sent (if received prior to 4:00 p.m. local time on a Business Day) and otherwise such Notice shall be deemed to have been received on the Business Day next following the date of sending. Any party may change its address or telecopier number to which Notice is to be given by giving the other party Notice of such change of address or telecopier number as provided above.

13. MISCELLANEOUS

This Guarantee shall in all respects be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of laws. This Guarantee shall be binding upon Guarantor and its successors and inure to the benefit of and be enforceable by Beneficiary, and its successors and permitted assigns. Neither party shall assign any of its rights, interest or obligations hereunder to any other person or entity without the prior written consent of the other party (which consent shall not be unreasonably delayed or withheld) and any purported assignment absent such consent is void; provided however, that Beneficiary may, without the consent of Guarantor, assign its entire interest in this Guarantee to a person or entity who is contemporaneously taking an assignment of Beneficiary's entire interest in the Contract in accordance with the terms of the Contract. This Guarantee embodies the entire agreement and understanding between Guarantor and Beneficiary and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guarantee are for purposes of reference only, and shall not affect the meaning hereof. In the event that any provision in this Guarantee shall be invalid, illegal or unenforceable in any jurisdiction, the invalidity, illegality or unenforceability of that provision will not affect the validity, legality or enforceability of the remaining provisions hereof, or the validity, legality or enforceability of that provision in any jurisdiction.

IN WITNESS WHEREOF, Guarantor has executed this Guarantee in the City of Edmonton, Alberta on the 30th day of November, 2017.

EPCOR Utilities Inc.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have authority to bind the corporation.

SCHEDULE 6.14(D) – FORM OF GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

(EPCOR COLLINGWOOD DISTRIBUTION CORP.)

TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD (the "**Beneficiary**")

DATE: [•], 2017

A. To secure the payment and performance of its Obligations under the Guarantee, the Obligor has agreed to grant to the Beneficiary a security interest with respect to the Collateral in accordance with the terms of this Agreement.

FOR VALUE RECEIVED and intending to be legally bound by this general security agreement (the "**Agreement**"), the undersigned (the "**Obligor**") agrees as follows:

1. INTERPRETATION

1.1 Capitalized Terms In this Agreement, except where the context otherwise requires:

- (a) "**Collateral**" means all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of the Obligor in all property of the following kinds:
 - (i) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
 - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
 - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
 - (iv) all chattel paper;
 - (v) all money;
 - (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;

- (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property;

but excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement. Any reference to "the

Collateral" in this Agreement shall be interpreted as referring to "the Collateral or any of it."

- (b) "**Event of Default**" means the occurrence of (i) a "default," "event of default" or similar circumstance identified in the Guarantee that entitles the Beneficiary to enforce its rights under that Guarantee, (ii) the failure of the Obligor to pay any of the Obligations when due, or (iii) any demand for payment validly made by the Beneficiary pursuant to the Guarantee that is not met in accordance with the terms of the demand or within any applicable grace period.
- (c) "**Guarantee**" means the guarantee dated as of [•], 2017 given by EPCOR Utilities Inc. in favour of the Beneficiary, as amended, supplemented, restated and replaced from time to time.
- (d) "**Obligations**" means all debts, liabilities and obligations of the Obligor to the Beneficiary, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Obligor to the Beneficiary in any currency, under or in connection with the Guarantee.
- (e) "**PPSA**" means the *Personal Property Security Act* (Ontario).

1.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words "accessions," "account," "account debtor," "certificated security," "chattel paper," "clearing house option," "consumer goods," "control," "crops," "document of title," "equipment," "financial asset," "fixtures," "futures account," "futures contract," "futures intermediary," "goods," "instrument," "intangible," "inventory," "investment property," "money," "option," "proceeds," "receiver," "securities account," "securities intermediary," "security," "security certificate," "security entitlement" and "uncertificated security" shall have the same meanings as their defined meanings where they are defined in the PPSA.

1.3 No Contra Proferentum This Agreement has been negotiated by the Obligor and the Beneficiary with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

1.4 Other Interpretation Rules In this Agreement:

- (a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (b) Unless otherwise specified or the context otherwise requires, (i) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted

from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

- (c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

2. GRANT OF SECURITY, ETC.

2.1 Grant of Security As security for payment and performance of the Obligations, the Obligor mortgages, charges, assigns, transfers and pledges the Collateral to the Beneficiary as a fixed and specific mortgage and charge, and grants the Beneficiary a security interest in the Collateral. Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor's present and after acquired personal property, excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement.

2.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Beneficiary and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Beneficiary may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.

2.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper (collectively, "**Restricted Property**") held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Beneficiary, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Beneficiary, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Beneficiary.

2.4 Attachment The Obligor agrees that the Beneficiary has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now

in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Beneficiary. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.

- 2.5 Continuing Agreement The liens created by this Agreement are continuing, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part.
- 2.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Beneficiary in respect of any Obligations. The Beneficiary shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Beneficiary may be entitled to receive or may have a claim upon.
- 2.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, or that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Obligor's liabilities under this Agreement, whether or not known to it or the Beneficiary or consented to by it or the Beneficiary.
- 2.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.
- 2.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;
 - (b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;
 - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Beneficiary to the Obligor;
 - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and

- (e) this Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

3. REPRESENTATIONS OF THE OBLIGOR

- 3.1 Representations The Obligor represents and warrants to the Beneficiary that Schedule A is a complete and accurate description of its name, its jurisdiction of incorporation, its history of mergers, amalgamations and changes of name, the nature of the business that it carries on, the locations of its registered office (and chief executive office, if different), the equity interests in other persons that it owns, the location of its freehold and leasehold real property, the jurisdictions in which its other property is located and its deposit accounts and securities accounts. The Obligor acknowledges that its representations and warranties are material, will be relied upon by the Beneficiary (notwithstanding any investigation made by the Beneficiary at any time) and shall survive the execution and delivery of this Agreement without any time limitation.

4. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

- 4.1 Operations and Insurance The Obligor shall diligently maintain and operate the Collateral so as to preserve the Collateral and the income from the Collateral and shall comply with all requirements of any governmental authority and all agreements relating to any of the Collateral and all other conditions on which the Collateral is held. The Obligor shall also keep the Collateral insured against loss, damage and other risks as the Beneficiary may reasonably require, shall maintain its insurance with loss, if any, payable to the Beneficiary as first loss payee and shall provide the Beneficiary with satisfactory evidence of the insurance maintained.
- 4.2 Restrictions on Liens and Dispositions The Obligor shall not create, assume, incur or permit the existence of any lien on the Collateral except [•] **[NTD: Permitted liens to be discussed]**.
- 4.3 Possession and Control of Collateral The Obligor shall, on request by the Beneficiary from time to time, deliver to the Beneficiary possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Beneficiary requires from time to time to enable the Beneficiary to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Beneficiary to enable the Beneficiary to obtain control, (b) delivering any certificated security to the Beneficiary with any necessary endorsement and (c) having any security registered in the name of the Beneficiary or its nominee. The Beneficiary is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Beneficiary shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Beneficiary may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to

be held in safekeeping on behalf of the Beneficiary (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself. The Obligor shall reimburse the Beneficiary on demand for all expenses incurred by the Beneficiary in connection with safekeeping with interest from the date the expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The expenses and interest shall form part of the Obligations.

- 4.4 Other Assurances; Power of Attorney On request by the Beneficiary, the Obligor shall (a) provide the Beneficiary with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Beneficiary may consider necessary or desirable to give effect to the intent of this Agreement, or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. The Obligor constitutes and appoints the Beneficiary its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Beneficiary may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Beneficiary's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.
- 4.5 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Beneficiary, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Beneficiary considers necessary or desirable in the circumstances.
- 4.6 Restriction on Change of Name The Obligor shall not change its name without providing the Beneficiary with 30 days advance written notice and promptly taking other steps, if any, as the Beneficiary requests to ensure that the position of the Beneficiary is not adversely affected by the change in name.
- 4.7 Restriction on Change of Debtor Location The Obligor shall not permit its chief executive office to be located out of the province of [Alberta] (the "**Specified Location**"), or do anything else to cause the Obligor to be located out of the Specified Location for

the purpose of any *Personal Property Security Act* or other applicable law, without providing the Beneficiary with 30 days advance written notice and promptly taking other steps, if any, as the Beneficiary requests to ensure that the position of the Beneficiary is not adversely affected by the change of location.

- 4.8 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Specified Location (other than (a) inventory in transit, (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others and (c) tangible personal property of a value that is not material in relation to the Obligations, that is temporarily located out of the Specified Location) without providing the Beneficiary with 30 days advance written notice and promptly taking other steps, if any, as the Beneficiary requests to ensure that the position of the Beneficiary is not adversely affected by the change of location.
- 4.9 Use of Collateral; Inspection Until the occurrence of an Event of Default, the Obligor may use the Collateral in any lawful manner consistent with the provisions of this Agreement. The Obligor shall at all reasonable times and from time to time on reasonable notice, permit representatives of the Beneficiary to inspect any of the Collateral and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of such of its representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Obligor.
- 4.10 Beneficiary May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Beneficiary may, but shall not be obligated to, perform any or all of those duties, without waiving any rights to enforce this Agreement. The Obligor shall pay the Beneficiary, immediately on written demand, an amount equal to the costs, fees and expenses incurred by the Beneficiary in doing so plus interest from the date the costs, fees and expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The costs, fees, expenses and interest shall be included in the Obligations under this Agreement.
- 4.11 Beneficiary Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Beneficiary liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, or make the Beneficiary a mortgagee in possession. The Obligor shall indemnify the Beneficiary and save it harmless from any claim arising from any such agreement.
- 4.12 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Guarantee and the Guarantee has been cancelled, then the Beneficiary shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so.

5. RIGHTS AND OBLIGATIONS ON DEFAULT

- 5.1 Application of Article The provisions of this Article 5 apply on the occurrence of an Event of Default that is continuing.
- 5.2 Acceleration of Obligations The Beneficiary may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Beneficiary as a result of any of those events, without notice or action of any kind by the Beneficiary and without presentment, demand or protest of any nature or kind, the Obligations shall become immediately due and payable. Upon the Obligations becoming due and payable, the Beneficiary may enforce payment of the Obligations and the Beneficiary shall have the rights and remedies of a secured party under the PPSA and other applicable law together with those rights and remedies provided by this Agreement or otherwise provided by applicable law.
- 5.3 Rights of Beneficiary The Beneficiary may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Beneficiary at a reasonably convenient place designated by the Beneficiary, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Beneficiary may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Beneficiary is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.
- 5.4 Appointment of Monitor The Beneficiary may from time to time appoint any person (the "**Monitor**") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Beneficiary. The Obligor shall co-operate fully with the Monitor and give the Monitor full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Beneficiary and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the Liens created by this Agreement. All costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Beneficiary immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

- 5.5 Proceeds The Beneficiary may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Beneficiary may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Beneficiary and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Beneficiary, shall be held by the Obligor in trust for the Beneficiary and immediately paid over to the Beneficiary. The Beneficiary shall not, however, be required to collect any proceeds of the Collateral. The Beneficiary may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.
- 5.6 Rights re Investment Property Etc. The Beneficiary may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Beneficiary shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Beneficiary may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.
- 5.7 Notice of Disposition If required to do so by applicable law, the Beneficiary shall give the Obligor written notice of any intended disposition of the Collateral in accordance with the Guarantee or by any other method required or permitted by applicable law. The Obligor waives giving of notice to the maximum extent permitted by applicable law.
- 5.8 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Beneficiary or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Beneficiary or any receiver.
- 5.9 Disposition and Other Rights of Beneficiary The Beneficiary may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Beneficiary in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Beneficiary may determine. If any disposition involves deferred payment, the

Beneficiary will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Beneficiary shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Beneficiary may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Beneficiary reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.

- 5.10 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Beneficiary (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Beneficiary against risks of loss, collection or disposition of Collateral or to provide the Beneficiary a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Beneficiary's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Beneficiary be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Beneficiary that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Beneficiary shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any

Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on its part or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Beneficiary may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

- 5.11 Costs of Realization All costs incurred in connection with realizing the security constituted by this Agreement or exercising any of the Beneficiary's rights under this Agreement, including costs incurred in connection with repossessing, holding, insuring, repairing, processing, preparing for disposition, and disposing of any Collateral and legal fees on a full indemnity (sometimes called solicitor and own client) basis (in this Section, "**realization costs**") shall be payable by the Obligor to the Beneficiary immediately on demand. Realization costs shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations. Realization costs and interest shall be included in the Obligations under this Agreement.
- 5.12 Other Security; Application of Money The Beneficiary may (a) refrain from enforcing any other security or rights held by or on behalf of the Beneficiary in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 5.13 Third Parties No person dealing with the Beneficiary is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Beneficiary has been or will be applied. Any person who acquires Collateral from the Beneficiary in good faith shall acquire it free from any interest of the Obligor.
- 5.14 Appointment of Receiver The Beneficiary may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Beneficiary may remove any receiver appointed by the Beneficiary and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Beneficiary shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Beneficiary under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Beneficiary shall not be in any way responsible for any misconduct or negligence of any receiver.
- 5.15 Rights Cumulative No failure on the part of the Beneficiary to exercise, nor any delay in exercising, any right or remedy under the Guarantee or this Agreement shall operate as a waiver or impose any liability on the Beneficiary, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by applicable law. If the Beneficiary

has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Beneficiary for any reason, then the Obligor and the Beneficiary shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Beneficiary, and thereafter all rights and remedies of the Beneficiary shall continue as if no enforcement proceeding had been taken.

- 5.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Beneficiary on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.
- 5.17 Release by Obligor The Obligor hereby releases and discharges the Beneficiary and any receiver from all claims of any kind, whether sounding in damages or not, that may arise or be caused to the Obligor or any person claiming through or under the Obligor as a result of any act or omission of the Beneficiary or any receiver except that the Beneficiary or receiver may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

6. NOTICES

- 6.1 Notices in Writing Any communication to be made under this Agreement shall be made in writing and, except as required or permitted by applicable law, shall be made by fax or letter. Except as specified by applicable law, any communication shall be effective when received if during business hours or on the next business day if received outside of business hours.
- 6.2 Addresses for Notice The Obligor's address for notice is [•] The Beneficiary's address for notice is [•].

7. ENTIRE AGREEMENT; SEVERABILITY

- 7.1 Entire Agreement This Agreement embodies all the agreements between the Obligor and the Beneficiary relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Beneficiary, and only in the specific instance and for the specific purpose for which it has been given.
- 7.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement,

without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

8. DELIVERY OF AGREEMENT

8.1 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.

8.2 No Conditions Possession of this Agreement by the Beneficiary shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.

8.3 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Beneficiary. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Beneficiary may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Beneficiary believes in good faith are entitled to the information under applicable law.

9. GOVERNING LAW

9.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province, excluding the conflict of law rules of that province. The Obligor irrevocably attorns to, and submits to, the non-exclusive jurisdiction of, the courts of Ontario with respect to any matter arising hereunder or related thereto.

9.2 Beneficiary Entitled to Concurrent Jurisdiction Despite Section **Error! Reference source not found.**, the Beneficiary is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

10. SUCCESSORS AND ASSIGNS

10.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Beneficiary under this Agreement shall be assignable and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Beneficiary. This

Agreement shall enure to the benefit of the Beneficiary and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement.

EPCOR COLLINGWOOD DISTRIBUTION CORP.

By: _____

Name:

Title:

[signature page for General Security Agreement by EPCOR Collingwood Distribution Corp.]

SCHEDULE A

CORPORATE AND PROPERTY DETAILS

EPCOR COLLINGWOOD DISTRIBUTION CORP.

Jurisdiction of Incorporation

[?]

History of Mergers, Amalgamations and Changes of Name

[?]

Nature of Business

[?]

Location(s) of Registered Office and Chief Executive Office

[?]

Equity Interests Owned

[?]

Location of Property

Freehold Real Property

[?]

Leasehold Real Property

[?]

Other Jurisdictions with Property of Material Value

[?]

Deposit Accounts

[?]

Securities Accounts

[?]