

IN THE MATTER of the *Ontario Energy Board Act 1998*,
Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Erie Thames
Powerlines Corporation for an Order or Orders approving just and
reasonable rates and other service charges for the distribution of
electricity, effective as of May 1, 2012 and to be implemented
September 1, 2012.

INTERROGATORIES
FROM THE
SCHOOL ENERGY COALITION

General

1. Please provide a copy of the audited financial statements for 2011.
 - *See Appendix A of the responses to Board Staff IR's.*

2. Please explain the Applicant's delay in filings this application.

- *ETPL underwent an audit of its Deferral and Variance account balances that began in July of 2011 and the audit was completed in December of 2011. Board staff requested that ETPL not file its 2012 COS application until its audit was complete. ETPL had not expected the audit to continue for such an extended period of time.*
- *When the audit was finished, staff utilized in the preparation of the rate application were not able to devote 100% of their time to the rate application as they were required to complete ETPL's 2011 external financial audit. Given the timing, ETPL decided it would be most appropriate to use the information in the 2011 audited financials for the rate application.*

Rate Base

3. [Ex. 2]

Please provide a more detailed summary of the year over year variance of capital expenditures from 2008 to the Test Year as required by section 2.5.2.1 of the Board's Filing Guidelines.

- ***Please see ETPL's responses to VECC IR's # 6 and 7.***

4. [Ex.2/3/1/p.24]

Does the Applicant have a formal capitalization policy document? If so, please provide a copy.

- ***A copy of the capitalization policy is included in this response.***

5. [Ex.2/3/1/p.35]

Please provide any formal business cases for the new SCADA system. Please also provide a full cost breakdown for each phase.

- *No formal business case was completed. SCADA system to be used to monitor existing Hydro One TS supply points and ETPL Wholesale metering points only.*

ETPL Supplied Hardware

Server	3,561.57
Workstation + Monitors	4,220.55
Rack	1,461.99
UPS (2)	2,329.38
Switch	1,312.61
TouchScreen TV (2)	28,516.68

ETPL OGCC Connection Cost (Estimated)	10,000.00
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Survalent Supplied Software/Hardware

Single Windows SCADA System	84,740.00
Database Setup	19,000.00
	<hr/>
	155,142.78

6. [Ex.2/3/1p.27]

With respect to the Pole Replacement Project:

- a) How many polls does the Applicant forecast to replace in the Test Year?
 - ***ETPL is forecasting to replace 20 polls in the test year.***
- b) How many polls have been replaced year-to-date?
 - ***ETPL has replaced 20 polls year to date.***

Load Forecast

7. [Ex.3/2/1]

Please update the Load Forecast to include 2011 actual data.

- ***Please see VECC IR #6.***

OM&A

8. [Ex.4/1/2/p.1]

Please restate the 'Summary of Operating Costs' table without cost of power and depreciation.

SUMMARY OF OPERATING COSTS		2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test
OM&A expenses							
Operation (Working Capital)		\$34,756	\$275,864	\$262,100	\$284,838	\$274,004	\$282,215
Maintenance (Working Capital)		\$1,461,897	\$1,951,406	\$629,843	\$768,548	\$693,543	\$724,349
Billing and Collections		\$1,073,486	\$923,393	\$971,351	\$1,172,439	\$1,034,231	\$1,183,131
Community Relations		\$28,879	\$48,057	\$248,494	\$183,856	\$144,449	\$148,783
Administrative and General Expenses		\$1,594,790	\$2,682,570	\$3,558,052	\$3,557,661	\$3,686,891	\$3,391,759
Total Operating Costs		\$4,193,808	\$5,881,291	\$5,669,841	\$5,967,342	\$5,833,118	\$5,730,237

9. [Ex.4/2/2/p.8]

Please provide a description of the year over year variance in OM&A costs from 2008 to the Test Year as required by Chapter 2, section 2.7.3 of the Board's Filing Guidelines.

- ***Please see ETPL's responses to VECC IR's 35, 36, 37 and 38.***

10. [Ex.4/2/2/p.10]

Please expand Appendix 2-J to include:

- a) Years 2009, 2011 and 2012 year-to-date; and
 - ***Provided in Board Staff responses as Board Staff IR 1 Appendix 2-J.***
- b) Please update the Test Year Versus Most Current Actuals calculation to include 2011 actuals.
 - ***See Board staff interrogatory 1B.***

11. [Ex/4/2/2/p.9]

Is the Applicant workforce unionized? If so, please provide a copy of the current collective agreement between itself and all bargaining units?

- ***ETPL's workforce is unionized and a copy of its collective agreement is included in this response.***

12. [Ex.4/2/3/p.1]

For each new position added since 2009, please provide a justification.

- ***No “new” positions have been added. Existing affiliate employees performing solely LDC work were moved back into the LDC.***

13. [Ex.4/2/4/p.2]

Please provide an updated Appendix 2-K chart that includes West Perth and Clinton employees for the years before amalgamation.

- ***Data is not available since WPPI and CPC employees were employed by each municipality prior to amalgamation and the costs were invoiced over to each.***

14. [Ex.4/2/4/p.2]

Please explain the increase in the percentage of compensation capitalized in 2012.

- ***Please see responses to Board staff IR#42.***

15. [Ex.4/2/5/p.1-2]

How does the Applicant determine the Allocated Costs for Executive Management and Human Resources services?

- *Please see responses to Board staff IR#35.*

16. [Ex.4/2/5/p.1-2]

Please provide a copy of the Service Agreements.

- ***Please see responses to Board staff IR#35.***

Capital Structure and Cost of Capital

17. [Ex.5/1/1/p.4]

Please provide a copy of all outstanding debt instruments.

- *All Promissory notes are included in this response and represent the outstanding debt instruments.*

18. [Ex/5/1/p.5]

Please provide a copy of the capital lease obligations assumed from CRU solution.

- ***ETPL is in the process of obtaining copies of the leases from CRU solutions.***

Overview of Calculation of the Revenue Deficiency or Surplus

19. [Ex.61/2/p.1]

Please provide a table showing the drivers of the revenue deficiency.

- ***Due to the harmonization of the three LDC's into one and the nature of the settlement for both WPPI and CPC's rates in 2010 it is difficult to determine the drivers of the revenue deficiency.***
- ***At a high level however, the drivers are the increase in rate base for the merged entity, change in load forecast, increase in working capital due to higher cost of power, and a small increase in operating costs.***

Cost Allocation


20. Please confirm all classes besides Embedded and Unmetered are within the range of the Board's Cost Allocation Policy on revenue to cost ratios

- ***ETPL does not confirm this comment since all customer classes including Embedded and Unmetered utilize a revenue to cost ratio of 100%.***

Erie Thames Powerlines									
Rate Design - Revenue to Cost Ratios Updated Classes									
Tuesday, September 11, 2012									
Version 1									
	Residential	GS < 50	GS>50 to 999 kW	GS>1000 to 4999 kW	Large Use	Sentinel Lighting	Street Light	Embedded	Unmetered
2012 CA Revenue to Cost %	105.56%	93.77%	85.45%	85.45%	103.38%	74.36%	103.85%	69.57%	28.70%
Board Staff Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Board Staff Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2012 DRR Current Rates	4,868,699	1,016,184	926,213	444,668	349,473	20,837	385,197	114,965	13,889
2012 Misc. Revenue	597,067	130,812	98,451	35,404	17,262	2,742	31,623	4,399	11,941
2012 Total Revenue Current Rates	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	25,830
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	51.30%
Minimum Adjustment									
Current RC%	105.56%	93.77%	85.45%	85.45%	103.38%	74.36%	103.85%	69.57%	28.70%
Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2006 Total Revenue	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	25,830
Min Adjustment	-	-	-	-	-	-	-	-	82,184
2006 Min Adjusted Total Revenue	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	108,014
Allocation of Balance	(49,668)	(10,423)	(9,311)	(4,362)	(3,333)	(214)	(3,788)	(1,085)	
2006 Adjusted Total Revenue	5,416,098	1,136,573	1,015,353	475,710	363,402	23,365	413,032	118,279	108,014
2006 Total Revenue %	59.72%	12.53%	11.19%	5.24%	4.01%	0.26%	4.55%	1.30%	1.19%
2012 Total Revenue	6,035,482	1,266,551	1,131,468	530,112	404,961	26,037	460,267	131,806	120,366
less: 2009 Misc. Rev. Projection	557,181	116,925	104,454	48,939	37,385	2,404	42,491	12,168	11,112
2009 Min Adjustment BRR	5,478,301	1,149,626	1,027,014	481,173	367,576	23,633	417,776	119,638	109,254
New BRR%	59.72%	12.53%	11.19%	5.24%	4.01%	0.26%	4.55%	1.30%	1.19%
100% DRR Adjustment									
2012 Total Revenue Current Rates	5,465,766.00	1,146,996.00	1,024,664.00	480,072.00	366,735.00	23,579.00	416,820.00	119,364.00	25,830.00
2012 Total Revenue @ 100% RC	5,177,777.09	1,223,205.75	1,199,071.84	561,784.95	354,730.01	31,708.07	401,349.36	171,584.96	90,011.34
2012 Current Rates Total Revenue %	56.21%	13.28%	13.02%	6.10%	3.85%	0.34%	4.36%	1.86%	0.98%
2012 Total Revenue	5,681,335	1,342,167	1,315,686	616,421	389,229	34,792	440,382	188,272	98,765
less: 2009 Misc. Rev. Projection	557,181	116,925	104,454	48,939	37,385	2,404	42,491	12,168	11,112
2012 100% RC BRR	5,124,154	1,225,242	1,211,232	567,482	351,844	32,388	397,891	176,104	87,653
New BRR %	55.86%	13.36%	13.20%	6.19%	3.84%	0.35%	4.34%	1.92%	0.96%
Actual Applied for RC Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

All of which is respectfully submitted this 21st day of August, 2012

Mark Rubenstein
Counsel for the School Energy
Coalition

	Policy # ETPL-2010-??	Approved By: Board of Directors
		Approved Date:
	Capitalization Policy	Page: 1 of 4
		Revision: 0

Purpose: To detail the accounting policies and recommended accounting treatment for the appropriate classification of company expenditures. Whether expenditures should be capitalized on the balance sheet (capital assets) or expensed to operations and maintenance in the period incurred (expense).

Accounting Policy:

1) Governing Principle

The purpose for capitalizing expenditures as capital assets is to provide for an equitable allocation of costs among existing and future customers. As assets are expected to provide future economic benefits, expenditures incurred for the acquisition, construction or development of assets should be capitalized and allocated over the estimated useful lives of the associated assets in the form of amortization / depreciation. Accordingly, expenditures relating to the acquisition, construction or betterment of an asset, should be capitalized as an asset, and all other expenditures should be expensed in the accounting period incurred.

2) General:

- i) Capital assets are expenditures for which the future benefits to the company extend over one or more accounting periods / years.
- ii) Expenses (frequently referred to as operating expenses or maintenance expenses), are expenditures where the benefits do not extend beyond the current accounting period / year.
- iii) Future benefit involves a capacity of the asset to contribute directly or indirectly to future net cash flows.

3) New Capital Assets:

New capital assets may be:

- i) purchased in completed state;
- ii) constructed by the company; or
- iii) result from capital lease agreements.

Capital assets are also created from costs incurred for Betterments, as discussed below.

4) Capital Assets Definition:

Capital assets comprise property, plant and equipment and intangible properties that meet all of the following criteria:

- i) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other capital assets;

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- ii) have been acquired, constructed or developed with the intention of being used on a continuing basis; and iii) are not intended for sale in the ordinary course of business.

Property, Plant and Equipment:

These are capital assets that are tangible, comprised primarily of distribution plant and general plant as defined in the APHandbook uniform system of accounts. Distribution plant and general plant are distribution assets used to distribute electricity, and include any system, structures, equipment or other asset used for that purpose.

Intangible properties:

These are assets that lack physical substance. The value is represented by business rights which confer some operating, financial or income producing advantages to the company. e.g. land rights, computer software, licenses, etc. (See separate accounting policy for computer software).

5) Asset Recognition - Capital versus Expense

In order to recognize a capital asset (i.e. capitalizing the related costs on the balance sheet versus expensing these costs to operations), an expenditure should meet the definition for capital assets provided.

6) Betterments (capital) versus Expense (operating)

Expenditures that meet the definition of a betterment should be capitalized, while expenditures that meet the definition of an expense should be expensed.

Discussion for further clarification:

- i) Betterments are costs incurred to enhance the service potential of an existing capital asset. The service potential of an existing capital asset may be enhanced when there is an increase in the previous assessed physical output or service capacity, associated operating costs are lowered, the life or useful life is extended, or the quality of output is improved. The identification of a betterment is a matter of professional judgment.
- ii) Expenses are defined as the costs incurred in the "maintenance" of the service potential of a capital asset. Expenses are costs incurred more or less on a continuous basis to keep the capital asset in normal operating condition, but do not add materially to the use value of the asset, nor prolong its life appreciably.
- iii) If a cost has the attributes of both an expense and a betterment, the portion considered to be a betterment is included in the cost of the capital asset.

7) Capital Asset costs:

- i) Cost is the amount of consideration given up to acquire, construct, develop, or better a capital asset and includes all costs directly attributable to the

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acquisition, construction, development, or betterment of the capital asset including installing it at the location and in the condition necessary for its intended use.

- ii) A capital asset should be recorded at cost, which would include the purchase price and other acquisition costs, such as: brokers' commissions; installation costs including architectural, design and engineering fees; legal fees; survey costs; site preparation costs; freight charges; transportation insurance costs; duties; testing and preparation charges.
- iii) Construction costs: (APHandbook) The cost of construction properly included in electric plant capital accounts shall include where applicable: the cost of labour; materials and supplies; transportation; work done by others for the utility; privileges and permits; special machinery services; allowance for funds used during construction; and such portion of general engineering, administrative salaries and expenses, insurance, taxes and other similar items as may be properly included in construction costs.

8) Amortization: (also referred to as depreciation)

Consistent with the CICA Handbook, the APHandbook does not provide prescriptive guidance in terms of the amortization methods to be used, the asset categories, the estimated useful lives or amortization rates. The amortization rates currently in use for the new capital assets are consistent with those as prescribed by the Kinetrics report commissioned by the Ontario Energy Board (OEB). The Board may review the selected amortization methods, estimates of useful lives and amortization rates as it considers necessary. Amortization should be recognized in a rational and systematic manner, appropriate to the nature of the capital asset and its intended use by the company, to match costs to the related benefits. The amortization method and estimates of the life of a capital asset should be reviewed on a regular basis.


9) Materiality and Minimum threshold dollar amounts for capitalization:

Once it has been determined that an expenditure is capital in nature, "for practical purposes", only those expenditures which exceed specified "threshold dollar amounts", should be treated as capital; and those below this amount should be treated as expenses. Erie Thames Powerlines will utilize \$1,000 as the threshold below which amounts will not be capitalized.

10) OEB Uniform System of Accounts (USoA):

The APHandbook provides comprehensive definitions for:

- i) capital asset accounts;
- ii) operating expense accounts; and
- iii) maintenance expense accounts.

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The listing of these accounts is provided in the AP Handbook. Account definitions provide the specific OEB accounting guidelines for each capital asset and expense account. A review of the account definitions provides practical references and examples, to enable us to determine the appropriate classification of various expenditures as either a capital asset or an operating expense. OEB account definitions for Capital assets accounts and Expenses accounts are available upon request.

11) Expenses - Clarification of Operation and Maintenance Activities:

The OEB has determined there is value in distinguishing costs between operating expenses and maintenance expenses. We are required to report our expenses to the OEB under the uniform system of accounts (USoA) provided in the APHandbook. The distribution expenses accounts, for both operation and maintenance expenses, are available in the APHandbook. Please see the accounting policy, Expenses - Clarification of Operating and Maintenance Expenses for further guidance.

Chris White, President

Gunars Ceksters, Chair

Date

ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **The Corporation of the Municipality of Central Elgin**

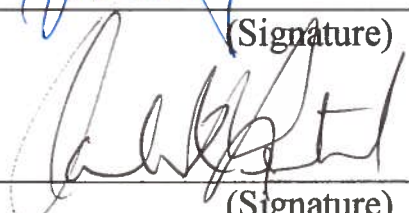
***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$59,981
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$210,583
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$806,436

Documents delivered by: _____


(Signature)

Documents received by: _____


(Signature)

DONALD N. LEITCH, CAO

(Printed name/title)

Date: _____

JANUARY 10, 2002.

PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Municipality of Central Elgin (the "Holder") the principal sum (the "Principal") of Eight Hundred and Six Thousand Four Hundred and Thirty Six dollars (\$806,436.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (i) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

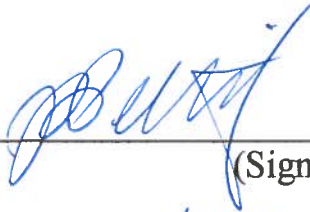
ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **Township of East Zorra-Tavistock**

***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

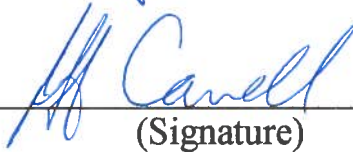
- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$42,326
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$148,601
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$569,073

Documents delivered by: _____



(Signature)

Documents received by: _____



(Signature)

Jeff Carwell, CAO

(Printed name/title)

Date: _____

Jan 10, 2002

PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Township of East Zorra-Tavistock (the "Holder") the principal sum (the "Principal") of Five Hundred and Sixty Nine Thousand and Seventy Three dollars (\$569,073.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of August, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (i) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

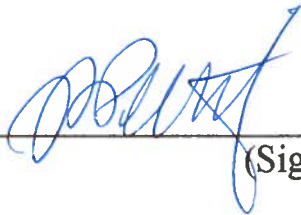
ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **Township of South-West Oxford**

***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$14,285
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$50,153
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$192,062

Documents delivered by: _____



(Signature)

Documents received by: _____

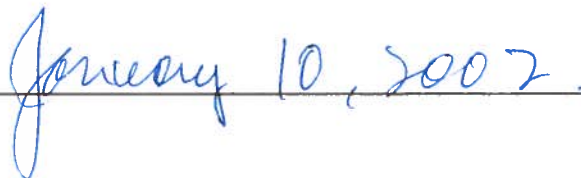


(Signature)

ALLEN FORRESTER, CLERK

(Printed name/title)

Date: _____



PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Township of South-West Oxford (the "Holder") the principal sum (the "Principal") of One Hundred and Ninety Two Thousand and Sixty Two dollars (\$192,062.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (i) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **The Corporation of the Town of Aylmer**

***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

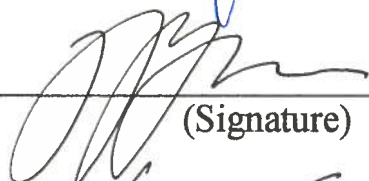
- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$126,060
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$442,577
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$1,694,863

Documents delivered by: _____


(Signature)

Documents received by: _____


(Signature)


WENMAC CHAIRS Administrator
(Printed name/title)

Date: _____

Jan 16 / 2002

PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Town of Aylmer (the "Holder") the principal sum (the "Principal") of One Million Six Hundred and Ninety Four Thousand Eight Hundred and Sixty Three dollars (\$1,694,863.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (I) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **Town of Ingersoll**

***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$253,040
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$888,380
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$3,402,080

Documents delivered by: _____


(Signature)

Documents received by: _____


(Signature)

EDWARD A. HUNT
CLERK ADMINISTRATOR
TOWN OF INGERSOLL

(Printed name/title)

Date: _____



PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Town of Ingersoll (the "Holder") the principal sum (the "Principal") of Three Million Four Hundred and Two Thousand and Eighty dollars (\$3,402,080.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (i) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **Township of Norwich**

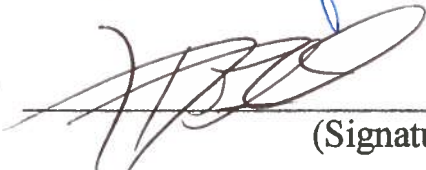
***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$56,807
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$199,438
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$763,755

Documents delivered by: _____


(Signature)

Documents received by: _____


(Signature)

H ROY BAUSLAUGH, TREASURER
(Printed name/title)

Date: _____

02/01/16

PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Township of Norwich (the "Holder") the principal sum (the "Principal") of Seven Hundred and Sixty Three Thousand Seven Hundred and Fifty Five dollars (\$763,755.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (i) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

ACKNOWLEDGEMENT OF RECEIPT – Promissory Notes

Shareholder: **Township of Zorra**

***I HEREBY ACKNOWLEDGE THE RECEIPT OF THE FOLLOWING
SIGNED DOCUMENTS:***

- 1) Promissory Note – Erie Thames Power Corporation in the amount of \$45,390
- 2) Promissory Note – Erie Thames Services Corporation in the amount of \$159,355
- 3) Promissory Note – Erie Thames Powerlines Corporation in the amount of \$610,255

Documents delivered by: _____

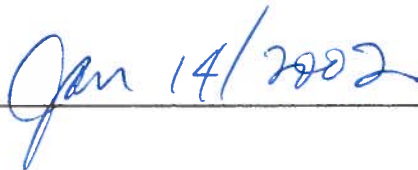

(Signature)

Documents received by: _____


(Signature)

Don MacLeod CLERK ADMINISTRATOR
(Printed name/title)

Date: _____


Jan 14/2002

PROMISSORY NOTE

FOR VALUE RECEIVED, Erie Thames Powerlines Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Township of Zorra (the "Holder") the principal sum (the "Principal") of Six Hundred and Ten Thousand Two Hundred and Fifty Five dollars (\$610,255.00) with interest at the rate specified herein, on a date which is no later than eighteen (18) months from the date of demand in writing by the Holder (the "Maturity Date").

Capitalized terms used and not otherwise defined herein have the respective meanings set out in Schedule "A".

The outstanding principal sum of this Promissory Note shall bear interest from time to time at the Interest Rate calculated quarterly not in advance. Interest at the Interest Rate shall accrue from the Interest Commencement Date until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in quarterly instalments with the first of such payments commencing three (3) months following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The Principal is convertible at the option of the Corporation into fully paid and non-assessable Class B Shares in the capital of the Corporation as presently constituted at the Conversion Price all subject to the terms and conditions set forth in Schedule "B". Upon such conversion the Holder shall surrender this Promissory Note to the Corporation at its principal offices.

The right is reserved to the Corporation, subject to the terms and conditions set out in Schedule "B", to purchase this Promissory Note at any time or times by tender or by private contract.

At the option of the Corporation, on one month's prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of the 1st Day of September, 2000.

ERIE THAMES POWERLINES CORPORATION

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

SCHEDULE "A"

Definitions

"Business Combination" means (i) a transaction or series of transaction in which, directly or indirectly, the Corporation shall consolidate, merge with, amalgamate with or enter into a statutory agreement with , any other person (other than a wholly owned subsidiary of the Corporation) and in connection therewith , all of the outstanding Shares shall be changed in any way, reclassified or converted into or exchanged for shares or other securities of the Corporation or of any other person, or cash or any other property or (ii) a transaction or series of transaction in which, directly or indirectly, the Corporation shall sell or otherwise transfer property or assets that aggregate more than 50% of the property or assets of the Corporation or generated during the Corporation's last completed fiscal year more than 50% of the operating income or cash flow of the Corporation and its subsidiaries (taken as a whole) to any other person or persons.

"Conversion Price" has the meaning ascribed thereto in subsection 1(a) of Schedule "B".

"Interest Commencement Date" means the earlier of (i) the date that the Corporation is required to make payments under section 93 of the *Electricity Act, 1998* and (ii) the date that is designated by the board of directors of the Corporation as such date.

"Interest Rate" means the interest rate payable as provided in this Promissory Note on the principal amount hereof that the board of directors of the Corporation shall, from time to time, determine and of which the board of directors of the Corporation shall notify the Holder in writing.

SCHEDULE "B"

Conversion of Promissory Note

1. Conversion of Promissory Note into Shares

- (a) Upon and subject to the provisions of this Schedule "B", the Corporation shall have the right, at its option, at any time and prior to the Maturity Date, to convert the whole or any part which is \$5,000.00 or an integral multiple thereof, of the principal amount of this Promissory Note into fully paid and non-assessable Class B Shares (the "Shares") of the Corporation at a conversion rate equal to a number of Shares having a fair market value of \$5,000 for each \$5,000 of principal so converted (the "Conversion Price") plus payment of accrued and unpaid interest in respect of the principal so converted up to and including the date of such conversion. The Holder of this Promissory Note shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder certificate(s) representing fully paid and non-assessable Shares as provided in this subsection (a).
- (b) The right of conversion pursuant hereto shall extend only to the maximum number of whole Shares into which the aggregate principal amount of this Promissory Note may be converted in accordance with the provisions of subsection (a). Fractional interests in Shares shall be adjusted for in the manner provided herein.
- (c) In case of the reclassification of the Shares at any time outstanding (other than any subdivision or consolidation of Shares into a greater or lesser number of Shares) or change of the Shares into other shares, or in case of a Business Combination of the Debtor (other than a Business Combination which does not result in a reclassification of the outstanding Shares or a change of the Shares into other shares), the Holder if it shall thereafter be converted in whole or in part shall be entitled to receive, and shall accept, in lieu of the number of Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which such Holder would have been entitled to receive as a result of such Business Combination if on the effective date thereof, it had been the registered holder of the number of Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Schedule "B" with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule "B" shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Promissory Note. Any such adjustments shall be approved by the directors of the Corporation and shall be set forth in a notice given to the Holder and, absent manifest error, shall for all purposes be conclusively deemed to be an appropriate adjustment.

2. Partial Conversions

- (a) Any part, being the lesser of the principal amount outstanding hereunder and \$5,000.00 or an integral multiple thereof, of a Promissory Note may be converted as provided in this section 2, and all references in this Promissory Note to conversion of Promissory Note shall be deemed to include conversion of any such part.
- (b) The Holder of this Promissory Note of which part only is converted shall upon the exercise of the Corporation's right of conversion surrender such Promissory Note to the Corporation and the Corporation shall cancel the same and shall, without expense to the Holder, forthwith certify and deliver to the Holder a new Promissory Note in an aggregate principal amount equal to the unconverted part of the principal amount of the Promissory Note so surrendered.

3. Adjustment of Conversion Price

- (a) If and whenever the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of shares; (ii) reduce, or consolidate the outstanding Shares into a smaller number of shares; (iii) issue any Shares (or securities convertible into or exchangeable for Shares) of the Corporation to the holders of all or substantially all of the outstanding Shares by way of a stock dividend, the Conversion Price and the number of Shares reserved for issuance pursuant to the conversion of the Promissory Note in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares (or securities convertible into or exchangeable for Shares) by way of a stock dividend, as the case may be, shall be adjusted in the proportion which the number of Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend bears to the number of Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend. Any such issue of Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Shares under this subsection (a) and, in the case where securities convertible into or exchangeable for Shares are distributed, shall include the number of Shares that would have been outstanding had such securities been converted into Shares on such record date.
- (b) No adjustment in the Conversion Price or in the number of Shares issuable upon conversion of this Promissory Note will be made in respect of any event described in this section 3 and no distribution shall be made (other than any distributions constituting dividends paid in the ordinary course) to all or substantially all the holders of its outstanding Shares of (I) shares of the Corporation of any class other than Shares; or (ii) rights, options or warrants or other securities of the Corporation which are convertible into or exchangeable for Shares; or (iii) evidences of its indebtedness; or (iv) property or other assets of the Corporation, unless the Holder is entitled to participate in such event on the same terms *mutatis mutandis*, as if it had converted this Promissory Note prior to or on the record date or effective date of such event.

- (c) The adjustments provided for in this section 3 are cumulative, shall in the case of adjustments to the Conversion Price be computed to the nearest one-tenth of one cent and shall apply to successive submissions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this section 3. Notwithstanding any other provision of this section 3, no adjustment of the Conversion Price shall be required in respect of any such event unless such adjustment would require an increase or decrease of at least one per cent in the Conversion Price then in effect. Any adjustments which by reason of the preceding sentence of this subsection 3(c) are not required to be made shall be carried forward and taken into account on any subsequent adjustment.
- (d) If any questions arise with respect to the adjustments provided in this section 3, such questions shall be determined by the Auditor as that term is defined in the Shareholders Agreement among the Corporation, its affiliates, the Corporation of the Township of Norwich, the Corporation of the Township of Zorra, the Corporation of the Township of East Zorra-Tavistock, the Corporation of the Township of South-West Oxford, The Corporation of the Town of Ingersoll, the Corporation of the Town of Aylmer and the Corporation of the Municipality of Central Elgin dated as of August 31, 2000. Such Auditor shall have for such purposes reasonable access during normal business hours to all necessary records of the Corporation and such determination absent manifest error, shall be binding upon the Corporation and the Holder.

4. No Requirement to Issue Fractional Shares

- (a) The Corporation shall not be required to issue fractional Shares upon the conversion of this Promissory Note pursuant to this Schedule "B". If any fractional interest in a Share would, except for the provisions of this section 4, be deliverable upon the conversion of any principal amount of this Promissory Note, the Corporation shall, in lieu of delivering any certificates of such fractional interest, satisfy such fractional interest by paying the Holder of such surrendered Promissory Note an amount of lawful money of Canada equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the appropriate fraction of the value of a Share on the basis of the Conversion Price.

PROMISSORY NOTE

FOR VALUE RECEIVED, Clinton Power Corporation (the "Corporation") hereby promises to pay to or to the order of The Corporation of the Municipality of West Perth (the "Holder") the principal sum (the "Principal") of Nine Hundred Thousand dollars (\$900,000.00) with interest at the rate of seven percent per annum (7%) (the "Interest Rate") on a date which is no later than six (6) months from the date of demand in writing by the Holder (the "Maturity Date").

The outstanding principal sum of this Promissory Note shall bear interest monthly at the Interest Rate calculated monthly. Interest at the Interest Rate shall accrue from the date on which the Principal is advanced to the Corporation (the "Interest Commencement Date") until the principal sum is paid in full, with interest on overdue interest at the said rate. Interest at the Interest Rate shall be payable in monthly instalments with the first of such payments commencing one (1) month following the Interest Commencement Date, provided that the Holder may elect to waive payment of interest in its sole discretion.

The right is reserved to the Corporation to purchase this Promissory Note at any time or times by tender or by private contract provided that the Holder is given six (6) months notice in writing.

At the option of the Corporation, on six (6) months prior written notice to the Holder, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Corporation.

This Promissory Note is not assignable by the Holder without the consent of the Corporation.

DATED as of this 16th day of January, 2010.

CLINTON POWER CORPORATION

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

PROMISSORY NOTE

West Perth Power Inc. hereby agrees to pay to the Municipality of West Perth the sum of One Million, One Hundred and Eighty-Three Thousand, Three Hundred and Ninety-One Dollars (\$1,183,391.00) in consideration for the redemption of Five Hundred and Fifty (550) Common Shares of the Corporation at Two Thousand, One Hundred and Fifty-One---62/100 Dollars (\$2,151.62) per share.

Interest on the outstanding amount will be subject to the approval of the Ontario Energy Board but in any event will not exceed seven and one-quarter percent (7.25%) per annum. The interest rate will be subject to review on an annual basis and will conform with any orders of the Ontario Energy Board.

This Note is payable on demand at any time.

DATED at Mitchell, Ontario, this 1st day of January, 2002.

WEST PERTH POWER INC.

PER: _____