

**CERTIFICATE OF PASSING OF RESOLUTION
UNDER SECTION 159.1 OF THE *ELECTRICITY ACT*, 1998****Name of Municipality:****The Corporation of the Town of Wasaga Beach****Name of Local Distribution Company:****Wasaga Distribution Inc.**

Direct and Indirect Beneficial Ownership of and Voting Rights in Local Distribution Company.
Specify shareholders and % of ownership at each level of the corporation structure (see subsection 159.1 (3) of Act). If there is insufficient space on this form, attach additional page(s).

Geosands Inc. hold 100 common shares of Wasaga Distribution Inc. being all of the issued common shares of Wasaga Distribution Inc. The Corporation of the Town of Wasaga Beach is the sole beneficial owner of all of the issued common shares of Geosands Inc. As a result, the Corporation of the Town of Wasaga Beach has direct beneficial ownership of all of the voting shares of a corporation that owns all of the voting shares of Wasaga Distribution Inc.

Attached is a copy of the resolution passed by the municipality affirming that the local distribution company should continue to operate on a for-profit basis.

The municipality affirms that the projected return on common equity to be earned by the local distribution company, on which the rates approved by the Ontario Energy Board are based, is 9.88%

Provide details of all financial arrangements involving the municipality and the local distribution company. If there is insufficient space on this form, attach additional page(s).

Date of Arrangement	Description of Arrangement	Term	Principal Amount	Annual Interest Payable
October 20, 2000	Promissory Note	Demand	\$3,593,269.00	December 31, Gov't of Canada 10 year bond rate

Walter J. Borthwick
Mayor

Signature

Date

Eric E. Collingwood
Clerk

Signature

Date

The Corporation of the
Town of Wasaga Beach

MOVED BY

February 11th, 2003

SECONDED BY

RESOLUTION #2003-03- 04

RESOLVED THAT:

WHEREAS Section 142 of *The Electricity Act 1998*, required municipalities to convert their existing electricity businesses into corporations incorporated under the *Business Corporations Act* within two years of its enactment, and

WHEREAS in 2000, Wasaga Distribution Inc. (Wasaga Hydro) was formed, being a *Business Corporations Act* corporation established under Section 142 of *The Electricity Act, 1998*, for the purpose of converting the Town's existing electricity business in accordance with *The Electricity Act, 1998*, and

AND WHEREAS Wasaga Distribution Inc. (Wasaga Hydro) has continued as a business and continues to operate as a highly efficient utility for the benefit of the taxpayers of the Town of Wasaga Beach; and

WHEREAS on December 9th, 2002, Bill 210, the Electricity, Pricing, Conservation and Supply Act, 2002, received third reading and Royal Assent; and

WHEREAS Bill 210 amends *The Electricity Act, 1998*, by adding Section 159.1, to require a municipality that beneficially owns voting securities in a corporation incorporated under Section 142 of *The Electricity Act, 1998*, to pass a resolution affirming that the corporation should continue to be incorporated as a *Business Corporation Act* corporation within 90 days of Bill 210 receiving Royal Assent; and

WHEREAS Bill 210 also provides several consequences of failure to pass the required resolution and submit the necessary certificate certifying the passing of the resolution, which consequences include a prohibition against declaring or paying dividends for the benefit of any person ; a prohibition against any kind of disposal of the assets or liabilities of the electricity company; prohibitions against entering into certain contractual arrangements; and an application being deemed to have been made to the Ontario Energy Board for a rate order that incorporates a 0% return on Common equity which effectively converts the corporation into a Not-For-Profit business; and

NOW THEREFORE BE IT RESOLVED THAT

1. The Corporation of the Town of Wasaga Beach hereby affirms that Wasaga Distribution Inc. (Wasaga Hydro) should continue to be incorporated as a *Business Corporations Act* company as provided in Subsection 142(1) of *the Electricity Act, 1998*.

2. The Town Clerk be required to prepare and file with the Minister of Energy the necessary certificate required under the new Section 159.1 as provided for in Bill 210.

CARRIED