

APPENDIX 4-6.2 - SERVICES AGREEMENT (2014)

SERVICES AGREEMENT

THIS AGREEMENT made this 11th day of April, 2014

BETWEEN

Horizon Utilities Corporation (“Horizon”)

OF THE FIRST PART

-and-

Horizon Holdings Inc. (“HHI”)

OF THE SECOND PART

-and-

Horizon Energy Solutions Inc. (“HESI”)

OF THE THIRD PART

(the “party” or “parties” as the context dictates)

WHEREAS Horizon, HHI, and HESI have been incorporated under the *Ontario Business Corporations Act*;

AND WHEREAS the Ontario Energy Board (the “Board”) has created an *Affiliate Relationships Code for Electricity Distributors and Transmitters* (the “Code”), which applies to Horizon and its Affiliates and the provision of shared services;

AND WHEREAS the purpose of the Code is to establish the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

AND WHEREAS Horizon, HHI, and HESI may share services and resources in accordance with this Services Agreement;

AND WHEREAS the parties desire to enter into a Services Agreement comprised of a master agreement providing for generic terms and conditions governing contracted services (the “Master Agreement”) and schedules providing for any specific additional terms and conditions associated with specific contracted shared services (the “Schedules”);

AND WHEREAS each of the parties intends to execute the Master Agreement and the specific Schedules in accordance with the needs of the respective party;

NOW THEREFORE IN CONSIDERATION OF the mutual covenants herein contained and the provision of other good and valuable consideration by each party hereto to each of the others (the receipt and adequacy of which is acknowledged) the parties hereto have agreed as follows:

1. Definitions

- 1.01 **“Act”** means the *Ontario Energy Board Act, 1998*;
- 1.02 **“Affiliate”** with respect to a corporation, has the same meaning as in the Ontario Business Corporations Act;
- 1.03 **“Agent”** means a person acting on behalf of Horizon and includes persons contracted to provide shared services on behalf of Horizon;
- 1.04 **“Cost Allocation”** means the method used by Horizon and its Affiliates to allocate the proportionate share of the cost of services (direct and indirect) shared amongst Horizon and its Affiliates pursuant to this Service Agreement;
- 1.05 **“Direct Costs”** means costs that are reasonably identified or specifically attributable to a Shared Service Recipient;
- 1.06 **“Information Services”** means computer systems, services, databases, and persons knowledgeable about Horizon’s information technology systems;
- 1.07 **“Market Price”** means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms-length and under no compulsion to act;
- 1.08 **“Pricing”** means the dollar amounts determined in accordance with the provisions of the Code for providing services or resources from or to an Affiliate in a Services Agreement;
- 1.09 **“Representatives”** means as to any person, such person and their respective directors, officers, employees, partners, agents, representatives, advisers, consultants and controlling persons;
- 1.10 **“Services Agreement”** means an agreement for the provision of services between Horizon and an Affiliate for the purpose of subsection 2.2 of the Code and comprises the Master Agreement and any Schedules which may be attached to the Master Agreement from time to time;
- 1.11 **“Shared Service Recipient”** means the parties receiving the shared services under the terms of a particular Schedule;
- 1.12 **“Shared Service Provider”** means the party providing the shared services under the terms of a particular Schedule.

2. Interpretations

- 2.01 This Services Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

- 2.02 This Services Agreement shall not be deemed nor construed to be the formation of a partnership as between the parties only those matters that are specifically dealt with in this Services Agreement are to be the subject matter of any rights and obligations on the part of the respective parties.
- 2.03 Unless otherwise defined in this Services Agreement, words and phrases that have not been defined shall have the meaning ascribed to them in the licenses issued by the Board, the Act, or the Electricity Act, 1998 as the case may be.
- 2.04 Headings are for convenience only and shall not affect the interpretation of this Services Agreement. Words importing the singular include the plural and vice versa. A reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document.

3. Services to be Shared

- 3.01 Shared Service Providers agree to perform or cause to be performed all shared services contemplated under this Services Agreement.
- 3.02 The parties shall mutually agree to the specific nature and any specific terms of the services to be shared and such terms shall be documented as Schedules which will be appended to this Master Agreement.
- 3.03 The Shared Service Provider shall have the right to hire contractors or retain the services of such persons necessary to ensure that the shared services are provided in accordance with the terms of the relevant Schedules. Contractor and other external costs, which are solely related to one of the particular parties, shall be borne directly by that party.
- 3.04 Additional Schedules may be added to this Master Agreement at any time provided the related Schedule complies with the intent of the Master Agreement and the Schedule is duly executed by the applicable parties.

4. Intercompany Charges for Shared Services

- 4.01 Intercompany charges computed and charged for shared services are to be settled monthly between the Shared Service Provider and Shared Service Recipient, including taxes as may be applicable.
- 4.02 No fees or intercompany charges are applicable to a particular service unless specified in the related Schedule.
- 4.03 If intercompany charges under any Service Agreement are cost-based, the Shared Service Provider agrees to provide upon the request of the Shared Service Recipient and otherwise from time to time a breakdown of the Shared Service Provider's fully allocated cost of providing the shared services.

5. Review of Schedules

5.01 Schedules will be reviewed annually for any necessary changes, such review to be completed not less than thirty (30) days prior to end of term.

6. Dispute Resolution

6.01 In the event of a dispute regarding this Services Agreement, the party having the dispute shall provide written notice to the other parties of the particulars of the dispute, following which the parties shall use all reasonable efforts to resolve the dispute promptly and in good faith.

6.02 If pursuant to Section 6.01, the parties cannot come to a resolution of a dispute regarding this Services Agreement within sixty (60) business days of the date of receipt of the written notice referred to in Section 6.01, the dispute may be submitted to arbitration by the disputing party subject, as applicable, to the provision of Sections 6.01, 6.02 and 6.03. Arbitration shall be conducted pursuant to the *Arbitration Act, 1991* of Ontario, as amended and then in effect to the extent not inconsistent with the rules herein specified. Such arbitration shall be held in Hamilton, Ontario, or in a location as otherwise mutually agreed by the parties. Unless otherwise mutually agreed, the dispute shall be heard by one arbitrator who has not previously been employed or otherwise retained by/or affiliated with a person that has been employed or otherwise retained by any of the parties, does not have a direct or indirect interest in any of the parties and shall be disinterested in the subject matter of the dispute. Such arbitrator shall either be as mutually agreed by the parties within thirty (30) days after agreeing to arbitration or failing agreement, shall be selected under the rules of the *Arbitration Act, 1991* of Ontario. The judgment rendered by the arbitrator may be enforced in any court of competent jurisdiction.

6.03 All costs of the arbitration shall be paid equally by the parties, unless the award shall specify a different division of the costs. Each party shall be responsible for its own expense, including attorney's fees, unless the award shall specify differently. Each party shall be provided adequate opportunity to present information in support of its respective position on the dispute being arbitrated, and to respond to the other parties' submissions. The arbitrator may also request additional information from the parties.

6.04 Should the parties submit to arbitration pursuant to Section 6.02, the arbitrator shall be bound by the terms of this Services Agreement and may not detract from or add thereto. The parties may, by mutual agreement, specify the rules that are to govern the arbitration proceedings and limit the matters to be considered. The findings and award of the arbitrator shall be final and conclusive and shall be binding upon the parties and shall not be subject to appeal. Each party agrees that it will not bring a lawsuit concerning any dispute covered by the arbitration provision.

7. Audit Rights

7.01 Any party to this Services Agreement may, at reasonable intervals, upon reasonable notice and at reasonable times during normal business hours, have such access to the records of the other party or parties as is reasonably necessary for purposes of auditing and investigating compliance with this Services Agreement. This access will be limited to information that is pertinent to the specific shared services contemplated under the Schedules. The cost of all such audits will be borne by the party requesting the audit.

- 7.02 In addition to the audit rights provided under Section 7.01, the Shared Service Provider shall have the right in respect of any Information Services which it provides to conduct a review of the adequacy, implementation or operating effectiveness of any access protocols and contractual provision, which complies with the provision of section 3416 of the CPA Canada Handbook. The parties acknowledge that the results of any such review shall be made available to the respective Boards of each party.
- 7.03 Information obtained under Section 7.01 and Section 7.02 is subject to the Confidentiality provisions under Section 12.

8. Term

- 8.01 The Master Agreement shall commence as of the day first written above and shall remain in effect until March 31, 2019 and year to year thereafter unless terminated by a party upon sixty days (60) prior written notice; or otherwise in accordance with the provisions of this Master Agreement.
- 8.02 The term of any Schedule shall be as specified in the applicable Schedule.

9. Termination for Convenience

- 9.01 In the event a party wishes to terminate their participation in this Master Agreement and provides notice pursuant to Section 8.01, then such termination shall not become effective with respect to particular Schedules then outstanding, unless and until: (i) such Schedules are terminated by mutual agreement of the parties; (ii) such Schedules are completed or expire in accordance with their terms; or (iii) such Schedules are otherwise terminated pursuant to this Master Agreement. All provisions, which by their terms are intended to survive the termination of this Master Agreement, shall survive the termination of this Master Agreement in accordance with their terms.
- 9.02 Should a termination outlined in Section 9.01 result in a need for the Shared Service Provider to revise its pricing to the remaining Shared Service Recipient(s) as outlined in Section 9.01, the Shared Service Provider shall communicate such revisions to the Shared Service Recipient as soon as possible with an effective date not to be sooner than sixty (60) days from the date of notification.

10. Events of Default and Termination for Default

- 10.01 The occurrence of any one or more of the following events shall constitute a default by a party under this Agreement and shall be considered an event of default (an "Event of Default") if such default is not remedied prior to the expiry of the relevant notice period (if any) or the relevant cure period (if any) applicable to such default as hereinafter set out:
- a) A Shared Service Recipient fails to make any payment due hereunder on or before the due date if such failure is not remedied within five (5) days after written notice of such failure is given by a Shared Service Provider to the Shared Service Recipient;
 - b) A party fails to perform or observe any of its other obligations under this Agreement and such failure is not remedied within ten (10) days after written notice of such failure,

- 10.02 The non-defaulting party may extend the period for the remediation of any such Event of Default (if any), provided that the defaulting party is then diligently pursuing the satisfaction thereof and demonstrates to the reasonable satisfaction of the non-defaulting party that the steps being taken by the defaulting party are likely to cure the Event of Default within a reasonable period of time.
- 10.03 Upon the occurrence of an Event of Default, the non-defaulting party may, as its sole option, do any one or more of the following:
- a) if the non-defaulting party is the Shared Service Provider, it may suspend services under this Service Agreement provided that such suspension shall not relieve the Shared Service Recipient of the obligation to pay rates and charges under this Agreement during such suspension;
 - b) terminate this Agreement upon ten (10) days prior written notice and/or exercise any other rights and remedies which the non-defaulting party has at law, including bringing an action at law as may be necessary or advisable in order to recover damages and costs.

11. Force Majeure

- 11.01 It shall not be a breach of this Services Agreement if any party to this Services Agreement fails to perform its obligations to any other party by reason of war, insurrection, tempest, labour disputes, or any other event beyond the reasonable control of that party (“Event of Force Majeure”).
- 11.02 The party subject to an Event of Force Majeure shall promptly notify the other parties of the Event of Force Majeure and shall use commercially reasonable efforts to remedy the condition and shall promptly resume its obligations as soon as the condition has been overcome.
- 11.03 If the party that has declared an Event of Force Majeure is the Shared Service Provider and the Event of Force Majeure has continued for a period of twenty (20) days, the Shared Service Recipient shall be free to contract with third parties for performance of the Shared Service Provider’s obligations and the Shared Service Provider shall not charge the Shared Service Recipient for the performance of the Shared Service Provider’s obligations during such period where the Shared Service Recipient must seek the assistance of third parties for performance.

12. Confidentiality and Ownership of Information

- 12.01 Each party (the “Receiving Party”) shall maintain in strict confidence any and all proprietary and confidential information about the business or operations or customers of the other Party or any of their Affiliates, which it acquires in any form from the other Party (the “Disclosing Party”) by virtue of this Services Agreement (“Confidential Information”) and will not disclose to any third party or make use of such Confidential Information (except for the purposes of this Services Agreement) for itself or any third party without the prior written consent of the Disclosing Party, except as permitted herein and except where required by law. Notwithstanding the foregoing, Confidential Information shall not include information which is in the public domain at the time of its disclosure to the Receiving Party or which thereafter enters the public domain otherwise than by any breach of this Services Agreement.

12.02 The Receiving Party may disclose the Confidential Information to those of its Representatives who are determined by Receiving Party, acting prudently, to have a definite need to know such Confidential Information for this Agreement (it being understood that the Receiving Party shall inform its Representatives of the confidential nature of such information and direct its Representatives, who shall each agree, to treat such information confidentially in accordance with this Services Agreement).

12.03 Information stored or produced by any party to this Services Agreement, on the sole behalf of another party to this agreement, shall be the property on whose sole behalf such information is stored or produced. Where such information consists of an original report, computer program, information, or intellectual property produced by a party to this Services Agreement for the sole purpose of supplying services to that other party and the cost of producing such report is included in the remuneration payable by such other party, the rights to such original report, computer program, information, or intellectual property shall belong to such other party. The foregoing shall not apply where information is stored or produced by a party to this Services Agreement on behalf of a third party to this agreement, or where the information is stored and produced by a party to this agreement for the mixed benefit of another party and the party which produced the information.

13. Entire Agreement

13.01 The Master Agreement, together with the Schedules, as added from time to time, constitutes the entire Services Agreement between Horizon and the other parties as required by Section 2.2.1 of the Code.

14. Successor and Assigns

14.01 This Services Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the case of assignment notifications will be provided to all parties on hundred and eighty (180) days prior to the effective date of the assignment. Parties not agreeing to the assignment by terminate their participation in this Master Agreement under Section 8.01. The foregoing shall not prevent any Shared Service Provider from contracting out the performance of any of its obligations hereunder.

14.02 Written consent under Section 14.01 is not required where the transfer of the Services Agreement responsibilities to a successor or assign is necessary to fulfil the party's statutory or regulatory obligations.

15. Liability and Insurance

15.01 The parties agree to exercise due care so that no person is injured or property damaged and that no rights are infringed in the performance of or in respect to this Services Agreement.

15.02 The Shared Service Provider agrees to indemnify and save harmless the other parties from and against any claims, demands, actions and applications brought against the Shared Service Recipients arising out of the negligence or wilful misconduct of the Shared Service Provider or its contractor or agent in providing shared services under this Services Agreement.

15.03 Any party who is a Shared Service Provider agrees to maintain and keep in force an insurance policy of sufficient coverage (in the amount of not less than \$10,000,000.00 per occurrence) in respect of the Services performed by the Shared Service Provider under the terms of this Agreement. The Shared Service Provider agrees to endorse its insurance coverage with the Shared Service Recipient as an additional named insured to cover any liability of the Shared Service Provider resulting or arising from any claims of injury, including injury resulting in death, loss of property, or damage due to the negligence of the Shared Service Provider or to those for whom the Shared Service Provider is at law responsible, or due to the Shared Service Provider not fulfilling the terms as required in this Services Agreement.

15.04 No party hereto shall be liable for any incidental, special, indirect, punitive or consequential damages arising out of or related to the performance of this Agreement, whether liability is based on breach of contract, breach of warranty (express or implied) or otherwise, and whether asserted in contract, tort (including negligence and strict liability) or otherwise, including, but not limited to, loss of profits or revenue, and irrespective of whether the parties have advised or been advised of the possibility of any such damages.

16. Notices

16.01 All notices required or desired to be given to any party in connection with this Services Agreement or arising from this Services Agreement shall be in writing and shall be given by prepaid post, hand delivery, electronic facsimile (fax) or electronic mail (e-mail) to the Corporate Secretary of the party, at the following addresses:

Corporate Secretary
Horizon Utilities Corporation
P.O. Box 2249
Stations LCD 1
Hamilton, ON L8N 3E4

Corporate Secretary
Horizon Holdings Inc.
P.O. Box 2249
Station LCD 1
Hamilton, ON, L8N 3E4

Corporate Secretary
Horizon Energy Solutions
Inc.
P.O. Box 2249
Station LCD 1
Hamilton, ON, L8N 3E4


or to such other address or individual as may be designated by written notice to the other parties. Any notice given by personal delivery, fax or e-mail shall be conclusively deemed to have been given on the day of actual delivery thereof and if sent by prepaid post, on the third day of mailing.

17. Amendments

17.01 Subject to any provisions of the Services Agreement to the contrary, any of the terms of this Services Agreement may be amended with the consent of the parties and any and all amendments shall be in writing and executed by the appropriate authorized signing officers of each party. All amendments shall be supplemental and form part of this Services Agreement.

IN WITNESS HEREOF the parties have duly executed this Agreement on the date first above written:

HORIZON UTILITIES CORPORATION




Max Cananzi
President and Chief Executive Officer

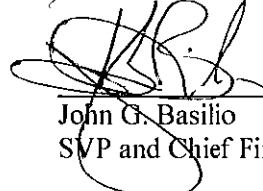


John G. Basilio
SVP and Chief Financial Officer

HORIZON ENERGY SOLUTIONS INC.

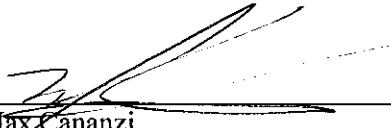


Max Cananzi
President and Chief Executive Officer

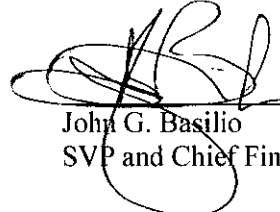


John G. Basilio
SVP and Chief Financial Officer

HORIZON HOLDINGS INC.



Max Cananzi
President and Chief Executive Officer



John G. Basilio
SVP and Chief Financial Officer

SCHEDULE "A" TO SERVICES AGREEMENT

1. Shared Service Provider

1.01 Horizon Utilities Corporate ("Horizon") is the Shared Service Provider under this Schedule.

2. Shared Service Recipient

2.01 The following companies are the Shared Service Recipients under this Schedule A:

Horizon Holdings Inc. (HHI)
Horizon Energy Solutions Inc. (HESI)

3. Master Agreement

3.01 All defined terms used in this Schedule shall have the meanings identified in Section 1 of the Master Agreement.

3.02 This Schedule is subject to the terms and conditions specified in the Services Agreement.

4. Description of Services

4.01 Subject to authorization or sign-off by the Shared Service Recipient where agreed, the Shared Service Provider agrees to provide the following shared services as may be required by the Shared Services Recipients:

- *Financial Services:* including all necessary accounting, invoicing, banking and cash management, budgeting and business planning, accounts receivable, accounts payable, reporting, risk management, tax/PILS administration and other financial services related to the activities of the Shared Service Recipient;
- *Procurement:* Purchasing, including issuance and management of blanket and regular purchase orders, and other purchasing responsibilities related to the activities of the Shared Service Recipient, including data entry of supplier invoices (coding and recording) cheque processing, general ledger recording of transactions and mailing of payments related to the activities of the Shared Service Recipient;
- *Customer Connections:* including management of meter assets, MV90 system operations, arranging installations and removals, responding to customer calls and to IESO trouble reports, and all related services applicable to the activities of the Shared Service Recipient;
- *Billing:* including billing, accounts receivable, processing customer payments (cash and cheques) and general ledger recording of cash only transactions related to the activities of the Shared Service Recipient;
- *Human Resource Services:* including all recruiting, maintaining employee master data, preparing payroll, statutory reporting, salary and benefits administration, processing all withholding and remittances, pension administration, actuarial valuation of employee benefits, general ledger reporting of transactions and reasonable advisory services related to the activities of the Shared Service Recipient; services provided also include participation in

benefits programs and pension plans and any year end analysis and reporting required by Statute such as the Pension Act.

- *Health and Safety*: including providing support for any safety investigations related to the activities of the Shared Service Recipient;
- *Information Technology*: including managing the network and desktop support including internet and email services, licenses and maintenance, support of the websites, maintenance of trademarks, domain names, information technology disaster recovery planning and other services related to the activities of the Shared Service Recipient;
- *Meter Service Provider*: including labour, vehicles, and material to fulfil all obligations of a registered MSP under Chapter 6 of the Market Rules.
- *CDM Services*: including management and delivery of electricity Conservation and Demand Management programs and related services.

5. Pricing Mechanism

- 5.01 Initial monthly charges for Financial Services, Procurement, Customer Connections, Billing, Human Resource Services, Health & Safety, Information Technology, Meter Service Provider, Meter Assets and Inside Service, MV 90 and CDM Services will be based on budgeted costs of the Shared Service Provider multiplied by the proportion allocated to the Shared Service Recipient as determined in Section 6. Direct costs are excluded from the above calculation and paid directly by the Shared Service Recipient with no mark-up. At year end, there will be a true-up for actual costs incurred based on actual costs of the Shared Service Provider allocated to the Shared Service Recipient on a proportionate basis as determined in Section 6.
- 5.02 Charges for Meter Service Provider services will be by work order and at actual costs for labour, vehicles and test equipment.
- 5.03 Charges for CDM Services will be by work order and at actual costs for labour and expenses.
- 5.04 The parties acknowledge that the pricing mechanism is regulated under the Affiliate Relationships Code. The Shared Service Recipient acknowledges that the Shared Service Provider may conduct a review of the shared services and the prices of such shared services to ensure that it is in compliance with the Code. If after completing such review the Shared Service Provider determines that prices need to be adjusted to maintain compliance with the Code then the Shared Services Provider may, after sharing the results of such review with the Shared Services Recipient, adjust such prices.

6. Cost Allocation

6.01 The costs of Financial Services, Procurement, Customer Connections, Billing, Human Resource Services, and Health & Safety, are to be allocated to HESI on a monthly basis, in proportion to the following:

$$F = \text{allocation factor}$$
$$= (A \times D) / E$$

Where

A = Total Operating Costs of Shared Service Recipient

B = MSP revenues or CDM Services revenues (as applicable) of HESI

C = Total Revenues of HESI

D = B / C

E = Total Operating Costs (consolidated) of HHI

At the end of the current year, there will be true-up of estimated and actual costs based on the allocation formula above.

- 6.02 The cost of Information Systems is to be initially allocated, on a monthly basis, to each Shared Service Recipient in proportion to the prior year-end number of personal computer users. At the end of the current year, the allocation factors will be recalculated as the proportion of the actual average annual number of personal computer users of the Shared Service Provider and the Shared Service Recipients during that year, and a year-end true-up will be based on these new allocation factors.
- 6.03 Charges of Meter Service Provider services will be by work order and at actual costs and therefore no allocation is required.
- 6.04 Charges of CDM services will be by work order and at actual costs and therefore no allocation is required.
- 6.05 Any estimated cost allocation factors will remain in place until they are updated pursuant to any of the applicable provision of Section 6.
- 6.06 If the Shared Service Provider and the Shared Service Recipient cannot agree on a change to the cost allocations, the matter shall be resolved in accordance with Section 6 of the Master Agreement.
- 6.07 At the time the annual budgets are prepared the Shared Service Provider shall provide an estimate to the Shared Service Recipient of the projected annual cost of providing the shared services.

7. Apportionment of Risk

7.01 Charges are to be reviewed monthly by the Shared Service Recipient and any significant deviations from expectations will be brought to the attention of the Shared Service Provider for explanation. The parties will make reasonable efforts to resolve any issues, regarding allocation factors, costs already incurred and future costs, through discussion and negotiation and if necessary through Section 6 of the Master Agreement. Any estimated costs charged monthly will be adjusted for actual costs at year-end or the estimates shall be agreed to and accepted as actuals by both parties.

8. Term

8.01 This Schedule shall remain in effect for an initial period of one (1) year and, after an annual review, as provided for in Section 5 of the Service Agreement, it will be deemed to be renewed for an additional period of one year, unless either of the Parties notifies the other in writing of its intention not to renew a Schedule, as may be the case in accordance with Section 9.

9. Termination

9.01 The parties hereto agree that any party to a Schedule may terminate its participation, or modify the terms and services upon sixty (60) days written notice, or earlier by mutual consent.

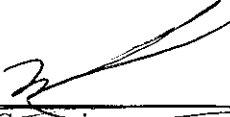
IN WITNESS HEREOF the parties have duly executed this Schedule "A" on April 11th, 2014.

HORIZON UTILITIES CORPORATION

HORIZON ENERGY SOLUTIONS INC.



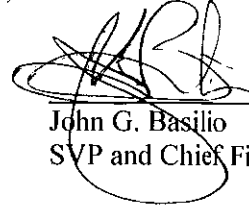
Max Cananzi
President and Chief Executive Officer



Max Cananzi
President and Chief Executive Officer



John G. Basilio
SVP and Chief Financial Officer



John G. Basilio
SVP and Chief Financial Officer

HORIZON HOLDINGS INC.



Max Cananzi
President and Chief Executive Officer



John G. Basilio
SVP and Chief Financial Officer

SCHEDULE “B” TO SERVICES AGREEMENT

1. Shared Service Provider

1.01 Horizon Holdings Inc. (“HHI”) is the Shared Service Provider under this Schedule B.

2. Shared Service Recipient

2.01 Horizon Utilities Corporation (“Horizon”) is the Shared Service Recipient under this Schedule B.

3. Master Agreement

3.01 All defined terms used in this Schedule shall have the meanings identified in Section 1 of the Master Agreement.

3.02 This Schedule is subject to the terms and conditions specified in the Services Agreement.

4. Description of Services

4.01 The Shared Service Provider agrees to provide the following shared services required by the Shared Service Recipient:

- *Corporate Communications*: including oversight of all necessary employee and other internal communications, corporate, customer, public and all other external communications, and other public relations services related to the activities of the Shared Service Recipient;
- *Business Development*: including strategic planning, corporate development, and industry, community and stakeholder relations; and
- *Government Relations*: including communications with provincial and municipal governments and their respective departments and agencies.

5. Pricing Mechanism

5.01 Initial monthly charges for Corporate Communications, Business Development and Government Relations services will be based on budgeted costs of the Shared Service Provider multiplied by the proportion allocated to the Shared Service Recipient as determined in Section 6. Direct costs are excluded from the above calculation and paid directly by the Shared Service Recipient with no mark-up. At year end, there will be a true-up for actual costs incurred based on actual costs of the Shared Service Provider allocated to the Shared Service Recipient on a proportionate basis as determined in Section 6.

5.02 The parties acknowledge that the pricing mechanism is regulated under the Affiliate Relationships Code. The Shared Service Recipient acknowledges that the Shared Service Provider may conduct a review of the shared services and the prices of such shared services to ensure that it is in compliance with the Code. If after completing such review the Shared Service Provider determines that prices need to be adjusted to maintain compliance with the Code then the Shared Services Provider may, after sharing the results of such review with the Shared Services Recipient, adjust such prices.

6. Cost Allocation

- 6.01 One Hundred Percent (100%) of the costs of Corporate Communications, Business Development and Government Relations services will be allocated to the Shared Service Recipient. At the end of the current year, there will be true-up of estimated and actual costs based on this allocation.
- 6.02 The estimated cost allocation factors will remain in place until they are updated pursuant to any of the applicable provisions of Section 6.
- 6.03 Monthly allocations for budgeted shared services are fixed for the year unless a Shared Service Recipient notifies the Shared Service Provider or the Shared Service Provider notifies the Shared Service Recipient respectively of a significant change in circumstances warranting an amendment to the allocation factor.
- 6.04 If the Shared Service Provider and the Shared Service Recipient cannot agree on a change to the cost allocations, the matter shall be resolved in accordance with Section 6 of the Master Agreement.
- 6.05 At the time the annual budgets are prepared the Shared Service Provider shall provide an estimate to the Shared Service Recipient of the projected annual costs of providing the shared services.

7. Apportionment of Risk

- 7.01 Charges are to be reviewed monthly by the Shared Service Recipient and any significant deviations from expectations will be brought to the attention of the Shared Service Provider for explanation. The parties will make reasonable efforts to resolve any issues, regarding allocation factors, costs already incurred and future costs, through discussion and negotiation and if necessary through Section 6 of the Master Agreement. Any estimated costs charged monthly will be adjusted for actual costs at year-end or the estimates shall be agreed to and accepted as actuals by both parties.

8. Term

- 8.01 The Schedules shall remain in effect for an initial period of one (1) year and, after an annual review, as provided for in Section 5 of the Service Agreement, it will be deemed to be renewed for an additional period of one year, unless either of the Parties notifies the other in writing of its intention not to renew a Schedule, as may be the case in accordance with Section 9.

9. Termination

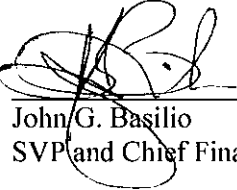
- 9.01 The parties hereto agree that any party to a Schedule may terminate its participation, or modify the terms and services upon sixty (60) days written notice, or earlier by mutual consent.

IN WITNESS HEREOF the parties have duly executed this Schedule "B" on April 11th, 2014.

HORIZON UTILITIES CORPORATION



Max Cananzi
President and Chief Executive Officer

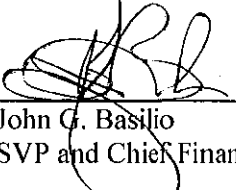


John G. Basilio
SVP and Chief Financial Officer

HORIZON HOLDINGS INC.



Max Cananzi
President and Chief Executive Officer

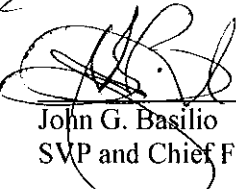


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