COST OF CAPITAL & CAPITAL STRUCTURE

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OVERVIEW

In this Exhibit, OPUCN is providing evidence regarding capital structure, component costs, and the calculation of return on equity and debt for the 2015 through 2019 Test Years. OPUCN has prepared this Application in accordance with the Board's most current guidelines provided in the Report of the Board on Cost of Capital for Ontario's Regulated Utilities (the "Cost of Capital Review") issued on December 11, 2009. The Cost of Capital Review identifies the intention of the Board to conduct its first regular review in 2014 and any changes to the policy made as a result of that review would apply to the setting of rates for the 2015 rate year. OPUCN understands that any such changes to policy may result in adjustments to its evidence provided in this Exhibit 5.

OPUCN has used the most recent cost of capital parameters issued by the Board on November 20, 2014 in its Cost of Capital Parameter Update for all cost of service and custom IR applications with rates effective in the 2015 calendar year (the "2015 Cost of Capital Parameters"). There are no deviations from the Board's cost of capital methodology. As documented in the *Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors* (EB-2010-0379) issued November 21, 2013, the Board intends to update the Cost of Capital parameters for setting rates in cost of service applications only once per year.

For the 2016-2019 Test Years, OPUCN also used the 2015 cost of capital parameters in this Application. OPUCN requests that:

a) the cost of capital parameters for ROE and Short-Term Debt for the 2016-2019 Test Years be subject to annual adjustments based on any Board revisions to such parameters applicable for each year for Cost of Service applications;

b) the Long-Term Debt rate used for all long-term deemed debt, funded and unfunded, be the weighted average of rates applicable to funded debt for OPUCN; and

c) such annual adjustments incorporate the actual market-based cost of any new debt issuances since this original filing.

The rationale for these requests is to ensure that OPUCN has a mechanism to adjust its rate-embedded recovery of cost of capital through each rebasing year of the Custom IR cycle that provides it with the means to prospectively attract and support its financial capital requirements on reasonable terms and conditions on an ongoing basis consistent with the Fair Return Standard. The cost of such capital is subject to market forces outside the control of a distributor and represents a real cost that must be recovered through revenues. On this basis, OPUCN submits that its requests are fair and reasonable. OPUCN observes that the Board has permitted such annual adjustments in the 2010/2011 Cost of Service application (EB-2009-0096) of Hydro One Networks Inc. ("Hydro One") and is consistent with the approach proposed by Hydro One in its current (2015-2019) Custom IR application (EB-2013-0416).

OPUCN's approved rates of return for each cost of capital component within its last Cost of Service Application (EB-2011-0073) were as follows: i) a return on equity of 9.42%; ii) a deemed short term debt cost of 2.08%; and iii) a deemed long term debt cost of 5.01%. Return on equity, long term and short term debt rates were consistent with the cost of capital parameters set out in the Letter of the Board dated November 10, 2011, which provided the cost of capital parameters for Cost of Service applications for rates effective January 1, 2012.

CAPITAL STRUCTURE

In the Cost of Capital Review, the OEB deemed a capital structure consisting of 60% debt (56% long-term, 4% short-term) and 40% equity for all Ontario distributors for rate making purposes. OPUCN requests this deemed capital structure for purposes of its recovery of cost of capital. Such structure is unchanged from OPUCN's current Board-approved structure in its 2012 Cost of Service Application Decision (EB-2011-0073).

Table 5-1 below identifies the deemed components of rate base in each of the 2015 to 2019 Test Years.

TABLE 5–1 – DEEMED COMPONENTS OF RATE BASE

	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
Debt					
Long-term Debt	$ 58,794,722	$ 63,197,634	$ 67,138,712	$ 71,191,648	$ 74,592,743
Short-term Debt	$ 4,199,623	$ 4,514,117	$ 4,795,622	$ 5,085,118	$ 5,328,053
Total Debt	$ 62,994,345	$ 67,711,751	$ 71,934,335	$ 76,276,765	$ 79,920,796
Equity					
Common Equity	$ 41,996,230	$ 45,141,167	$ 47,956,223	$ 50,851,177	$ 53,280,531
Preferred Shares	$ -	$ -	$ -	$ -	$ -
Total Equity	$ 41,996,230	$ 45,141,167	$ 47,956,223	$ 50,851,177	$ 53,280,531
Total	**$ 104,990,574**	**$ 112,852,918**	**$ 119,890,558**	**$ 127,127,942**	**$ 133,201,327**

COMPONENT DEBT COSTS

Short-Term Debt

For the 2015 through 2019 rate years, this Application utilizes the Short-Term Debt rate of 2.16% found in the *Cost of Capital Parameter Updates for 2015 Cost of Service Applications*, issued by the Board on November 20, 2014. OPUCN requests that the Short-Term Debt Rate for 2015 and for each Test Year to 2019 be updated annually in accordance with annual updates to such parameter issued by the OEB applicable to Cost of Service applications.

Existing Long-Term Debt

OPUCN's previous Board-approved cost of long-term debt was included in its 2012 Cost of Service Application (EB-2011-0073). The Board approved a weighted average long-term debt cost of 5.01%, being the deemed long term debt cost per the Letter of the Board dated November 10, 2011, which provided the cost of capital parameters for Cost of Service applications for rates effective January 1, 2012.

In this Application, the Long-Term Debt rate requested and used for all Long-Term deemed debt, funded and unfunded, is the weighted average of rates applicable to funded debt for OPUCN, as elaborated below and as shown in Tables 5-12 to 5-16.

Funded Debt represents the amount of long-term debt obligations that OPUCN has issued and that are outstanding as at the date of this Application. These amounts represent Notes Payable to the parent company, Oshawa Power and Utilities Corporation ("OPUC") and the Bank. Existing long-term debt is as follows:

a) $23.064 million Note Payable: The effective interest rate on the Note is 7.25%. The Note is due on demand to the parent company. The Note is provided in Appendix 5-1 of this Exhibit. The rate used for this loan in calculation of the weighted average is the 2015 deemed rate of 4.77%.

b) $7 Million Term Loan: The Loan was due to the Toronto Dominion Bank in one repayment obligation at maturity in December 2012. In September 2011, this term was extended for another seven years to December 2019. The Loan is structured with a seven-year interest rate swap agreement with the Bank, effectively converting OPUCN's obligations to a fixed interest rate of approximately 3.57%. The Note is provided in Appendix 5-2 of this Exhibit.

OPUCN requests a debt rate of 4.77% with respect to the $23.064 million Note Payable and 3.57% with respect to the $7 million Term Loan, representing the effective yields with respect to such debentures comprising the coupon rates and related costs of issuance.

The aggregate amount of Funded Debt is $42.4 million for the 2015 Test Year due to an increase in anticipated long-term debt as described below. The dollar weighted average Funded Debt Rate for the 2015 Test Year is computed as 4.55% as per Table 5-13.

Anticipated New Long-Term Debt

OPUCN anticipates a requirement to issue new long-term debt within the 2015 to 2019 Rate period. OPUCN estimates an issuance of approximately $12.3 million in 2015, $3.6 million in 2016, $4.0 million in 2017, $3.3 million in 2018, and $1.1 million in 2019. The actual timing, amount, and term of a new debt issuance will be influenced by several factors such as actual versus anticipated cash flow and financial market conditions. OPUCN requests that the Long-Term debt rate used to determine distribution rates be updated as necessary in the applicable Test Year, in a manner consistent with Board policy applicable at that time, in the event that OPUCN issues any new long-term debt during this period.

Table 5-2 below gives a high level illustration of the projected cash flows for the period 2014 to 2019 that are driving the requirements for the new long-term debt.

TABLE 5–2 – CASH FLOW 2014 - 2019

CASH FLOW $000s	2014 Bridge Year	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
Opening Cash Balance	3,427	(3,112)	2,502	2,502	2,502	2,502
Distribution Revenue	18,266	21,725	23,714	24,565	25,786	26,381
Other Revenue	1,413	1,445	1,478	1,512	1,547	1,583
OM&A	(11,317)	(12,172)	(12,640)	(12,913)	(13,136)	(13,209)
Other	2,990	47	(0)	0	0	0
Net Interest Expense	(1,784)	(2,371)	(2,544)	(2,735)	(2,894)	(2,949)
Tax Expense	(123)	(148)	(304)	(365)	(469)	(485)
Capital Expenditures	(11,729)	(13,510)	(11,627)	(12,372)	(12,476)	(10,761)
Change in Long Term Borrowings	0	12,297	3,623	4,008	3,342	1,139
Affiliate Loans repaid	(2,554)	0	0	0	0	0
Dividends to City of Oshawa	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)
Closing Cash Balance	(3,112)	2,502	2,502	2,502	2,502	2,502

The Excess Deemed Long-Term Debt is computed as the amount of Deemed Long-Term Debt less the amount of Funded Debt in each of the Test Years 2015 through 2019. The rate applicable to such Excess Deemed Long-Term Debt is OPUCN's dollar weighted average Funded Debt Rate of 4.55% in the Test Year 2015; 4.59% in 2016; 4.60% in 2017; 4.61% in 2018; and 4.62% in 2019.

As identified earlier in this evidence, OPUCN requests that the applicable cost of capital parameters be updated annually in accordance with the annual update by the OEB of such parameters.

The Long-term debt cost information for the 2011 actual, 2012 Board Approved, 2013 actual and forecast for the years 2014 through 2019 is also provided in Tables 5-9 to 5-17.

RETURN ON EQUITY

OPUCN is requesting a return on equity ("ROE") for the 2015 Test Year of 9.30%, in accordance with the *Cost of Capital Parameter Updates for 2015 Applications* issued by the Board on November 20, 2014. OPUCN requests that the ROE parameter for each subsequent Test Year, 2016 through 2019, be updated annually based on corresponding annual updates to such parameters issued by the Board to be applicable to Cost of Service applications for each of the 2016 to 2019 Test Years.

RATE BASE AND RATE OF RETURN

The tables below identify OPUCN's rate base, deemed debt/equity ratios, deemed rate of return, actual debt/equity ratios and actual rates of return for 2012 Board Approved, and 2015 through 2019 Test Years.

TABLE 5-3 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2012 BOARD APPROVED

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$45,257,788	5.01%	$2,267,415
2	Short-term Debt	4.00%	(1)	$3,232,699	2.08%	$67,240
3	**Total Debt**	60.0%		$48,490,488	4.81%	$2,334,655
	Equity					
4	Common Equity	40.00%		$32,326,992	9.42%	$3,045,203
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$32,326,992	9.42%	$3,045,203
7	**Total**	100.0%		$80,817,479	6.66%	$5,379,858

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-4 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2015 TEST YEAR

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$58,794,722	4.55%	$2,673,729
2	Short-term Debt	4.00%	(1)	$4,199,623	2.16%	$90,712
3	**Total Debt**	60.0%		$62,994,345	4.39%	$2,764,441
	Equity					
4	Common Equity	40.00%		$41,996,230	9.30%	$3,905,649
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$41,996,230	9.30%	$3,905,649
7	**Total**	100.0%		$104,990,574	6.35%	$6,670,090

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-5 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2016 TEST YEAR

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$63,197,634	4.59%	$2,898,602
2	Short-term Debt	4.00%	(1)	$4,514,117	2.16%	$97,505
3	**Total Debt**	60.0%		$67,711,751	4.42%	$2,996,107
	Equity					
4	Common Equity	40.00%		$45,141,167	9.30%	$4,198,129
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$45,141,167	9.30%	$4,198,129
7	**Total**	100.0%		$112,852,918	6.37%	$7,194,236

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-6 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2017 TEST YEAR

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$67,138,712	4.60%	$3,089,236
2	Short-term Debt	4.00%	(1)	$4,795,622	2.16%	$103,585
3	**Total Debt**	60.0%		$71,934,335	4.44%	$3,192,821
	Equity					
4	Common Equity	40.00%		$47,956,223	9.30%	$4,459,929
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$47,956,223	9.30%	$4,459,929
7	**Total**	100.0%		$119,890,558	6.38%	$7,652,750

Notes
(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-7 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2018 TEST YEAR

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$71,191,648	4.61%	$3,283,249
2	Short-term Debt	4.00%	(1)	$5,085,118	2.16%	$109,839
3	**Total Debt**	60.0%		$76,276,765	4.45%	$3,393,088
	Equity					
4	Common Equity	40.00%		$50,851,177	9.30%	$4,729,159
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$50,851,177	9.30%	$4,729,159
7	**Total**	100.0%		$127,127,942	6.39%	$8,122,247

Notes
(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-8 – CHAPTER 2 APPENDIX 2OA – CAPITAL STRUCTURE AND COST OF CAPITAL FOR 2019 TEST YEAR

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$74,592,743	4.62%	$3,442,570
2	Short-term Debt	4.00%	(1)	$5,328,053	2.16%	$115,086
3	**Total Debt**	60.0%		$79,920,796	4.45%	$3,557,656
	Equity					
4	Common Equity	40.00%		$53,280,531	9.30%	$4,955,089
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$53,280,531	9.30%	$4,955,089
7	**Total**	100.0%		$133,201,327	6.39%	$8,512,746

Notes
(1) 4.0% unless an applicant has proposed or been approved for a different amount.

TABLE 5-9 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2012 ACTUAL

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	5.01%	$ 1,155,506	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2005	7	$ 7,000,000	5.01%	$ 350,700	Actual Rate
3									$ -	
Total							$ 30,064,000	5.01%	$ 1,506,206	

TABLE 5-10 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2012 BOARD APPROVED

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	5.01%	$ 1,155,506	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2005	7	$ 7,000,000	5.01%	$ 350,700	Actual Rate
3										
Total							$ 30,064,000	5.01%	$ 1,506,206	

TABLE 5-11 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2013 ACTUAL

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	5.01%	$ 1,155,506	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	5.01%	$ 350,700	Actual Rate
3										
Total							$ 30,064,000	5.01%	$ 1,506,206	

TABLE 5-12 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2014 BRIDGE YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	5.01%	$ 1,155,506	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	5.01%	$ 350,700	Actual
3	Term Loan 2014	TD Bank	Third-Party	Fixed Rate	Jul-2014	0	$ -	4.77%	$ -	Deemed Rate
4										
Total							$ 30,064,000	5.01%	$ 1,506,206	

TABLE 5-13 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2015 TEST YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	4.77%	$ 1,100,153	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	3.57%	$ 249,550	Actual
3	Term Loan 2015-1	TD Bank	Third-Party	Fixed Rate	Mar-2015	0	$ 7,500,000	4.77%	$ 298,942	Deemed Rate
4	Term Loan 2015-2	TD Bank	Third-Party	Fixed Rate	Sep-2015		$ 4,797,299	4.77%	$ 75,859	Deemed Rate
Total							$ 37,921,461	4.55%	$ 1,724,504	

*** Note: 2015 Debt and Interest Cost Pro-Rated to reflect Mar & Sep issue dates ***

TABLE 5-14 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2016 TEST YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	4.77%	$ 1,100,153	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	3.57%	$ 249,550	Actual
3	Term Loan 2015-1	TD Bank	Third-Party	Fixed Rate	Mar-2015	0	$ 7,500,000	4.77%	$ 357,750	Deemed Rate
4	Term Loan 2015-2	TD Bank	Third-Party	Fixed Rate	Sep-2015		$ 4,797,299	4.77%	$ 228,831	Deemed Rate
5	Term Loan 2016	TD Bank	Third-Party	Fixed Rate	Jan-2016		$ 3,622,902	4.77%	$ 172,812	Deemed Rate
6										
Total							$ 45,984,201	4.59%	$ 2,109,096	

TABLE 5-15 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2017 TEST YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	4.77%	$ 1,100,153	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	3.57%	$ 249,550	Actual
3	Term Loan 2015-1	TD Bank	Third-Party	Fixed Rate	Mar-2015	0	$ 7,500,000	4.77%	$ 357,750	Deemed Rate
4	Term Loan 2015-2	TD Bank	Third-Party	Fixed Rate	Sep-2015		$ 4,797,299	4.77%	$ 228,831	Deemed Rate
5	Term Loan 2016	TD Bank	Third-Party	Fixed Rate	Jan-2016		$ 3,622,902	4.77%	$ 172,812	Deemed Rate
6	Term Loan 2017	TD Bank	Third-Party	Fixed Rate	Jan-2017		$ 4,008,065	4.77%	$ 191,185	Deemed Rate
7										
Total							$ 49,992,266	4.60%	$ 2,300,281	

TABLE 5-16 – CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2018 TEST YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	4.77%	$ 1,100,153	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	3.57%	$ 249,550	Actual
3	Term Loan 2015-1	TD Bank	Third-Party	Fixed Rate	Mar-2015	0	$ 7,500,000	4.77%	$ 357,750	Deemed Rate
4	Term Loan 2015-2	TD Bank	Third-Party	Fixed Rate	Sep-2015		$ 4,797,299	4.77%	$ 228,831	Deemed Rate
5	Term Loan 2016	TD Bank	Third-Party	Fixed Rate	Jan-2016		$ 3,622,902	4.77%	$ 172,812	Deemed Rate
6	Term Loan 2017	TD Bank	Third-Party	Fixed Rate	Jan-2017		$ 4,008,065	4.77%	$ 191,185	Deemed Rate
7	Term Loan 2018	TD Bank	Third-Party	Fixed Rate	Jan-2018		$ 3,341,944	4.77%	$ 159,411	Deemed Rate
8										
Total							$ 53,334,210	4.61%	$ 2,459,692	

TABLE 5-17– CHAPTER 2 APPENDIX 2OB – DEBT INSTRUMENTS FOR 2019 TEST YEAR

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	Additional Comments, if any
1	Debenture	OPUC	Affiliated	Fixed Rate	Dec-2005		$ 23,064,000	4.77%	$ 1,100,153	Deemed Rate
2	Term Loan 2012	TD Bank	Third-Party	Fixed Rate	Dec-2012	7	$ 7,000,000	3.57%	$ 249,550	Actual
3	Term Loan 2015-1	TD Bank	Third-Party	Fixed Rate	Mar-2015	0	$ 7,500,000	4.77%	$ 357,750	Deemed Rate
4	Term Loan 2015-2	TD Bank	Third-Party	Fixed Rate	Sep-2015		$ 4,797,299	4.77%	$ 228,831	Deemed Rate
5	Term Loan 2016	TD Bank	Third-Party	Fixed Rate	Jan-2016		$ 3,622,902	4.77%	$ 172,812	Deemed Rate
6	Term Loan 2017	TD Bank	Third-Party	Fixed Rate	Jan-2017		$ 4,008,065	4.77%	$ 191,185	Deemed Rate
7	Term Loan 2018	TD Bank	Third-Party	Fixed Rate	Jan-2018		$ 3,341,944	4.77%	$ 159,411	Deemed Rate
8	Term Loan 2019	TD Bank	Third-Party	Fixed Rate	Jan-2019		$ 1,139,401	4.77%	$ 54,349	Deemed Rate
9										
Total							$ 54,473,610	4.62%	$ 2,514,041	

Notes

1 If financing is in place only part of the year, calculate the pro-rated interest and input in the cell.

2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities* , issued December 11, 2009

TABLE 5-18 – CAPITAL STRUCTURE DEEMED & 2012 BOARD APPROVED

2012 Board Approved

Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	5.01%
Short-Tern Debt	4.00%	2.08%
Return On Equity	40.00%	9.42%
Weighted Debt Rate		4.81%
Regulated Rate of Return		6.66%

WORKING CAPITAL ALLOWANCE FOR 2012

Distribution Expenses		
Distribution Expenses - Operation		982,254
Distribution Expenses - Maintenance		1,409,450
Billing and Collecting		2,433,401
Community Relations		945,160
Administrative and General Expenses		5,560,605
Taxes Other than Income Taxes		149,350
Total Eligible Distribution Expenses		**11,480,220**
Power Supply Expenses		97,524,785
Total Working Capital Expenses		109,005,005
Working Capital Allowance @	15.00%	16,350,751

RATE BASE CALCULATION FOR 2012

Fixed Assets Opening Balance 2012	60,896,584
Fixed Assets Closing Balance 2012	68,036,873
Average Fixed Asset Balance for 2012	64,466,729
Working Capital Allowance	16,350,751
Rate Base	80,817,479
Regulated Rate of Return	6.66%
Regulated Return on Capital	5,379,858
Deemed Interest Expense	2,334,655
Deemed Return on Equity	3,045,203

TABLE 5-19 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2012

2012		
Description	**Deemed Portion**	**Effective Rate**
Long-Term Debt	56.00%	5.01%
Short-Tern Debt	4.00%	2.08%
Return On Equity	40.00%	9.42%
Weighted Debt Rate		4.81%
Regulated Rate of Return		6.66%

WORKING CAPITAL ALLOWANCE FOR 2012		
Distribution Expenses		
Distribution Expenses - Operation		1,167,906
Distribution Expenses - Maintenance		1,094,190
Billing and Collecting		2,398,127
Community Relations		1,004,587
Administrative and General Expenses		5,426,332
Taxes Other than Income Taxes		149,309
Total Eligible Distribution Expenses		**11,240,450**
Power Supply Expenses		96,181,988
Total Working Capital Expenses		107,422,438
Working Capital Allowance @	15.00%	16,113,366

RATE BASE CALCULATION FOR 2012	
Fixed Assets Opening Balance 2012	61,933,453
Fixed Assets Closing Balance 2012	69,526,604
Average Fixed Asset Balance for 2012	65,730,028
Working Capital Allowance	16,113,366
Rate Base	81,843,394
Regulated Rate of Return	6.66%
Regulated Return on Capital	5,448,151
Deemed Interest Expense	2,364,292
Deemed Return on Equity	3,083,859

TABLE 5-20 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2013

2013		
Description	**Deemed Portion**	**Effective Rate**
Long-Term Debt	56.00%	5.01%
Short-Tern Debt	4.00%	2.08%
Return On Equity	40.00%	9.42%
Weighted Debt Rate		4.81%
Regulated Rate of Return		6.66%

WORKING CAPITAL ALLOWANCE FOR 2013		
Distribution Expenses		
Distribution Expenses - Operation		919,397
Distribution Expenses - Maintenance		1,313,715
Billing and Collecting		2,462,960
Community Relations		1,092,298
Administrative and General Expenses		5,269,433
Taxes Other than Income Taxes		152,292
Total Eligible Distribution Expenses		**11,210,095**
Power Supply Expenses		102,012,056
Total Working Capital Expenses		113,222,151
Working Capital Allowance @	15.00%	16,983,323

RATE BASE CALCULATION FOR 2013	
Fixed Assets Opening Balance 2013	69,526,604
Fixed Assets Closing Balance 2013	76,200,677
Average Fixed Asset Balance for 2013	72,863,640
Working Capital Allowance	16,983,323
Rate Base	89,846,963
Regulated Rate of Return	6.66%
Regulated Return on Capital	5,980,933
Deemed Interest Expense	2,595,499
Deemed Return on Equity	3,385,434

TABLE 5-21 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2014 BRIDGE YEAR

2014

Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	5.01%
Short-Tern Debt	4.00%	2.08%
Return On Equity	40.00%	9.42%
Weighted Debt Rate		4.81%
Regulated Rate of Return		6.66%

WORKING CAPITAL ALLOWANCE FOR 2014

Distribution Expenses		
Distribution Expenses - Operation		1,025,060
Distribution Expenses - Maintenance		1,311,703
Billing and Collecting		2,594,648
Community Relations		1,097,367
Administrative and General Expenses		5,107,357
Taxes Other than Income Taxes		155,338
Total Eligible Distribution Expenses		**11,291,473**
Power Supply Expenses		112,530,041
Total Working Capital Expenses		123,821,513
Working Capital Allowance @	15.00%	18,573,227

RATE BASE CALCULATION FOR 2014

Fixed Assets Opening Balance 2014	76,200,677
Fixed Assets Closing Balance 2014	83,418,174
Average Fixed Asset Balance for 2014	79,809,425
Working Capital Allowance	18,573,227
Rate Base	98,382,652
Regulated Rate of Return	6.66%
Regulated Return on Capital	6,549,136
Deemed Interest Expense	2,842,078
Deemed Return on Equity	3,707,058

TABLE 5-22 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2015 TEST YEAR

2015

Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	4.55%
Short-Tern Debt	4.00%	2.16%
Return On Equity	40.00%	9.30%
Weighted Debt Rate		4.39%
Regulated Rate of Return		6.35%

WORKING CAPITAL ALLOWANCE FOR 2015

Distribution Expenses		
Distribution Expenses - Operation		1,288,019
Distribution Expenses - Maintenance		1,346,279
Billing and Collecting		2,653,062
Community Relations		1,161,723
Administrative and General Expenses		5,538,175
Taxes Other than Income Taxes		158,445
Total Eligible Distribution Expenses		**12,145,702**
Power Supply Expenses		120,634,817
Total Working Capital Expenses		132,780,519
Working Capital Allowance @	13.00%	17,261,467

RATE BASE CALCULATION FOR 2015

Fixed Assets Opening Balance 2015	83,418,174
Fixed Assets Closing Balance 2015	92,040,040
Average Fixed Asset Balance for 2015	87,729,107
Working Capital Allowance	17,261,467
Rate Base	104,990,574
Regulated Rate of Return	6.35%
Regulated Return on Capital	6,670,090
Deemed Interest Expense	2,764,441
Deemed Return on Equity	3,905,649

TABLE 5-23 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2016 TEST YEAR

2016

Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	4.59%
Short-Tern Debt	4.00%	2.16%
Return On Equity	40.00%	9.30%
Weighted Debt Rate		4.42%
Regulated Rate of Return		6.37%

WORKING CAPITAL ALLOWANCE FOR 2016

Distribution Expenses		
Distribution Expenses - Operation		1,484,147
Distribution Expenses - Maintenance		1,375,515
Billing and Collecting		2,715,401
Community Relations		1,309,846
Administrative and General Expenses		5,567,682
Taxes Other than Income Taxes		161,613
Total Eligible Distribution Expenses		**12,614,203**
Power Supply Expenses		122,428,838
Total Working Capital Expenses		135,043,041
Working Capital Allowance @	13.00%	17,555,595

RATE BASE CALCULATION FOR 2016

Fixed Assets Opening Balance 2016	92,040,040
Fixed Assets Closing Balance 2016	98,554,605
Average Fixed Asset Balance for 2015	95,297,322
Working Capital Allowance	17,555,595
Rate Base	112,852,918
Regulated Rate of Return	6.37%
Regulated Return on Capital	7,194,236
Deemed Interest Expense	2,996,107
Deemed Return on Equity	4,198,129

TABLE 5-24 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2017 TEST YEAR

2017		
Description	**Deemed Portion**	**Effective Rate**
Long-Term Debt	56.00%	4.60%
Short-Tern Debt	4.00%	2.16%
Return On Equity	40.00%	9.30%
Weighted Debt Rate		4.44%
Regulated Rate of Return		6.38%

WORKING CAPITAL ALLOWANCE FOR 2017		
Distribution Expenses		
Distribution Expenses - Operation		1,593,497
Distribution Expenses - Maintenance		1,405,469
Billing and Collecting		2,780,102
Community Relations		1,337,732
Administrative and General Expenses		5,604,880
Taxes Other than Income Taxes		165,007
Total Eligible Distribution Expenses		**12,886,688**
Power Supply Expenses		123,586,739
Total Working Capital Expenses		136,473,427
Working Capital Allowance @	13.00%	17,741,546

RATE BASE CALCULATION FOR 2017	
Fixed Assets Opening Balance 2017	98,554,605
Fixed Assets Closing Balance 2017	105,743,419
Average Fixed Asset Balance for 2017	102,149,012
Working Capital Allowance	17,741,546
Rate Base	119,890,558
Regulated Rate of Return	6.38%
Regulated Return on Capital	7,652,750
Deemed Interest Expense	3,192,821
Deemed Return on Equity	4,459,929

TABLE 5-25 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2018 TEST YEAR

2018

Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	4.61%
Short-Tern Debt	4.00%	2.16%
Return On Equity	40.00%	9.30%
Weighted Debt Rate		4.45%
Regulated Rate of Return		6.39%

WORKING CAPITAL ALLOWANCE FOR 2018

Distribution Expenses		
Distribution Expenses - Operation		1,579,144
Distribution Expenses - Maintenance		1,436,077
Billing and Collecting		2,846,477
Community Relations		1,366,218
Administrative and General Expenses		5,713,418
Taxes Other than Income Taxes		168,473
Total Eligible Distribution Expenses		**13,109,806**
Power Supply Expenses		124,964,741
Total Working Capital Expenses		138,074,547
Working Capital Allowance @	13.00%	17,949,691

RATE BASE CALCULATION FOR 2018

Fixed Assets Opening Balance 2018	105,743,419
Fixed Assets Closing Balance 2018	112,613,083
Average Fixed Asset Balance for 2018	109,178,251
Working Capital Allowance	17,949,691
Rate Base	127,127,942
Regulated Rate of Return	6.39%
Regulated Return on Capital	8,122,247
Deemed Interest Expense	3,393,088
Deemed Return on Equity	4,729,159

TABLE 5-26 – CAPITAL STRUCTURE DEEMED & ACTUAL FOR 2019 TEST YEAR

2019		
Description	**Deemed Portion**	**Effective Rate**
Long-Term Debt	56.00%	4.62%
Short-Tern Debt	4.00%	2.16%
Return On Equity	40.00%	9.30%
Weighted Debt Rate		4.45%
Regulated Rate of Return		6.39%

WORKING CAPITAL ALLOWANCE FOR 2019		
Distribution Expenses		
Distribution Expenses - Operation		1,410,513
Distribution Expenses - Maintenance		1,467,354
Billing and Collecting		2,914,572
Community Relations		1,395,314
Administrative and General Expenses		5,823,726
Taxes Other than Income Taxes		172,010
Total Eligible Distribution Expenses		**13,183,490**
Power Supply Expenses		125,921,985
Total Working Capital Expenses		139,105,474
Working Capital Allowance @	13.00%	18,083,712

RATE BASE CALCULATION FOR 2019	
Fixed Assets Opening Balance 2019	112,613,083
Fixed Assets Closing Balance 2019	117,622,147
Average Fixed Asset Balance for 2019	115,117,615
Working Capital Allowance	18,083,712
Rate Base	133,201,327
Regulated Rate of Return	6.39%
Regulated Return on Capital	8,512,746
Deemed Interest Expense	3,557,656
Deemed Return on Equity	4,955,089

APPENDIX 5-1: OPUCN'S NOTE PAYABLE (2005)

See attached.

APPENDIX 5-2: OPUCN'S TERM LOAN (2012)

See attached.

TD Commercial Banking

South-East Ontario Commercial Banking Centre
2 King Street East, 2nd Floor
Oshawa, Ontario
L1H 7L3

Telephone No.: (905) 576-6264
Fax No.: (905) 576-9147

September 19, 2011

Oshawa Power & Utilities Corporation

100 Simcoe St S
Oshawa.ON
L1H 7M7

Attention: Mr Atul Mahajan

Dear Mr. Mahajan,

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

BORROWER	Oshawa Power & Utilities Corporation (the "Borrower")
LENDER	**The Toronto-Dominion Bank** (the "Bank"), through its Oshawa branch, in Oshawa, Ontario.
CREDIT LIMIT	1) $23,000,000
TYPE OF CREDIT AND BORROWING OPTIONS	1) **Committed Term Facility (Single Draw)** available at the Borrower's option by way of: • Fixed Rate Term Loan in CDN$ (by the way of Interest Rate Swap from Bankers Acceptances).
PURPOSE	1) To refinance disbursement to the City of Oshawa including purchase of Shareholder Note
TENOR	1) Committed
CONTRACTUAL TERM	1) Existing: 7 years to December 21, 2012. Renewal: Up to 7 years from December 21, 2012.

RATE TERM (FIXED RATE TERM LOAN)

1) Up to 7 years but never to exceed the Contractual Term Maturity Date.

INTEREST RATES AND FEES

Advances shall bear interest and fees as follows:

1) **Committed Term Facility (Single Draw):**
- Existing: B/A + 0.55%
- Renewal: TD Swap Rate (as set out in a confirmation to the ISDA) +
  - 0.90% (5 year term)
  - 0.93% (7 year term)

For all Facilities, interest payments will be made in accordance with Schedule "A" attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment is set out in the Schedule "A" attached hereto.

DRAWDOWN

1) One time drawdown.

Notice periods, minimum amounts of draws, interest periods and contract maturity for LIBOR Loans, terms for Banker's Acceptances and other similar details are set out in the Schedule "A" attached hereto.

REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY

1) Existing: Except as may otherwise be set out in a confirmation to the ISDA, interest is payable semi-annually with bullet principal repayment at Contractual Term maturity. Any amounts repaid may not be reborrowed.

Renewal: Except as may otherwise be set out in a confirmation to the ISDA, interest is payable monthly with bullet principal repayment at Contractual Term maturity. Any amounts repaid may not be reborrowed

PREPAYMENT

1) Subject to unwinding costs or benefits of Interest Rate Swap.

SECURITY

The following security shall be provided, shall, unless otherwise indicated, support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank:

a) Assignment of $23,000,000 Promissory Note due from Oshawa PUC Networks Inc.
b) Assignment of the Shares of Oshawa PUC Networks Inc.

All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security".

REPRESENTATIONS AND WARRANTIES

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Standard Representations and Warranties set out in Schedule "A".

POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule "A" and in addition will:

a) Provide Audited financial statements for Oshawa PUC Networks Inc., Audited Consolidated financial statements for Oshawa Power and Utilities Corporation and Management Prepared financial statements for Oshawa Power & Utilities Corporation on an annual basis within 150 days of each fiscal year end.
b) Provide Quarterly Unaudited financial statements for Oshawa PUC Networks Inc., and Oshawa Power & Utilities Corporation (unconsolidated/consolidated) within 60 days of each quarter end; to be accompanied by a Certificate of No Default setting out compliance calculations.
c) Provide a 1 year business plan annually, within 150 days of each fiscal year end, including: Income Statement, Balance Sheet, Statement of changes in Financial Position, and Capital Expenditures schedule.
d) Provide annual OEB rate submissions and Service Quality Indicators (if applicable)
e) Comply with all applicable environmental regulations at all times.
f) Comply with all contractual obligations and laws, including payment of taxes.

NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Negative Covenants set out in Schedule "A". In addition the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

a) Change the indirect or direct municipal ownership of the Borrower.
b) Change Oshawa PUC Networks Inc status as a Limited Distribution Company.

c) Undertake investments, mergers, amalgamations or consolidations without the Lender's prior consent, excluding subsidiaries other than Oshawa PUC Networks Inc.

d) Incur any additional debt, including guarantees should this result in the Funded Debt to Capitalization ratio exceeding 0.65x (as defined under Financial Covenants)

e) Provide security or guarantees to any party without prior consent of the Bank, excluding subsidiaries other than Oshawa PUC Networks Inc. except for Permitted Liens.

PERMITTED LIENS

Permitted Liens as referred to in Schedule "A" are:

Purchase Money Security Interests, not to exceed at any time:
a) For Oshawa Power & Utilities Corporation and Oshawa PUC Networks Inc., $3,000,000 in the aggregate.

FINANCIAL COVENANTS

The Borrower agrees at all times, on a consolidated basis to:

1) Maintain a consolidated Funded Debt To Capitalization, between Oshawa Power and Utilities Corporation and Oshawa PUC Networks, of no greater than 0.65x. Tested Quarterly.

Funded Debt is defined as all interest bearing debt plus non-interest bearing debt not subordinated to these credit facilities and guarantees but does not include trade accounts payable and the Prudential Letter of Guarantee in favour of the IESO (the calculation excludes all subsidiaries other than Oshawa PUC Networks Inc).

Capitalization is defined as the sum of Total Funded Debt, shareholder's equity, contributed capital, preference share capital net of any goodwill and intangibles (Capitalization also excludes subsidiaries other than Oshawa PUC Networks Inc).

2) Maintain a minimum Debt Service Coverage Ratio (DSC) of 1.20x to be tested quarterly based on a rolling 4 quarters.

The *Debt Service Coverage* ratio to be calculated as follows:

$$\frac{\text{EBITDA* - Cash Taxes – 40\% Capital Expenditures (net of contributed capital)}}{\text{Principal** + Total Cash Interest (net of accrual of any shareholder debt interest)}}$$

* EBITDA is defined as Earnings Before Interest, Income Taxes, Depreciation, and Amortization
** Principal to include a notional principal amount for Oshawa Power & Utilities Corporation/Oshawa PUC Networks Inc.'s non-amortizing Bank debt, based on a 20 year amortization.

EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule "A" attached hereto and after any one of the following additional Events of Default:

a) Loss of OEB license
b) Default under any of the conditions listed above.

The Cross-Default Threshold as referred to in Schedule "A" is:
i) For the Borrower: $5,000,000;

ANCILLARY FACILITIES

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.

1) Certain treasury products, such as forward foreign exchange transactions, and/or interest rate and currency and/or commodity swaps.

The Borrower agrees that treasury products will be used to hedge its risk and will not be used for speculative purposes.

CONFLICTS:

In the event there occurs any conflict or inconsistency between any provision of this Agreement and any provision of any of the documents delivered in connection herewith, the provision of this Agreement shall govern.

SCHEDULE "A" - STANDARD TERMS AND CONDITIONS

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

Any reference in this Agreement (including Schedule "A") to "Subsidiaries" excludes all subsidiaries of the Borrower other than Oshawa PUC Networks Inc.

AMENDMENTS TO SCHEDULE "A" TERMS AND CONDITIONS

The following amendments to the Standard Terms and Conditions apply:

- *"Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice."*, appearing in Section 2. INTEREST CALCULATION AND PAYMENT, is replaced with *"Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice, or a Confirmation to the ISDA".*
- *"The Borrower shall provide the Bank with 3 Business Day's notice of a requested Prime Based Loan or USBR Loan over $1,000,000."* appearing in Section 3. DRAWDOWN PROVISIONS, is deleted.
- Section 4. PREPAYMENT, is deleted as not applicable.
- *"The financial statements and forecasts delivered to the Bank..."* appearing in Section 6 f). STANDARD REPRESENTATIONS AND WARRANTIES, is replaced with *"The financial statements delivered to the Bank...".*
- *"...and have been prepared by the Borrower and its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied."* appearing in Section 6 f). STANDARD REPRESENTATIONS AND WARRANTIES, is replaced with *"and have been prepared by the Borrower and, if applicable, its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied."*
- *"except for inventory disposed of in the ordinary course of business."* appearing in Section 8 d). STANDARD NEGATIVE COVENANTS, is deleted and be replaced with *"pledged under the Bank Security."*
- *"Take all necessary actions to ensure that the Bank Security and its obligations hereunder..."* appearing in Section 7 e). STANDARD POSITIVE COVENANTS, is replaced with *"Take all necessary actions to ensure that, except as otherwise permitted by the Bank, the Bank Security and its obligations hereunder..."*
- *"Permit any change of ownership or change in the capital structure of the Borrower."* appearing in Section 8 g) STANDARD NEGATIVE COVENANTS, is replaced with *"Permit any change of ownership or change in the capital structure of the Borrower without prior Bank approval."*
- *"...or any of the Guarantors to take possession of property or enforce proceedings against any assets;"* appearing in Section 10 f). STANDARD EVENTS OF DEFAULT, is replaced with *"...or any of the Guarantors to take possession of property or enforce proceedings against any assets, pledged under the Bank Security."*
- Section 16. ADDED COST, is deleted.

- *"...the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts..."* appearing in Section 22. FX CLOSE OUT, is replaced with *"...the Bank shall, subject to the terms of the ISDA, be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts..."*

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before **October 15, 2011.**

Yours truly,

THE TORONTO-DOMINION BANK

Maryse Comeau
Relationship Manager

Patricia Trump
Manager Commercial Credit

TO THE TORONTO-DOMINION BANK:

Oshawa Power & Utilities Corporation hereby accepts the foregoing offer this ________ day of ___________, 20____. The Borrower confirms that, except as may be set out above, the credit facility(ies) detailed herein shall not be used by or on behalf of any third party.

Signature **Signature**

Print Name & Position Print Name & Position

SCHEDULE A
STANDARD TERMS AND CONDITIONS

1. INTEREST RATE DEFINITIONS

Prime Rate means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum for CDN$ B/As is based on a 365 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance. The Stamping Fee rate per annum for US$ B/As is based on a 360 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance.

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

2. INTEREST CALCULATION AND PAYMENT

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

The Stamping Fee is calculated based on the amount and the term of the B/A and payable upon acceptance by the Bank of the B/A. The net proceeds received by the Borrower on a B/A advance will be equal to the Face Amount of the B/A discounted at the Bank's then prevailing B/A discount rate for CDN$ B/As or US$ B/As as the case may be, for the specified term of the B/A less the B/A Stamping Fee.

Interest on LIBOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR interest period.

L/C and L/G fees are payable at the time set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at 21% per annum, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

3. DRAWDOWN PROVISIONS

Prime Based and USBR Loans
There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in the section of the Agreement titled "Business Credit Services Agreement", if that section of the Agreement has not been deleted. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over $1,000,000.

B/As
The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. In no event shall the term of the B/A exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of B/As is $1,000,000 and in multiples of $100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

The Borrower shall pay to the Bank the full amount of the B/A at the maturity date of the B/A.

The Borrower appoints the Bank as its attorney to and authorizes the Bank to (i) complete, sign, endorse, negotiate and deliver B/As on behalf of the Borrower in handwritten form, or by facsimile or mechanical signature or otherwise, (ii) accept such B/As, and (iii) purchase, discount, and/or negotiate B/As.

LIBOR
The Borrower shall advise the Bank of the requested LIBOR contract maturity period. The Bank shall have the discretion to restrict the LIBOR contract maturity. In no event shall the term of the LIBOR contract exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of a LIBOR Loan is $1,000,000, and shall be in multiples of $100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan.

L/C and/or L/G
The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

B/A - Prime Conversion
The Borrower will provide the Bank with at least 3 Business Days' notice of its intention either to convert a B/A to a Prime Based Loan or vice versa, failing which, the Bank may decline to accept such additional B/As or may charge interest on the amount of Prime Based Loans resulting from maturity of B/As at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

Cash Management
The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan to satisfy any obligations of the Borrower to the Bank in connection with any cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan even if the drawdown results in amounts outstanding in excess of the Credit Limit.

Notice
Prior to each drawdown and at least 10 days prior to each Rate Term Maturity, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each

drawdown, other than drawdowns by way of BA, LIBOR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

4. PREPAYMENT

Fixed Rate Term Loans

10% Prepayment Option Chosen.

(a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.

(b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:

i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and

ii) the Interest Rate Differential, being the amount by which:

a. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds

b. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

10% Prepayment Option Not Chosen.

(c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:

i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and

ii) the Interest Rate Differential, being the amount by which:

a. the total amount of interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds

b. the total amount of interest on the amount of the prepayment using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

Floating Rate Term Loans

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, at any time without the payment of prepayment charges.

5. STANDARD DISBURSEMENT CONDITIONS

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
   i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
   ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
   iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
   iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
   v) all operation of account documentation; and
   vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement

b) The representations and warranties contained in this Agreement are correct.

c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.

d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

6. STANDARD REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:

a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.

b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.

c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.

d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.

e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.

f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied.

g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and Workers' Compensation dues are currently paid and up to date.

7. STANDARD POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.

b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.

c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.

d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.

e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.

f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.

g) Provide the Bank with information and financial data as it may request from time to time.

h) Maintain property, plant and equipment in good repair and working condition.

i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower.

j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors.

k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.

l) Maintain adequate insurance on all of its assets, undertakings, and business risks.

m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom and

n) Comply with all applicable laws.

8. STANDARD NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.

b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money (except for indebtedness resulting from Permitted Liens, if any) or guarantee or act as surety or agree to indemnify the debts of any other Person.

c) Merge or consolidate with any other Person, or acquire all or substantially all of the shares, assets or business of any other Person.

d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.

e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security.

f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.

g) Permit any change of ownership or change in the capital structure of the Borrower.

9. ENVIRONMENTAL

The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

10. STANDARD EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due.

b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.

c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.

d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable to being remedied, the default continues unremedied for 5 Business Days after the occurrence.

e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.

f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.

g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.

h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.

i) If there exists an event, the effect of which with lapse of time or the giving of notice, will constitute an event of default or a default under any other agreement for borrowed money in excess of the Cross Default Threshold entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.

j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.

k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.

l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.

11. ACCELERATION

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmatured B/As and LIBOR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding LIBOR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

The Bank may demand the payment of principal and interest under the Operating Loan (and any other uncommitted facility) hereunder and cancel any undrawn portion of the Operating Loan (and any other uncommitted facility) hereunder, at any time whether or not an Event of Default has occurred.

12. CURRENCY INDEMNITY

US$ loans must be repaid with US$ and CDN$ loans must be repaid with CDN$ and the Borrower shall indemnify the Bank for any loss suffered by the Bank if US$ loans are repaid with CDN$ or vice versa, whether such payment is made pursuant to an order of a court or otherwise.

13. TAXATION ON PAYMENTS
All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

14. REPRESENTATION
No representation or warranty or other statement made by the Bank concerning any of the credit facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

15. CHANGING THE AGREEMENT

a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) the provisions of the Agreement relate to the Operating Loan (and any other uncommitted facility) or (ii) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (iii) where such change makes compliance with this Agreement less onerous to the Borrower, including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.

b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.

c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

16. ADDED COST
If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,

ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,

iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

17. EXPENSES
The Borrower shall pay, within 5 Business Days following notification, all fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration and ongoing administration of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited, to all outside counsel fees and expenses and all in-house legal fees and expenses, if in-house counsel are used, and all outside professional advisory fees and expenses. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 24, the Bank or it's agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including the registration fee in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or it's agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

18. NON WAIVER

Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

19. EVIDENCE OF INDEBTEDNESS

The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

20. ENTIRE AGREEMENTS

This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

21. ASSIGNMENT

The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

22. RELEASE OF INFORMATION

The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

23. FX CLOSE OUT

The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing to its inability to pay its debts as they come due or has a receiver appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

24. SET-OFF

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product, against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the Bank's noon spot rate of exchange for the conversion of such currency.

25. LIMITATION ACT

The Borrower and the Bank hereby agree that the limitation period for commencement of any court action or proceeding against the Borrower with respect to demand loans shall be six (6) years rather than the period of time that is set out in the applicable limitation legislation.

26. MISCELLANEOUS

i) The Borrower has received a signed copy of this Agreement;

ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them. Each Borrower hereby acknowledges that each Borrower is an agent of each other Borrower and payment by any Borrower hereunder shall be deemed to be payment by the Borrower making the payment and by each other Borrower. Each payment, including interest payments, made will constitute an acknowledgement of the indebtedness and liability hereunder by each Borrower;

iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;

iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located.

v) Unless stated otherwise, all amounts referred to herein are in Canadian dollars

27. DEFINITIONS

Capitalized Terms used in this Agreement shall have the following meanings:

"All-In Rate" means the greater of the Interest Rate that the Borrower pays for Prime Based Loans (which for greater certainty includes the percent per annum added to the Prime Rate) or the highest fixed rate paid for Fixed Rate Term Loans.

"Agreement" means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions.

"Business Day" means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.

"Branch/Centre" means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

"Contractual Term Maturity Date" means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.

"Cross Default Threshold" means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.

"Face Amount" means, in respect of:

(i) a B/A, the amount payable to the holder thereof on its maturity;
(ii) A L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

"Fixed Rate Term Loan" means any drawdown in Canadian dollars under a Credit Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank as its sole discretion.

"Inventory Value" means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

"Letter" means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

"Letter of Credit" or *"L/C"* means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

"Letter of Guarantee" or *"L/G"* means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

"Person" includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).

"Purchase Money Security Interest" means a security interest on equipment which is granted to a lender or to the seller of such equipment in order to secure the purchase price of such equipment or a loan to acquire such equipment, provided that the amount secured by the security interest does not exceed the cost of the equipment, the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.

"Rate Term" means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.

"Rate Term Maturity" means the last day of a Rate Term which day may never exceed the Contractual Term Maturity Date.

"Rate and Payment Terms Notice" means the notice sent by the Bank setting out the interest rate and payment terms for a particular drawdown.

"Receivable Value" means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

"Receivables/Inventory Summary" means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

"US$ Equivalent" means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the Bank's noon spot rate of exchange for Canadian Dollars to United States Dollars established by the Bank for the day in question.

Phil Martin

From: Atul Mahajan
Sent: October 12, 2011 1:51 PM
To: Phil Martin; David Savage; Denise Flores
Subject: FW: Oshawa Power and Utilities Corp
Attachments: sg2011101245443.gif; sg2011101245570.gif

FYI

Atul Mahajan
President and CEO
Oshawa Power and Utilities Corporation
100 Simcoe Street South
Oshawa, Ontario
L1H 7M7

Direct Line: (905) 743 5210
email: amahajan@opuc.on.ca

From: Di Renzo, John [mailto:John.DiRenzo@tdsecurities.com]
Sent: Wednesday, October 12, 2011 1:36 PM
To: Atul Mahajan
Cc: Comeau, Maryse; Leslie, Stephen
Subject: Oshawa Power and Utilities Corp

Hi Atul, as discussed here are details of the 2 interest rate swaps that you entered into today. I have also attached Bloomberg screen shots of swap rates and 1 vs 3 month basis.

Swap # 1
Name: Oshawa Power and Utilities Corporation
Start Date: Dec 21 2012
Maturity Date: Dec 21 2019
Notional: $23 million
No Amortization
Oshawa Power pays a fixed rate of 2.635% and receives 1 month CDOR on the swap
Stamping Fee on Loan: 0.93%
All in rate: 3.565%

Swap # 2
Name: Oshawa PUC Networks Inc.
Start Date: Dec 21 2012
Maturity Date: Dec 21 2019
Notional: $7 million
No Amortization
Oshawa Power pays a fixed rate of 2.635% and receives 1 month CDOR on the swap
Stamping Fee on Loan: 0.93%
All in rate: 3.565%

We greatly appreciate your business and if you need anything else please do not hesitate to contact us.

Regards

John Di Renzo | Manager | Derivatives Origination
TD Securities | Debt Capital Markets
222 Bay Street, 7th Floor E&Y Tower
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TD Securities
Royal Trust Tower
77 King Street West 16th Floor
Toronto, Ontario M5K 1A2

October 13, 2011

The Toronto-Dominion Bank

Contact:	IRD Confirmation Group
Facsimile No:	416-983-1553
Telephone No:	416-590-4232
Email:	IRD_Confirmations@tdsecurities.com

OSHAWA POWER & UTILITIES CORPORATION

Attention:	Mr. Atul Mahajan
Facsimile No:	1-905-723-3248
Telephone No:	1-905-723-3248

Reference: Swap Transaction Confirmation (Reference # : 1978314)

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between The Toronto-Dominion Bank ("***Party A***") and OSHAWA POWER & UTILITIES CORPORATION ("***Party B***") on the Trade Date specified below (the "Transaction" or "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below. This Confirmation supersedes any previous Confirmation or other communication with respect to the Transaction and evidences a complete and binding agreement between us as to the terms of the Transaction.

The definitions and provisions contained in the 2006 ISDA Definitions (the "Definitions") as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of December 19, 2005, as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Each party represents to the other party that it is entering into this Transaction as principal (and not as agent or in any other capacity) with the full understanding of the terms, conditions and the risks thereof and that it is capable of and willing to assume those risks.

The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount:	CAD 23,000,000.00
Trade Date:	October 12, 2011
Trade Time:	Available on request
Effective Date:	December 21, 2012
Termination Date:	December 21, 2019 subject to adjustment in accordance with the Modified Following Business Day

	Convention

FLOATING AMOUNTS

Floating Rate Payer:	Party A
Floating Rate Payer Payment Date(s):	Monthly on the 21st of each month commencing on January 21, 2013 up to and including the Termination Date , subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate for Initial Calculation Period:	To be determined
Floating Rate Option:	CAD-BA-CDOR
Designated Maturity:	1 Month
Spread:	Not Applicable
Floating Rate Day Count Fraction:	Actual/365 Fixed
Reset Dates:	The first day of each Calculation Period or Compounding Period if Compounding is applicable
Compounding:	Not Applicable

FIXED AMOUNTS

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Date(s):	Monthly on the 21st of each month commencing on January 21, 2013 up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	2.63500 %
Fixed Rate Day Count Fraction:	Actual/365 Fixed
Calculation Agent:	The Toronto-Dominion Bank
Business Days:	Toronto
Fee(s):	Not Applicable

SETTLEMENT INSTRUCTIONS

Payments to Party A in CAD

To: The Toronto-Dominion Bank, Toronto
Swift: TDOMCATTTOR
Favor of: The Toronto-Dominion Bank, Toronto
Swift: TDOMCATT
Account Number: 03 60-01-4235836

Payments to Party B in CAD

Please advise

OFFICES

The Office of Party A for this Transaction is its Toronto Office.

The Office of Party B for this Transaction is its OSHAWA Office.

This Confirmation may be executed in one or more counterparts, either in original or facsimile form, each of which shall constitute one and the same agreement. When executed by the parties through facsimile transmission, this Confirmation shall constitute the original agreement between the parties and the parties hereby adopt the signatures printed by the receiving facsimile machine as the original signatures of the parties.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Yours truly,

The Toronto-Dominion Bank

By: ______________________________
Name : Ruth Parsons
Title : Senior Manager - Confirmation Services
Global Business Services

Accepted and confirmed as of the date first written:

OSHAWA POWER & UTILITIES CORPORATION

By: ______________________________
Name : Atul Mahajan
Title : CEO

This Fax is intended only for the addressee and may contain information that is legally privileged, confidential and/or exempt from disclosure under applicable law. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you have received this communication in error, or are not the named recipient(s), please immediately notify the sender.

TD Commercial Banking

South-East Ontario Commercial Banking Centre
2 King St. E.
2nd Floor
Oshawa, ON
L1H 7L3

Telephone No.: (905) 576-6264
Fax No.: (905) 576-9147

September 19, 2011

Oshawa PUC Networks Inc.

100 Simcoe St S
Oshawa, ON
L1H 7M7
Attention: Atul Mahajan

Dear Mr. Mahajan,

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

BORROWER Oshawa PUC Networks Inc. (the "Borrower")

LENDER **The Toronto-Dominion Bank** (the "Bank"), through its South-East Ontario branch, in Oshawa, ON.

CREDIT LIMIT

1) CDN $10,000,000
2) CDN $6,000,000
3) CDN $7,000,000

TYPE OF CREDIT AND BORROWING OPTIONS

1) **Operating Loan** available at the Borrower's option by way of:
   - Prime Rate Based Loans in CDN$ ("Prime Based Loans")
   - Bankers Acceptances in CDN$ or US$ ("B/As")

2) **Standby Letter of Credit/Letter of Guarantee**

3) **Committed Term Facility (Single Draw)** available at the Borrower's option by way of:
   - Fixed Rate Term Loan in CDN$ (by way of Interest Rate Swap from Bankers Acceptances)

PURPOSE	1)	To assist with normal working capital requirements.
	2)	To satisfy the Independant Electricity System Operator's prudential requirement
	3)	To refinance the payment of special dividends to the City of Oshawa.
TENOR	1), 2)	Uncommitted
	3)	Committed
CONTRACTUAL TERM	3)	Existing: 7 years to December 21, 2012. Renewal: Up to 7 years from December 21, 2012.
RATE TERM (FIXED RATE TERM LOAN)	3)	Up to 7 years but never to exceed the Contractual Term Maturity Date

INTEREST RATES AND FEES

Advances shall bear interest and fees as follows:

3) **Operating Loan:**
- Prime Based Loans: Prime Rate + 0% per annum
- B/As: Stamping Fee at 0.85% per annum

2) **Standby Letter of Credit:**
- L/Cs: 0.50% per annum

3) **Committed Term Facility (Single Draw):**
- Existing: B/A + 0.55%
- Renewal: TD Swap rate (as set out in a confirmation to the ISDA) +
  - 0.90% (5 year term)
  - 0.93 % (7 year term)

For all Facilities, interest payments will be made in accordance with Schedule "A" attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment is set out in the Schedule "A" attached hereto.

STANDBY FEE

1) 5 basis points (per annum) based on the average unutilized balance (charged quarterly)

RENEWAL FEE

1) $5,000 per annum.

DRAWDOWN

1) On a revolving basis.

2) Upon presentation by the beneficiary of document as set out by the L/C.

3) One time drawdown.

BUSINESS CREDIT SERVICE

The Borrower will have access to the Operating Loan (Facility 1) via Loan Account Number 3184-9520230 (the "Loan Account") up to the Credit Limit of the Operating Loan by withdrawing funds from the Borrower's Current Account Number 3184-5202309 (the "Current Account"). The Borrower agrees that each advance from the Loan Account will be in an amount equal to $10,000 (the "Transfer Amount") or a multiple thereof. If the Transfer Amount is NIL, the Borrower agrees that an advance from the Borrower's Loan Account may be in an amount sufficient to cover the debits made to the Current Account.

The Borrower agrees that:

a) all other overdraft privileges which have governed the Borrower's Current Account are hereby canceled.
b) all outstanding overdraft amounts under any such other agreements are now included in indebtedness under this Agreement.

The Bank may, but is not required to, automatically advance the Transfer Amount or a multiple thereof or any other amount from the Loan Account to the Current Account in order to cover the debits made to the Current Account if the amount in the Current Account is insufficient to cover the debits. The Bank may, but is not required to, automatically and without notice apply the funds in the Current Account in amounts equal to the Transfer Amount or any multiple thereof or any other amount to repay the outstanding amount in the Loan Account.

REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY

1, 2) On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Operating Loan, including without limitation, the amount of all unmatured B/As. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower.

3) Existing: Except as may otherwise be set out in a confirmation to the ISDA, interest is payable semi-annually with bullet principal repayment at Contractual Term maturity. Any amounts repaid may not be reborrowed.

Renewal: Except as may otherwise be set out in a confirmation to the ISDA, interest is payable monthly with bullet principal repayment at Contractual Term maturity. Any amounts repaid may not be reborrowed.

PREPAYMENT

3) Subject to unwinding costs or benefits of Interest Rate Swap.

SECURITY

The following security shall be provided, shall, unless otherwise indicated, support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank:

a) General Security Agreement ("GSA").
b) General Assignment of Book Debts.
c) Evidence of adequate Liability Insurance.
d) Indemnity Agreement re: Letter of Credit.

All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security".

REPRESENTATIONS AND WARRANTIES

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Standard Representations and Warranties set out in Schedule "A".

POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule "A" and in addition will:

a) Provide Audited financial statements for Oshawa PUC Networks Inc., Audited Consolidated financial statements for Oshawa Power and Utilities Corporation and Management Prepared financial statements for Oshawa Power & Utilities Corporation on an annual basis within 150 days of each fiscal year end.
b) Provide Quarterly Unaudited financial statements for Oshawa PUC Networks Inc., and Oshawa Power & Utilities Corporation (unconsolidated/consolidated) within 60 days of each quarter end; to be accompanied by a Certificate of No Default setting out compliance calculations.
c) Provide a 1 year business plan annually, within 150 days of each fiscal year end, including: Income Statement, Balance Sheet, Statement of changes in Financial Position, and Capital Expenditures schedule.
d) Provide annual OEB rate submissions and Service Quality Indicators (if applicable)
e) Comply with all applicable environmental regulations at all times.
f) Comply with all contractual obligations and laws, including payment of taxes.
g) Remain in the regulated business of electricity distribution and maintain all requisite licenses to do so.
h) Comply with all licenses and immediately advise the Bank if the OEB notifies the Borrower of a default under a license or if the license is amended, canceled, suspended, or revoked (any of such circumstances will be an event of default.).
i) Maintain adequate insurance.
j) File all OEB rate submissions as outlined in the business plan.
k) Comply with "Affiliate Relationship Code".

NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Negative Covenants set out in Schedule "A". In addition the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

a) Change the indirect or direct municipal ownership of the Borrower.
b) Change Oshawa PUC Networks Inc status as a Limited Distribution Company.
c) Undertake investments, mergers, amalgamations or consolidations without the Lender's prior consent.
d) Incur any additional debt, including guarantees should this result in the Funded Debt to Capitalization ratio exceeding 0.65x (as defined under Financial Covenants)
e) Provide security or guarantees to any party without prior consent of the Bank except for permitted liens.

PERMITTED LIENS

Permitted Liens as referred to in Schedule "A" are:

Purchase Money Security Interests, not to exceed at any time:

a) For Oshawa Power & Utilities Corporation and Oshawa PUC Networks Inc., $3,000,000 in the aggregate.

FINANCIAL COVENANTS

The Borrower agrees at all times, on a consolidated basis to:

1) Maintain a consolidated Funded Debt To Capitalization, between Oshawa Power and Utilities Corporation and Oshawa PUC Networks, of no greater than 0.65x. Tested Quarterly.

Funded Debt is defined as all interest bearing debt plus non-interest bearing debt not subordinated to these credit facilities and guarantees but does not include trade accounts payable and the Prudential Letter of Guarantee in favour of the IESO (the calculation excludes all subsidiaries other than Oshawa PUC Networks Inc).

Capitalization is defined as the sum of Total Funded Debt, shareholder's equity, contributed capital, preference share capital net of any goodwill and intangibles (Capitalization also excludes subsidiaries other than Oshawa PUC Networks Inc).

2) Maintain a minimum Debt Service Coverage Ratio (DSC) of 1.20x to be tested quarterly based on a rolling 4 quarters.

The *Debt Service Coverage* ratio to be calculated as follows:

$$\frac{\text{EBITDA* - Cash Taxes} - \text{40\% Capital Expenditures (net of contributed capital)}}{\text{Principal** + Total Cash Interest (net of accrual of any shareholder debt interest)}}$$

* EBITDA is defined as Earnings Before Interest, Income Taxes, Depreciation, and Amortization

** Principal to include a notional principal amount for Oshawa Power & Utilities Corporation/Oshawa PUC Networks Inc.'s non-amortizing Bank debt, based on a 20 year amortization.

EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule "A" attached hereto and after any one of the following additional Events of Default:

a) Loss of OEB license
b) Default under any of the conditions listed above.

The Cross-Default Threshold as referred to in Schedule "A" is:
i) For the Borrower: $5,000,000;

ANCILLARY FACILITIES

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.
1) TD Visa Business cards for an aggregate amount of $90,000.
2) Spot Foreign Exchange Facility which allows the Borrower to enter into US$1,000,000 for settlement on a spot basis.
3) Certain treasury products, such as forward foreign exchange transactions, and/or interest rate and currency and/or commodity swaps.

The Borrower agrees that treasury products will be used to hedge its risk and will not be used for speculative purposes.

The paragraph headed "FX CLOSE OUT" as set out in Schedule "A" shall apply to FX Transactions.

AVAILABILITY OF OPERATING LOAN

The Operating Loan is uncommitted, made available at the Bank's discretion, and is not automatically available upon satisfaction of the terms and conditions, conditions precedent, or financial tests set out herein.

The occurrence of an Event of Default is not a precondition to the Bank's right to accelerate repayment and cancel the availability of the Operating Loan.

CONFLICTS:

In the event there occurs any conflict or inconsistency between any provision of this Agreement and any provision of any of the documents delivered in connection herewith, the provision of this Agreement shall govern.

SCHEDULE "A" - STANDARD TERMS AND CONDITIONS

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

AMENDMENTS TO SCHEDULE "A" TERMS AND CONDITIONS

The following amendments to the Standard Terms and Conditions apply:

- *"Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice."*, appearing in Section 2. INTEREST CALCULATION AND PAYMENT, is replaced with *"Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice, or a Confirmation to the ISDA".*
- *"The Borrower shall provide the Bank with 3 Business Day's notice of a requested Prime Based Loan or USBR Loan over $1,000,000."* appearing in Section 3. DRAWDOWN PROVISIONS, is deleted.
- Section 4. PREPAYMENT, is deleted as not applicable.
- *"The financial statements and forecasts delivered to the Bank..."* appearing in Section 6 f). STANDARD REPRESENTATIONS AND WARRANTIES, is replaced with *"The financial statements delivered to the Bank...".*
- *"...and have been prepared by the Borrower and its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied."* appearing in Section 6 f). STANDARD REPRESENTATIONS AND WARRANTIES, is replaced with *"and have been prepared by the Borrower and, if applicable, its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied."*
- *"Take all necessary actions to ensure that the Bank Security and its obligations hereunder..."* appearing in Section 7 e). STANDARD POSITIVE COVENANTS, is replaced with *"Take all necessary actions to ensure that, except as otherwise permitted by the Bank, the Bank Security and its obligations hereunder..."*
- *"except for inventory disposed of in the ordinary course of business."* appearing in Section 8 d). STANDARD NEGATIVE COVENANTS, is deleted and be replaced with "*pledged under the Bank Security.*"
- *"Permit any change of ownership or change in the capital structure of the Borrower."* appearing in Section 8 g) STANDARD NEGATIVE COVENANTS, is replaced with *"Permit any change of ownership or change in the capital structure of the Borrower without prior Bank approval."*
- *"...or any of the Guarantors to take possession of property or enforce proceedings against any assets."* appearing in Section 10 f). STANDARD EVENTS OF DEFAULT, is replaced with *"...or any of the Guarantors to take possession of property or enforce proceedings against any assets, pledged under the Bank Security."*
- Section 16. ADDED COST, is deleted.

- *"...the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts..."* appearing in Section 22. **FX CLOSE OUT**, is replaced with *"...the Bank shall, subject to the terms of the ISDA, be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts..."*

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before **October 15, 2011**

Yours truly,

THE TORONTO-DOMINION BANK

Maryse Comeau	Patricia Trump
Relationship Manager	Manager Commercial Credit

TO THE TORONTO-DOMINION BANK:

Oshawa PUC Networks hereby accepts the foregoing offer this ________ day of __________, 20____. The Borrower confirms that, except as may be set out above, the credit facility(ies) detailed herein shall not be used by or on behalf of any third party.

Signature	Signature
Print Name & Position	Print Name & Position

SCHEDULE A
STANDARD TERMS AND CONDITIONS

1. INTEREST RATE DEFINITIONS

Prime Rate means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum for CDN$ B/As is based on a 365 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance. The Stamping Fee rate per annum for US$ B/As is based on a 360 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance.

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

2. INTEREST CALCULATION AND PAYMENT

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

The Stamping Fee is calculated based on the amount and the term of the B/A and payable upon acceptance by the Bank of the B/A. The net proceeds received by the Borrower on a B/A advance will be equal to the Face Amount of the B/A discounted at the Bank's then prevailing B/A discount rate for CDN$ B/As or US$ B/As as the case may be, for the specified term of the B/A less the B/A Stamping Fee.

Interest on LIBOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR interest period.

L/C and L/G fees are payable at the time set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at 21% per annum, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

3. DRAWDOWN PROVISIONS

Prime Based and USBR Loans

There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in the section of the Agreement titled "Business Credit Services Agreement", if that section of the Agreement has not been deleted. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over $1,000,000.

B/As

The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. In no event shall the term of the B/A exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of B/As is $1,000,000 and in multiples of $100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

The Borrower shall pay to the Bank the full amount of the B/A at the maturity date of the B/A.

The Borrower appoints the Bank as its attorney to and authorizes the Bank to (i) complete, sign, endorse, negotiate and deliver B/As on behalf of the Borrower in handwritten form, or by facsimile or mechanical signature or otherwise, (ii) accept such B/As, and (iii) purchase, discount, and/or negotiate B/As.

LIBOR

The Borrower shall advise the Bank of the requested LIBOR contract maturity period. The Bank shall have the discretion to restrict the LIBOR contract maturity. In no event shall the term of the LIBOR contract exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of a LIBOR Loan is $1,000,000, and shall be in multiples of $100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan.

L/C and/or L/G

The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

B/A - Prime Conversion

The Borrower will provide the Bank with at least 3 Business Days' notice of its intention either to convert a B/A to a Prime Based Loan or vice versa, failing which, the Bank may decline to accept such additional B/As or may charge interest on the amount of Prime Based Loans resulting from maturity of B/As at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

Cash Management

The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan to satisfy any obligations of the Borrower to the Bank in connection with any cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan even if the drawdown results in amounts outstanding in excess of the Credit Limit.

Notice

Prior to each drawdown and at least 10 days prior to each Rate Term Maturity, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each drawdown, other than drawdowns by way of BA, LIBOR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

4. PREPAYMENT

Fixed Rate Term Loans

10% Prepayment Option Chosen.

(a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.

(b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:

i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and

ii) the Interest Rate Differential, being the amount by which:

a. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds
b. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

10% Prepayment Option Not Chosen.

(c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:

i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and

ii) the Interest Rate Differential, being the amount by which:

a. the total amount of interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds

b. the total amount of interest on the amount of the prepayment using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

Floating Rate Term Loans

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, at any time without the payment of prepayment charges.

5. STANDARD DISBURSEMENT CONDITIONS

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
   i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
   ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
   iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
   iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
   v) all operation of account documentation; and
   vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement

b) The representations and warranties contained in this Agreement are correct.

c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.

d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

6. STANDARD REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:

a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.

b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.

c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.

d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.

e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.

f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied.

g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and Workers' Compensation dues are currently paid and up to date.

7. STANDARD POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.

b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.

c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.

d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.

e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.

f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.

g) Provide the Bank with information and financial data as it may request from time to time.

h) Maintain property, plant and equipment in good repair and working condition.

i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower.

j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors.

k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.
l) Maintain adequate insurance on all of its assets, undertakings, and business risks.
m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom and
n) Comply with all applicable laws.

8. STANDARD NEGATIVE COVENANTS
So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:
a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.
b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money (except for indebtedness resulting from Permitted Liens, if any) or guarantee or act as surety or agree to indemnify the debts of any other Person.
c) Merge or consolidate with any other Person, or acquire all or substantially all of the shares, assets or business of any other Person.
d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.
e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security.
f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.
g) Permit any change of ownership or change in the capital structure of the Borrower.

9. ENVIRONMENTAL
The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

10. STANDARD EVENTS OF DEFAULT
The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due.

b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.

c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.

d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable to being remedied, the default continues unremedied for 5 Business Days after the occurrence.

e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.

f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.

g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.

h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.

i) If there exists an event, the effect of which with lapse of time or the giving of notice, will constitute an event of default or a default under any other agreement for borrowed money in excess of the Cross Default Threshold entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.

j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.

k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.

l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.

11. ACCELERATION

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmatured B/As and LIBOR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding LIBOR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

The Bank may demand the payment of principal and interest under the Operating Loan (and any other uncommitted facility) hereunder and cancel any undrawn portion of the Operating Loan (and any other uncommitted facility) hereunder, at any time whether or not an Event of Default has occurred.

12. CURRENCY INDEMNITY

US$ loans must be repaid with US$ and CDN$ loans must be repaid with CDN$ and the Borrower shall indemnify the Bank for any loss suffered by the Bank if US$ loans are repaid with CDN$ or vice versa, whether such payment is made pursuant to an order of a court or otherwise.

13. TAXATION ON PAYMENTS

All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

14. REPRESENTATION

No representation or warranty or other statement made by the Bank concerning any of the credit facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

15. CHANGING THE AGREEMENT

a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) the provisions of the Agreement relate to the Operating Loan (and any other uncommitted facility) or (ii) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (iii) where such change makes compliance with this Agreement less onerous to the Borrower; including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.

b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.

c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

16. ADDED COST

If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,

ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,

iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

17. EXPENSES

The Borrower shall pay, within 5 Business Days following notification, all fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration and ongoing administration of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited, to all outside counsel fees and expenses and all in-house legal fees and expenses, if in-house counsel are used, and all outside professional advisory fees and expenses. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 24, the Bank or it's agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including the registration fee in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or it's agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

18. NON WAIVER
Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

19. EVIDENCE OF INDEBTEDNESS
The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

20. ENTIRE AGREEMENTS
This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

21. ASSIGNMENT
The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

22. RELEASE OF INFORMATION
The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

23. FX CLOSE OUT
The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing to its inability to pay its debts as they come due or has a receiver

appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

24. SET-OFF

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product, against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the Bank's noon spot rate of exchange for the conversion of such currency.

25. LIMITATION ACT

The Borrower and the Bank hereby agree that the limitation period for commencement of any court action or proceeding against the Borrower with respect to demand loans shall be six (6) years rather than the period of time that is set out in the applicable limitation legislation.

26. MISCELLANEOUS

i) The Borrower has received a signed copy of this Agreement;

ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them. Each Borrower hereby acknowledges that each Borrower is an agent of each other Borrower and payment by any Borrower hereunder shall be deemed to be payment by the Borrower making the payment and by each other Borrower. Each payment, including interest payments, made will constitute an acknowledgement of the indebtedness and liability hereunder by each Borrower;

iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;

iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located.

v) Unless stated otherwise, all amounts referred to herein are in Canadian dollars

27. DEFINITIONS

Capitalized Terms used in this Agreement shall have the following meanings:

"All-In Rate" means the greater of the Interest Rate that the Borrower pays for Prime Based Loans (which for greater certainty includes the percent per annum added to the Prime Rate) or the highest fixed rate paid for Fixed Rate Term Loans.

"Agreement" **means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions.**

"Business Day" **means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.**

"Branch/Centre" **means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.**

"Contractual Term Maturity Date" **means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.**

"Cross Default Threshold" **means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.**

"Face Amount" means, in respect of:

(i) a B/A, the amount payable to the holder thereof on its maturity;
(ii) A L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

"Fixed Rate Term Loan" means any drawdown in Canadian dollars under a Credit Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank as its sole discretion.

"Inventory Value" means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

"Letter" means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

"Letter of Credit" **or** ***"L/C"*** **means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.**

"Letter of Guarantee" **or** ***"L/G"*** **means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.**

"Person" **includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).**

"Purchase Money Security Interest" **means a security interest on equipment which is granted to a lender or to the seller of such equipment in order to secure the purchase price of such equipment or a loan to acquire such equipment, provided that the amount secured by the security interest does not exceed the cost of the equipment, the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.**

"Rate Term" **means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.**

"Rate Term Maturity" **means the last day of a Rate Term which day may never exceed the Contractual Term Maturity Date.**

"Rate and Payment Terms Notice" means the notice sent by the Bank setting out the interest rate and payment terms for a particular drawdown.

"Receivable Value" means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

"Receivables/Inventory Summary" means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

"US$ Equivalent" means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the Bank's noon spot rate of exchange for Canadian Dollars to United States Dollars established by the Bank for the day in question.

Fixed Rate 2.635%
Stamping fee = .93%
3.565% All-in Rate

TD Securities
Royal Trust Tower
77 King Street West 16th Floor
Toronto, Ontario M5K 1A2

Annual Interest = $7,000,000
× 3.565%
$249,550

Monthly $20,796

October 13, 2011

The Toronto-Dominion Bank

Contact:	IRD Confirmation Group
Facsimile No:	416-983-1553
Telephone No:	416-590-4232
Email:	IRD_Confirmations@tdsecurities.com

OSHAWA PUC NETWORKS INC.

Attention:	Mr. Atul Mahajan
Facsimile No:	1-905-723-3248
Telephone No:	1-905-743-5210

Reference: Swap Transaction Confirmation (Reference # : 1978321)

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between The Toronto-Dominion Bank ("*Party A*") and OSHAWA PUC NETWORKS INC. ("*Party B*") on the Trade Date specified below (the "Transaction" or "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below. This Confirmation supersedes any previous Confirmation or other communication with respect to the Transaction and evidences a complete and binding agreement between us as to the terms of the Transaction.

The definitions and provisions contained in the 2006 ISDA Definitions (the "Definitions") as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of December 19, 2005, as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Each party represents to the other party that it is entering into this Transaction as principal (and not as agent or in any other capacity) with the full understanding of the terms, conditions and the risks thereof and that it is capable of and willing to assume those risks.

The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount:	CAD 7,000,000.00
Trade Date:	October 12, 2011
Trade Time:	Available on request
Effective Date:	December 21, 2012
Termination Date:	December 21, 2019 subject to adjustment in accordance with the Modified Following Business Day Convention

FLOATING AMOUNTS

Floating Rate Payer:	Party A
Floating Rate Payer Payment Date(s):	Monthly on the 21st of each month commencing on January 21, 2013 up to and including the Termination Date , subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate for Initial Calculation Period:	To be determined
Floating Rate Option:	CAD-BA-CDOR
Designated Maturity:	1 Month
Spread:	Not Applicable
Floating Rate Day Count Fraction:	Actual/365 Fixed
Reset Dates:	The first day of each Calculation Period or Compounding Period if Compounding is applicable
Compounding:	Not Applicable

FIXED AMOUNTS

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Date(s):	Monthly on the 21st of each month commencing on January 21, 2013 up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	2.63500 % + 0.93% Fee = 3.565% Total
Fixed Rate Day Count Fraction:	Actual/365 Fixed
Calculation Agent:	The Toronto-Dominion Bank
Business Days:	Toronto
Fee(s):	Not Applicable

SETTLEMENT INSTRUCTIONS

Payments to Party A in CAD

To: The Toronto-Dominion Bank, Toronto
Swift: TDOMCATTTOR
Favor of: The Toronto-Dominion Bank, Toronto
Swift: TDOMCATT
Account Number: 03 60-01-4235836

Payments to Party B in CAD

Please advise

OFFICES

The Office of Party A for this Transaction is its Toronto Office.

The Office of Party B for this Transaction is its OSHAWA Office.

This Confirmation may be executed in one or more counterparts, either in original or facsimile form, each of which shall constitute one and the same agreement. When executed by the parties through facsimile transmission, this Confirmation shall constitute the original agreement between the parties and the parties hereby adopt the signatures printed by the receiving facsimile machine as the original signatures of the parties.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Yours truly,

The Toronto-Dominion Bank

By: Parsons

Name : Ruth Parsons
Title : Senior Manager - Confirmation Services
Global Business Services

Accepted and confirmed as of the date first written:

OSHAWA PUC NETWORKS INC.

By:

Name : Atul Mahajan
Title : CEO

This Fax is intended only for the addressee and may contain information that is legally privileged, confidential and/or exempt from disclosure under applicable law. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you have received this communication in error, or are not the named recipient(s), please immediately notify the sender.