K3

SCHOOL ENERGY COALITION

CROSS-EXAMINATION MATERIALS

EB-2014-0105

File Number:	EB-2014-0105
Exhibit:	
Tab:	
Schedule:	
Page:	
Date:	

Appendix 2-OB
Debt Instruments

This table must be completed for all required historical years, the bridge year and the test year.

Year 2016

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2015

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2014

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2013

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	

								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2012

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2011

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Year 2010

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
Promissory Note	City of Pembroke	Affiliated	Fixed Rate	1/May/02	20	$ 4,364,000	7.25%	$ 316,390.00	
Promissory Note	Town of Mississippi Mills	Affiliated	Fixed Rate	1/May/02	20	$ 902,490	7.25%	$ 65,430.53	
Promissory Note	Village of Beachburg	Affiliated	Fixed Rate	1/May/02	20	$ 147,000	7.25%	$ 10,657.50	
Promissory Note	Township of Killaloe	Affiliated	Fixed Rate	1/May/02	20	$ 172,348	7.25%	$ 12,495.23	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
						$ 5,585,838	0.0725	$ 404,973.26	

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$6,901,508	7.25%	$500,359
2	Short-term Debt	4.00%	$492,965	2.07%	$10,204
3	**Total Debt**	60.00%	$7,394,473	6.90%	$510,564
	Equity				
4	Common Equity	40.00%	$4,929,649	8.98%	$442,682
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$4,929,649	8.98%	$442,682
7	**Total**	100.00%	$12,324,122	7.73%	$953,246
		Settlement Agreement			
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$6,609,279	7.25%	$479,173
2	Short-term Debt	4.00%	$472,091	1.65%	$7,790
3	**Total Debt**	60.00%	$7,081,371	6.88%	$486,962
	Equity				
4	Common Equity	40.00%	$4,720,914	9.19%	$433,852
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$4,720,914	9.19%	$433,852
7	**Total**	100.00%	$11,802,284	7.80%	$920,814
		Per Board Decision			
		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	56.00%	$6,609,279	7.25%	$479,173
9	Short-term Debt	4.00%	$472,091	2.07%	$9,772
10	**Total Debt**	60.00%	$7,081,371	6.90%	$488,945
	Equity				
11	Common Equity	40.00%	$4,720,914	8.98%	$423,938
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	40.00%	$4,720,914	8.98%	$423,938
14	**Total**	100.00%	$11,802,284	7.73%	$912,883

Notes

(1) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use colimn M and Adjustments in column I

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note issued June 6, 2000 in the amount of $4,364,000.00

I, Terry Lapierre, of the City of Pembroke, in the province of Ontario, do solemnly declare that:

1. I am the Chief Administrative Officer/Clerk of the Corporation of the City of Pembroke (the "City").

2. The City is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of $4,364,000.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.

3. The Missing Note is in the form described in Schedule G to City transfer by-law 2000-31, as amended by the shareholders' agreement of the Corporation made October 1, 2000, and a letter of amendment dated November 1, 2000.

4. The Missing Note and amount of $4,364,000.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.

5. The Missing Note cannot be found or produced.

6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the City of Pembroke, this 24 day of March, 2016.

A Commissioner, etc.

Heidi Martin, Deputy Clerk
Commissioner of Oaths
City of Pembroke

Name: Terry Lapierre
Title: Chief Administrative Officer

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note issued June 6, 2000 in the amount of $147,000.00

I, CHRISTINE FITZSIMONS of the TOWNSHIP of WHITEWATER REGION, in the province of Ontario, do solemnly declare that:

1. I am the CAO/CLERK of the Corporation of the Township of Whitewater Region (the "Township").

2. The Township is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of $147,000.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.

3. The Missing Note is in the form described in Schedule D to Township transfer by-law 726, as amended by the shareholders' agreement of the Corporation made October 1, 2000, and a letter of amendment dated November 1, 2000.

4. The Missing Note and amount of $147,000.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.

5. The Missing Note cannot be found or produced.

6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act.*

DECLARED before me at the Township of Whitewater Region, this 23 day of March, 2016.

A Commissioner, etc.

HOPE DILLABOUGH
Deputy-Clerk
and Commission of Oaths
Township of Whitewater Region

Name: Hope Dillabough
Title: Deputy Clerk

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note issued October 30, 2000 in the amount of $172,348.00

I, Lorna Hudder, of the Township of Killaloe, Hagarty and Richards, in the province of Ontario, do solemnly declare that:

1. I am the CAO/Clerk-Treasurer of the Corporation of the Township of Killaloe, Hagarty and Richards (the "Township").

2. The Township is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of $172,348.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.

3. The Missing Note is in the form described in Schedule C to Township transfer by-law 20-2000 made in accordance with the shareholders' agreement of the Corporation dated as of October 1, 2000 (the "Shareholders' Agreement"), and as amended under Subsection 4(h) of the Shareholders' Agreement by a financial statement dated as of September 30, 2000, and by a letter of amendment dated November 1, 2000.

4. The Missing Note and amount of $172,348.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.

5. The Missing Note cannot be found or produced.

6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the Village of Killaloe, this 23rd day of March, 2016.

A Commissioner, etc.

Name: Lorna Hudder
Title: CAO/Clerk-Treasurer

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note issued October 19, 2000 in the amount of $902,490.00

I, Diane Smithson, of the Corporation of the Municipality of Mississippi Mills, in the province of Ontario, do solemnly declare that:

1. I am the Chief Administrative Officer of the Corporation of the Municipality of Mississippi Mills (the "Municipality").

2. The Municipality is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of $902,490.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.

3. The Missing Note is in the form described in Schedule F to Municipality transfer by-law 103 of 2000 made in accordance with the shareholders' agreement of the Corporation dated as of October 1, 2000 (the "Shareholders' Agreement"), and as amended under Subsection 4(h) of the Shareholders' Agreement by a financial statement dated as of September 30, 2000, and by a letter of amendment dated November 1, 2000.

4. The Missing Note and amount of $902,490.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.

5. The Missing Note cannot be found or produced.

6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act.*

DECLARED before me at the Municipality of Mississippi Mills, this 23rd day of March, 2016.

A Commissioner, etc.

Shawna Stone, Clerk
A Commissioner for taking Affidavits - Section 1(2) Chapter C 17 R.S.O. 1990

Name: Diane Smithson
Title: Chief Administrative Officer

PROMISSORY NOTE

Maturity Date:	May 1, 2022 (twenty (20) years after market opening)
Principal Amount:	$4,364,000.00

Reference is made to the transfer of assets identified in Transfer By-law 2000-31.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the **"Corporation"**), hereby promises to pay to or to the order of the Corporation of the City of Pembroke (the **"Holder"**), in lawful money of Canada, on May 1, 2022 (the **"Maturity Date"**) at the principal office of the Holder, the principal amount of FOUR MILLION, THREE HUNDRED AND SIXTY FOUR THOUSAND Dollars ($4,364,000.00) (the **"Principal Amount"**) together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board (**"OEB"**), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the **"Interest Rate"**). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.

2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.

3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the Municipality of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the **"Shareholders"**) to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: ______________________
Name: Denis Montgomery
Title: President

By: ______________________
Name:
Title:

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: $147,000.00

Reference is made to the transfer of assets identified in Transfer By-law 726.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Township of Whitewater Region (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of ONE HUNDRED FORTY SEVEN THOUSAND Dollars ($147,000.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.

2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.

3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the City of Pembroke, the Corporation of the Municipality of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: ______________________
Name: Denis Montgomery
Title: President

By: ______________________
Name:
Title:

PROMISSORY NOTE

Maturity Date:	May 1, 2022 (twenty (20) years after market opening)
Principal Amount:	$172,348.00

Reference is made to the transfer of assets identified in Transfer By-law 20-2000.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Township of Killaloe, Hagarty and Richards (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of ONE THOUSAND SEVENTY TWO THREE HUNDRED FORTY EIGHT Dollars ($172,348.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.

2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.

3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the Municipality of Mississippi Mills and the Corporation of the City of Pembroke (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: ______________________
Name: Denis Montgomery
Title: President

By: ______________________
Name:
Title:

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: $902,490.00

Reference is made to the transfer of assets identified in Transfer By-law 103 of 2000.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Municipality of Mississippi Mills (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of NINE HUNDRED AND TWO THOUSAND FOUR HUNDRED NINETY Dollars ($902,490.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.

2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.

3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the City of Pembroke and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are

obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: ______________________________
Name: Denis Montgomery
Title: President

By: ______________________________
Name:
Title:

THE CORPORATION OF THE CITY OF PEMBROKE

BY-LAW NUMBER 2000 - 31

A BY-LAW TO TRANSFER THE EMPLOYEES, ASSETS, LIABILITIES, RIGHTS AND OBLIGATIONS OF THE CORPORATION OF THE CITY OF PEMBROKE ASSOCIATED WITH THE DISTRIBUTION OF ELECTRICITY TO THE OTTAWA RIVER POWER CORPORATION AND TO TRANSFER THE ASSETS, LIABILITIES, RIGHTS, AND OBLIGATIONS OF THE CORPORATION OF THE CITY OF PEMBROKE ASSOCIATED WITH THE RETAILING OF ELECTRICITY AND OTHER SERVICES TO OTTAWA RIVER ENERGY SOLUTIONS INC., BOTH COMPANIES INCORPORATED UNDER THE BUSINESS CORPORATIONS ACT (ONTARIO) PURSUANT TO SECTION 142(1) OF THE ELECTRICITY ACT, 1998

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation Incorporated under the Ontario Business Corporations Act;

AND WHEREAS pursuant to Section 142 of the Electricity Act, a municipality may cause a corporation to be incorporated under the Ontario Business Corporations Act for the purpose of generating, transmitting, distributing or retailing electricity;

AND WHEREAS the Corporation of the City of Pembroke (the "City") has incorporated a local distribution corporation known as the Ottawa River Power Corporation to distribute electricity, and has incorporated a corporation known as Ottawa River Energy Solutions Inc. to retail electricity, and to perform other services;

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the City of Pembroke is to make a By-law transferring employees, assets, liabilities, rights and obligations of the City through which the City distributes electricity and retails electricity and performs other services to Corporations Incorporated under the Ontario Business Corporations Act; the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. respectively;

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE CITY OF PEMBROKE ENACTS AS FOLLOWS:

Definitions

In this By-law, the terms defined herein shall have the meanings indicated:

a "Act" means The Energy Competition Act, 1998, and any regulations thereunder.

b "Assets" means all assets (except those listed as Excluded Assets), rights and obligations of the Corporation of the City of Pembroke used for the purpose of distributing electricity and retailing electricity and other services and carrying on associated business activities on the Effective Date.

c "Electricity Act" means the Electricity Act, 1998, and any regulations thereunder, as set out in Schedule A of the Energy Competition Act, 1998.

a. by the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty four (4,364) fully paid and non-assessable common shares of Ottawa River Power Corporation.

b. by the issuance by the Ottawa River Power Corporation to The Corporation of the City of Pembroke of a Promissory Note having the principal amount equal to four million three hundred and sixty four thousand ($4,364,000.00) dollars as set out in Schedule G attached hereto

c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule H as at the Effective Date and the Corporation shall report the transfer of the Assets in accordance with the provisions of Schedule H.

11. The assets transferred to the Ottawa River Energy Solutions Inc. pursuant to this By-law shall be transferred at the NBV as stated on Schedule K on the Effective Date. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by the Ottawa River Energy Solutions Inc. for the assets transferred herein shall be satisfied as follows:

a. by the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Energy Solutions Inc.

b. by the issuance by Ottawa River Energy Solutions Inc. to The Corporation of the City of Pembroke of a Promissory Note having the principal amount equal to two hundred and thirty three thousand two hundred and eighty-seven ($233,287.00) dollars, in accordance with Schedule J.

c. the consideration payable by the Ottawa River Energy Solutions Inc. shall be allocated among the Assets as set out in Schedule K as at the Effective Date and the Corporation shall report the transfer of the Assets in accordance with the provisions of Schedule K.

12. The effective date for the transfer of all items described herein from the Corporation of the City of Pembroke to the Ottawa River Power Corporation and to the Ottawa River Energy Solutions Inc. shall be January 1, 2000.

13. The transfer of employees, assets, liabilities, rights or obligations under this by-law is exempt from the provisions of all acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.

14. The Corporation of the City of Pembroke and Ottawa River Power Corporation shall execute the Shareholders Agreement attached hereto as Schedule N.

SCHEDULE G TO TRANSFER BY-LAW NO. 2000 - 31

Promissory Note:

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the City of Pembroke of a Promissory Note having a principal amount equal to four million, three hundred and sixty-four thousand ($4,364,000.00) dollars. Such Promissory Note to be due and payable on the 1st day of January, 2002, to be non-interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter, to bear interest at an effective rate, currently 7.25% per annum, term and interest to be renegotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the City of Pembroke. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Corporation of the City of Pembroke at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

SCHEDULE J TO TRANSFER BY-LAW 2000 - 31

Promissory Note:

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Energy Solutions Inc., having an ascribed value equal to twenty one thousand, eight hundred and twenty ($21,820.00) dollars, and the issuance by the Ottawa River Energy Solutions Inc. to the Corporation of the City of Pembroke of a Promissory Note having a principal amount equal to two hundred and thirty three thousand, two hundred and eighty-seven ($233,287.00) dollars. Such Promissory Note is to be due and payable on the 31st day of October, 2003, to be non interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate of the prime rate of interest declared by the Bank of Canada as determined on the date of the market opening, plus 1% per annum. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the City of Pembroke. In the event that Ottawa River Energy Solutions Inc. is sold to a non related entity or otherwise disposed of, the Corporation of the City of Pembroke at the time of such sale or disposition shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

SCHEDULE M TO TRANSFER BY-LAW 2000 - 31

THIS AGREEMENT made, in duplicate, this 1st day of January, 2000.

BETWEEN:

THE CORPORATION OF THE CITY OF PEMBROKE,

hereinafter called "Pembroke"

OF THE FIRST PART

- and -

THE CORPORATION OF THE VILLAGE OF BEACHBURG,

hereinafter called "Beachburg"

OF THE SECOND PART

- and -

OTTAWA RIVER POWER CORPORATION,

hereinafter called the "Corporation"

OF THE THIRD PART

WHEREAS the Corporation was incorporated on the 29th day of April, 1999.

AND WHEREAS the Corporation's Articles of Incorporation provide that the Corporation is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.

AND WHEREAS the Corporation was incorporated for the purposes of distribution of electricity in and for the Province of Ontario.

AND WHEREAS it is in the interests of the parties hereto to amalgamate with other utilities in the County of Renfrew for the efficient and effective distribution of electricity in the County.

AND WHEREAS Pembroke and Beachburg are receiving shares for a portion of the net book value of their assets at the time of the issuance of the shares and are receiving security and interest with respect to the remaining net book value not allocated in shares.

sixty days after the expiration of the thirty-day period hereinbefore mentioned, offer and sell the unpurchased shares to any other person at the price and on the terms and conditions set out in the Selling Notice.

(c) No right created under paragraph (a) shall be exercised unless the approval in connection therewith under the *Investment Canada Act*, if any, has been obtained.

(d) The transfer of the shares shall be subject to the condition that the purchaser thereof shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto in accordance with the provisions of Section 9 and Section 11.

(e) If shares are being offered under paragraph (b) other than by reason of an obligation of law, the offer may be made only in respect of all (and not less than all) of the shares owned by the Offeror.

(f) If a sale, transfer or other disposition is completed in accordance with this section, the Offeror shall upon completion of the purchase be absolved from all liability to or in respect of the corporation under the provisions of this Agreement and the purchaser of the shares offered shall assume all obligations in respect thereof.

7 Promissory Note, Interest and Security for Debt

(a) The parties hereto agree that Beachburg and Pembroke, in exchange for one-half of the net book value of their assets, will receive a Promissory Note from the Corporation with the amount of the Promissory Notes to be respectively $ 4,364,000.00 for Pembroke and $ 147,000.00 for Beachburg.

(b) The parties further agree that the Corporation shall pay interest on the Promissory Notes, to Beachburg and to Pembroke on the respective Notes in an amount not to exceed the maximum interest allowed by the Ontario

Energy Board, based upon their Handbook or any other regulation, schedule or document to be prepared or enacted by them or any successors to the said Ontario Energy Board or any other entity with regulatory authority for utilities in the Province of Ontario

(c) The parties hereto agree that they may adjust the interest rate on the said Promissory Notes at the times and in the manner as set out by regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the Ontario Energy Board or any successor in the Province of Ontario.

(d) The parties hereto agree that the interest shall be calculated annually and paid quarterly to Beachburg and to Pembroke respectively.

(e) The parties further agree that the Promissory Note will be for a period of twenty (20) years and shall be due and payable twenty (20) years after market opening, which is currently slated for the 07th day of November, 2000.

(f) The parties further agree that the Promissory Note shall be non-interest bearing from the 01st day of January, 2000 to market opening, which is currently slated for the 07th day of November, 2000.

(g) The parties further hereto agree that in the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Promissory Note, principal and any accrued interest shall, at the option of the note holder, be payable to the City of Pembroke and to the Village of Beachburg in their respective amounts at the time of such sale or disposition.

(h) The parties further agree that, should any interest payments fall due prior to the final completion of all the Transfer By-Laws and necessary documents to effect the transfer of the assets from Beachburg and Pembroke to Ottawa River Power Corporation or any other necessary approvals, such as OEB, such interest payments shall be deemed due thirty (30) days after all necessary revisions of this agreement are complete and

THE CORPORATION OF THE CITY OF PEMBROKE

BY-LAW NUMBER 2003 - 06

BEING A BY-LAW TO AFFIRM THAT OTTAWA RIVER POWER CORPORATION SHOULD CONTINUE TO BE INCORPORATED AS PROVIDED FOR, PURSUANT TO SUBSECTION 142 (1) OF THE ELECTRICITY ACT, 1998.

WHEREAS the Ottawa River Power Corporation was incorporated on the 29th day of April, [illegible] for the purpose of distribution of electricity in and for the Province of Ontario and is a corporation licenced to distribute electricity pursuant to the Ontario Energy Board Act.

AND WHEREAS the Corporation of the City of Pembroke has an interest, as a shareholder in the Ottawa River Power Corporation, holding four thousand, three hundred and sixty-four (4,364) shares in the said company;

AND WHEREAS the Ottawa River Power Corporation owes, to the Corporation of the City of Pembroke, the sum of four million, three hundred and sixty-four thousand dollars ($4,364,000.00), secured by a Promissory Note from the Ottawa River Power Corporation to the City;

AND WHEREAS the Ontario Legislature has passed Bill No. 210 requiring municipalities who have shares in electric utilities to pass a resolution within ninety (90) days of the passing of the Bill affirming that the Corporation should continue to be incorporated as provided for pursuant to Section 142 (1) of the Electricity Act thereby confirming their status as "for profit" corporations;

AND WHEREAS the said legislation was passed on the 9th day of December, 2002;

[illegible]

AND WHEREAS at the present time the maximum return available on equity for the municipality is 4.[illegible] and the return on interest on the Promissory Note is 7.25% providing a return of equity and debt that is available in the amount of 5.71% per annum using a weighted average;

[illegible]

AND WHEREAS the Province of Ontario has decided to maintain Hydro One and their utilities as "for profit" companies and to affirm its current status;

NOW THEREFORE the Corporation of the City of Pembroke hereby affirms that the Ottawa River Power Corporation continue to be incorporated, as provided for in Subsection 142 (1) of the Electricity Act, 1998, as a "for profit corporation" pursuant to its initially intended purpose.

This By-law shall come into force and take effect upon the final passing thereof.

READ A FIRST AND SECOND TIME THIS 21st DAY OF JANUARY, 2003.

Chief Administrative Officer

Mayor

READ A THIRD TIME AND PASSED THIS 21st DAY OF JANUARY, 2003.

Chief Administrative Officer

Mayor

BY-LAW NO. 226

THE CORPORATION OF THE VILLAGE OF BEACHBURG

A By-Law to Transfer the assets, liabilities, rights and obligations of the Corporation of the Village of Beachburg (Beachburg Hydro Commission) associated with the Distribution of Electricity to the Ottawa River Power Corporation and to Transfer the assets, liabilities, rights and obligations of the Corporation of the Village of Beachburg (Beachburg Hydro Commission) associated with the Retailing of Electricity and Other Services to the Ottawa River Energy Solutions Inc., both Companies incorporated under the *Business Corporations Act* (Ontario) pursuant to Section 142(1) of the *Electricity Act* 1998.

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation incorporated under the *Ontario Business Corporations Act.*

AND WHEREAS the Corporation of the Village of Beachburg has conducted negotiations with the Corporation of the City of Pembroke to permit the Corporation of the Village of Beachburg to participate as a shareholder and as a member of the Board of Directors in a local distribution corporation known as the Ottawa River Power Corporation and a second corporation known as the Ottawa River Energy Solutions Inc for the purpose of retailing electricity and performing other services.

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the Village of Beachburg is to make a By-Law transferring assets liabilities, rights and obligations of the Village through which the Village distributes electricity and retails electricity and performs other services to corporations incorporated under the *Business Corporations Act*; the Ottawa River Power Corporation and Ottawa River Energy Solutions Inc. respectively.

NOW THEREFORE the Corporation of the Village of Beachburg hereby enacts as follows:

Definitions:

In this By-Law, the terms defined herein shall have the meanings indicated:

8 The Assets transferred to the Ottawa River Power Corporation, pursuant to this By-Law, shall be transferred at NBV as stated on Schedule "C" on the Effective Date. The fair market value of the Assets shall be deemed to be the net book value on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:

a. by the issuance and allotment to the Corporation of the Village of Beachburg of One Hundred and Forty Seven (147) fully paid and non assessable common shares of Ottawa River Power Corporation, and

b. by the issuance by the Ottawa River Power Corporation to the Corporation of the Village of Beachburg of a promissory note having a principal amount equal to One Hundred and Forty-Seven Thousand ($147,000.00) in accordance with Schedule "D".

c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule "C" as the Effective Date.

9. The assets transferred to the Ottawa River Energy Solutions Inc., pursuant to this By-Law, shall be transferred at NBV as stated in Schedule "E" on the Effective Date. The consideration payable by the Ottawa River Energy Solutions Inc. for the assets transferred herein shall be the issuance of 147 shares in the Ottawa River Energy Solutions Inc. upon the payment by the Corporation of the Village of Beachburg of the sum of $735.00.

10. The Effective Date for the transfer of all items described herein from the Corporation of the Village of Beachburg to the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. shall be January 1, 2000.

11. The transfer of assets, liabilities, rights or obligations under this By-Law is exempt from the provisions of all Acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.

12. If any portion of this Transfer By-Law is determined to be unenforceable for any reason that unenforceability shall not affect the enforceability of the remaining portion of the By-Law.

SCHEDULE "D" TO TRANSFER BY-LAW NO. 786

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the Village of Beachburg of 147 shares fully paid and non-assessable common shares of the Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the Village of Beachburg of a Promissory Note having a principal amount equal to One Hundred and Forty-Seven Thousand Dollars ($147,000.00). Such Promissory Note to be due and payable on the first day of January in the year 2002, to be non interest bearing, from January 1st, 2000 to Market Opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate, currently 7.25% per annum, term and interest to be re-negotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the Village of Beachburg.

CORPORATION OF THE TOWNSHIP OF WHITEWATER REGION

By-Law # 03-01-98

Being a By-Law to affirm that Ottawa River Power Corporation should continue to be incorporated as provided for, pursuant to Subsection 142(1) of the Electricity Act, 1998

WHEREAS the Village of Beachburg was amalgamated and is now part of the Corporation of the Township of Whitewater Region and before its amalgamation transferred its electrical distribution assets into the Ottawa River Power Corporation.

AND WHEREAS the Ottawa River Power Corporation was incorporated on the 29th day of April, 1999 for the purposes of distribution of electricity in and for the Province of Ontario and is a corporation licenced to distribute electricity pursuant to the Ontario Energy Board Act.

AND WHEREAS the Corporation of the Township of Whitewater Region has an interest, as a shareholder in the Ottawa River Power Corporation, holding 147 shares in the said company.

AND WHEREAS the Ottawa River Power Corporation owes to the Corporation of the Township of Whitewater the sum of $147,000.00, secured by a Promissory Note from the Corporation to the Township.

AND WHEREAS the Ontario Legislature has passed Bill No. 210 requiring municipalities who have shares in electric utilities to pass a resolution within ninety (90) days of the passing of the Bill affirming that the Corporation should continue to be incorporated as provided for pursuant to Section 142(1) of the Electricity Act thereby confirming their status as "for profit" corporations.

AND WHEREAS the said legislation was passed on the 09th day of December, 2002.

AND WHEREAS in the event the municipality fails to pass such resolution within ninety (90) days of December 09th, 2002, the Corporation status of Ottawa River Power Corporation will be converted to a "non-profit status" with no return on equity to the Township and only a return of interest on the debt portion of the monies owed by the Ottawa River Power Corporation to the Township.

AND WHEREAS at the present time the maximum return available on equity for the municipality is 4.17% and the return on interest on the Promissory Note is 7.25%, providing a return of equity and debt that is available in the amount 5..71% per annum using a weighted average.

AND WHEREAS in the event an affirming By-Law is not passed affirming the corporation status and the Ottawa River Power Corporation was effectively converted to "non-profit status", then this would not allow for the said Ottawa River Power Corporation to manage its finances so as to continue to provide reliable service and, in particular, provide a rate of return sufficient to finance maintenance and upgrading of infrastructure.

AND WHEREAS the Province of Ontario has decided to maintain Hydro One and their utilities as "for profit" companies and to affirm its current status.

NOW THEREFORE the Township hereby affirms that the Ottawa River Power Corporation continue to be incorporated, as provided for in subsection 142(1) of the Electricity Act, 1998, as a "for profit corporation" pursuant to its initially intended purpose.

This By-Law shall not come into force and effect until the final passing thereof.

Read a First, Second and Finally Passed on the Third Reading, this 22nd day of January, 2003

Reeve President

CAO/Clerk

THE CORPORATION OF THE TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS

By-Law 20-2000

A By-Law to Transfer the assets, liablities, rights and obligations of the Corporation of the Township of Killaloe, Hagarty & Richards (former Killaloe Hydro Electric Commission) associated with the Distribution of Electricity to the Ottawa River Power Corporation a Company incorporated under the *Business Corporations Act* (Ontario) pursuant to Section 142(1) of the *Electricity Act* 1998 and to subscribe for certain shares of Ottawa River Energy Solutions Inc.

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation incorporated under the *Ontario Business Corporations Act.*

AND WHEREAS the Corporation of the Township of Killaloe, Hagarty & Richards has conducted negotiations with the Corporation of the City of Pembroke to permit the Corporation of the Township of Killaloe, Hagarty & Richards to participate as a shareholder and as a member of the Board of Directors in a local distribution corporation known as the Ottawa River Power Corporation and a second corporation known as the Ottawa River Energy Solutions Inc. for the purpose of retailing electricity and performing other services.

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the Township of Killaloe, Hagarty & Richards is to make a By-Law transferring assets liabilities, rights and obligations of the Township through which the Village distributes electricity and retails electricity and performs other services to Ottawa River Power Corporation.

NOW THEREFORE the Corporation of the Township of Killaloe, Hagarty & Richards hereby enacts as follows:

Definitions:

In this By-Law, the terms defined herein shall have the meanings indicated:

a "Act" means *The Energy Competition Act*, 1998, and any regulations thereunder.

b "Assets" means all assets, rights and obligations of the Corporation of the Township of Killaloe, Hagarty & Richards used for the purpose of distributing electricity and other services and carrying on associated business activities on the Effective Date and as set out in Schedule "B".

c. "Electricity Act" means the *Electricity Act*, 1998, and any regulations thereunder, as set out in Schedule "A" of the *Energy Competition Act*, 1998.

d "Effective Date" means the date for each asset transferred pursuant to this Transfer By-Law the Township of Killaloe, Hagarty & Richards.

7. (a) The Corporation of the Township of Killaloe, Hagarty & Richards nominates and appoints GARNET KRANZ to act as one of the Directors of the Ottawa River Power Corporation pursuant to the terms of the Shareholders' Agreement and further nominates and appoints GARNET KRANZ to act as one of the First Directors of the Ottawa River Energy Solutions Inc. The appointments shall be for a three-year term.

(b) In addition to the qualifications in the By-Laws relating to the conduct of the business and affairs of the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc., the individual selected following the selection of Garnet Kranz must have the following qualifications:

(i) the individual must be a customer of Ottawa River Power Corporation (Killaloe Unit), and must reside within the boundaries of Ottawa River Power Corporation (Killaloe Unit);

8. The Assets transferred to the Ottawa River Power Corporation, pursuant to this By-Law, shall be transferred at NBV as stated on Schedule "B" as at December 31, 1999, adjusted to the Effective Date in accordance with the Shareholders Agreement. The fair market value of the Assets shall be deemed to be the net book value on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:

a by the issuance and allotment to the Corporation of the Township of Killaloe, Hagarty & Richards of 179 fully paid and non assessable common shares of Ottawa River Power Corporation, and as adjusted pursuant to the terms of the Shareholders Agreement, and

b by the issuance by the Ottawa River Power Corporation to the Corporation of the Township of Killaloe, Hagarty & Richards of a promissory note having a principal amount equal to $179,000 in accordance with Schedule "C" and as adjusted pursuant to the terms of the Shareholders Agreement, and

c the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule "B" as the Effective Date and the Ottawa River Power Corporation shall report the transfer of the Assets in accordance with the provision of Schedule "B".

9. The Township hereby subscribes for 179 shares of Ottawa River Energy Solutions Inc. to be adjusted as at the Effective Date in accordance with the Shareholders Agreement.

10. The Effective Date for the transfer of all items described herein from the Corporation of the Township of Killaloe, Hagarty & Richards to the Ottawa River Power Corporation shall be September 30, 2000.

11. The transfer of assets, liabilities, rights or obligations under this By-Law is exempt from the provisions of all Acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.

12. If any portion of this Transfer By-Law is determined to be unenforceable for any reason that unenforceability shall not affect the enforceability of the remaining portion of the By-Law.

SCHEDULE "C" TO TRANSFER BY-LAW NO. 20-2000

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS of 179 shares fully paid and non-assessable common shares of the Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the Township of Killaloe, Hagarty & Richards of a Promissory Note having a principal amount equal to $179,000. Such Promissory Note to be due and payable on the first day of 1st day of January 2002, to be non interest bearing, from October 1, 2000 to Market Opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate, currently 7.25% per annum, term and interest to be re-negotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Corporation of the Township of Killaloe, Hagarty and Richards at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest payable on the Promissory Note.

BY-LAW No. 103 of 2000

THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS

A By-Law to transfer the employees, assets, liabilities, rights and obligations of The Corporation of the Town of Mississippi Mills associated with the distribution of electricity to Ottawa River Power Corporation and to transfer the assets, liabilities, rights and obligations of The Corporation of the Town of Mississippi Mills associated with fibre optics to Ottawa River Energy Solutions Inc., both companies incorporated under the *Business Corporations Act (Ontario)* pursuant to Section 142 (1) of the *Electricity Act, 1998*.

WHEREAS the *Electricity Act, 1998*, which is Schedule A of the *Energy Competition Act, 1998*, which was passed by the Legislature of Ontario and given Royal Assent on October, 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a corporation incorporated under the *Business Corporations Act (Ontario)*;

AND WHEREAS pursuant to Section 142 of the *Electricity Act, 1998* a municipality may cause a corporation to be incorporated under the *Business Corporations Act (Ontario)* for the purpose of generating, transmitting, distributing or retailing electricity;

AND WHEREAS the Corporation of the City of Pembroke, on April 29, 1999, incorporated a local distribution company, namely Ottawa River Power Corporation, to distribute electricity, and a company, namely Ottawa River Energy Solutions Inc., to retail electricity and to perform other services pursuant to section 142 of the *Electricity Act, 1998*;

AND WHEREAS pursuant to section 145 of the Act, the Council of The Corporation of the Town of Mississippi Mills may make a By-law transferring employees, assets, liabilities, rights and obligations of the Town through which the Town distributes electricity and retails electricity and performs other services to corporations incorporated under the *Business Corporations Act (Ontario)*: the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc., respectively;

7. The Town, as Lessor, shall lease to the Ottawa River Power Corporation, as Lessee, the lands and buildings, on the terms and conditions set out in the lease attached hereto and describe in Schedule J;

8. The Town shall provide the Ottawa River Power Corporation with all records, copies of records, and other information or documentation that is in the Town's custody or control and that relate to an employee, asset, liability, right or obligation that is transferred by this Transfer By-law including personal information.

9. The assets transferred to the Ottawa River Power Corporation, pursuant to this By-law, shall be transferred at NBV as stated on Schedule G as at December 31, 1999, adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:

   a. by the issuance and allotment to The Corporation of the Town of Mississippi Mills of 839 fully paid and non-assessable common shares of Ottawa River Power Corporation, at a value of $1,000.00 per share, based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 ;

   b. by the issuance by the Ottawa River Power Corporation to The Corporation of the Town of Mississippi Mills of a Promissory Note having the principal amount equal to Eight Hundred and Thirty Nine Thousand Dollars ($839,000.00) based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000, in the terms as set out in Schedule G attached hereto;

   c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule G, adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 and the Corporation shall report the transfer of the Assets in accordance with the provision of Schedule G, as adjusted.

SCHEDULE F

TO TRANSFER BY-LAW No. 103 of 2000

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to The Town of the fully paid and non-assessable common shares of Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to The Town of a Promissory Note having a principal amount equal to $ 839,000.00, such Promissory Note to be due and payable on the 1st day of January, 2002, to be non-interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter, to bear interest at an effective rate, currently 7.25% per annum, term and interest to be renegotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of The Town. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, The Town, at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

THIS AGREEMENT made, in duplicate, this 01st day of October, 2000.

BETWEEN:

THE CORPORATION OF THE CITY OF PEMBROKE,

hereinafter called "Pembroke"

OF THE FIRST PART

- and -

THE CORPORATION OF THE VILLAGE OF BEACHBURG,

hereinafter called "Beachburg"

OF THE SECOND PART

- and -

THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS

hereinafter called "Mississippi"

OF THE THIRD PART

-and-

THE CORPORATION OF THE TOWN OF KILLALOE, HAGARTY & RICHARDS (formally KILLALOE HYDRO ELECTRIC COMMISSION)

hereinafter called "Killaloe"

OF THE FOURTH PART

-and-

OTTAWA RIVER POWER CORPORATION,

hereinafter called the "Corporation"

OF THE FIFTH PART

WHEREAS the Corporation was incorporated on the 29th day of April, 1999.

AND WHEREAS the Corporation's Articles of Incorporation provide that the Corporation is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.

shall be brought up on the agenda of the Board of Directors as a mandatory item to be dealt with by the said Board on the occasions as set out in this heretofore referred to paragraph.

12.0 Employees of Mississippi

(a) It is agreed that Mississippi will provide to the Corporation, at no expense to the Corporation for a period of three (3) months following the execution of this agreement, the assistance of Brian Gallagher and Ray Clement to help and assist with the transfer of the distribution system and all billing services, computer networks, etc. for the Corporation.

(b) It is agreed that the Corporation will not use the services of the employee on a regular basis, but simply in an 'advisory capacity' when required by the Corporation during this interim period.

13.0 Promissory Note, Interest and Security for Debt

(a) The parties hereto agree that Pembroke, in exchange for one-half of the net book value of the assets, has, to this date, received a Promissory Note from the Corporation with the amount of the Promissory Note to be in the amount $ 4,364,000.00. Pembroke will be subject to any adjustment with respect to the Note, as set out in Paragraphs 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders)herein.

(b) The parties hereto further acknowledge and agree that Beachburg, in exchange for one-half of the net book value of its assets, has received a Promissory Note from the Corporation with the amount of the Promissory Note being in the amount of $ 147,000.00. Beachburg will be subject to any adjustment with respect to the Note, as set out in Paragraphs 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.

(c) The parties hereto agree that Mississippi Mills, in exchange for one-half of the net book value of its assets, will receive a Promissory Note from the Corporation with the amount of the Promissory Note to be $ 839,000.00 and any adjustment to the Note, as provided for in Paragraph 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.

(d) The parties hereto agree that Killaloe, in exchange for one-half of the net book value of its assets will receive a Promissory Note from the Corporation in the amount of $ 179,000.00 and any adjustment to the Note as provided for in Paragraph 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.

(e) The parties further agree that the Corporation shall pay interest on the Promissory Notes to Pembroke, Beachburg, Mississippi and Killaloe on their respective Notes in an amount not to exceed the maximum interest rate allowed by the Ontario Energy Board based upon their Handbook or any other regulation, schedule, document to be prepared or enacted by them or any successors to the said Ontario Energy Board or any other entity with regulatory authority for utilities in the Province of Ontario.

(f) The parties hereto agree that they may adjust the interest rate on the said Promissory Notes at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the Ontario Energy Board or any successor in the Province of Ontario.

(g) The parties hereto agree that the interest shall be calculated annually and paid quarterly to Pembroke, Beachburg, Mississippi and Killaloe respectively.

(h) The parties further agree that the Promissory Note will be for a period of twenty (20) years and shall be due and payable twenty (20) years after market opening, (which is currently slated for the 07th day of November, 2000). As such, the Note will be due and payable at the later of November 07th, 2020, or twenty (20) years after actual market opening.

(i) The parties further agree that the said Promissory Notes shall be non-interest bearing from the 01st day of January, 2000 to market opening, which is currently slated for the 07th day of November, 2000.

(j) The parties further hereto agree that in the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the

Promissory Note, principal and any accrued interest shall at the option of the noteholder be payable to Pembroke, Beachburg, Mississippi and Killaloe in their respective amounts at the time of such sale or disposition.

(k) The parties further agree that, should any interest payments fall due prior to the final completion of all the Transfer By-Laws and necessary documents to effect the transfer of the assets from Pembroke, Beachburg, Mississippi, Killaloe or any other necessary approvals, such as OEB, such interest payments shall be deemed due thirty (30) days after all necessary revisions of this agreement are complete and OEB and all necessary approvals are obtained. Such deferral payments shall not be deemed as default.

14.0 Board of Directors of Corporation

(a) Appointment and Replacement - The Board of Directors of the Corporation shall consist of at least one director from each Municipality.

(b) Remuneration - Directors of the corporation shall be remunerated as such for their work and services to the Corporation, and the Corporation shall bear all costs (including costs of transportation and lodging, if any) of the attendance at all meetings of the Board by the director nominated to the board by such shareholder.

(c) Appointment and Replacement - Except as they may otherwise agree in writing in accordance with the terms hereof, the parties hereto agree that:

McCANN & SHEPPARD

BARRISTERS & SOLICITORS • AVOCATS & NOTAIRES

290 Pembroke Street East, Pembroke, Ontario K8A 3K3

Telephone: (613) 732-3621 • Fax: (613) 732-3594

Email: mccashed@webhart.net

TERRY McCANN, LL.B., Q.C. (RETIRED)
ROBERT B. SHEPPARD, LL.B., Q.C.

TIMOTHY S. McCANN, B.A., M.A., LL.B.
RONALD H. GERVAIS, B.A., LL.B.

April 11, 2003

VIA FAX: 613-256-4887

Mississippi Mills
28 Mill Street
P.O. Box 170
Almonte, ON
K0A 1A0

Attention: Ms. Diane Smithson

VIA FAX: 735-3660

Corporation of the City of Pembroke
1 Pembroke Street East,
P.O. Box 277
Pembroke, Ontario
K8A 6X3

Attention: Ray Brazeau

RE: **OTTAWA RIVER POWER CORPORATION (ORPC) & OTTAWA RIVER ENERGY SOLUTIONS (ORES) - Promissory Notes**

As you are aware, I am solicitor for both ORES and ORPC. At the time of closing of this transaction, there was some discussion about the timing of the payment of the Promissory Notes owed to the City and Mississippi. As you are aware, there were Notes from ORES to Mississippi and the City, and Notes from ORPC to Mississippi and the City. There was a document executed by all parties with respect to ORPC and an agreement to extend the Notes for twenty years after market opening. This document was also executed by ORES.

I am assuming that Mississippi and the City intended that both Notes owed to them, namely the ORPC Note and ORES Note were to be extended for the twenty years after market opening. I am pleased to enclose a copy of the document executed by all parties under cover of my November 01, 2000 correspondence.

Would you please confirm my assumption that the intention by the City and Mississippi or to extend the ORES Notes for the same time period as the ORPC Notes. In the event that I have not heard back from you within ten days, I will assume my assumption is correct with respect to the ORES Notes.

Yours very truly,

Robert B. Sheppard, Q.C.

RBS:dct
Enc.

McCANN & SHEPPARD

BARRISTERS & SOLICITORS • AVOCATS & NOTAIRES

P.O. Box 817, 290 Pembroke Street East, Pembroke, Ontario K8A 7M5
Telephone: (613) 732-3621 • Fax: (613) 732-3594
Email: mccashed@webhart.net

TERRY McCANN, LL.B., Q.C.
ROBERT B. SHEPPARD, LL.B., Q.C.

TIMOTHY S. McCANN, B.A., M.A., LL.B.
RONALD H. GERVAIS, B.A., LL.B.

November 1, 2000

Ottawa River Power Corporation
283 Pembroke Street West
P.O. Box 1087
Pembroke, Ontario
K8A 6Y6

Attention: Murray Moore

Bell, Baker
BARRISTERS & SOLICITORS
116 Lisgar St.
Ottawa, ON
K2P 0C2

Attention: Nancy Miles

Township of Killaloe, Hagarty and Richards
R.R. # 1
Killaloe, ON
K0J 1T0

Attention: Lorna Hudder

Huckabone, Shaw, O'Brien,
Radley-Walters & Reimer
BARRISTERS & SOLICITORS
284 Pembroke St., E. Box 487
Pembroke, Ontario
K8A 6X7

Attention: Grant Radley-Walters

Huckabone, Shaw, O'Brien,
Radley-Walters & Reimer
BARRISTERS & SOLICITORS
284 Pembroke St., E. Box 487
Pembroke, Ontario
K8A 6X7

Attention: Del O'Brien

Walsh, Stewart Scott & Co.
Chartered Accountants
217 Pembroke St. E.
Pembroke, ON
K8A 3J8

Attention: Wayne Dempsey

Roy C. Reiche
BARRISTERS & SOLICITORS
203 Nelson St.
Pembroke, Ontario
K8A 3N1

Mississippi Mills
28 Mill St. P.O. Box 179
Almonte, Ontario
K0A 1A0

Attention: Howard Allen

Mississippi Mills
28 Mill St. P.O. Box 179
Almonte, Ontario
K0A 1A0

Attention: Brian Gallagher

RE: Ottawa River Power Corporation - Promissory Note

I wish to acknowledge our discussions with respect to the above referred to matter. Ottawa River Power Corporation is and/or will be indebted to the Corporation of the City of Pembroke, Corporation of the Village of Beachburg, Corporation of the Town of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (formally Killaloe Hydro Electric Commission) pursuant to the transfer of their respective electrical utilities for distribution of electricity to Ottawa River Power Corporation.

The various notes provide for payment of the Note on January 01st, 2002.

It has been agreed by the parties executing the document herein that the various Notes payable to the Creditors referred to above, are not due on January 01st, 2002, but are due twenty (20) years after market opening which is currently slated for November 07th, 2000. It is, however, further agreed by the parties that interest may be changed on the Note, pursuant to regulations as enacted by the Ontario Energy Board or other regulatory bodies in the Province of Ontario for the calculation of interest on these Notes.

I trust this confirms our understanding of the agreement with respect to the Promissory Notes owed by Ottawa River Power Corporation.

Yours very truly,

Robert B. Sheppard, Q.C.

RBS:det

READ AND APPROVED BY ON THE 2nd DAY OF November, 2000.

THE CORPORATION OF THE CITY OF PEMBROKE

READ AND APPROVED BY ON THE 3rd DAY OF November
, 2000.

Phyllis McGill

Art Jamieson

THE CORPORATION OF THE
VILLAGE OF BEACHBURG

READ AND APPROVED BY ON THE 2ND DAY OF November
, 2000.

Paul F. Finner

THE CORPORATION OF THE TOWN OF
MISSISSIPPI MILLS

READ AND APPROVED BY ON THE 2nd DAY OF
November , 2000.

solicitor on behalf of-

THE CORPORATION OF THE
TOWNSHIP OF KILLALOE, HAGARTY AND
RICHARDS (formerly KILLALOE HYDRO
ELECTRIC COMMISSION

READ AND APPROVED BY ON THE 2ND DAY OF November
, 2000.

OTTAWA RIVER POWER CORPORATION

READ AND APPROVED BY ON THE 2ND DAY OF November 200
, 2000.

OTTAWA RIVER ENERGY
SOLUTIONS INC.,