

# **ATTACHMENT 1 IDENTIFICATION OF THE PARTIES**

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## NAMES OF APPLICANTS

Legal name of the applicant: Alectra Utilities Corporation

Name of Primary Contact:

Mr.	<input type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input checked="" type="checkbox"/>	<input type="text" value="Butany-DeSouza"/>	<input type="text" value="Indy"/>	<input type="text" value="J."/>
Other	<input type="checkbox"/>			Title/Position		
				<input type="text" value="Vice President, Regulatory Affairs"/>		

Address of Head Office: 2185 Derry Road West

City	Province/State	Country	Postal/Zip Code
<input type="text" value="Mississauga"/>	<input type="text" value="Ontario"/>	<input type="text" value="Canada"/>	<input type="text" value="L5N 7A6"/>
Phone Number	Fax Number	E-mail Address	
<input type="text" value="(905) 821-5727"/>	<input type="text" value="(905) 566-2737"/>	<input type="text" value="Indy.butany@alecrautilities.com"/>	

Legal name of the applicant: Guelph Hydro Electric Systems Inc.

Name of Primary Contact:

Mr.	<input type="checkbox"/>	Mrs.	<input checked="" type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	<input type="text" value="Birceanu"/>	<input type="text" value="Cristina"/>	<input type="text"/>
Other	<input type="checkbox"/>			Title/Position		
				<input type="text" value="Vice President, Regulatory Affairs, Customer Care &amp; Billing"/>		

Address of Head Office: 395 Southgate Drive

City	Province/State	Country	Postal/Zip Code
<input type="text" value="Guelph"/>	<input type="text" value="Ontario"/>	<input type="text" value="Canada"/>	<input type="text" value="N1G 4Y1"/>
Phone Number	Fax Number	E-mail Address	
<input type="text" value="(519) 837-4735"/>	<input type="text" value="(519) 836-1055"/>	<input type="text" value="cbirceanu@guelphhydro.com"/>	

## NAMES OF OTHER PARTIES

Name of the other party: The Corporation of the City of Mississauga

Name of Primary Contact:

Mr.	<input type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input checked="" type="checkbox"/>	Crombie	Bonnie	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 300 City Centre Drive

City	Province/State	Country	Postal/Zip Code
Mississauga	Ontario	Canada	L5B 3C1
Phone Number	Fax Number	E-mail Address	
(905) 896-5879	(905) 896-5879	mayor@mississauga.ca	

Name of the other party: The Corporation of the City of Hamilton

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	Eisenberger	Fred	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 2<sup>nd</sup> Floor – 71 Main Street West

City	Province/State	Country	Postal/Zip Code
Hamilton	Ontario	Canada	L8P 4Y5
Phone Number	Fax Number	E-mail Address	
(905) 546-4200	(905) 546-2340	mayor@hamilton.ca	

Name of the other party: The Corporation of the City of St. Catharines

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	Sendzik	Walter	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 50 Church Street

City	Province/State	Country	Postal/Zip Code
St. Catharines	Ontario	Canada	L2R 7C2
Phone Number	Fax Number	E-mail Address	
(905) 688-5601 Ext. 1540	(905) 682-3631	mayor@stcatharines.ca	

Name of the other party: The Corporation of the City of Barrie

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	Lehman	Jeff	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 70 Collier Street

City	Province/State	Country	Postal/Zip Code
Barrie	Ontario	Canada	L4M 4T5
Phone Number	Fax Number	E-mail Address	
(705) 792-7900		officeofthemayor@barrie.ca	

Name of the other party: The Corporation of the City of Markham

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	Scarpitti	Frank	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 101 Town Centre Boulevard

City	Province/State	Country	Postal/Zip Code
Markham	Ontario	Canada	L3R 9W3
Phone Number	Fax Number	E-mail Address	
(905) 475-4872		fscarpitti@markham.ca	

Name of the other party: The Corporation of the City of Vaughan

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	Bevilacqua	Maurizio	
Other	<input type="checkbox"/>			Title/Position		
				Mayor		

Address of Head Office: 2141 Major Mackenzie Drive

City	Province/State	Country	Postal/Zip Code
Vaughan	Ontario	Canada	L6A 1T1
Phone Number	Fax Number	E-mail Address	
(905) 832-8585	(905) 832-8538	maurizio.bevilacqua@vaughan.ca	

Name of the other party: Guelph Municipal Holdings Inc.

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	<input type="text" value="Sardana"/>	<input type="text" value="Pankaj"/>	<input type="text"/>
Other	<input type="checkbox"/>	_____		Title/Position		
				<input type="text" value="Chief Financial Officer"/>		

Address of Head Office: 395 Southgate Drive

City	Province/State	Country	Postal/Zip Code
<input type="text" value="Guelph"/>	<input type="text" value="Ontario"/>	<input type="text" value="Canada"/>	<input type="text" value="N1G 4Y1"/>
Phone Number	Fax Number	E-mail Address	
<input type="text" value="(519) 837-4707"/>	<input type="text" value="(519) 836-1055"/>	<input type="text" value="psardana@guelphhydro.com"/>	

Name of the other party: The Corporation of the City of Guelph

Name of Primary Contact:

Mr.	<input checked="" type="checkbox"/>	Mrs.	<input type="checkbox"/>	Last Name	First Name	Initial
Miss	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	<input type="text" value="Guthrie"/>	<input type="text" value="Cam"/>	<input type="text"/>
Other	<input type="checkbox"/>	_____		Title/Position		
				<input type="text" value="Mayor"/>		

Address of Head Office: 1 Carden Street

City	Province/State	Country	Postal/Zip Code
<input type="text" value="Guelph"/>	<input type="text" value="Ontario"/>	<input type="text" value="Canada"/>	<input type="text" value="N1H 3A1"/>
Phone Number	Fax Number	E-mail Address	
<input type="text" value="519-837-5643"/>	<input type="text"/>	<input type="text" value="mayor@guelph.ca"/>	

# **ATTACHMENT 2 MERCER PARTICIPATION AGREEMENT**

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**GUELPH MUNICIPAL HOLDINGS INC.**

**- and -**

**GUELPH HYDRO ELECTRIC SYSTEMS INC.**

**- and -**

**ALECTRA INC.**

**- and -**

**ALECTRA UTILITIES CORPORATION**

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**MERGER PARTICIPATION AGREEMENT**

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Dated as of February 28, 2018

## TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	2
1.1 Defined Terms .....	2
1.2 Schedules .....	16
1.3 Interpretation Not Affected by Headings or Party Drafting .....	16
1.4 Number and Gender.....	16
1.5 International Financial Reporting Standards.....	16
1.6 Statutes and Agreement .....	17
1.7 Currency.....	17
ARTICLE 2 TRANSACTIONS .....	17
2.1 Pre-Closing Transactions .....	17
2.2 Purchase of GHESI Shares and Issuance of Alectra Shares to GMHI .....	17
2.3 Amalgamation.....	18
2.4 Closing Adjustments.....	18
2.5 Amalgamation Agreement.....	18
ARTICLE 3 THE CLOSING.....	18
3.1 Closing.....	18
3.2 Deliveries by Alectra .....	19
3.3 Deliveries by AUC.....	20
3.4 Deliveries by GMHI .....	20
3.5 Deliveries by GHESI .....	21
ARTICLE 4 REPRESENTATIONS AND WARRANTIES .....	22
4.1 Representations and Warranties.....	22
ARTICLE 5 COVENANTS .....	23
5.1 Covenants of AUC and Alectra .....	23
5.2 Covenants of GHESI and GMHI .....	25
5.3 Mutual Covenants.....	26
5.4 Exclusivity and Notice of Discussions .....	28
5.5 GRE&T Centre .....	28
5.6 Southwest Ontario Operations Hub .....	29
ARTICLE 6 CONDITIONS .....	30
6.1 Conditions to Obligations of Alectra and AUC .....	30
6.2 Conditions to Obligations of GMHI and GHESI.....	30
6.3 Mutual Conditions .....	31
6.4 Waiver of Conditions.....	32
ARTICLE 7 INDEMNIFICATION.....	32
7.1 Indemnification.....	32
7.2 Thresholds and Limits .....	33

7.3	Obligation to Reimburse .....	34
7.4	Notice of Claim.....	34
7.5	Direct Claims .....	34
7.6	Third Party Claims .....	34
7.7	Settlement of Third Party Claims .....	35
7.8	Co-operation .....	36
7.9	Gross-up.....	36
7.10	Exclusivity .....	36
ARTICLE 8 TERMINATION .....		36
8.1	Termination.....	36
8.2	Procedure and Effect of Termination.....	37
ARTICLE 9 GENERAL PROVISIONS.....		37
9.1	Notices .....	37
9.2	Arbitration Procedures .....	39
9.3	Survival of Representations and Warranties, Covenants and Obligations.....	39
9.4	Brokerage Fees and Commissions .....	40
9.5	Expenses .....	40
9.6	No Personal Liability Re: Certificates .....	40
9.7	Entire Agreement and Paramountcy .....	41
9.8	Further Assurances .....	41
9.9	Remedies Cumulative .....	41
9.10	Waiver, Amendment .....	41
9.11	Counterparts.....	41
9.12	Governing Law .....	41
9.13	Time of Essence.....	41
9.14	Severability .....	42
9.15	No Partnership .....	42
9.16	Assignment .....	42
9.17	Successors and Assigns .....	42

## TABLE OF CONTENTS

Page

### SCHEDULES

<u>Schedule Number</u>	<u>Schedule Title</u>
Appendix "A"	Representations and Warranties
Appendix "B"	GHESI Disclosure Schedule
Appendix "C"	Alectra Disclosure Schedule
Schedule 1.1	New Alectra Shareholders' Agreement
Schedule 2.5	Amalgamation Agreement
Schedule 3.3(iv)	Alectra Consents, Approvals and Waivers
Schedule 3.5(iv)	GHESI Consents, Approvals and Waivers
Schedule 5.1(a)(vii)	Alectra Pre Closing Dividends
Schedule 5.1(k)	Envida Excluded Assets
Schedule 5.2(a)(vii)	GHESI Pre Closing Dividends
Schedule 5.5	GRE&T Centre
Schedule 5.6	Southwest Ontario Operations Hub
Schedule 9.2	Dispute Resolution Procedures

**MERGER PARTICIPATION AGREEMENT**

**THIS AGREEMENT** made as of the 28<sup>th</sup> day of February, 2018,

**BETWEEN:**

**GUELPH MUNICIPAL HOLDINGS INC.**, a corporation incorporated under the laws of Ontario ("**GMHI**")

- and -

**GUELPH HYDRO ELECTRIC SYSTEMS INC.**, a corporation incorporated under the laws of Ontario ("**GHESI**")

- and -

**ALECTRA INC.**, a corporation amalgamated under the laws of Ontario ("**Alectra**")

- and -

**ALECTRA UTILITIES CORPORATION**, a corporation amalgamated under the laws of Ontario ("**AUC**")

**RECITALS:**

- A. GMHI and Alectra have entered into a Memorandum of Understanding dated October 18, 2017 with respect to the transactions contemplated by this Agreement;
- B. GMHI, GHESI, Alectra and AUC wish to enter into certain transactions following and conditional upon, among other things, the OEB Approval and the Competition Act Approval in connection with such transactions (the "**Transactions**");
- C. As part of the Transactions, GMHI wishes to subscribe for, and Alectra wishes to issue to GMHI, shares in the capital of Alectra in exchange for the transfer by GMHI to Alectra of all of the issued and outstanding shares in the capital of GHESI, and the subsequent amalgamation of GHESI and AUC;
- D. Alectra owns all of the issued and outstanding shares of AUC; and
- E. GMHI owns all of the issued and outstanding shares of GHESI and Envida;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the respective covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Defined Terms

All capitalized terms used in the recitals hereto and this Agreement (including the schedules hereto) and not defined therein shall have the following meanings:

"**Adjusted Cost Base**" has the same meaning as is given to such phrase in the Tax Act;

"**Affiliate**" has the meaning set out in the OBCA;

"**Affiliate Relationships Code**" means the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB and revised May 16, 2008, as amended from time to time and any replacement code or directive;

"**Agreement**" means this Agreement and all Schedules hereto, as may be amended from time to time in accordance with this Agreement;

"**Alectra**" has the meaning set out above;

"**Alectra 2017 Budget**" means the approved consolidated budget for Alectra and the approved budget for AUC for the financial period ending December 31, 2017;

"**Alectra Benefit Plans**" has the meaning set out in Appendix "A" section 21(a);

"**Alectra Business**" means (i) the distribution and transmission by AUC of electricity and the provision of standard supply service to customers in the service territory permitted by the distribution and transmission licence(s) issued by the OEB to Alectra, AUC or its predecessors; (ii) the energy services and energy technology business as conducted by AUC and any of its Affiliates as of the date hereof and any other related activities permitted by Applicable Law; (iii) (A) the generation and sale of renewable, solar electricity, (B) distributed generation technologies, including site specific combined heat and power projects and geothermal, in each case as permitted by Applicable Law; and (iv) any other business carried on by AUC or its Affiliates;

"**Alectra Collective Agreements**" means the collective agreements between (i) Enersource Hydro Mississauga Inc. and Local Union 636 of the International Brotherhood of Electrical Workers effective April 1, 2014, as may be amended from time to time, (ii) Horizon Utilities Corporation and Local 646 of the International Brotherhood of Electrical Workers effective May 15, 2015, as may be amended from time to time, (iii) PowerStream Inc. and PowerWorkers Union, CUPE Local 1000 effective April 1, 2013, as may be amended from time to time;

"**Alectra Confidential Disclosure Letter**" means the confidential disclosure letter for each of Alectra and AUC containing selected confidential disclosure items that would otherwise be set out in the Alectra Disclosure Schedule, including without limitation, disclosures pursuant to Sections 2(12), 2(13), 2(18)(f), 2(18)(i), 2(18)(j) and 3(4) of Appendix "A" hereto;

"**Alectra Disclosure Schedule**" means Appendix "C" attached to this Agreement;

"**Alectra Easements**" means all of the following real property interests of the Alectra Business: (i) all easements and rights of way, registered and unregistered; (ii) the right to use, transverse, enjoy or have

access to, over, in or under any real property, whether public or private; and (iii) all permits, licences and permissions received, used or enjoyed in respect of any of the foregoing and any right or benefit in the nature or character of any of the foregoing;

**"Alectra Employees"** means all full time and part time, contract (independent contractor), union and non-union employees of Alectra, AUC and their Affiliates;

**"Alectra Financial Statements"** means the Alectra unaudited consolidated financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the periods ended June 30, 2017 and September 30, 2017 respectively;

**"Alectra Leased Property"** means all leasehold interests in real property held by Alectra or its Affiliates and described in the Alectra Disclosure Schedule;

**"Alectra Leases"** means the leases and the agreements to lease under which Alectra or its Affiliates leases any personal property;

**"Alectra Municipal Shareholders"** means The Corporation of the City of Vaughan, The Corporation of the City of Markham, The Corporation of the City of Barrie, The Corporation of the City of Mississauga, City of Hamilton and The Corporation of the City of St. Catharines;

**"Alectra Permits"** has the meaning set out in Appendix "A" section 30(a);

**"Alectra Real Property"** means all real property (excluding Alectra Leased Property and Alectra Easements) that is owned by Alectra and described in the Alectra Disclosure Schedule;

**"Alectra Realty Interests"** means all Alectra Real Property, Alectra Leased Property and Alectra Easements;

**"Alectra Shareholders"** means Vaughan Holdings Inc., Markham Enterprises Corporation, Barrie Hydro Holdings Inc., Enersource Corporation, Hamilton Utilities Corporation and St. Catharines Hydro Inc.;

**"Amalgamation"** means the amalgamation of AUC and GHESI in accordance with this Agreement;

**"Amalgamation Agreement"** has the meaning set out in section 2.5;

**"Applicable Law"** means, collectively, all applicable federal, provincial (including the Electricity Act and the OEB Act), and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes (including the Affiliate Relationships Code), or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any court, statutory body, self-regulatory authority or other Governmental Authority, including all Employment Law and Environmental Law;

**"Arm's Length"** has the same meaning as for the purposes of the Tax Act;

**"AUC"** has the meaning set out above;

"**AUC 2017 Budget**" means the approved budget for AUC for the financial period ending December 31, 2017;

"**AUC Financial Statements**" means the AUC unaudited consolidated financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the periods ended June 30, 2017 and September 30, 2017 respectively;

"**BPC**" means BPC Energy Corporation;

"**Business Day**" means any day other than a day which is a Saturday, a Sunday or a statutory holiday in Ontario;

"**Claim**" means:

- (a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative;
- (b) any other proceeding; or
- (c) any appeal or application for review;

at law or in equity or before or by any Governmental Authority:

"**Closing**" has the meaning set out in section 3.1;

"**Closing Date**" means

- (a) December 31, 2018, provided that:
  - (i) if either OEB Approval or Competition Act Approval has not been obtained before December 20, 2018, "Closing Date" shall mean a date (which shall be a Business Day and effective as of the last day of the month) commencing at least thirty (30) days following the later of (i) the date on which the OEB issues the OEB Approval and (ii) the date on which the Commissioner issues the Competition Act Approval, or
  - (ii) if OEB Approval and Competition Act Approval have been obtained not later than June 30, 2018, "Closing Date" shall mean the date (which shall be a Business Day and effective as of the last day of the month) that is thirty (30) days following the later of (i) the date on which the OEB issues the OEB Approval and (ii) the date on which the Commissioner issues the Competition Act Approval, or
- (b) such earlier or later date as may be agreed in writing by the Parties;

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act;

"**Commitment Period**" has the meaning set out in section 5.6(a)(i);

"**Competition Act**" means the *Competition Act* (Canada), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**Competition Act Approval**" means either:

- (a) the Commissioner shall have issued an advance ruling certificate under section 102 of the Competition Act in respect of the Amalgamation; or
- (b) the Parties shall have submitted the notices to the Commissioner required under section 114 of the Competition Act and the applicable waiting period under section 123 of the Competition Act shall have expired or the Commissioner shall have provided the Parties with a waiver from compliance with Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act, and the Parties shall have been advised in writing by the Commissioner that the Commissioner has determined that grounds do not exist for an application for an order under section 92 of the Competition Act in respect of the Amalgamation and that any terms and conditions attached to any such advice shall be acceptable to the Parties;

**"Confidential Disclosure Letters"** means the Alectra Confidential Disclosure Letter and the GHESI Confidential Disclosure Letter;

**"Consents, Approvals and Waivers"** means declarations, filings or registrations with, or notices to, or authorizations, consents, waivers, approvals or permits or permissions of, any Governmental Authority or any other Person;

**"Contract"** means, in respect of a particular Person, any contract, note, bond, mortgage, agreement, indenture, lease, agreement to lease, licence, personal property lease, commitment, understanding, instrument, option or any other instrument or obligation, oral or written, to which such Person is a party or whereby such Person's assets may be bound;

**"Corporation"** has the meaning set out in section 2.3(a);

**"Current Alectra Shareholders' Agreement"** means the shareholders' agreement dated January 31, 2017, made by Alectra, the Alectra Shareholders, the Alectra Municipal Shareholders and BPC;

**"Direct Claim"** has the meaning set out in section 7.4(a);

**"Disputes"** has the meaning set out in section 9.2(a);

**"Elected Amount"** means an amount not less than the lesser of the Fair Market Value and the Adjusted Cost Base to GMHI of the Purchased Shares and not greater than the Fair Market Value of the Purchased Shares as determined by GMHI and Alectra for the purposes of Subsection 85(1) of the Tax Act;

**"Electricity Act"** means the *Electricity Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

**"Employment Law"** means the *Canadian Human Rights Act*, the *Canada Labour Code*, the *Employment Equity Act* (Canada), the *Employment Standards Act* (Ontario), the *Labour Relations Act, 1995* (Ontario), the *Pay Equity Act* (Ontario) and the *Human Rights Code* (Ontario) and any other applicable statute as it relates to employment matters, in each case as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

**"Encumbrances"** means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing and **"Encumber"** has the corresponding meaning;

**"Envida"** means Envida Community Energy Inc., a wholly owned subsidiary of GMHI;

**"Envida 2017 Budget"** means the approved budget for Envida for the financial year ending December 31, 2017;

**"Envida Benefit Plans"** has the meaning set out in Appendix "A" section 21(a);

**"Envida Business"** means the business of developing sustainable energy projects under the Guelph Community Energy Initiative, with areas of focus including district energy, solar power, bioenergy and electric vehicles, and related products and services;

**"Envida Easements"** means all of the following real property interests of the Envida Business: (i) all easements and rights of way, registered and unregistered; (ii) the right to use, transverse, enjoy or have access to, over, in or under any real property, whether public or private; and (iii) all permits, licences and permissions received, used or enjoyed in respect of any of the foregoing and any right or benefit in the nature or character of any of the foregoing;

**"Envida Employees"** means all full time and part time, contract (independent contractor), union and non-union employees of Envida;

**"Envida Financial Statements"** means the Envida audited financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ended December 31, 2016 and the unaudited financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ended September 30, 2017;

**"Envida Leased Property"** means all leasehold interests in real property held by Envida and described in the GHESI Disclosure Schedule;

**"Envida Leases"** means the leases and agreements to lease under which Envida leases any personal property;

**"Envida Permits"** has the meaning set out in Appendix "A" section 30(a);

**"Envida Real Property"** means all real property (excluding Envida Leased Property and Envida Easements) that is owned by Envida and described in the GHESI Disclosure Schedule;

**"Envida Realty Interests"** means all Envida Real Property, Envida Leased Property and Envida Easements;

**"Environment"** means the ambient air, all layers of the atmosphere, surface water, underground water, all land, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matter and living organisms;

**"Environmental Claim"** means any and all threatened and/or pending administrative or judicial actions, suits, orders, written directives, claims, liens, notices, notices of violation, investigations or proceedings, whether criminal, statutory or civil, pursuant to or relating to any applicable Environmental Law by any Person (including any Governmental Authority or private person or citizens' group), of which:

- (a) in respect of the Alectra Realty Interests, Alectra or AUC, or their respective Affiliates, has received notice in writing, based upon, alleging, asserting, or claiming any actual or

potential (i) violation of, or liability under, any Environmental Law, (ii) violation of any Environmental Permit which has been issued to Alectra or its Affiliates in connection with the Alectra Business, or (iii) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from or related to, the presence, Release, or threatened Release into the Environment of any Hazardous Substance at any location related to the Alectra Realty Interests, including any off-site location to which Hazardous Substance, or materials containing Hazardous Substance, were sent by or on behalf of Alectra or AUC or their respective Affiliates for handling, storage, treatment or disposal prior to the Closing Date;

- (b) in respect of the GHESI Realty Interests or GHESI, GMHI or GHESI has received notice in writing, based upon, alleging, asserting, or claiming any actual or potential (i) violation of, or liability under, any Environmental Law, (ii) violation of any Environmental Permit which has been issued to GHESI in connection with the GHESI Business, or (iii) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from or related to, the presence, Release, or threatened Release into the Environment of any Hazardous Substance at any location related to the GHESI Realty Interests, including any off-site location to which Hazardous Substance, or materials containing Hazardous Substance, were sent by or on behalf of GMHI or GHESI for handling, storage, treatment or disposal prior to the Closing Date; and
- (c) in respect of the Envida Realty Interests or Envida, GMHI has received notice in writing, based upon, alleging, asserting, or claiming any actual or potential (i) violation of, or liability under, any Environmental Law, (ii) violation of any Environmental Permit which has been issued to Envida in connection with the Envida Business, or (iii) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from or related to, the presence, Release, or threatened Release into the Environment of any Hazardous Substance at any location related to the Envida Realty Interests, including any off-site location to which Hazardous Substance, or materials containing Hazardous Substance, were sent by or on behalf of GMHI or Envida for handling, storage, treatment or disposal prior to the Closing Date;

**"Environmental Law"** means all applicable statutes, regulations, by-laws and Environmental Permits, orders, decisions and rules and any legally enforceable policies, ordinances, codes or guidelines of a Governmental Authority (whether federal, provincial or municipal) relating to the protection and preservation of the Environment or the Release, use, transport, disposal or handling of Hazardous Substance, including without limitation the *Environmental Protection Act* (Ontario), *Canadian Environmental Assessment Act*, *Canadian Environmental Protection Act*, *Dangerous Goods Transportation Act* (Ontario), *Energy Act* (Ontario), *Environmental Bill of Rights* (Ontario), *Fisheries Act* (Canada), *Technical Standards and Safety Act* (Ontario), *Ontario Water Resources Act*, *Pest Control Products Act* (Canada), *Pesticides Act* (Ontario), *Transportation of Dangerous Goods Act* (Canada) and any applicable municipal noise or sewer use by-law, in each case as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

**"Environmental Permits"** includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any Governmental Authority under Environmental Law;

**"Excluded Assets"** means all assets, rights and interests of Envida related to (i) the Southgate solar photovoltaic rooftop facility located at 395 Southgate Drive, Guelph, Ontario, including but not limited to the 100 kilowatt solar voltaic system and all rights and obligations of Envida under the Feed In Tariff Contract [REDACTED] dated July 21, 2010; and (ii) the Eastview Landfill Gas Energy Plant including all rights and obligations of Envida under the Renewable Energy Supply Contract between Ontario Electricity Financial Corporation and 1615151 Ontario Inc. (as predecessor to Envida) dated November 24, 2004, all as further described in Schedule 5.1(k);

**"Fair Market Value"** means, with respect to the Purchased Shares, the value thereof, determined by applying generally accepted valuation principles with a view to determining the highest price available in an open and unrestricted market between informed and prudent parties acting at arm's length and under no compulsion to act, and expressed in Canadian dollars;

**"Fixtures"** means fixtures, plants, buildings, structures, erections, improvements, appurtenances, machinery, equipment, substations, transformers, vaults, distribution lines, transmission lines, conduits, ducts, pipes, wires, rods, cables, fibre optic strands, devices, appliances, equipment, material, poles, pipelines, fittings and any other similar or related item;

**"GHESI"** means either (i) if prior to the amalgamation of Guelph Hydro Electric Systems Inc. and Envida, Guelph Hydro Electric Systems Inc. as it exists at the date of this Agreement, or (ii) if subsequent to the amalgamation of Guelph Hydro Electric Systems Inc. and Envida, the amalgamated entity to be called "Guelph Hydro Electric Systems Inc.";

**"GHESI 2017 Budget"** means the approved budget for GHESI for the financial year ending December 31, 2017;

**"GHESI Benefit Plans"** has the meaning set out in Appendix "A" section 21(a);

**"GHESI Business"** means the distribution by GHESI of electricity and the provision of standard supply service to customers in the service territory permitted by the distribution licence(s) issued by the OEB to GHESI or its predecessors and any other activities permitted by Applicable Law;

**"GHESI Collective Agreement"** means the collective agreement between: GHESI and the International Brotherhood of Electrical Workers dated August 29, 2017, as amended;

**"GHESI Confidential Disclosure Letter"** means the confidential disclosure letter for each of GHESI, GMHI and Envida containing selected confidential disclosure items that would otherwise be set out in the GHESI Disclosure Schedule, including without limitation, disclosures pursuant to Sections 1(4), 2(9), 2(12), 2(13), 2(14)(d), 2(18)(f), 2(19)(b), 2(19)(d) and 2(19)(e) of Appendix "A" hereto;

**"GHESI Disclosure Schedule"** means Appendix "B" attached to this Agreement;

**"GHESI Easements"** means all of the following real property interests of the GHESI Business: (i) all easements and rights of way, registered and unregistered; (ii) the right to use, transverse, enjoy or have access to, over, in or under any real property, whether public or private; and (iii) all permits, licences and permissions received, used or enjoyed in respect of any of the foregoing and any right or benefit in the nature or character of any of the foregoing;

**"GHESI Employees"** means all full time and part time, contract (independent contractor), union and non-union employees of GHESI;

**"GHESI Financial Statements"** means the GHESI audited financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ended December 31, 2016 and the unaudited financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ended September 30, 2017;

**"GHESI Leased Property"** means all leasehold interests in real property held by GHESI and described in the GHESI Disclosure Schedule;

**"GHESI Leases"** means the leases and agreements to lease under which GHESI leases any personal property;

**"GHESI Permits"** has the meaning set out in Appendix "A" section 30(a);

**"GHESI Real Property"** means all real property (excluding GHESI Leased Property and GHESI Easements) that is owned by GHESI and described in the GHESI Disclosure Schedule;

**"GHESI Realty Interests"** means all GHESI Real Property, GHESI Leased Property and GHESI Easements;

**"GHESI Shareholder Declaration"** means the shareholder declaration executed by Guelph on October 24, 2016 with respect to GMHI, and by GMHI on October 25, 2016 with respect to GHESI;

**"GMHI"** has the meaning set out above;

**"Good Utility Practices"** means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, as applied to electricity distribution facilities of similar design, size and capacity to the facilities of AUC or GHESI or Envida, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practices is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America;

**"Governmental Authority"** means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal, including the IESO, OEB and Electrical Safety Authority of Ontario;

**"GRE&T Centre"** means a green energy and technology innovation centre as described in Schedule 5.5;

**"Guelph"** means The Corporation of the City of Guelph;

**"Hazardous Substance"** means:

- (a) any petrochemical or petroleum product, oil or coal ash, mercury, radioactive material, radon gas, asbestos in any form that is friable, urea formaldehyde foam insulation or substance that contains or may contain PCBs;

- (b) any chemical, material or substance defined as or included in the definition of "hazardous substance", "hazardous waste", "hazardous material", "hazardous constituent", "restricted hazardous material", "extremely hazardous substance", "toxic substance", "deleterious substance", "contaminant", pollutant", "toxic pollutant" or words of similar meaning and regulatory effect under any applicable Environmental Law; and
- (c) any other material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law;

"**IESO**" means the Ontario Independent Electricity System Operator and any successor;

"**IFRS**" has the meaning set out in section 1.5;

"**Income Tax**" means any federal, provincial (including PILs), territorial, municipal or foreign tax (i) based upon, measured by or calculated with respect to net income, income as specially defined, earnings, gross or net profits or selected items of income, earnings or profits (including capital gains taxes and minimum taxes), or (ii) based upon, measured by or calculated with respect to multiple bases (including corporate franchise taxes) if one or more of the bases on which such tax may be based, measured by or calculated with respect to, is described in (i), in each case together with any interest, penalties or additions to such tax;

"**Increased Amount**" has the meaning set out in section 7.9;

"**Indemnified Party**" has the meaning set out in sections 7.1(a) and 7.1(b), as applicable;

"**Indemnifying Party**" has the meaning set out in sections 7.1(a) and 7.1(b), as applicable;

"**Insolvency Official**" means an administrator, trustee in bankruptcy, liquidator, receiver, administrative receiver, receiver-manager or other official or Person with similar or equivalent powers;

"**Intellectual Property**" means all intellectual property of whatever nature and kind, including patents and patent applications, trademarks and trademark applications, trade names, trading styles, domain names, certification marks, industrial designs and copyrights (whether registered or unregistered and all applications for registration thereof), computer software, information technology, inventions, works, designs, formulae, processes, procedures, know-how, trade secrets, industrial designs and plans, engineering designs and plans, blueprints and as built plans and specifications, training, operating, safety, maintenance and any other manuals, documentation of procedures and processes, design, user and maintenance information and service records and warranty records;

"**Interim Period**" means the period from and including the date of this Agreement to and including the Closing Date or the earlier termination of this Agreement;

"**Issued Shares**" means the 485,000 Class G Common Shares in the capital of Alectra to be issued pursuant to section 2.2(b);

"**Knowledge**" means:

- (a) in respect of Alectra, the actual knowledge of the Chief Executive Officer of Alectra after due enquiry with the President and Chief Executive Officer and the Executive Vice-President of AUC;

- (b) in respect of AUC, the actual knowledge of the President of AUC;
- (c) in respect of GMHI, the actual knowledge of the Chief Executive Officer of GMHI after due enquiry with the Chief Executive Officer of GHESI; and
- (d) in respect of GHESI, the actual knowledge of the Chief Executive Officer and Director Finance/Controller of GHESI;

**"Liquidated Damages Amount"** means an aggregate amount of \$2,000,000 (two million dollars) in respect of any Claims brought under section 5.5(a) or 5.6(a), whether such Claims are brought solely under section 5.5(a), solely under section 5.6(a) or under both sections 5.5(a) and 5.6(a); the Liquidated Damages Amount shall not, in any event, extend to any Claim brought under any section or schedule of this Agreement, other than sections 5.5(a) and 5.6(a), which for greater certainty excludes Schedules 5.5 and 5.6;

**"Loss"** includes any and all Claims, demands, damages, costs, charges, liabilities, awards, fines, fees, penalties, assessments, reassessments, claims, judgements, deficiencies, losses, costs and expenses (including all Remediation costs and reasonable fees of lawyers, accountants and other professionals and experts, or other reasonable expenses of litigation or proceedings or of any claim, default or assessment and interest thereon), whether accrued, actual, contingent, latent or otherwise, provided that any Tax recovered by an Indemnified Party shall not be included in calculating any such Loss. **"Loss"** shall not include loss of profits or any special, incidental, exemplary or consequential damages and shall take into account, among other things, any insurance or other recoveries;

**"MAAD Application"** has the meaning set out in section 5.3(a);

**"Material Adverse Effect"** means:

- (a) where used in respect of AUC or Alectra, a material adverse effect on Alectra Business or the operations, assets, liabilities, capital, property, condition (financial or otherwise) or results of operation of the Alectra Business or those of its Affiliates;
- (b) where used in respect of GHESI, a material adverse effect on the GHESI Business or GHESI or the operations, assets, liabilities, capital, property, condition (financial or otherwise) or results of operation of the GHESI Business or GHESI;
- (c) where used in respect of Envida, a material adverse effect on the Envida Business or Envida or the operations, assets, liabilities, capital, property, condition (financial or otherwise) or results of operation of the Envida Business or Envida;
- (d) where used in respect of GMHI, a material adverse effect on GMHI or its business or the operations, assets, liabilities, capital, property, condition (financial or otherwise) or results of operation of the business of GMHI or those of its Affiliates; and
- (e) where used in respect of the Corporation, a material adverse effect on the Corporation or its business or the operations, assets, liabilities, capital, property, condition (financial or otherwise) or results of operation of the business of the Corporation or those of its Affiliates;

provided, however, that in respect of any of Alectra, AUC, GHESI, Envida or the Corporation, none of the following shall be deemed by itself or themselves, either alone or in combination, to constitute a Material

Adverse Effect: conditions affecting Ontario local distribution companies as a whole, the Ontario energy industry as a whole or the Ontario economy as a whole and that are not specifically related to, and do not have a materially disproportionate effect (relative to other industry participants) on, Alectra, AUC, GHESI, Envida or the Corporation, respectively or the announcement or pendency of the transactions contemplated by this Agreement;

**"Material Contract"** means:

- (a) in the context of disclosure to GMHI or GHESI in accordance with this Agreement, any Contract with an effective date no earlier than February 1, 2017, in respect of Alectra, AUC or their Affiliates, that:
  - (i) involves or may result in the payment of money or money's worth by or to AUC in an amount in excess of \$250,000 and has not been approved within the AUC 2017 Budget; or
  - (ii) involves or may result in the payment of money or money's worth by or to Alectra or its Affiliates (other than AUC) in an amount in excess of \$250,000 and has not been approved within the Alectra 2017 Budget;
- (b) in the context of obtaining consents from third parties to the Transactions contemplated in this Agreement, any Contract with an effective date no earlier than February 1, 2017, in respect of Alectra, AUC or their Affiliates, that:
  - (i) is outside the Normal Course of Business of Alectra or AUC, as applicable; or
  - (ii) the termination of which would result in a Material Adverse Effect on Alectra or AUC, as applicable;
- (c) in any context in respect of the GHESI Business, any Contract that:
  - (i) is outside the Normal Course of Business of GHESI; or
  - (ii) the termination of which would result in a Material Adverse Effect on GHESI; and
- (d) in any context in respect of the Envida Business, any Contract that:
  - (i) is outside the Normal Course of Business of Envida; or
  - (ii) the termination of which would result in a Material Adverse Effect on Envida;

**"MIFRS"** means Modified International Financial Reporting as prescribed as a reporting framework by the OEB and as based on IFRS as prescribed by the International Accounting Standards Board and as modified for use in the OEB regulatory accounting environment;

**"Moral Rights"** means the rights of an author of a work in which copyright subsists in any country, to claim authorship of the work and to object to any distortion, mutilation or other modification of or other derogatory action in relation to the said work, which would be prejudicial to his or her honour or reputation, and includes all rights conferred upon authors of a work in which copyright subsists, independent of the author's economic rights in the work established by any act or legislation of any country;

"**New Alectra Shareholders' Agreement**" means the shareholders agreement to be entered into by the Alectra Shareholders, the Alectra Municipal Shareholders, BPC, GMHI, Guelph and Alectra on Closing substantially in the form attached as Schedule 1.1;

"**Non-Disclosure Agreement**" means the Mutual Confidentiality and Non-Disclosure Agreement dated May 2, 2017 entered into by AUC and GHESI;

"**Normal Course of Business**" when used in reference to a particular Person means the normal course of business of such Person, including actions consistent with Good Utility Practices;

"**OBCA**" means the *Business Corporations Act* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"**OEB**" means the Ontario Energy Board or any successor thereto;

"**OEB Act**" means the *Ontario Energy Board Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**OEB Approval**" means the approval of the OEB of the Amalgamation and any corresponding relief requested pursuant to the MAAD Application:

"**Parties**" means the parties to this Agreement, and "**Party**" means any one of them;

"**PCBs**" means poly-chlorinated biphenyls;

"**Permitted Encumbrances**" means:

- (a) statutory liens for any Taxes not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (b) construction, materialmen's, carriers', workers', repairers' and other similar liens arising or incurred in the Normal Course of Business, as to which there is no default on the part of Alectra, AUC, their Affiliates, GHESI or Envida, as applicable, or the validity of which is being contested in good faith by appropriate proceedings;
- (c) any Encumbrance evidenced by a *Personal Property Security Act* (Ontario) financing statement filed prior to the date of this Agreement to the extent the Encumbrance does not secure an amount in excess of the amount outstanding and secured at the date of this Agreement unless it is a purchase money security interest incurred in the Normal Course of Business; and
- (d) such other security interests, liens, imperfections in or failures of title, charges, restrictions, encroachments and defects in title which do not materially, individually or in the aggregate, detract from the value of Alectra, AUC, their Affiliates, GHESI or Envida, as the case may be, nor, individually or in the aggregate, result in a Material Adverse Effect;

"**Person**" includes an individual, corporation, body corporate, partnership, trust, joint venture, unincorporated association, organization, syndicate, executor, administrator, Governmental Authority or other legal or personal representative;

"**PILs**" means payment in lieu of Taxes imposed on AUC, Alectra, GHESI, Envida and GMHI, as applicable, pursuant to section 93 of the Electricity Act;

"**Pre-Closing Transactions**" means the transactions to be entered into by GMHI and its Affiliates to be effective on the day prior to the Transactions, consisting of the sale of all of the assets of Envida to GMHI Development Corporation other than the Excluded Assets, the assignment of a receivable in favour of GMHI to GHESI, the sale by GMHI of all of the issued and outstanding shares held by it in the capital of Envida to GHESI in exchange for shares in the capital of GHESI and the amalgamation of Envida and GHESI, to continue as one corporation under the laws of Ontario to be called "Guelph Hydro Electric Systems Inc.";

"**Predecessor Entities**" means collectively, Enersource Hydro Mississauga Inc., PowerStream Inc. and Horizon Utilities Corporation, and "**Predecessor Entity**" means any one of them;

"**Proportionate Reductions**" has the meaning set out in section 5.6(a)(iv);

"**Public Announcement**" has the meaning set out in section 5.3(d);

"**Purchase Price**" has the meaning set out in section 2.2(b);

"**Purchased Shares**" has the meaning set out in section 2.2(a);

"**Release**" means any release, spill, leak, emission, discharge, leaching, dumping, escape or other disposal;

"**Remediation**" means action of any kind to address a Release, the threat of a Release or the presence of any Hazardous Substance, including any or all of the following activities to the extent they relate to or arise from a Release, the threat of a Release or the presence of any Hazardous Substance at or from any such site (including activities carried out by consultants, engineers and legal advice related thereto):

- (a) monitoring, investigation, assessment, treatment, clean-up, containment, removal, transportation and permanent disposal, mitigation, response or restoration work;
- (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity;
- (c) preparing and implementing any plans or studies for any such activity;
- (d) reporting on the progress or results of any such activity to an applicable Governmental Authority;
- (e) the use, implementation, application, installation, operation, maintenance or decommissioning of technologies for the remediation or treatment of surface or subsurface soils, off-site treatment of surface water or groundwater, including engineering controls or institutional controls; and
- (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Law to address the presence or Release of Hazardous Substance at any such site or off-site location;

**"Representatives"** of a Party means its Affiliates and directors, officers, employees, agents, partners and advisors of the Party and/or its Affiliates (including external accountants, lawyers, environmental consultants, financial advisors and other authorized representatives);

**"Southwest Ontario Operations Hub"** means an electricity distribution operations centre as described in Schedule 5.6;

**"Special Distribution"** has the meaning set out in section 2.4(a);

**"Strategic Transactions"** means either (i) a Contract having a value in excess of \$25,000,000 involving the acquisition of or merger with a regulated electricity distribution company, or (ii) in respect of non-regulated assets, a Contract having a value in excess of \$50,000,000;

**"Subsidiaries"** means subsidiaries within the meaning of such term in the OBCA;

**"Tax Act"** means the *Income Tax Act* (Canada) as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

**"Tax Return"** means any return, report, information return, declaration, statement, election, notice, filing, form, or other document (including any schedule or related or supporting information) required to be supplied to or filed with any Governmental Authority with respect to Taxes, including any attached schedules or amendments thereto;

**"Taxes"** means all Income Taxes and all capital taxes, gross receipts taxes, surtaxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, excise taxes, transfer taxes (including land transfer taxes and Transfer Tax), franchise taxes, license taxes, withholding taxes, payroll taxes, health taxes and premiums, employment taxes, Canada Pension Plan premiums, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services taxes, harmonized sales taxes, customs duties, rates, levies, all special payments pursuant to Part V.1 and Part VI of the Electricity Act and the regulations thereto and all other taxes, fees, imposts, duties, assessments or charges of any kind whatsoever imposed by any Governmental Authority, and any interest, penalties, additions to tax and other additional amounts imposed with respect to the foregoing;

**"Taxing Authority"** means any Governmental Authority having jurisdiction in respect of the purchase and sale of the Purchased Shares;

**"Third Party"** has the meaning set out in section 7.6(c);

**"Third Party Claim"** has the meaning set out in section 7.4(a);

**"Threshold"** has the meaning set out in sections 7.2(a) or 7.2(b), as applicable;

**"Time of Closing"** means 10:00 a.m. (Toronto time) on the Closing Date or such other time acceptable to the Parties;

**"Transactions"** has the meaning set out in the recitals hereto;

**"Transfer Tax"** means the tax payable pursuant to section 94 of the Electricity Act or any similar tax or replacement or substitution thereof; and

"Valuation" means the valuations in respect of (i) Alectra prepared by Deloitte LLP dated November 27, 2017 and delivered to Alectra, and (ii) GHESI prepared by Grant Thornton LLP dated November 28, 2017 and delivered to GMHI.

## 1.2 Schedules

The following schedules which are attached to this Agreement are incorporated into this Agreement by reference and form a part hereof:

<u>Schedule Number</u>	<u>Schedule Title</u>
Appendix "A"	Representations and Warranties
Appendix "B"	GHESI Disclosure Schedule
Appendix "C"	Alectra Disclosure Schedule
Schedule 1.1	New Alectra Shareholders' Agreement
Schedule 2.5	Amalgamation Agreement
Schedule 3.3(iv)	Alectra Consents, Approvals and Waivers
Schedule 3.5(iv)	GHESI Consents, Approvals and Waivers
Schedule 5.1(a)(vii)	Alectra Pre Closing Dividends
Schedule 5.1(k)	Envida Excluded Assets
Schedule 5.2(a)(vii)	GHESI Pre Closing Dividends
Schedule 5.5	GRE&T Centre
Schedule 5.6	Southwest Ontario Operations Hub
Schedule 9.2	Dispute Resolution Procedures

## 1.3 Interpretation Not Affected by Headings or Party Drafting

The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto, including for greater certainty the Confidential Disclosure Letters, and not to any particular article, section, paragraph, subparagraph, clause or other part hereof and include any agreement or instrument supplementary or ancillary hereto. Each Party acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

## 1.4 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

## 1.5 International Financial Reporting Standards

Except as otherwise specifically provided in this Agreement, all accounting terms shall be applied and construed in accordance with International Financial Reporting Standards ("IFRS") in effect from time to time, which include standards and interpretations adopted by the International Accounting Standards Board, or MIFRS, as applicable.

## 1.6 Statutes and Agreement

Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.

## 1.7 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

# ARTICLE 2 TRANSACTIONS

## 2.1 Pre-Closing Transactions

Subject to and conditional upon the terms and conditions of this Agreement, GMHI shall, and GMHI shall cause GHESI and Envida to, complete the Pre-Closing Transactions prior to the Time of Closing, at GMHI's sole cost and expense.

## 2.2 Purchase of GHESI Shares and Issuance of Alectra Shares to GMHI

- (a) Subject to and conditional upon the terms and conditions of this Agreement, the Parties agree that on the Closing Date GMHI shall sell, assign and transfer to Alectra, and Alectra shall purchase from GMHI, all of GMHI's right, title and interest in and to all of the issued and outstanding shares in the capital of GHESI held by GMHI (the "**Purchased Shares**").
- (b) The price (the "**Purchase Price**") for the Purchased Shares shall be paid and satisfied by Alectra issuing and allotting the Issued Shares, as fully paid and non-assessable, representing 4.63% of the equity value of Alectra as determined in the Valuation.
- (c) GMHI and Alectra covenant and agree that, notwithstanding the foregoing, for income and corporation tax purposes the acquisition cost to Alectra and the proceeds of the disposition to GMHI of the Purchased Shares shall be deemed to be an amount equal to the Elected Amount.
- (d) The closing of the purchase and sale of the Purchased Shares shall be effective as of the Time of Closing.
- (e) At the Time of Closing, GMHI shall deliver to Alectra a certificate or certificates representing the Purchased Shares duly endorsed in blank for transfer, or executed stock transfer powers in respect of such shares, against the due delivery to GMHI of the Issued Shares as referred to in Section 2.1(b) of this Agreement.
- (f) It is the intention of the Parties that the purchase and sale of the Purchased Shares take place at Fair Market Value.
- (g) GMHI and Alectra agree in the event: (i) any Taxing Authority shall assert by way of assessment, reassessment or in any other manner; (ii) GMHI shall assert in writing; or (iii) Alectra shall assert in writing, that the Adjusted Cost Base to GMHI of the Purchased

Shares as of the date of this Agreement is an amount different than the amount determined to be GMHI's Adjusted Cost Base of the Purchased Shares at the Time of Closing, then the Elected Amount shall be increased or decreased by the difference so determined; but only to the extent that the Elected Amount so revised is accepted by GMHI and Alectra, or, failing such acceptance, is established by a court having jurisdiction in the matter after all rights of appeal have been exhausted or all times for appeal have expired without appeals having been taken by such Taxing Authority, GMHI or Alectra. Each of GMHI and Alectra agree to make such further elections, enter into such acknowledgements or agreements, and do or cause to be done such further acts and things as may be, in the opinion of counsel, reasonably necessary to give effect to this section and the change in the Elected Amount.

### 2.3 Amalgamation

- (a) Subject to and conditional upon the terms and conditions of this Agreement, and following the Transactions contemplated in Section 2.2 hereof, the Parties agree that AUC and GHESI shall amalgamate with each other on the Closing Date and continue as a corporation amalgamated under the laws of Ontario with the corporate name "Alectra Utilities Corporation" (and such amalgamated corporation is referred to herein as the "**Corporation**").
- (b) The Corporation shall issue as fully paid and non-assessable common shares to Alectra in exchange for all of the issued and outstanding shares held by Alectra in AUC and GHESI.

### 2.4 Closing Adjustments

- (a) Subject to compliance with Section 5.2 of this Agreement, on or immediately prior to Closing GHESI shall be entitled to declare and pay a one-time special distribution to its sole shareholder, GMHI, in the amount of \$18,500,000 (the "**Special Distribution**").
- (b) Each of Alectra and GHESI shall cooperate in causing such Special Distribution to be declared and paid as aforesaid.

### 2.5 Amalgamation Agreement

Immediately following Closing and the Transactions contemplated in Section 2.2, AUC and GHESI shall execute and deliver an amalgamation agreement (the "**Amalgamation Agreement**") in form and substance attached as Schedule 2.5. The Amalgamation Agreement shall be attached to the articles of amalgamation giving effect to the Amalgamation and filed in accordance with section 178 of the OBCA.

## ARTICLE 3 THE CLOSING

### 3.1 Closing

Subject to the terms and conditions of this Agreement, the Amalgamation shall take place at a closing (the "**Closing**") to be held at the Time of Closing on the Closing Date at the Toronto offices of Aird & Berlis LLP or such other location as is mutually agreed upon by Alectra and GMHI.

### 3.2 Deliveries by Alectra

At Closing, Alectra shall deliver, or cause to be delivered the following to GMHI and GHESI:

- (i) a copy of the by-law, resolution or other authorizing instrument duly passed by the Municipal Council of its corresponding Alectra Municipal Shareholder and BPC, authorizing (i) in the case of the Alectra Municipal Shareholders, amendment of the Current Alectra Shareholders' Agreement to add GMHI as a shareholder thereto, in accordance with section 9.5 of the Current Alectra Shareholders' Agreement, (ii) the execution, delivery and performance by such Alectra Municipal Shareholder or BPC of the New Alectra Shareholders' Agreement, and (iii) all other agreements and instruments to be executed and delivered by such Alectra Municipal Shareholder or BPC, as applicable, in connection with the completion of the Transactions;
- (ii) copies of the corporate resolutions of the Alectra Shareholders authorizing the following: (i) the filing of Articles of Amendment and the creation of Class G Common shares in the capital of Alectra, in accordance with sections 2.20(1)(a) and 2.20(1)(c) of the Current Alectra Shareholders' Agreement, (ii) the Amalgamation, in accordance with section 2.21(1)(b) of the Current Alectra Shareholders' Agreement, (iii) the issuance of Class G Common shares in the capital of Alectra to GMHI, in accordance with section 2.21(1)(d) of the Current Alectra Shareholders' Agreement, (d) amendment of the Current Alectra Shareholders' Agreement to add GMHI as a shareholder thereto, in accordance with section 9.5 of the Current Alectra Shareholders' Agreement, (v) the execution, delivery and performance by such Alectra Shareholder of the New Alectra Shareholders' Agreement, and (vi) all other agreements and instruments to be executed and delivered by such Alectra Shareholder in connection with the completion of the Transactions;
- (iii) the New Alectra Shareholders' Agreement duly executed by each of the Alectra Municipal Shareholders, BPC, Alectra Shareholders and Alectra;
- (iv) a certificate of a senior officer of Alectra dated as of the Closing Date certifying that:
  - (A) the representations and warranties of Alectra herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations and warranties which do not in the aggregate constitute a Material Adverse Effect with respect to Alectra; and
  - (B) Alectra has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;
- (v) copies of the corporate resolutions of Alectra certified by a director or senior officer of Alectra authorizing (i) the execution, delivery and performance by Alectra of this Agreement, (ii) amendment of the Current Alectra Shareholders' Agreement to add GMHI as a shareholder thereto, in accordance with section 9.5 of the Current Alectra Shareholders' Agreement, (iii) the execution, delivery and

performance by Alectra of the New Alectra Shareholders' Agreement, and (iv) all other agreements and instruments to be executed and delivered by Alectra in connection with this Agreement and completion of the Transactions;

- (vi) a certificate of incumbency for Alectra;
- (vii) articles of amendment of Alectra creating Class G Common shares;
- (viii) the share certificates evidencing the Issued Shares; and
- (ix) all such other assurances, consents, waivers, releases, agreements, documents and instruments as are required to be delivered pursuant to this Agreement by Alectra in connection with this Agreement and completion of the Transactions.

### 3.3 Deliveries by AUC

At Closing, AUC shall deliver the following to GMHI and GHESI:

- (i) a certificate of incumbency for AUC;
- (ii) a copy of the corporate resolutions of AUC certified by a director or senior officer of AUC authorizing the execution, delivery and performance by AUC of this Agreement and all other agreements and instruments to be executed and delivered by AUC in connection with this Agreement and completion of the Transactions;
- (iii) a certificate of a senior officer of AUC dated as of the Closing Date certifying that:
  - (A) the representations and warranties of AUC herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations and warranties which do not in the aggregate constitute a Material Adverse Effect with respect to AUC; and
  - (B) AUC has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;
- (iv) copies of the Consents, Approvals and Waivers set out in Schedule 3.3(iv) required to be obtained by AUC with respect to the Transactions; and
- (v) all such other assurances, consents, waivers, releases, agreements, documents and instruments as are required to be delivered pursuant to this Agreement by AUC in connection with this Agreement and completion of the Transactions.

### 3.4 Deliveries by GMHI

At Closing, GMHI shall deliver, or cause to be delivered, the following to AUC and Alectra:

- (i) a copy of the by-law, resolution or other authorizing instrument duly passed by the Council of Guelph authorizing the execution, delivery and performance by Guelph of the New Alectra Shareholders' Agreement and all other agreements and

instruments to be executed and delivered by Guelph in connection with the completion of the Transactions;

- (ii) the New Alectra Shareholders' Agreement duly executed by each of GMHI and Guelph;
- (iii) a certificate of a senior officer of GMHI dated as of the Closing Date certifying that:
  - (A) the representations and warranties of GMHI herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations and warranties which do not in the aggregate constitute a Material Adverse Effect with respect to GHESI; and
  - (B) GMHI has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;
- (iv) copies of the corporate resolutions of GMHI certified by a director or senior officer of GMHI authorizing the execution, delivery and performance by GMHI of this Agreement and all other agreements and instruments to be executed and delivered by GMHI in connection with this Agreement and completion of the Transactions;
- (v) a certificate of incumbency for GMHI;
- (vi) resolutions and share certificates evidencing the Purchased Shares in fully transferable form;
- (vii) a certificate of amalgamation and any other documentation relating to the Pre-Closing Transactions, as may reasonably be requested by Alectra or AUC; and
- (viii) all such other assurances, consents, waivers, releases, agreements, documents and instruments as are required to be delivered pursuant to this Agreement by Guelph and GMHI in connection with this Agreement and completion of the Transactions.

### 3.5 Deliveries by GHESI

At Closing, GHESI shall, and GMHI shall cause GHESI to, deliver the following to Alectra and AUC:

- (i) a certificate of incumbency for GHESI;
- (ii) a copy of the corporate resolutions of GHESI certified by a director or senior officer of GHESI authorizing the execution, delivery and performance by GHESI of this Agreement, the transfer of the Purchased Shares and all other agreements and instruments to be executed and delivered by GHESI in connection with this Agreement and completion of the Transactions;
- (iii) a certificate of a senior officer of GHESI dated as of the Closing Date certifying that:

- (A) the representations and warranties of GHESI herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations and warranties which do not in the aggregate constitute a Material Adverse Effect with respect to GHESI; and
- (B) GHESI has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;
- (iv) copies of the Consents, Approvals and Waivers set out in Schedule 3.5(iv) required to be obtained by GHESI with respect to the Transactions; and
- (v) all such other assurances, consents, waivers, releases, agreements, documents and instruments as are required to be delivered pursuant to this Agreement by GHESI in connection with this Agreement and completion of the Transactions.

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

##### **4.1 Representations and Warranties**

- (a) Each of Alectra and GMHI hereby severally represents and warrants to the other Party that, except as set out in the Alectra Disclosure Schedule and the GHESI Disclosure Schedule, as applicable, the representations and warranties set out in section 1 of Appendix "A" with respect to itself are true and correct on the date hereof and acknowledge that the other Party is relying on such representations and warranties.
- (b) Alectra hereby represents and warrants to GMHI and GHESI that, except as set out in the Alectra Disclosure Schedule, the representations and warranties set out in sections 1 and 2 of Appendix "A" with respect to AUC and its Affiliates are true and correct on the date hereof and acknowledge that each such other Party is relying on such representations and warranties. Alectra further represents and warrants to GMHI and GHESI that the representations and warranties set out in section 3 of Appendix "A" with respect to the Alectra Municipal Shareholders, the Alectra Shareholders and BPC are true and correct on the date hereof and acknowledge that each such other Party is relying on such representations and warranties.
- (c) Each of GMHI and GHESI hereby represents and warrants to Alectra and AUC that, except as set out in the GHESI Disclosure Schedule, the representations and warranties set out in sections 1 and 2 of Appendix "A" with respect to GHESI and Envida are true and correct on the date hereof and acknowledge that each such other Party is relying on such representations and warranties, provided that representations and warranties with respect to Envida shall apply only with respect to Envida prior to its amalgamation with GHESI.
- (d) The Parties acknowledge that disclosure of matters by any Party in the GHESI Disclosure Schedule or the Alectra Disclosure Schedule respectively, whether in relation to a specific representation and warranty contained herein or otherwise, represents disclosure of that matter for the purposes of all representations and warranties contained herein.

## **ARTICLE 5 COVENANTS**

### **5.1 Covenants of AUC and Alectra**

- (a) Conduct of Business. Except as contemplated by this Agreement or with the prior written consent of GMHI, acting reasonably, during the Interim Period, each of AUC and Alectra shall, and Alectra shall cause AUC and its Affiliates to:
- (i) operate the Alectra Business in the Normal Course of Business, consistent with past practices;
  - (ii) take commercially reasonable actions to preserve the assets, liabilities and the goodwill of the Alectra Business and to keep available the services of all AUC Employees;
  - (iii) maintain the books, records and accounts of Alectra's business and the Alectra Business in the Normal Course of Business and record all transactions on a basis consistent with past practice;
  - (iv) keep in full force all current insurance policies of the Alectra Business, or replacement or subsequent insurance policies on terms no less favourable to Alectra or AUC, as applicable;
  - (v) perform in all material respects its obligations falling due during the Interim Period under all Contracts relating to the Alectra Business to which Alectra or its Affiliate is a party or by which Alectra or its Affiliate is bound, as applicable;
  - (vi) not enter into or amend any Contract relating to the Alectra Business outside the Normal Course of Business; and
  - (vii) not declare and/or pay any dividends or other distributions of profits; except for the declaration and payment of those dividends identified in Schedule 5.1(vii) and the declaration (but not payment) as dividends of those amounts permitted to be distributed pursuant to Schedule 5.1(a)(vii).
- (b) Rights of Access. During the Interim Period, AUC and Alectra shall, and Alectra shall cause AUC and its Affiliates to, provide:
- (i) during ordinary business hours and upon reasonable notice and subject to compliance with Applicable Law and the Non-Disclosure Agreement, GMHI, GHESI and their respective Representatives, with reasonable access to Alectra's, AUC's and their Affiliates management, books, records, Contracts, Intellectual Property, insurance policies, premises, properties and other information relating to Alectra, AUC, their Affiliates and the Alectra Business; and
  - (ii) as GHESI or GMHI may reasonably request, such updated financial and operating data relating to Alectra, AUC or their Affiliates as each provides to its shareholder(s).

- (c) No Amendment to Articles. None of Alectra, AUC or their Affiliates shall make any amendment to its articles of incorporation or by-laws, and none of AUC or Alectra or their Affiliates shall require or authorize the same or amend the Current Alectra Shareholders' Agreement, except as contemplated herein.
- (d) Affiliate Services Agreements. Prior to Closing, AUC shall ensure that all Contracts with Alectra or any Affiliate as may exist on the Closing Date, including those Contracts listed or referred to in the Alectra Disclosure Schedule, satisfy the requirements of the Affiliate Relationships Code, as if such other parties are Affiliates of AUC under the Affiliate Relationships Code.
- (e) Consents. Alectra shall, and shall cause AUC and its Affiliates to, use commercially reasonable efforts to obtain each of the Consents, Approvals and Waivers applicable to Alectra, including those identified in Schedule 3.3(iv) prior to Closing.
- (f) Post-Closing Branding. Alectra shall ensure and shall cause the Corporation to ensure that for a period of one year following the date of the Amalgamation the Corporation shall continue to use the brand "Guelph Hydro" throughout, and with respect to customers in, the service territory currently served by GHESI.
- (g) Customer Service. Alectra shall meet or exceed service standards and reliability for electricity distribution customers in the former GHESI service territory and provide:
  - (i) 24/7 Control Room with day-time staffed backup control room;
  - (ii) night time "technical" call centre to address outage calls;
  - (iii) night time social media support to keep customers and local politicians informed of outages and to support Control Room; and
  - (iv) 24/7 access to customer self-serve.
- (h) Compliance with Applicable Law. Alectra and AUC shall, and Alectra shall cause the Corporation and its Affiliate to, use commercially reasonable efforts to comply with all Applicable Law.
- (i) Cooperation with and Support of Guelph Entities. Alectra shall cooperate with and make commercially reasonable efforts to support the Guelph Climate Change Office, the Guelph Chamber of Commerce and the Guelph Economic Development Office.
- (j) 
- (k) Acknowledgment re Excluded Assets. Alectra and AUC acknowledge and agree that the Excluded Assets and certain tax losses associated with the Envida Business shall be acquired by Alectra as further described in Schedule 5.1(k).
- (l) Transfer of GHESI Debt. In furtherance of the transfer of debt held in GHESI to Alectra, Alectra covenants and agrees to take all steps necessary to effect the foregoing, including

but not limited to, entering into a third supplemental indenture with Computershare Trust Company of Canada.

## 5.2 Covenants of GHESI and GMHI

- (a) Conduct of Business. Except as contemplated by this Agreement or with the prior written consent of Alectra, acting reasonably, during the Interim Period, GHESI shall, and GMHI shall cause GHESI and Envida to:
- (i) operate the GHESI Business and the Envida Business in the Normal Course of Business, consistent with past practices;
  - (ii) take commercially reasonable actions to preserve the assets, liabilities and the goodwill of the GHESI Business and the Envida Business, and to keep available the services of all GHESI Employees and Envida Employees;
  - (iii) maintain the books, records and accounts of the GHESI Business and the Envida Business in the Normal Course of Business and record all transactions on a basis consistent with past practice;
  - (iv) keep in full force all current insurance policies of the GHESI Business and the Envida Business, or replacement or subsequent insurance policies on terms no less favourable to GHESI or Envida, as applicable;
  - (v) perform in all material respects its obligations falling due during the Interim Period under all Contracts relating to the GHESI Business to which GHESI is a party or by which GHESI is bound or to the Envida Business to which Envida is a party or by which Envida is bound;
  - (vi) not enter into or amend any Contract or capital expenditure relating to the GHESI Business or the Envida Business outside the Normal Course of Business;
  - (vii) not declare and/or pay any dividends or other distributions of profits; except for the declaration and payment of those dividends identified in Schedule 5.2(vii) and the declaration and payment as dividends of those amounts permitted to be distributed pursuant to section 2.4; and
  - (viii) take commercially reasonable efforts to transfer all of the long-term debt held by GHESI to Alectra, at GHESI's sole cost and expense.
- (b) Rights of Access. During the Interim Period, GHESI shall, and GMHI shall cause GHESI and Envida to, provide:
- (i) during ordinary business hours and upon reasonable notice and subject to compliance with all Applicable Law and the Non-Disclosure Agreement, Alectra, AUC and their Representatives, with reasonable access to each of GHESI's and Envida's management, books, records, Contracts, Intellectual Property, insurance policies, premises, properties and other information relating to GHESI and Envida and the GHESI Business and the Envida Business; and

- (ii) as AUC or Alectra may reasonably request, such updated financial and operating data relating to GHESI or Envida as each provides to GMHI.
- (c) No Amendment to Articles. Each of GHESI and Envida shall not make any amendment to its articles of incorporation or by-laws, and GMHI and GHESI shall not require or authorize the same or amend the GHESI Shareholder Declaration.
- (d) Affiliate Services Agreements. Prior to Closing, each of GHESI and Envida shall ensure that any Contract with GMHI or any Affiliate as may exist on the Closing Date, including those Contracts listed or referred to in the GHESI Disclosure Schedule, satisfy the requirements of the Affiliate Relationships Code.
- (e) Consents. GMHI shall, and shall cause GHESI and Envida to, use commercially reasonable efforts to obtain each of the Consents, Approvals and Waivers applicable to GHESI and Envida, including those identified in Schedule 3.5(iv) prior to Closing.

### 5.3 Mutual Covenants

- (a) Cooperation with MAAD Application. Each of the Parties shall cooperate with one another to prepare, including preparation of any required financial statements in accordance with MIFRS, and submit to the OEB as soon as practicable following execution of this Agreement an application (the "**MAAD Application**") requesting approval of the Transactions and any corresponding amendment of the electricity distribution licences held by AUC and GHESI.
- (b) Cooperation with Competition Act Approval. Each of the Parties shall cooperate with one another to prepare and submit to the Commissioner within twenty (20) Business Days following execution of this Agreement an application requesting an advance ruling certificate or no action letter under the Competition Act in respect of the Amalgamation.
- (c) Confidentiality. Subject to the requirements of the MAAD Application, the Parties shall treat as confidential this Agreement, the terms and conditions set out herein and all information provided to one another in accordance with this Agreement. All such information shall be deemed received pursuant to the terms of the Non-Disclosure Agreement, be kept in the strictest confidence and not divulged to any unrelated third party or used by any Party other than in accordance with the Non-Disclosure Agreement and except for purposes of the Transactions. The Parties acknowledge that AUC and GHESI executed the Non-Disclosure Agreement and that such Non-Disclosure Agreement continues in full force and effect for all purposes of this section.
- (d) Public Statements. Prior to Closing, no Party shall issue or make any public announcement or press release (a "**Public Announcement**") with respect to this Agreement or the Amalgamation or other transactions contemplated hereby without the prior written consent of GMHI and Alectra, which consent shall not be unreasonably withheld or delayed, except as may be required by Applicable Law or a Governmental Authority; but the Parties may make statements or other public disclosure without such prior written consent that is consistent with Public Announcements to which such consent has previously been obtained. If such disclosure is required by Applicable Law or a Governmental Authority, the Party required to make such disclosure shall, if practicable, provide prior notice to the other Parties of such requirement, the nature thereof, and the nature of the proposed disclosure, and shall limit the scope of such disclosure to the extent necessary to comply

with such requirement. Upon the completion of the Amalgamation, the Parties shall issue a mutually acceptable press release.

- (e) Consents Approvals and Waivers. Each Party shall have the right to review in advance information which appears in any application, notice, petition or filing made seeking Consents, Approvals and Waivers required in connection with the Amalgamation and other transactions contemplated hereby. For greater certainty, no Party shall make or file such an application, notice, petition or filing in connection with the Amalgamation or other transactions contemplated hereby without first providing such application, notice, petition or filing to Alectra and GMHI and each of such Parties having a reasonable opportunity to provide any comments it may have in respect thereof.
- (f) Co-operation and Compliance. Subject to the terms and conditions of this Agreement and Applicable Law, each of the Parties shall use commercially reasonable efforts to take; or cause to be taken, all action, to (i) do, or cause to be done, in a timely manner all things necessary, proper or advisable to consummate and make effective, as soon as reasonably practicable, the Amalgamation and other transactions contemplated hereby, (ii) ensure satisfaction of the conditions precedent to each Party's obligations under this Agreement and (iii) ensure that the representations and warranties over which it has reasonable control are true and correct at the Time of Closing.
- (g) Transfer of GHESI Shares. On Closing, GMHI shall sell, and Alectra shall purchase, the Purchased Shares, as set out in Section 2.2(a), and GMHI and Alectra shall execute and deliver any transmittal instruments required in connection therewith.
- (h) Issuance of Alectra Shares. On Closing, following the Transaction described in Section 5.3(g), Alectra shall issue, and GMHI shall subscribe for, the Issued Shares, as set out in Section 2.2(b).
- (i) Amalgamation Agreement. On Closing, following the Transactions described in Sections 5.3(g) and (h), AUC and GHESI shall execute and deliver the Amalgamation Agreement and the articles of amalgamation prepared to give effect to the Amalgamation.
- (j) New Alectra Shareholders' Agreement. On Closing, AUC and Alectra shall, and shall cause each of the Alectra Municipal Shareholders, BPC, the Alectra Shareholders, and Guelph and GMHI shall execute and deliver, the New Alectra Shareholders' Agreement. Alectra and AUC expressly acknowledge and agree that failure by any Alectra Municipal Shareholder, BPC or Alectra Shareholder to execute and deliver the New Alectra Shareholders' Agreement shall be deemed to be a failure by each of Alectra and AUC to execute and deliver the New Alectra Shareholders' Agreement and a breach by Alectra and AUC of its obligations under this Section 5.3(j).
- (k) Post-Closing Tax Obligations. Alectra and GMHI shall, on a timely basis, cause the Corporation to: (i) prepare and file with the appropriate Governmental Authorities all Tax Returns required to be filed by AUC, GHESI and Envida for all periods prior to and ending on the day immediately preceding the Closing Date; and (ii) pay or remit all amounts in respect of Taxes required to be paid or remitted by AUC, GHESI and Envida for all periods prior to and ending on the day immediately preceding the Closing Date.
- (l) Notice of Breaches by Other Parties. Prior to Closing each Party shall, as soon as practicable after they become aware of the same, provide written notice to the other Parties

if they have actual knowledge of a breach of representation, warranty or covenant of another Party hereto.

- (m) Envida Tax Losses. The Parties acknowledge that, prior to Closing and following the amalgamation of Envida and GHESI amalgamation, certain tax losses of Envida shall by operation of law become tax losses of post-amalgamation GHESI. Should any of such tax losses be available at the time of the amalgamation of GHESI and AUC as contemplated herein, AUC shall make commercially reasonable efforts to obtain the full financial and fiscal benefits of such tax losses and shall share any resulting savings or benefits on a 50/50 basis with GMHI. Should there be any subsequent adverse tax ruling by the relevant Governmental Authority, GMHI shall be obligated to share in any subsequent reduction or liability on a 50/50 basis. AUC shall provide GMHI with copies of tax and PILs filings and supporting information with respect to the use and savings or benefits with respect to the tax losses.

#### 5.4 **Exclusivity and Notice of Discussions**

- (a) During the Interim Period, GMHI, its Representatives and Affiliates shall not, directly or indirectly, solicit offers from, enter into any Contracts with, or provide any information to, any third party for or relating to the transfer or sale of GMHI's interest in GHESI, nor shall GHESI, its Representatives and its Affiliates, directly or indirectly, solicit offers from, enter into any Contracts with, or provide any information to, any third party for or relating to the transfer or sale of any assets or liabilities of GHESI, other than in the Normal Course of Business. GMHI shall advise Alectra as soon as practicable of all material aspects of any such unsolicited proposal which is received by GMHI, GHESI or any of their Affiliates in connection with the assets or issued share capital of GHESI.
- (b) During the Interim Period, Alectra shall promptly inform GMHI in writing of any negotiations with respect to any Strategic Transactions.

#### 5.5 **GRE&T Centre**

- (a) Alectra shall establish the GRE&T Centre in Guelph. Alectra shall ensure the investment of a minimum of \$5,000,000 (five million dollars) in capital expenditures within a three-to five-year period following the Closing Date and ramp up to \$3,000,000 (three million dollars) in annual reoccurring expenditures within 18-months to 24-months of the Closing Date. Alectra shall ensure the creation of 8-10 new full time positions at the GRE&T Centre. Alectra shall make commercially reasonable efforts to support the GRE&T Centre. Alectra shall not close or move the GRE&T Centre to a location outside of Guelph, for a period of eight (8) years following the Closing Date. Alectra shall make commercially reasonable efforts to prioritize Guelph based opportunities as well as opportunities within the Alectra service territory, where economically viable. Alectra shall, within one (1) year of the Closing Date, establish a GRE&T Centre Stakeholder Committee and ensure that there is a Guelph community representative position on such Committee. Alectra shall provide annual progress reports to Guelph City Council with respect to the GRE&T Centre for five (5) years following the Closing Date.
- (b) Failure by Alectra to comply with the obligations in Section 5.5(a) shall result, in addition to any other remedies available to GMHI under this Agreement, at law or in equity, in Alectra's obligation to pay to GMHI and GMHI's right to receive from Alectra the Liquidated Damages Amount.

(c) Alectra shall operate the GRE&T Centre in accordance with Schedule 5.5.

5.6 **Southwest Ontario Operations Hub**

(a) Alectra Commitments:

(i) Alectra shall cause the Corporation to preserve or enhance its presence in Guelph by maintaining GHESI's operational centre in Guelph as the Southwest Ontario Operations Hub. Alectra shall make commercially reasonable efforts to support the Southwest Ontario Operations Hub. Alectra shall not close the operations of the Southwest Ontario Operations Hub for a period of ten (10) years (the "**Commitment Period**") following the Closing Date.

(ii) Alectra shall ensure that that at least one senior employee (defined as VP or Director) will be located at the Operations Hub to oversee local O/H and U/G construction and maintenance work as well as Trouble Response similar to the practice in other Regions.

(iii) Other functions that reside within the Southwest Ontario Operations Hub will be managed centrally, similar to the practice in other Regions, such as: Substations and Metering, Information Technology support, Customer Engineering/Connections, Warehouse and Fleet support.

(iv) Alectra commits to maintain a minimum of 70 full-time positions at the Southwest Ontario Operations Hub

[REDACTED]

[REDACTED]

(b) Failure by Alectra to comply with the obligations in Section 5.6(a) shall result, in addition to any other remedies available to GMHI under this Agreement, at law or in equity, in Alectra's obligation to pay to GMHI and GMHI's right to receive from Alectra the Liquidated Damages Amount.

(c) Alectra shall operate the Southwest Ontario Operations Hub in accordance with Schedule 5.6.

## **ARTICLE 6 CONDITIONS**

### **6.1 Conditions to Obligations of Alectra and AUC**

- (a) The obligations of Alectra and AUC to complete the Transactions shall be subject to the fulfilment of the following conditions on or before the Closing Date:
  - (i) each of GMHI and GHESI shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by GMHI and GHESI, respectively, on or prior to the Closing;
  - (ii) the representations and warranties of GMHI and GHESI set forth in this Agreement shall be true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations or warranties which in the aggregate do not constitute a Material Adverse Effect in respect of GHESI or the GHESI Business, or Envida or the Envida Business;
  - (iii) GMHI and GHESI shall have delivered, or caused to be delivered the applicable closing deliveries described in sections 3.4 and 3.5; and
  - (iv) Alectra and AUC shall have received a favourable opinion(s) from legal counsel to GHESI and GMHI dated the Closing Date and satisfactory in form and substance to each of Alectra and AUC acting reasonably as to the authorization, execution, delivery and enforceability of the Amalgamation Agreement and the New Alectra Shareholders' Agreement, and as to the Transactions.
- (b) If any of the conditions contained in this section 6.1 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of Alectra or AUC, acting reasonably, each of Alectra and AUC in its sole discretion may, by notice to the other Parties, terminate this Agreement and the obligations of the Parties under this Agreement, other than the obligations contained in sections 5.3(c), 5.3(d), 9.4 and 9.5, provided that each of Alectra and AUC may also bring an action pursuant to Article 7 against one or more other Parties for damages suffered by Alectra or AUC, as applicable, where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by such other Parties or is subject to indemnification.

### **6.2 Conditions to Obligations of GMHI and GHESI**

- (a) The obligations of GMHI and GHESI to complete the Transactions shall be subject to the fulfilment of the following conditions on or before the Closing Date:
  - (i) each of Alectra and AUC shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by Alectra and AUC, respectively, on or prior to the Closing;
  - (ii) the representations and warranties Alectra and AUC set forth in this Agreement shall be true and correct as at the Time of Closing with the same effect as if made

at and as of the Time of Closing except for breaches of such representations or warranties which in the aggregate do not constitute a Material Adverse Effect in respect of AUC or the AUC Business;

- (iii) Alectra and AUC shall have delivered, or caused to be delivered to GMHI and GHESI the applicable closing deliveries described in sections 3.2 and 3.3; and
  - (iv) GHESI and GMHI shall have received a favourable opinion from one or more legal counsel to Alectra and AUC dated the Closing Date and satisfactory in form and substance to each of GHESI and GMHI acting reasonably as to the authorization, execution, delivery and enforceability of the Amalgamation Agreement and the New Alectra Shareholders' Agreement, and as to the Transactions
- (b) If any of the conditions contained in this section 6.2 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of either GMHI or GHESI, acting reasonably, each of GMHI and GHESI in its sole discretion may, by notice to the other Parties, terminate this Agreement and the obligations of the Parties under this Agreement, other than the obligations contained in sections 5.3(c), 5.3(d), 9.4 and 9.5, provided that each of GMHI and GHESI may also bring an action pursuant to Article 7 against one or more other Parties for damages suffered by GMHI or GHESI, as applicable, where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by such other Parties or is subject to indemnification.

### 6.3 Mutual Conditions

- (a) In addition to the other conditions set forth herein, the obligations of each of the Parties to complete the Amalgamation shall be subject to the fulfilment on or before the Closing Date of the following conditions:
- (i) no preliminary or permanent injunction or other order, judgment or decree by any Governmental Authority which restrains, enjoins or otherwise prohibits the Transactions shall have been issued and remain in effect and no Applicable Law shall have been enacted which prohibits the Transactions;
  - (ii) the Competition Act Approval shall have been obtained on terms satisfactory to Alectra and GMHI;
  - (iii) the OEB Approval shall have been received, provided that no terms or conditions required by the OEB in connection therewith shall have a Material Adverse Effect on the Corporation;
  - (iv) the New Alectra Shareholders' Agreement shall have been executed and delivered by each of the parties thereto;
  - (v) no Transfer Tax or special payment under Part VI of the Electricity Act shall be payable by a Party as a result of the Amalgamation;
  - (vi) the Corporation will, immediately following the Amalgamation, be exempt under section 149(1) of the Tax Act from the payment of Tax under that statute; and
  - (vii) the Issued Shares shall have been issued.

- (b) If any of the conditions contained in this section 6.3 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of any Party, acting reasonably, such Party in its sole discretion may, by notice to the other Parties, terminate this Agreement and the obligations of the Parties under this Agreement, other than the obligations contained in sections 5.3(c), 5.3(d), 9.4 and 9.5, provided that such Party may also bring an action pursuant to Article 7 against one or more other Parties for damages suffered by such Party where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by such other Parties or is subject to indemnification.

#### 6.4 Waiver of Conditions

Subject to Article 8, any condition in this Article 6 may be waived in whole or in part by the Party entitled to the benefit of such condition (or so waived on such terms as may be agreed by such Party) without prejudice to any of its rights to indemnification pursuant to Article 7.

### ARTICLE 7 INDEMNIFICATION

#### 7.1 Indemnification

- (a) Subject to section 7.2, Alectra (for the purposes of indemnity claims under this section 7.1(a) hereinafter referred to as the "**Indemnifying Party**") shall indemnify and save harmless GMHI, GHESI, the Corporation and each of their respective councillors, officers, directors, employees, shareholders and agents (for the purposes of indemnity claims under this section 7.1(a) hereinafter collectively referred to as an "**Indemnified Party**") from any and all Losses suffered or incurred by the applicable Indemnified Party relating to, in connection with or resulting from or arising out of any Claim or Third Party Claim in respect of:
  - (i) any breach by the Indemnifying Party or AUC of any representation and warranty contained in this Agreement, or incorrectness in any certificate furnished by the Indemnifying Party or AUC, as applicable, in accordance with this Agreement (except that the Indemnifying Party shall not be required to indemnify and save harmless such Indemnified Party in respect of any inaccuracy or breach of any such representation or warranty unless the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with section 7.4 on or prior to the expiration of the applicable time period related to that representation and warranty set out in section 9.3); and
  - (ii) any breach by the Indemnifying Party or AUC of any covenants or agreements contained in this Agreement provided that the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with section 7.4 on or prior to the second anniversary of the Closing Date.
- (b) GMHI (for the purposes of any indemnity claims under this section 7.1(b) hereinafter referred to as the "**Indemnifying Party**") shall indemnify and save harmless Alectra, AUC, the Corporation and each of their respective councillors, officers, directors, employees, shareholders and agents (for the purposes of any indemnity claims under this section 7.1(b) hereinafter collectively referred to as an "**Indemnified Party**") from any and all Losses

suffered or incurred by the applicable Indemnified Party relating to, in connection with or resulting from or arising out of any Claim or Third Party Claim in respect of:

- (i) any breach by the Indemnifying Party or GHESI of any representation and warranty contained in this Agreement, or incorrectness in any certificate furnished by the Indemnifying Party or GHESI, as applicable, in accordance with this Agreement (except that the Indemnifying Party shall not be required to indemnify and save harmless such Indemnified Party in respect of any inaccuracy or breach of any such representation or warranty unless the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with section 7.4 on or prior to the expiration of the applicable time period related to that representation and warranty set out in section 9.3); and
  - (ii) any breach by the Indemnifying Party or GHESI of any covenants or agreements contained in this Agreement provided that the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with section 7.4 on or prior to the second anniversary of the Closing Date.
- (c) Each Indemnifying Party respectively hereby appoints Alectra and GMHI, as applicable, as trustee for its respective Indemnified Parties that are not party to this Agreement of the covenants of such Indemnifying Party in this Article 7 and each of Alectra and GMHI, as applicable, respectively agrees to accept such trust and to hold and enforce such covenants on behalf of the applicable Indemnified Party.
- (d) Subject to Section 7.2, any and all Losses suffered or incurred by GMHI or GHESI in respect of which Alectra or its Affiliates may be liable under Sections 5.5, 5.6 and 7.1(a) shall be multiplied by a fraction the numerator of which is the value of all Alectra shares and the denominator of which is the value of all Alectra shares excluding those held by GMHI and the obligation to reimburse set out in Section 7.3 shall be correspondingly increased.

## 7.2 **Thresholds and Limits**

- (a) Notwithstanding section 7.1(a), the Indemnifying Party's obligation to indemnify the applicable Indemnified Party pursuant to section 7.1(a)(i) shall be applicable only if the aggregate of all those Losses incurred by the applicable Indemnified Party, is in excess of \$250,000 (the "**Threshold**"). If the aggregate of all those Losses incurred by the applicable Indemnified Party exceeds the Threshold, the Indemnifying Party shall be obliged to indemnify the applicable Indemnified Party for all of those Losses, including the amount of the Threshold.
- (b) Notwithstanding section 7.1(b), the Indemnifying Party's obligation to indemnify the applicable Indemnified Party pursuant to section 7.1(b)(i) shall be applicable only if the aggregate of all those Losses incurred by the applicable Indemnified Party is in excess of \$250,000 (the "**Threshold**"). If the aggregate of all those Losses incurred by the applicable Indemnified Party exceeds the Threshold, the Indemnifying Party shall be obliged to indemnify the applicable Indemnified Party for all of those Losses, including the amount of the Threshold.

- (c) The provisions of sections 7.2(a) and 7.2(b) shall not apply in respect of any inaccuracy or breach of a representation or warranty involving gross negligence, fraud or fraudulent misrepresentation.

### 7.3 **Obligation to Reimburse**

The applicable Indemnifying Party shall reimburse to the applicable Indemnified Party the amount of any Losses suffered or incurred by the applicable Indemnified Party, as of the date that the Indemnified Party incurs any such Losses, together with interest thereon from that date until payment in full, at the rate per annum equal to the prime lending rate of the Toronto-Dominion Bank, main Toronto Branch, from time to time plus 2%, that payment being made without prejudice to the Indemnifying Party's right to contest the basis of the Indemnified Party's Claim for indemnification.

### 7.4 **Notice of Claim**

- (a) Promptly on becoming aware of any circumstances which have given or could give rise to a Claim of indemnification under this Article 7, the Indemnified Party shall notify the Indemnifying Party of those circumstances. That notice shall specify whether the Losses arise as a result of a Claim by a Person against the applicable Indemnified Party (a "**Third Party Claim**") or whether the Losses do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent the information is available) the factual basis for the Claim and the amount of the Losses, if known.
- (b) If through the fault of the applicable Indemnified Party, the applicable Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, in addition to any rights it may have under section 9.3, the applicable Indemnifying Party shall be entitled to set off against the amount claimed by the applicable Indemnified Party the amount of any Losses incurred by the applicable Indemnifying Party resulting from the applicable Indemnified Party's failure to give that notice on a timely basis.

### 7.5 **Direct Claims**

With respect to any Direct Claim, following receipt of notice from the applicable Indemnified Party of the Direct Claim, the applicable Indemnifying Party shall have 60 days to make such investigation of the Direct Claim as is considered necessary or desirable. For the purpose of that investigation, the applicable Indemnified Party shall make available to the applicable Indemnifying Party the information relied on by the applicable Indemnified Party to substantiate the Direct Claim, together with such information as the applicable Indemnifying Party may reasonably request. If the Parties agree at or prior to the expiry of this 60 day period (or agree to any extension of this period) to the validity and amount of that Direct Claim, the applicable Indemnifying Party shall immediately pay to the applicable Indemnified Party the full amount as agreed to by such Parties of the Direct Claim, failing which the matter shall be referred to binding arbitration in accordance with section 9.2.

### 7.6 **Third Party Claims**

- (a) With respect to any Third Party Claim, the applicable Indemnifying Party shall be entitled (but not required), at its expense, to participate in or assume the conduct of the negotiations, settlement or defence of the Third Party Claim and, in that event, the applicable Indemnifying Party shall reimburse the applicable Indemnified Party for all of the

applicable Indemnified Party's reasonable out-of-pocket expenses as a result of that participation or assumption.

- (b) If the applicable Indemnifying Party elects to assume the conduct of the negotiations, settlement or defence of the Third Party Claim, the applicable Indemnifying Party shall be entitled to retain counsel on behalf, of the applicable Indemnified Party who is acceptable to the applicable Indemnified Party, acting reasonably, to represent the applicable Indemnified Party of that Third Party Claim in any Third Party Claim for which the applicable Indemnifying Party elects to assume that conduct, the applicable Indemnified Party shall have the right to participate in the negotiation, settlement or defence of that Third Party Claim and to retain separate counsel to act on its behalf but the fees and disbursements of that counsel shall be at the expense of the applicable Indemnified Party unless:
  - (i) the applicable Indemnified Party determines, acting reasonably, that actual or potential conflicts of interests exist which make representation chosen by the applicable Indemnifying Party not advisable (such as where the named parties to that Third Party Claim include both the applicable Indemnifying Party and the applicable Indemnified Party, and the defences available to the applicable Indemnified Party are different or in addition to those available to the applicable Indemnifying Party); or
  - (ii) the applicable Indemnifying Party has authorized the retention of that counsel.
- (c) If the applicable Indemnifying Party, having elected to assume that conduct, thereafter fails to defend the Third Party Claim within a reasonable time, the applicable Indemnified Party shall be entitled to assume that conduct, and the applicable Indemnifying Party shall be bound by the results obtained by the applicable Indemnified Party with respect to that Third Party Claim. If any Third Party Claim is of a nature such that the applicable Indemnified Party is required by Applicable Law to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the applicable Indemnified Party shall provide prior written notice of that payment to the applicable Indemnifying Party and thereafter may make that payment and the applicable Indemnifying Party shall, forthwith after demand by the applicable Indemnified Party, reimburse the applicable Indemnified Party for that payment. If the amount of any liability of the applicable Indemnified Party under the Third Party Claim in respect of which that payment was made, as finally determined, is less than the amount that was paid by the applicable Indemnifying Party to the applicable Indemnified Party, the applicable Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of that difference to the applicable Indemnifying Party.

## 7.7 Settlement of Third Party Claims

If the applicable Indemnifying Party fails to assume conduct of the defence of any Third Party Claim, the applicable Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the applicable Indemnifying Party assumes conduct of the negotiation, settlement or defence of any Third Party Claim, the applicable Indemnifying Party shall not settle any Third Party Claim without the written consent of the applicable Indemnified Party, which consent cannot be unreasonably withheld or delayed, except that the liability of the applicable Indemnifying Party shall be limited to the proposed amount if any such consent is not obtained for any reason and the applicable Indemnified Party shall indemnify and save harmless the applicable Indemnifying Party from and against

any Losses resulting from or arising out of the failure of the applicable Indemnified Party to consent to that settlement.

#### 7.8 **Co-operation**

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to that Third Party Claim (including supplying copies of all relevant documentation promptly as it becomes available). Where the defence of a Third Party Claim is being undertaken and conducted by the Indemnifying Party, the Indemnified Party shall use all reasonable efforts to make available to the Indemnifying Party, at the request and expense of the Indemnifying Party, those employees of the Indemnified Party whose assistance, testimony or presence is reasonably necessary to assist the Indemnifying Party in evaluating and defending that Third Party Claim.

#### 7.9 **Gross-up**

If an Indemnified Party is subject to Taxes in respect of the receipt of an amount pursuant to this Agreement or this Article 7, after taking into account any offsetting deduction or Tax credit available in respect of the applicable Losses, then the amount payable by the Indemnifying Party shall be increased by an amount (the "**Increased Amount**") such that the Indemnified Party shall be in the same position after paying Tax on the amount received hereunder, including any Taxes payable on the Increased Amount, as the Indemnified Party would have been in had the Losses giving rise to such payment not arisen and had such amount not been payable.

#### 7.10 **Exclusivity**

Unless otherwise provided in this Agreement, the provisions of this Article 7 shall apply to any Claim for breach of covenants, representation, warranty or other obligation or provision of this Agreement or any contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement (other than a Claim for specific performance or injunctive relief) and to any and all other indemnities provided in this Agreement or in any Contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement with the intent that all such Claims and indemnities shall be brought only in accordance with the specific provisions of this Article 7.

## **ARTICLE 8 TERMINATION**

#### 8.1 **Termination**

- (a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of the Parties.
- (b) In addition to the provisions of Article 6, this Agreement may be terminated by either Alectra or GMHI, if:
  - (i) an injunction, order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Amalgamation or the consummation of the other transactions contemplated under this Agreement shall have been issued by a Governmental Authority, and such injunction, order, judgment or decree shall have become final and non-appealable;

- (ii) any Applicable Law shall have been enacted by a Governmental Authority which, directly or indirectly, prohibits any of the Transactions or the consummation of any other transactions contemplated hereby; or
  - (iii) the Closing contemplated by this Agreement shall have not occurred on or before the first anniversary of the date hereof; provided, however, that the right to terminate this Agreement under this section 8.1(b)(iii) shall not be available to any Party if the failure to fulfil any obligation under this Agreement by such Party has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.
- (c) This Agreement may be terminated by Alectra in the event of an occurrence of a Material Adverse Effect in respect of GMHI, GHESI or Envida.
  - (d) This Agreement may be terminated by GMHI in the event of the occurrence of a Material Adverse Effect in respect of Alectra or AUC.

## 8.2 Procedure and Effect of Termination

In the event of termination of this Agreement pursuant to any provision of this Article 8, written notice thereof shall forthwith be given by the terminating Party to the other Parties, whereupon, with the exception of sections 5.3(c), 5.3(d), 9.4 and 9.5, and, subject to the next sentence, the obligations of the Parties under this Agreement shall be terminated. A Party may promptly submit a Direct Claim, to be resolved in accordance with Article 7, if applicable, against one or more of the other Parties for damages suffered by that Party where the termination of this Agreement is as a result of a violation or breach of, or non-performance of or non-compliance with, a covenant or agreement or a representation and warranty of one or more of the other Parties.

## ARTICLE 9 GENERAL PROVISIONS

### 9.1 Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile, e-mail or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile, e-mail or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section 9.1. Notices and other communications shall be addressed as follows:

- (a) in the case of GMHI:

1 Carden St.  
Guelph, ON  
N1H 3A1

Attention: Derrick Thomson, CEO

Fax No.: 519-826-9771  
Email: Derrick.Thomson@guelph.ca

with a copy (not constituting notice) to:

1 Carden St.  
Guelph, ON  
N1H 3A1

Attention: Christopher Cooper, City Solicitor/General Manager Legal, Realty and Risk Services

Fax No.: 519-826-9771  
Email: Christopher.Cooper@guelph.ca

and to:

Aird & Berlis LLP  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

Attention: Ron Clark  
Email: rclark@airdberlis.com

- (b) in the case of GHESI:

395 Southgate Drive  
Guelph, ON  
N1G 4Y1

Attention: President and CEO

Fax No.: 519-822-0960  
E-mail: psardana@guelphhydro.com

- (c) in the case of Alectra:

2185 Derry Road West  
Mississauga, Ontario  
L5N 7A6

Attention: General Counsel and Secretary  
Fax No.: (905) 532-4616  
E-mail: dennis.nolan@alecra.ca

- (d) in the case of AUC:

55 John Street North,  
Hamilton, Ontario L8R 3M8

Attention: Associate General Counsel

E-mail: lawrence.wilde@alectrautilities.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand. The failure to send or deliver a copy of a notice to counsel shall not invalidate any notice given under this section 9.1.

## 9.2 Arbitration Procedures

- (a) All disputes, disagreements, controversies or questions arising out of or relating to this Agreement, including with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement, disputes over the validity or the amount of any Claim made pursuant to Article 7, and disputes over a Material Adverse Effect (collectively, "**Disputes**") shall be determined in accordance with Schedule 9.2, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule 9.2 shall be final and binding upon the Parties to this Agreement, and there shall be no appeal therefrom, including, without limitation, any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law.
- (b) For the purposes of this section 9.2 and Schedule 9.2:
  - (i) a Dispute of Alectra and AUC shall be deemed to be a Dispute of both of them and they collectively shall be treated as a single Party; and
  - (ii) a Dispute of GMHI and GHESI shall be deemed to be a Dispute of both of them and they collectively shall be treated as a single Party.

## 9.3 Survival of Representations and Warranties, Covenants and Obligations

- (a) The representations and warranties given or made by any Party in this Agreement or in any certificate or other writing furnished in connection with this Agreement shall survive the Closing for a period of two (2) years after the Closing Date and shall thereafter terminate and be of no further force or effect, except that (i) all representations and warranties relating to Taxes shall survive the Closing for six (6) months after the expiry of the applicable statutory limitation periods including any extensions or waivers thereof, (ii) all representations and warranties with respect to environmental matters shall survive the Closing for a period of five (5) years after the Closing Date, (iii) any Claim relating to the representations and warranties in Appendix "A" sections 1(1), 1(2), 1(3), 1(4), 1(5), 2(2), 2(3) and 2(4), or based on gross negligence, fraud or intentional misrepresentation, may be brought at any time: and (iv) any representation and warranty as to which a Claim (including a contingent Claim) shall have been asserted during the survival period shall continue in effect with respect to such Claim until such Claim shall have been finally resolved or settled. Each Party shall be entitled to rely upon the representations and warranties of the other Parties set forth in this Agreement, notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any Party to complete the Closing;
- (b) the covenants and obligations of the Parties set forth in this Agreement, including the indemnification obligations under Article 7, shall survive the Closing indefinitely, unless

such covenants and obligations by their terms expire on or before the Closing, and each Party shall be entitled to the full performance thereof by the other Parties without limitation as to time or amount (except as otherwise specifically set forth in this Agreement); and

- (c) subject to sections 9.3(a) and (b), all of the provisions upon which a Claim is made under this Agreement shall survive until such Claim has been disposed of in accordance with this Agreement.

#### 9.4 **Brokerage Fees and Commissions**

Except as disclosed in writing to the other Parties, each Party represents and warrants to the other Parties that no broker, finder or other Person is entitled to any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement by reason of any action taken by the Party making such representation, and shall pay to the other or otherwise discharge, and will indemnify and hold the other harmless from and against, any and all Claims or liabilities for all brokerage fees, commissions and finder's fees incurred by reason of any action taken by the Indemnifying Party.

#### 9.5 **Expenses**

Except to the extent specifically provided in this Agreement, and whether or not the Amalgamation is completed, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including the cost of legal, technical and financial advisers and consultants and the cost of filing for and obtaining the required Consents, Approvals and Waivers, shall be borne by the Party incurring such costs and expenses, provided that:

- (a) the out-of-pocket costs (which shall include legal fees and disbursements only to the extent the same relate to the preparation for and participation at public hearings and/or court or tribunal matters) of obtaining the Competition Act Approval shall be the responsibility of and shared by AUC and GHESI on a 50%/50% basis;
- (b) the out-of-pocket costs (which shall include legal fees and disbursements only to the extent the same relate to the preparation for and participation at public hearings and/or court or tribunal matters) of obtaining the OEB Approval, including the preparation and settlement of the MAAD Application, shall be the responsibility of and shared by AUC and GHESI on a 50%/50% basis;
- (c) each Party shall bear its own cost with respect to the Valuation, other than advisors jointly retained by GHESI or its Affiliates (on the one hand) and Alectra or its Affiliates (on the other), in respect of which costs shall be the responsibility of and shared by AUC and GHESI on a 50%/50% basis; and
- (d) if each of GMHI and Alectra so direct, the Corporation shall pay any amounts payable by AUC and GHESI pursuant to sections 9.5(a), (b) and (c).

#### 9.6 **No Personal Liability Re: Certificates**

All certificates delivered by a corporate officer or director of Alectra, AUC, GMHI or GHESI, in accordance with this Agreement, shall be delivered in such official capacity without personal liability to any such individual.

#### **9.7 Entire Agreement and Paramountcy**

This Agreement, the Non-Disclosure Agreement, the Amalgamation Agreement and the New Alectra Shareholders' Agreement constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior negotiations, understandings and agreements between the Parties, written or oral, in respect thereof. In the event of a conflict between the provisions of this Agreement, on the one hand, and the provisions of the Non-Disclosure Agreement, the Amalgamation Agreement and/or the New Alectra Shareholders' Agreement, on the other hand, the provisions of this Agreement shall govern.

#### **9.8 Further Assurances**

Each Party hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the other Parties, or any one of them, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.

#### **9.9 Remedies Cumulative**

Except as set forth in this Agreement, the rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

#### **9.10 Waiver, Amendment**

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Party or Parties to be bound thereby. No waiver of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, no such waiver shall constitute a waiver of any other provision of this Agreement nor constitute a continuing waiver, or operate as a waiver of, or estoppel with respect to, any subsequent failure to comply.

#### **9.11 Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same agreement.

#### **9.12 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein. Subject to Section 9.2 (Arbitration Procedures), the Parties irrevocably attorn to the exclusive jurisdiction of the courts of Ontario shall have exclusive jurisdiction to determine all disputes and claims arising under or pursuant to this Agreement.

#### **9.13 Time of Essence**

Time shall be of the essence hereof.

**9.14 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid, the Parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the business intent of the original provision to the extent permitted by law and in accordance with the intent of this Agreement.

**9.15 No Partnership**

Nothing contained in this Agreement nor any acts of the Parties hereunder shall be deemed to constitute any Party as a partner of any other Party.

**9.16 Assignment**

The rights of the Parties hereunder shall not be assignable.

**9.17 Successors and Assigns**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors. Nothing herein, express or implied, is intended to confer upon any Person, other than the Parties hereto and their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF the Parties have duly authorized and executed this Agreement as of the day and year first above written.

GUELPH MUNICIPAL HOLDINGS INC.

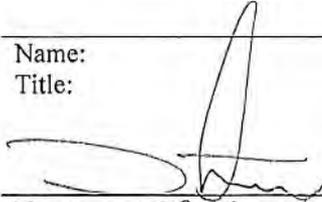
Per:   
Name: PANKAJ SARADANI  
Title: CFO

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF the Parties have duly authorized and executed this Agreement as of the day and year first above written.

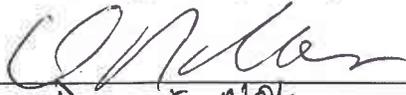
**GUELPH MUNICIPAL HOLDINGS INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per:  \_\_\_\_\_  
Name: DERRICK THOMPSON  
Title: CEO

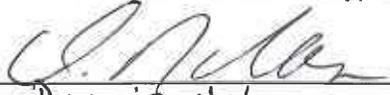
**ALECTRA INC.**

Per:   
Name: Brian Bentz  
Title: President + CEO, Alectra Inc.

Per:   
Name: Dennis Nolan  
Title: General Counsel and Secretary

**ALECTRA UTILITIES CORPORATION**

Per:   
Name: Brian Bentz  
Title: President + CEO, Alectra Inc.

Per:   
Name: Dennis Nolan  
Title: General Counsel and Secretary

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Per:   
Name: PANKAJ SARDANA  
Title: CEO

Per:   
Name: MIKE KOKTAN  
Title: DIRECTOR, FINANCE/CONTROLLER

**APPENDIX "A"**

**REPRESENTATIONS AND WARRANTIES**

See attached.

## APPENDIX "A"

### REPRESENTATIONS AND WARRANTIES

#### **1. GENERAL REPRESENTATIONS AND WARRANTIES**

(1) Corporate Status.

- (a) It is a corporation, duly incorporated and validly existing under the laws of Ontario.
- (b) In respect of Alectra, its Affiliates are each corporations, duly incorporated and validly existing under the laws of Ontario.
- (c) In respect of GMHI, Envida is a corporation, duly incorporated and validly existing under the laws of Ontario.

(2) Authority and Binding Obligation

- (a) Such entity has good right, full corporate and statutory power and absolute authority to enter into the agreements contemplated herein, as applicable, and to perform all of its obligations thereunder. Such entity has taken all necessary actions, steps and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of the agreements contemplated herein, as applicable. This Agreement has been duly executed and delivered by such entity (assuming due execution and delivery by the other Parties). This Agreement is a legal, valid and binding obligation of such entity, enforceable against it in accordance with its terms subject to (i) bankruptcy, insolvency, liquidation, reorganization and other similar laws relating to or affecting the enforcement of creditors' rights generally, and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court or arbitrator from which they are sought.

(3) Bankruptcy

Such entity (including Envida):

- (a) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) nor has it made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor has it had any petition for a receiving order presented in respect of it;
- (b) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding-up, liquidation or dissolution; and
- (c) has not suffered execution or distress being levied upon any of its assets or the appointment of an Insolvency Official in respect of it.

(4) Consents, Approvals and Waivers; No Violation

Subject to satisfying the conditions in Article 3 and Article 6, none of the execution and delivery by such entity of this Agreement, the Amalgamation Agreement or the New Alectra Shareholders' Agreement or the consummation of the Amalgamation contemplated hereby:

- (a) contravene, breach or result in any default under the articles, by-laws, sole shareholder declaration or other organizational documents of such entity;

- (b) require any Consents, Approvals and Waivers, except where the failure to obtain such Consents, Approvals and Waivers, individually or in the aggregate, would not have a Material Adverse Effect;
  - (c) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Material Contract, other than as disclosed in the GHESI Disclosure Schedule; or
  - (d) constitute a violation of Applicable Law or any permit or licence (including a distributor's licence issued by the OEB) applicable to such entity, the Alectra Business or the GHESI Business, respectively, except where such violations, individually or in the aggregate, would not have a Material Adverse Effect.
- (5) Share Ownership
- (a) Barrie Hydro Holdings Inc. is the registered and beneficial owner of 878,000 Class C Common shares and 20,501 Class S shares of Alectra, Enersource Corporation is the registered and beneficial owner of 3,100,000 Class D Common shares in Alectra, Hamilton Utilities Corporation is the registered and beneficial owner of 1,815,000 Class E Common shares in Alectra, Markham Enterprises Corporation is the registered and beneficial owner of 1,573,000 Class B Common shares and 34,184 Class S shares in Alectra, St. Catharines Hydro Inc. is the registered and beneficial owner of 485,000 Class F Common shares in Alectra, and Vaughan Holdings Inc. is the registered and beneficial owner of 2,149,000 Class A Common shares and 45,314 Class S shares in Alectra.
  - (b) Alectra is the registered and beneficial owner of 114,149 common shares and 99,999 Class S shares of AUC with good and marketable title thereto, free and clear of all Encumbrances, being all of the issued and outstanding shares of AUC. Without limiting the generality of the foregoing, none of such shares of AUC is subject to any voting trust, shareholder agreement or voting agreement other than the Current Alectra Shareholders' Agreement.
  - (c) GMHI is the registered and beneficial owner of 1,000 common shares of GHESI with good and marketable title thereto, free and clear of all Encumbrances, being all of the issued and outstanding shares of GHESI. Without limiting the generality of the foregoing, none of such common shares of GHESI is subject to any voting trust, shareholder agreement or voting agreement other than the GHESI Shareholder Declaration.
  - (d) GMHI is the registered and beneficial owner of 100 common shares of Envida with good and marketable title thereto, free and clear of all Encumbrances, being all of the issued and outstanding shares of Envida. Without limiting the generality of the foregoing, none of such common shares of Envida is subject to any voting trust, shareholder agreement or voting agreement.
  - (e) Except with respect to the Pre-Closing Transactions, no Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including convertible securities, warranties or convertible obligations of any nature,

for the purchase, transfer or assignment of any of the shares held in Alectra or AUC or their Affiliates or GHESI or Envida, as described in this section 1(5).

(6) Absence of Conflict

Except with respect to the Consents, Approvals and Waivers listed in Schedule 3.3(iv) with respect to Alectra and AUC and Schedule 3.5(iv) with respect to GHESI, GMHI and Envida, the execution, delivery and performance by such entity of this Agreement and other transactions contemplated by this Agreement will not (whether after the passage of time or notice or both) result in:

- (a) the breach or violation of any of the provisions of, or constitute a default under, or give any Person the right to seek or cause a termination, cancellation, amendment or renegotiation of any Contract to which such entity is a party or by which any of such entity's undertakings, property or assets is bound or affected;
- (b) the breach or violation of any of the provisions of, or constitute a default under, or conflict with any of such entity's obligations under:
  - (i) any judgment, decree, order or award of any Governmental Authority;
  - (ii) any provision of the constating documents or resolutions of the board of directors (or any committee thereof) or shareholders of such entity;
  - (iii) any Consents, Approvals and Waivers issued to, or held by, such entity or held for the benefit of or necessary to the operation of such entity or such entity's business; or
  - (iv) any Applicable Law;
- (c) the creation or imposition of any Encumbrance over any of the assets of such entity; or
- (d) the requirement of any Consents, Approvals and Waivers from any of such entity's creditors.

**2. REPRESENTATIONS AND WARRANTIES AS TO ALECTRA, AUC, GHESI AND ENVIDA**

(1) Corporate Records

The minute books of Alectra, AUC, GHESI and Envida, contain true, correct and complete copies of:

- (a) its articles, by-laws and any sole shareholder declaration;
- (b) the minutes of every meeting of its boards of directors and every committee thereof and of its shareholders and every written resolution of its directors and shareholders and there are no meetings of shareholders, the board of directors or any committee of either of them that has been held for which true, accurate and complete minutes have not been prepared and are not contained in such minute book;
- (c) a register of directors which accurately reflects the current directors of Alectra, AUC, GHESI and Envida; and

- (d) a securities register and register of share transfers which accurately reflects (i) Barrie Hydro Holdings Inc., Enersource Corporation, Hamilton Utilities Corporation, Markham Enterprises Corporation, St. Catharines Hydro Inc. and Vaughan Holdings Inc. as the shareholders of Alectra and the number of shares registered in each of their names, (ii) Alectra as the sole shareholder of AUC and the number of shares registered in its name, (iii) GMHI as the sole shareholder of GHESI and the number of shares registered in its name, and (iv) GMHI as the sole shareholder of Envida and the number of shares registered in its name.

(2) Authorized and Issued Capital

The authorized capital of Alectra consists of an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special Shares, Class B Special Shares, Class C Special shares and Class S shares of which 2,149,000 Class A Common shares, 1,573,000 Class B Common shares, 878,000 Class C Common shares, 3,100,000 Class D Common shares, 1,815,000 Class E Common shares, 485,000 Class F Common shares, and 99,999 Class S shares are duly issued and outstanding as fully paid and non-assessable. The authorized capital of AUC consists of an unlimited number of common shares and 100,000 Class S shares of which 114,149 common shares and 99,999 Class S are duly issued and outstanding as fully paid and non-assessable. The authorized capital of GHESI consists of an unlimited number of common shares of which 1,000 common shares are duly issued and outstanding as fully paid and non-assessable. The authorized capital of Envida consists of an unlimited number of common shares of which 100 common shares are duly issued and outstanding as fully paid and non-assessable.

(3) No Options

Other than the Pre-Closing Transactions, no Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including convertible securities, warranties or convertible obligations of any nature, for:

- (a) the purchase, subscription, allotment or issuance of, or conversion into, any of the unissued shares in the capital of Alectra or AUC or their Affiliates or GHESI or Envida, respectively; and
- (b) the purchase or other acquisition from Alectra or AUC or their Affiliates or GHESI or Envida, respectively of any of its undertaking, property or assets or related to or used in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively, other than in the ordinary course of the Alectra Business or the GHESI Business or the Envida Business, respectively.

(4) Subsidiaries

- (a) Except as disclosed in the Alectra Disclosure Schedule, none of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, owns, or has any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any Person, and none of Alectra or AUC or their Affiliates or GHESI or Envida has any agreements to acquire or lease any other business operations.

- (b) Alectra does not (i) conduct any business and/or activities, (ii) own any assets or property, other than the shares Alectra holds in its Subsidiaries, and (iii) have any obligations or liabilities, other than its obligations and/or liabilities under this Agreement, the New Alectra Shareholders' Agreement and the agreements listed in the Alectra Disclosure Schedule.

(5) Valuation

The information provided by: (i) Alectra and AUC and their Affiliates to Deloitte LLP; and (ii) GHESI and Envida and GMHI to Grant Thornton LLP in respect of the Valuation is, to the Knowledge of each such entity, true and correct.

(6) Conduct of Business

- (a) Alectra or AUC or their Affiliates or GHESI or Envida, respectively, have complied with, and have conducted the Alectra Business or the GHESI Business or the Envida Business, respectively, in compliance with all Applicable Laws in all material respects, prudent electricity distribution industry practices in all material respects and good engineering practices applicable to the electricity distribution industry in all material respects. The Alectra Business or the GHESI Business or the Envida Business, respectively, is the only business operation carried on by Alectra, AUC or their Affiliates or GHESI or Envida, respectively, and, other than as contemplated in the Pre-Closing Transactions, Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has all of the assets necessary to carry on the Alectra Business or the GHESI Business or the Envida Business, respectively, in substantially the same manner as conducted in the one year period preceding the date of this Agreement.

(7) Governmental Licences

Alectra or AUC or their Affiliates or GHESI or Envida, respectively, possesses all governmental licences, registrations and qualifications required to carry on the Alectra Business or the GHESI Business or the Envida Business, respectively, all of which are valid, subsisting, in good standing and true copies of which have been provided to Alectra or GMHI, respectively, except in each case the omission of which would not either individually or in the aggregate constitute a Material Adverse Effect.

(8) Financial Matters

- (a) Each of the Alectra Financial Statements and the AUC Financial Statements (true and complete copies of which have been provided to GMHI) were prepared in accordance with IFRS, applied on a basis consistent throughout the periods indicated, are current and accurate in all respects and present fairly, as set out therein as at the dates thereof and for the periods therein: (i) the respective assets, liabilities, revenues, expenses, financial position results of operations and changes in financial position of each of Alectra and AUC and their Affiliates; (ii) all proper accruals of all amounts which, though not payable until a time after the end of the relevant period, are attributable to activities undertaken during or prior to that period and (iii) all liabilities and obligations of Alectra and AUC and their Affiliates of any nature, whether absolute, contingent or otherwise, matured or unmatured. No information has become available to Alectra or AUC or their Affiliates that would render the

Alectra Financial Statements or the AUC Financial Statements incomplete or inaccurate.

- (b) Each of the GHESI Financial Statements and the Envida Financial Statements (true and complete copies of which have been provided to Alectra) were prepared in accordance with IFRS, applied on a basis consistent throughout the periods indicated, are current and accurate in all respects and present fairly, as set out therein as at the dates thereof and for the periods therein: (i) the respective assets, liabilities, revenues, expenses, financial position results of operations and changes in financial position of each of GHESI and Envida; (ii) all proper accruals of all amounts which, though not payable until a time after the end of the relevant period, are attributable to activities undertaken during or prior to that period; and (iii) all liabilities and obligations of GHESI and Envida of any nature, whether absolute, contingent or otherwise, matured or unmatured. No information has become available to GHESI or Envida that would render the GHESI Financial Statements or the Envida Financial Statements incomplete or inaccurate.

(9) Liabilities

- (a) There are no liabilities, obligations, indebtedness or commitments (accrued, absolute, contingent or otherwise) of Alectra or AUC or their Affiliates in connection with the Alectra Business other than as set out in the Alectra Financial Statements or the AUC Financial Statements, respectively, and in respect of liabilities incurred by Alectra or AUC or their Affiliates in accordance with the Alectra 2017 Budget or AUC 2017 Budget (true and complete copies of each have been provided to GMHI) or otherwise in the Normal Course of Business, which in the aggregate would constitute a Material Adverse Effect.
- (b) Other than with respect to employment arrangements as disclosed in the GHESI Confidential Disclosure Letter, there are no liabilities, obligations, indebtedness or commitments (accrued, absolute, contingent or otherwise) of GHESI or Envida in connection with the GHESI Business or the Envida Business other than as set out in the GHESI Financial Statements or the Envida Financial Statements, respectively, and in respect of liabilities incurred by GHESI or Envida in accordance with the GHESI 2017 Budget or Envida 2017 Budget (true and complete copies of each have been provided to Alectra) or otherwise in the Normal Course of Business, which in the aggregate would constitute a Material Adverse Effect.

(10) Accounts Receivable

The accounts receivable referred to in the Alectra Financial Statements arose from bona fide transactions entered into by Alectra or AUC or their Affiliates, respectively, in the Normal Course of Business. The accounts receivable referred to in the AUC Financial Statements arose from bona fide transactions entered into by AUC in the Normal Course of Business. The accounts receivable referred to in the GHESI Financial Statements arose from bona fide transactions entered into by GHESI in the Normal Course of Business. The accounts receivable referred to in the Envida Financial Statements arose from bona fide transactions entered into by Envida in the Normal Course of Business.

(11) No Debenture

Alectra does not have any obligation relating to a regional or municipal debenture issued by or for the benefit of the Alectra Business other than as set out in the Alectra Financial Statements or the AUC Financial Statements. Each of GHESI and Envida does not have any obligation relating to a regional or municipal debenture issued by or for the benefit of the GHESI Business or the Envida Business, respectively, other than as set out in the GHESI Financial Statements or the Envida Financial Statements.

(12) Absence of Changes

Except as disclosed in the Confidential Disclosure Letters or the Alectra Disclosure Schedule or the GHESI Disclosure Schedule or with respect to the Pre-Closing Transactions: (i) since January 31, 2017, Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has carried on the Alectra Business or the GHESI Business or the Envida Business, respectively, and (ii) each Predecessor Entity has, from the date of such Predecessor Entity's respective 2015 Due Diligence Report (the "**2015 Due Diligence Report Date**") to January 31, 2017, carried on its Predecessor Business, and (iii) each entity described in (i) and (ii) above has conducted its operations and affairs only in the Normal Course of Business and there has not been any:

- (A) change in the financial affairs, business, assets, liabilities, financial condition, operations or prospects of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, or in the condition of the Alectra Business or the GHESI Business or the Envida Business or the Predecessor Business, respectively which would constitute a Material Adverse Effect;
- (B) damage, destruction or casualty loss, whether or not covered by insurance, investigation by a Governmental Authority, or any other event, development or condition of any character, whether or not covered by insurance, in respect of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, or the Alectra Business or the GHESI Business or the Envida Business or the Predecessor Business, respectively, which individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect;
- (C) liability, obligation, indebtedness or commitment (whether accrued, absolute, contingent or otherwise, and whether due or to become due) incurred, other than unsecured current liabilities, obligations, indebtedness and commitments incurred in the Normal Course of Business;
- (D) Encumbrance, liability, obligation, indebtedness or commitment of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, that has been paid, discharged or satisfied (whether accrued, absolute, contingent or otherwise, and whether due or to become due), other than payment of accounts payable and Tax liabilities incurred in the Normal Course of Business;
- (E) dividend declared, set aside or paid except as disclosed on the Alectra Financial Statements or the AUC Financial Statements or the GHESI

Financial Statements or the Envida Financial Statements or otherwise disclosed in the Alectra Disclosure Schedule or the GHESI Disclosure Schedule, nor has any other distribution been made with respect to any shares in the capital of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, nor has any redemption, repurchase or any other acquisition, directly or indirectly, been made of any such shares;

- (F) labour trouble or disruption suffered, including any slowdown, strike or lockout, adversely affecting Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, or the Alectra Business or the GHESI Business or the Envida Business or the Predecessor Business;
- (G) agreement to make or grant, any licence, sale, assignment, transfer, disposition, pledge, mortgage, hypothec or security interest or other Encumbrance of, on or over any of the assets of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, nor has any such agreement been made or granted, or entered into other than in the Normal Course of Business;
- (H) cancellation of any debts or claims nor has any amendment, termination or waiver of any rights of value to Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, been made in amounts exceeding \$250,000 in each instance or in the aggregate;
- (I) except as required by the terms of the Alectra Collective Agreements or GHESI Collective Agreement or as required by Applicable Law and subject to current labour negotiations, general increase in the compensation of Alectra Employees or GHESI Employees or employees of the Predecessor Entity, respectively (including, any increase pursuant to any employee plan or commitment) or any increase in any compensation, benefits or bonus payable to any officer of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, or any increase in any compensation, benefits or bonus payable to any consultant or agent of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively (having an annual salary or remuneration in excess of \$250,000 prior to any such increase), except in the Normal Course of Business and consistent with past practice;
- (J) loans made to or transactions engaged with, any Alectra Employees, or GHESI Employees, or employees of the Predecessor Entity, respectively, or officers or directors of Alectra or AUC or their Affiliates or GHESI or Envida or Predecessor Entity, respectively;
- (K) amendments made to any employee plan nor have such plans been established, adopted or entered into or Contracts made in respect thereof in respect of Alectra Employees or GHESI Employees or employees of the Predecessor, respectively;

- (L) capital expenditures or commitments of Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, in excess of \$250,000 in the aggregate, other than in the Normal Course of Business;
- (M) change in the accounting, costing or tax practices followed by Alectra or AUC or their Affiliates or GHESI or Envida or the Predecessor Entity, respectively, except for any changes required by IFRS or by law;
- (N) termination, cancellation or modification or receipt of any notice of a request for termination, cancellation or modification of any Material Contract, other than in the Normal Course of Business and which has not had a Material Adverse Effect; or
- (O) authorization or agreement to or otherwise commit to do any of the foregoing.

(13) Absence of Unusual Transactions

Except as disclosed in the Confidential Disclosure Letters or the Alectra Disclosure Schedule or the GHESI Disclosure Schedule, since January 31, 2017, Alectra or AUC or GHESI or Envida, respectively, has not, and in the case of each Predecessor Entity, from the 2015 Due Diligence Report Date to January 31, 2017, each Predecessor Entity had not:

- (a) transferred, assigned, sold or otherwise disposed of any of its assets or cancelled any debts or entitlements except, in each case, in the Normal Course of Business;
- (b) incurred or assumed any obligation or liability (fixed or contingent), except unsecured current obligations and liabilities incurred in the Normal Course of Business;
- (c) suffered an operating loss or any extraordinary loss, waived or omitted to take any action in respect of any rights, or entered into any commitment or transaction, except in the Normal Course of Business;
- (d) granted any bonuses, whether monetary or otherwise, or made any general wage or salary or perquisites increases in respect of its officers, directors or Alectra Employees or GHESI Employees or employees of the Predecessor Entity, respectively, other than as provided for in the Alectra Collective Agreements, subject to current labour negotiations, or GHESI Collective Agreement, respectively, or changed the terms of employment for any officer or Alectra Employees or GHESI Employees or employees of the Predecessor Entity, respectively, except in the Normal Course of Business and consistent with past practice; or
- (e) Encumbered any of its assets or property whether tangible or intangible except in the Normal Course of Business or pursuant to Permitted Encumbrances.

(14) Tax Matters

- (a) Alectra or AUC or GHESI or GMHI, respectively is exempt from tax under the Tax Act and the *Taxation Act, 2007* (Ontario) and each of Alectra, AUC or GHESI, respectively, qualifies as a “municipal electric utility” for purposes of Part VI of the *Electricity Act, 1998* (Ontario).

- (b) Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has prepared and filed on time with all appropriate Governmental Authorities all Tax Returns required to be filed by or on behalf of Alectra or AUC or their Affiliates or GHESI or Envida, respectively. All such Tax Returns are correct and complete in all material respects, and no material fact has been omitted therefrom. No extension of time in which to file any such Tax Returns is in effect. All Taxes shown as due and payable on all such Tax Returns, on any assessments or reassessments received in respect of any such Tax Returns, and instalments on account of Taxes that were due and payable whether or not assessed by the appropriate Government Authority, have been duly and timely paid. The Alectra Financial Statements reflect an adequate reserve for all Taxes payable by Alectra for taxation years and periods and portions thereof up to December 31, 2016. The AUC Financial Statements reflect an adequate reserve for all Taxes payable by AUC for taxation years and periods and portions thereof up to December 31, 2016. The GHESI Financial Statements as at December 31, 2016 reflect an adequate reserve for all Taxes payable by GHESI for taxation years and periods and portions thereof up to such respective date.
- (c) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has paid in full on a timely basis all Taxes (including instalments on account of Taxes) required to be paid by it and the Alectra Financial Statements or the AUC Financial Statements and the GHESI Financial Statements or the Envida Financial Statements, respectively, reflect an adequate reserve for all Taxes payable by Alectra or AUC or their Affiliates or GHESI or Envida, respectively, for taxation years and periods and portions thereof up to December 31, 2016 or June 30, 2017, as applicable. For greater certainty, AUC or GHESI or Envida, respectively has correctly computed its liability for special payments under Part VI of the *Electricity Act, 1998* in accordance with the *Electricity Act, 1998* and the regulations thereunder and has made on a timely basis all payments required to be made thereunder.
- (d) All Tax liabilities of Alectra or AUC or their Affiliates or GHESI or Envida, respectively have been assessed by the relevant Governmental Authorities and notices of assessment have been issued to each such entity by the relevant Governmental Authorities for all taxation years or periods prior to and including the taxation years or periods ended December 31, 2016. To the Knowledge of Alectra and AUC or GMHI and GHESI, as applicable, and except as disclosed in the GHESI Disclosure Schedule, there are no reassessments of Taxes of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, that have been issued and are outstanding and there are no determinations or re-determinations in respect of Alectra or AUC or GHESI or Envida, respectively or outstanding issues which have been raised and communicated to it by any Governmental Authority for any taxation year or period. Except as disclosed in the Alectra Disclosure Schedule or the GHESI Disclosure Schedule, Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not received any notice from any Governmental Authority that an assessment, reassessment, audit, investigation or other proceeding of Alectra or AUC or their Affiliates or GHESI or Envida, respectively is proposed in respect of Taxes, regardless of its merits, and, to the Knowledge of Alectra and AUC and GMHI and GHESI, respectively, there are no contingent Tax liabilities or any grounds for an assessment or reassessment of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, other than as disclosed in the Alectra Financial

Statements or AUC Financial Statements or the GHESI Financial Statements or the Envida Financial Statements, respectively. Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has not executed or filed with any Governmental Authority any agreement or waiver extending the period for assessment, reassessment or collection of any Taxes or the time for filing any Tax Return.

- (e) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has withheld from each payment made or amount credited to any Person (including any of its present or former employees, officers and directors, and to all Persons who are non-residents of Canada for the purposes of the Tax Act) all material amounts required by Applicable Law to be withheld, and furthermore, has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. Alectra or AUC or their Affiliates or GHESI, respectively has remitted all material Canada Pension Plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of Alectra Employees or GHESI Employees, respectively, to the proper Governmental Authority within the time required under Applicable Law. Alectra or AUC or their Affiliates or GHESI or Envida, respectively has charged, collected and remitted on a timely basis all material Taxes as required under Applicable Law on any sale, supply, transfer or delivery whatsoever, made by it.
  - (f) There are no circumstances existing which could result, and the Closing will not result, in the application to AUC or GHESI, or Envida respectively of sections 78 of the Tax Act as well as sections 80 through 80.4, inclusive, of the Tax Act or any substantially similar provision of an Applicable Law.
  - (g) All input tax credits claimed pursuant to the *Excise Tax Act* (Canada) by Alectra, AUC, GHESI or Envida, as applicable, have been proper, correctly calculated and documented. Alectra, AUC, GHESI or Envida, as applicable, has collected, paid and remitted when due all HST, collectible, payable or remittable.
  - (h) Alectra, AUC, GHESI, as applicable, keeps its books and records in compliance with section 230 of the Tax Act, as applicable, and all similar provisions of any other Applicable Law in respect of Taxes and Alectra, AUC or GHESI, as applicable, has in its possession or under its control all books and records in respect of Taxes that are required to be maintained and preserved under all Applicable Laws.
- (15) Material Contracts
- (a) Each Material Contract:
    - (i) constitutes a legal, valid, binding and enforceable obligation of Alectra or AUC or their Affiliates or GHESI or Envida, respectively and, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, of the other Parties thereto, in accordance with its terms; and
    - (ii) is in good standing, full force and effect, unamended.
  - (b) Other than as set out in Schedules 3.3(iv) and 3.5(iv), there is not, under any of the Material Contracts, any default or event which, with notice or lapse of time or both, would constitute a default on the part of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, or, to the Knowledge of Alectra and AUC or GMHI and GHESI respectively, any of the other Parties thereto, or permit the other Parties

thereto to terminate, cancel, accelerate or adversely change the terms of such Material Contract, whether on notice or otherwise except such events of default and other events:

- (i) as to which requisite waivers or consents have been obtained; or
  - (ii) which would not individually or in the aggregate, result in a Material Adverse Effect.
- (c) True and complete copies of all of the Material Contracts have been provided to Alectra or GMHI, respectively.
- (d) None of the Material Contracts have been assigned, or if applicable subleased, in whole or in part and there exists no dispute between Alectra or AUC or their Affiliates or GHESI or Envida, as applicable, and any other party under any such Material Contract.

(16) Absence of Guarantees

Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not given or agreed to give, or is a party to or bound by, any guarantee or indemnity in respect of indebtedness or otherwise or in respect of other obligations, of any Person, or any other commitment by which Alectra or AUC or their Affiliates or GHESI or Envida, respectively is, or is contingently, responsible for such indebtedness or other obligations.

(17) Litigation

There are no actions, suits, grievances, or proceedings, judicial or administrative, which are not fully covered by insurance (whether or not purportedly on behalf of Alectra or AUC or their Affiliates or GHESI or Envida, respectively) pending or, to the Knowledge of Alectra and AUC or GMHI and GHESI respectively, threatened, by or against or affecting Alectra or AUC or their Affiliates or GHESI or Envida, respectively which relate to the Alectra Business or the GHESI Business or the Envida Business, respectively, at law or in equity, or before or by any court or any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to Alectra, AUC and their Affiliates or any of them or to GMHI, GHESI and Envida or any of them, respectively would have a Material Adverse Effect on the Alectra Business or the GHESI Business or the Envida Business, respectively or prevent any of them from fulfilling any of its obligations under this Agreement, the Amalgamation Agreement or the New Alectra Shareholders' Agreement to which it is a party. To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success.

(18) Environmental Matters

For the purposes of this section 2(18), the term “**Material Environmental Claim**” means any Environmental Claim or aggregation of Environmental Claims which could result in Remediation, the cost of which would exceed \$500,000, or which could result in the payment by Alectra or AUC or their Affiliates or GHESI or Envida, respectively of more than \$500,000 to a Person in respect of a Third Party Claim, or which could result in Remediation of more than \$500,000 required by a Governmental Authority. With respect to the Alectra

Realty Interests or the GHESI Realty Interests or the Envida Realty Interests, respectively and the ownership, operation, maintenance or rehabilitation thereof by Alectra or AUC or their Affiliates or GHESI or Envida, respectively:

- (a) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has obtained and holds all Environmental Permits required for the operation of the Alectra Business or the GHESI Business or the Envida Business, respectively, and each such Environmental Permit is valid, subsisting and in good standing and, to the Knowledge of Alectra and AUC or GMHI and GHESI, as applicable, is not in default or breach of any Environmental Permit which has been issued to Alectra or AUC or their Affiliates or GHESI or Envida, respectively, and no proceeding is pending or threatened to revoke or limit any such Environmental Permit;
- (b) Alectra or AUC or their Affiliates or GHESI or Envida, respectively is in material compliance with all terms, conditions and provisions of, and has used commercially reasonable efforts to cause all other Persons to materially comply with, (i) all applicable Environmental Laws, and (ii) all Environmental Permits which have been issued to Alectra or AUC or their Affiliates or GHESI or Envida, respectively, in respect of the Alectra Business or the GHESI Business or the Envida Business, respectively;
- (c) to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there are no facts or circumstances which could reasonably be expected to form the basis for any Material Environmental Claim against Alectra or AUC or their Affiliates or GHESI or Envida, respectively;
- (d) to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there are no orders or directions issued or pending under applicable Environmental Laws relating to the Alectra Business or the GHESI Business or the Envida Business, respectively, or any of the assets of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, nor has Alectra or AUC or their Affiliates or GHESI or Envida, respectively, received notice of any such orders or directions, which have not been resolved or rectified;
- (e) to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively no Release of Hazardous Substance has occurred at or from any Alectra Realty Interests or the GHESI Realty Interests or the Envida Realty Interests, respectively that has given or may give rise to a Material Environmental Claim against Alectra or AUC or their Affiliates or GHESI or Envida, respectively;
- (f) to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively none of the following are present at or in connection with any of the Alectra Realty Interests or the GHESI Realty Interests or the Envida Realty Interests, respectively, except as described in the Confidential Disclosure Letters:
  - (i) any underground storage tanks, active or abandoned;
  - (ii) landfill or waste disposal sites, active or abandoned; or
  - (iii) friable asbestos or asbestos-containing materials;

- (g) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has made available to Alectra or GMHI, respectively all reports of environmental investigations including but not limited to Phase I and Phase II environmental site assessments and environmental compliance audits in respect of any Alectra Realty Interests or the GHESI Realty Interests or the Envida Realty Interests, respectively which it has in its possession or control;
- (h) there are no pending or present claims, individually or in the aggregate, exceeding \$500,000 by Alectra or AUC or their Affiliates or GHESI or Envida, respectively against comprehensive general liability and excess insurance carriers for any Loss resulting from, relating to or arising from, Environmental Claims;
- (i) to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there has been no release of any Hazardous Substance on or from any of the assets or any property or facility that Alectra or AUC or their Affiliates or GHESI or Envida, respectively, previously owned or leased and utilized or from a facility owned or operated by third parties which could result in a material Environmental Claim against Alectra or AUC or their Affiliates or GHESI or Envida, respectively, except as disclosed in the Alectra Confidential Disclosure Letter; and
- (j) since January 31, 2017 in respect of Alectra or AUC or their Affiliates, and since December 31, 2016 in respect of GHESI or Envida, respectively, such entity has not received any written notice that it is potentially responsible for any Remediation at property which is owned or occupied by a third party or in respect of any natural resource or feature, except as disclosed in the Alectra Confidential Disclosure Letter.

Notwithstanding anything else in this Agreement, the representations and warranties made in this section 2(18) are the exclusive and only representations and warranties made by Alectra or GMHI, respectively with respect to environmental matters and compliance with Environmental Law and no other representations and warranties in this Agreement shall be considered to relate to environmental matters or Environmental Law compliance.

(19) Employment Matters

This Section 19 is subject to qualification pursuant to current and/or pending negotiations between Alectra and each union that is a party to the Alectra Collective Agreements.

- (a) Except for the Alectra Collective Agreements or the GHESI Collective Agreement, respectively there are no Contracts in respect of Alectra or AUC or their Affiliates or GHESI or Envida, respectively for the employment or retainer of any Alectra Employee or GHESI Employee, respectively, including, for greater certainty, Contracts with directors, officers, employees, independent contractors or agents providing personal services, other than Contracts of indefinite hire terminable by Alectra or AUC or their Affiliates or GHESI or Envida, respectively without cause on reasonable notice. Envida neither has nor has ever had any employees.

■ [REDACTED]



subject to or liable for any arrears of wages, penalties, levies, fines, orders, assessments, charges, damages or Taxes for failure to comply with any of the foregoing.

- (g) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by Alectra or AUC or their Affiliates or GHESI or Envida pursuant to applicable workplace safety and insurance legislation and Alectra or AUC or their Affiliates or GHESI or Envida, respectively, have not been reassessed in any material respect under such legislation during the past three years and no audit of the Alectra Business or GHESI Business or Envida Business, respectively, is currently being performed pursuant to any applicable workplace safety and insurance legislation and no notice of any such audit has been received of Alectra or AUC or their Affiliates or GHESI or Envida. There are no claims or potential claims which may materially adversely affect the accident cost experience rating of Alectra or AUC or their Affiliates, respectively, or GHESI's or Envida's accident cost experience rating, respectively, in respect of the Alectra Business or the GHESI Business or the Envida Business, respectively.
- (h) Each of Alectra or AUC or their Affiliates or GHESI or Envida, as applicable, has not received any notice from any Governmental Authority disputing any classification of an independent contractor as an independent contractor.
- (i) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits in respect of Alectra Employees or GHESI Employees, respectively has either been paid or are accurately reflected in the books and records of each of Alectra and AUC and their Affiliates and GHESI.
- (j) All orders and inspection reports under applicable occupational health and safety legislation (“**OHSA**”) for the past three years, respectively, have been provided to Alectra or GMHI, respectively. There are no charges pending under OHSA in respect of Alectra or AUC or their Affiliates or GHESI or Envida. Alectra or AUC or their Affiliates or GHESI or Envida, respectively, have complied in all material respects with any orders issued under OHSA and there are no appeals of any orders under OHSA currently outstanding.

(20) Labour Matters

This Section 20 is subject to qualification pursuant to current and/or pending negotiations between Alectra and each union that is a party to the Alectra Collective Agreements.

Alectra or AUC or their Affiliates or GHESI, respectively has made available to Alectra or GMHI, respectively true, complete and current copies of the Alectra Collective Agreements or the GHESI Collective Agreement, respectively. In connection with Alectra or AUC or their Affiliates or GHESI or Envida labour matters, respectively:

- (a) the Alectra Collective Agreements or the GHESI Collective Agreement, respectively are the only Material Contracts with unionized workers;
- (b) Alectra or AUC or their Affiliates or GHESI or Envida, respectively is in material compliance with all Employment Law applicable to Alectra or AUC or their Alectra or GHESI or Envida, respectively;

- (c) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not received notice of any unfair labour practice complaint or any other Employment Law complaint which is current or pending before any labour relations or similar board or any other body or tribunal in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively;
  - (d) there is no labour strike, slowdown or stoppage actually pending or, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, threatened by any authorized representative of any union or other representative of employees affecting the Alectra Business or the GHESI Business or the Envida Business, respectively;
  - (e) Alectra or AUC or their Affiliates or GHESI, respectively has not received notice that any application for certification or de-certification respecting the Alectra Employees or the GHESI Employees, respectively has been filed with any labour relations or similar board; and
  - (f) no grievance or arbitration proceeding arising out of or under the Alectra Collective Agreements or the GHESI Collective Agreement, respectively is pending against Alectra or AUC or their Affiliates or GHESI or Envida, respectively in respect of the Alectra Employees or the GHESI Employees, respectively or otherwise affecting the Alectra Business or the GHESI Business or the Envida Business, respectively which proceeding, if determined adversely to Alectra or AUC or their Affiliates or GHESI or Envida, respectively, would have a Material Adverse Effect.
- (21) Benefit Plans
- (a) True, complete and current copies, or summaries thereof, of all deferred compensation, profit sharing, retirement and pension plans, programs and arrangements, and all bonus, incentive compensation, medical, hospitalization, health, welfare, dental, disability, insurance, vacation, sick leave, severance and other employee benefit or fringe benefit plans, programs and arrangements, maintained or with respect to which contributions are made by Alectra or AUC or their Affiliates or GHESI, respectively in respect of any current or former Alectra Employees or GHESI Employees, respectively (or any spouse, dependent or beneficiary of any such Alectra Employees or GHESI Employees, respectively), whether formal or informal, funded or unfunded, including OMERS (all such plans, programs and arrangements, excluding OMERS, being referred to herein as the “**Alectra Benefit Plans**” or “**GHESI Benefit Plans**”, respectively), have been disclosed in writing to Alectra and GMHI, respectively. In the case of each unwritten Alectra Benefit Plan or GHESI Benefit Plan, respectively, a written description thereof which accurately describes all material provisions of such Alectra Benefit Plan or GHESI Benefit, respectively has been disclosed in writing to Alectra or GMHI, respectively.
  - (b) OMERS is the only registered pension plan under which the current or former Alectra Employees or the GHESI Employees, respectively or any of them, accrue pension benefits (or any spouse, dependent or beneficiary of any such Alectra Employees or GHESI Employees, respectively) are entitled to payment of any pension benefits, and has been accepted for registration under the Tax Act and has been registered with the

Superintendent of Financial Institutions under the *Pension Benefits Standards Act* (Canada).

- (c) Other than OMERS, no Alectra Benefit Plans or GHESI Benefits Plans, respectively contains or has ever contained a “defined benefit provision” as such term is defined in subsection 147.1(1) of the Tax Act, or provides or has ever provided pension benefits to employees or former employees thereof.
- (d) Each of the Alectra Benefit Plans or GHESI Benefit Plans, respectively has been established, registered, administered, communicated and invested in material compliance with the terms of such plan, all Applicable Law and the Alectra Collective Agreements, subject to current and/or pending negotiations between Alectra and each union that is a party to the Alectra Collective Agreements, or the GHESI Collective Agreement, respectively.
- (e) Alectra or AUC or their Affiliates or GHESI, respectively, has provided to the OMERS Administrative Corporation, on a timely basis, all material information known to Alectra or AUC or their Affiliates or GHESI, respectively and requested from time to time by the OMERS Administrative Corporation in respect of the current or former Alectra Employees or GHESI Employees, respectively and their spouses and former spouses.
- (f) None of the Alectra Employees or GHESI Employees, respectively participate in or is eligible to participate in, any stock option, stock purchase, stock compensation or phantom stock plan sponsored by Alectra or AUC or their Affiliates or GHESI or Envida, respectively.
- (g) All payments, contributions or premiums required to be remitted or paid to or in respect of each Alectra Benefit Plan or GHESI Benefit Plan, respectively and OMERS have been remitted and paid in a timely fashion in accordance with the terms thereof.
- (h) Other than routine claims for benefits, there is no investigation, examination, proceeding, action, suit or claim (including claims for income taxes, interest, penalties, fines or excise taxes) pending or threatened involving any Alectra Benefit Plan or GHESI Benefit Plan, respectively or its assets, and to the Knowledge of Alectra and AUC or GMHI and GHESI, no facts exist which could reasonably be expected to give rise to any such investigation, examination, proceeding, action, suit or claim (other than routine claims for benefits).
- (i) None of the Alectra Benefit Plans or the GHESI Benefit Plans, respectively requires or permits a retroactive increase in premiums or payments.
- (j) Neither the execution and delivery of this Agreement nor the consummation of the Amalgamation will (A) result in any payment (including bonus, severance, unemployment compensation, golden parachute or other benefit or enhanced benefit) becoming due or payable under any Alectra Benefit Plan or GHESI Benefit Plan, respectively, (B) increase any benefits otherwise payable under any Alectra Benefit Plan or GHESI Benefit Plan, respectively; or (C) result in the acceleration of the time of payment or vesting of any such benefits.

- (k) There are no participants or other individuals entitled to participate in any Alectra Benefit Plan or GHESI Benefit Plan, respectively other than current and former Alectra Employees or GHESI Employees, respectively (or any spouse, dependent or beneficiary of any such Alectra Employees or GHESI Employees, respectively).
- (l) There are no agreements or undertakings by Alectra or AUC or their Affiliates or GHESI or Envida, respectively to provide post-retirement or post-employment profit sharing, medical, hospitalization, health, welfare, dental, life insurance, or other benefits (other than post-retirement or post-employment benefits under the Alectra Benefit Plans or the GHESI Benefit Plans, respectively) to any current or former Alectra Employee or GHESI Employee, respectively (or any spouse, dependent or beneficiary of any such Alectra Employees or GHESI Employees, respectively).
- (m) Alectra or AUC or their Affiliates or GHESI or Envida, respectively, is not, and none of its Representatives involved in the administration of the Alectra Benefit Plans or GHESI Benefit Plans, respectively, is, in breach of its fiduciary duty with respect to the Alectra Benefit Plans or GHESI Benefit Plans, respectively.
- (n) No material changes have occurred in respect of each of the Alectra Benefit Plans or the GHESI Benefit Plans, respectively (and in the case of OMERS, to the Knowledge of Alectra and AUC or GMHI and GHESI) since the date of its most recent financial, accounting, actuarial or other report, as applicable, filed with the applicable pension regulator, the Canada Revenue Agency and any other applicable Governmental Authority (where applicable) in connection with such Alectra Benefit Plans or the GHESI Benefit Plans, respectively, nor have there been any events occurring prior to the most recent financial, accounting, actuarial or other report which are not disclosed in that report which could reasonably be expected to adversely affect the relevant report (including rendering it misleading in any material respect) or to have materially affected the financial status of such Alectra Benefit Plans or the GHESI Benefit Plans, respectively.

(22) Workplace Safety

There are no outstanding and, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively there are no pending or threatened claims, charges, orders or changes in ratings or premiums under the *Workplace Safety and Insurance Act* (Ontario), the *Occupational Health and Safety Act* (Ontario) or the *Criminal Code of Canada*, which have been or could be made in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively which have or could have, individually or in the aggregate, a Material Adverse Effect. Notwithstanding anything else in this Agreement, the representations and warranties made by Alectra and AUC or GMHI and GHESI, respectively in this section 2(22) are the exclusive and only representations and warranties made to Alectra and AUC or GMHI and GHESI, respectively with respect to the *Workplace Safety and Insurance Act* (Ontario), the *Occupational Health and Safety Act* (Ontario), the *Criminal Code* and claims made thereunder and no other representations and warranties of Alectra and AUC or GMHI and GHESI, respectively in this Agreement shall be considered to relate to such matters.

(23) Expropriation and Public Improvements

To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, none of the real property owned, or other realty rights leased, used or occupied, by Alectra or AUC or their

Affiliates or GHESI or Envida, respectively in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively is subject to any pending suit for expropriation, condemnation or other taking by any Governmental Authority, and no such expropriation, condemnation or other taking has been threatened. To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively no public improvements with respect to any real property owned, or other realty rights leased, used or occupied, by Alectra or AUC or their Affiliates or GHESI or Envida, respectively in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively have been ordered to be made by any Governmental Authority which have not been completed, assessed and paid for.

(24) Electricity Generating Facilities

Except as disclosed in the Alectra Disclosure Schedule or the GHESI Disclosure Schedule, none of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, owns or has any agreement, option, understanding, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option, understanding, right or privilege to acquire an interest in any electricity generating facility, whether in development or in operation.

(25) Real Property Matters

- (a) The Alectra Realty Interests listed in the Alectra Disclosure Schedule describe all of the Alectra Real Property and Alectra Leased Property used by Alectra in connection with the Alectra Business. The GHESI Realty Interests listed in the GHESI Disclosure Schedule describe all of the GHESI Real Property and GHESI Leased Property used by GHESI in connection with the GHESI Business. The Envida Realty Interests listed in the GHESI Disclosure Schedule describe all of the Envida Real Property and Envida Leased Property used by Envida in connection with the Envida Business.
- (b) Each of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, is the legal and beneficial owner of the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively in fee simple, with good and marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances. All Alectra Real Property or GHESI Real Property or Envida Real Property, respectively (including, without limitation, the Fixtures thereon) is in material compliance with all Applicable Laws and shall not cease to comply with all Applicable Laws by virtue only of the execution of this Agreement and completion of the Amalgamation.
- (c) To the extent that a breach of any of the paragraphs in this section 2(25)(c), on an individual or aggregate basis, would have a Material Adverse Effect:
  - (i) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not received any, nor, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, are there any pending or threatened, notices of violation or alleged violation of any Applicable Law noted in or issued by any Governmental Authority against or affecting any Alectra Realty Interests or GHESI Realty Interests or Envida Realty Interests, respectively.

- (ii) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has such rights of entry and exit to and from all Alectra Realty Interests or GHESI Realty Interests or Envida Realty Interests, respectively as are reasonably necessary to carry on the Alectra Business or the GHESI Business or the Envida Business, respectively.
- (iii) Other than Alectra or AUC or their Affiliates or GHESI or Envida, respectively no Person is using, possessing or occupying, or has any right to use, possess or occupy, any part of the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively or Alectra Leased Property or GHESI Leased Property or Envida Leased Property, respectively.
- (iv) Neither Alectra and AUC nor GMHI and GHESI, respectively has received any notification of, nor are there, any outstanding or incomplete work order, deficiency notice, notice of violation or other similar communication from any Governmental Authority or otherwise issued in respect of any Fixture on the Alectra Real Property or GHESI Real Property or Envida Real Property, respectively, or Alectra Leased Property or GHESI Leased Property or Envida Leased Property, respectively or of any current non-compliance (other than non-compliances which are legal non-conforming uses under relevant zoning by-laws) with applicable statutes and regulations or building regulations and zoning by-laws and regulations; provided that in respect of any work orders issued by a Governmental Authority other than the Alectra Municipal Shareholders or Guelph, respectively, the representations and warranties in this paragraph (iv) is limited to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively.
- (v) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not made an application for a rezoning of any of the Alectra Real Property or the GHESI Real Property or Envida Real Property, respectively and, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there is no proposed or pending change to any zoning affecting the Alectra Real Property or the GHESI Real Property or Envida Real Property, respectively.
- (vi) No part of the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively or Alectra Leased Property or GHESI Leased Property or Envida Leased Property, respectively is subject to any building or use restriction which would prevent or limit its current use in the Alectra Business or the GHESI Business or the Envida Business, respectively.
- (vii) To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, no Fixture constituting a part of the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively or Alectra Leased Property or GHESI Leased Property or Envida Leased Property, respectively encroaches on real property not forming part of the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively or Alectra Leased Property or GHESI Leased Property or Envida Leased Property, respectively.

- (viii) To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, all Permitted Encumbrances which are Alectra Easements or GHESI Easements or Envida Easements, agreements, restrictive covenants or restrictions are not in default and none of Alectra or AUC or their Affiliates or GHESI or Envida, respectively has defaulted or breached any of its obligations to be performed by it thereunder nor has there occurred any event nor does there exist any condition which, in either case, with the giving of notice or the lapse of time, would constitute such a breach or default. The Alectra Easements or GHESI Easements or Envida Easements, respectively, constitute all of the easements that are required in the Alectra Business or the GHESI Business or the Envida Business, respectively, except for those Alectra Easements or GHESI Easements or Envida Easements, respectively, the failure of which to obtain would not, individually or in the aggregate, have a Material Adverse Effect and none of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has defaulted or breached any of its obligations to be performed by it thereunder nor has there occurred any event nor does there exist any condition which, in either case, with the giving of notice or the lapse of time, would constitute such a breach or default. All payments required to be made by Alectra or AUC or their Affiliates or GHESI or Envida, respectively, with respect to the Alectra Real Property or GHESI Real Property or Envida Real Property, respectively, have been duly paid and Alectra or AUC or their Affiliates or GHESI or Envida, respectively, is not otherwise in default in meeting any such obligations.
- (d) All leases in respect of the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively are in full force and effect, unamended and in good standing. All easements in respect of the Alectra Easements, the GHESI Easements or the Envida Easements, respectively, are not in default. None of such leases or easements require the consent or approval of any party thereto for the completion of the Amalgamation, or such consent or approval will be obtained by Alectra or AUC or their Affiliates or GHESI or Envida, respectively prior to Closing, in each case without breach of the terms thereof or resulting in the forfeiture or impairment of any material rights thereunder. There are no existing defaults by Alectra or AUC or their Affiliates or GHESI or Envida, respectively or, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, any other party under any of such leases or easements and no event has occurred which with or without notice, lapse of time or both would constitute a default by Alectra or AUC or their Affiliates or GHESI or Envida, respectively or, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, any other party thereto which would constitute a Material Adverse Effect.
- (e) To the extent that a breach of any of the paragraphs in this section 2(25)(e), on an individual or aggregate basis, would have a Material Adverse Effect:

  - (i) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has previously made available to Alectra or GMHI, respectively true and complete copies of all leases for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, and all

easements for the Alectra Easements, GHESI Easements or the Envida Easements, respectively.

- (ii) There are no Contracts between the parties to the leases for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, or the Alectra Easements, the GHESI Easements or the Envida Easements, respectively, other than as contained in such leases and/or easements, pertaining to the rights and obligations of the parties thereto or relating to the use and occupation of the applicable Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, and the Alectra Easements, the GHESI Easements or the Envida Easements, respectively.
- (iii) All payments required to be made by Alectra or AUC or their Affiliates or GHESI or Envida, respectively pursuant to the leases for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively or pursuant to the easements for the Alectra Easements, the GHESI Easements or the Envida Easements, respectively, have been duly paid and Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not otherwise in default in meeting any of its obligations under any such lease or easement.
- (iv) No lessor under any lease for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively is in default in meeting any of its obligations under such lease.
- (v) No property owner under any easement for the Alectra Easements or the GHESI Easements or the Envida Easements, respectively is in default in meeting any of its obligations under any such easement.
- (vi) No event exists which, but for the passing of time or the giving of notice, or both, would constitute a default by any party to any of the leases or easements for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, or the Alectra Easements, the GHESI Easements or the Envida Easements, respectively, no dispute exists between the parties to any of such leases or easements for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, or the Alectra Easements or the GHESI Easements or the Envida Easements, respectively, and no party to such lease or easement is claiming any such default or taking any action purportedly based upon any such default. Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not waived or omitted to take any action in respect of any material rights under any such lease or easement, and no waiver, indulgence or postponement of the obligations of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, under any of the leases for the Alectra Leased Property or the GHESI Leased Property or the Envida Leased Property, respectively, has been granted by the landlord thereunder.

(26) Personal Property

Alectra or AUC or their Affiliates or GHESI or Envida, respectively either owns or has rights to use, all of the personal property currently used in the Alectra Business or the GHESI Business or the Envida Business, respectively, free and clear of all Encumbrances, other than Permitted Encumbrances, and such personal property is in good operating condition and in a state of good repair and maintenance.

(27) Leases of Personal Property

Alectra or AUC or their Affiliates or GHESI or Envida, respectively is entitled to all rights and benefits as lessee under the Alectra Leases or the GHESI Leases or the Envida Leases, respectively, and Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not sublet, assigned, licensed or otherwise conveyed any rights in those Alectra Leases or the GHESI Leases or Envida Leases, respectively or in the property leased thereunder to any other Person. All payments and other obligations required to be paid and performed by Alectra or AUC or their Affiliates or GHESI or Envida, respectively under the Alectra Leases or the GHESI Leases or the Envida Leases, respectively have been duly paid and performed. Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not in material default of any of its obligations under the Alectra Leases or the GHESI Leases or the Envida Leases, respectively; and, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, none of the lessors of the Alectra Leases or the GHESI Leases or the Envida Leases, respectively is in default of any of its obligations thereunder.

(28) Compliance with Laws

To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not in violation of any Applicable Law, including, without limitation, any Applicable Law relating to the supply, distribution and sale of electrical power where such violation would have a Material Adverse Effect.

(29) Filings with Governmental Authorities

Alectra or AUC or their Affiliates or GHESI or Envida, respectively has filed or caused to be filed with all Governmental Authorities, all forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by Alectra or AUC or their Affiliate or GHESI or Envida, respectively with respect to the Alectra Business or the GHESI Business or the Envida Business, respectively under Applicable Law (collectively, the “**Alectra Regulatory Reports**” or the “**GHESI Regulatory Reports**” or the “**Envida Regulatory Reports**”, respectively) except where the failure to do so would not have a Material Adverse Effect. All of the Alectra Regulatory Reports or the GHESI Regulatory Reports or the Envida Regulatory Reports, respectively complied in all material respects with all Applicable Laws in effect on the date each Alectra Regulatory Report or GHESI Regulatory Report or Envida Regulatory Report, respectively was filed, and there are no material misstatements or omissions relating to the Alectra Business or the GHESI Business or the Envida Business, respectively in the Alectra Regulatory Reports or the GHESI Regulatory Reports or the Envida Regulatory Reports, respectively.

(30) Permits

(a) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has all permits, licences, certificates, franchises, registrations, rights, privileges and other governmental authorizations, consents and approvals (collectively, the “**Alectra**

**Permits**” or the “**GHESI Permits**” or the “**Envida Permits**”, respectively), that are required by Applicable Law in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively, except for those Alectra Permits or GHESI Permits or Envida Permits, respectively, the failure of which to obtain would not, individually or in the aggregate, have a Material Adverse Effect. Each such Alectra Permit or GHESI Permit or Envida Permit, respectively, is valid, subsisting and in good standing and, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there exists no grounds, nor is any action or proceeding pending or, to the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, threatened to revoke, suspend, amend or limit any such Alectra Permits or GHESI Permits or Envida Permits, respectively. To the Knowledge of Alectra and AUC or GMHI and GHESI, as applicable, Alectra or AUC or their Affiliates or GHESI or Envida has not received any written notification that it is in violation of any such Alectra Permits or GHESI Permits or Envida Permits, respectively, or any Applicable Law, except for notifications of violations which would not, individually or in the aggregate, have a Material Adverse Effect. Alectra or AUC or their Affiliates or GHESI or Envida, respectively is in compliance with all Alectra Permits or GHESI Permits or Envida Permits, respectively and Applicable Law in respect of the Alectra Business or the GHESI Business or the Envida Business, respectively, except for violations which would not, individually or in the aggregate, result in a Material Adverse Effect. Except as disclosed in writing prior to the date hereof, none of such Alectra Permits or GHESI Permits or Envida Permits, respectively, contains terms under which the execution and performance of this Agreement would give the issuer of such Alectra Permits or GHESI Permits or Envida Permits, respectively, the right to terminate or adversely change the terms of such Alectra Permits or GHESI Permits or Envida Permits, respectively, or would require the consent of any Person.

- (b) The Alectra Disclosure or the GHESI Disclosure Schedule, as the case may be, sets forth a list of all material Alectra Permits or GHESI Permits or Envida Permits, respectively and material Environmental Permits applicable to the Alectra Business or the GHESI Business or the Envida Business, respectively.

(31) Intellectual Property

- (a) Alectra or AUC or their Affiliates or GHESI or Envida, respectively either owns the right, title and interest in, to and under, or has acquired a licence to use in respect of the Alectra Business or the GHESI Business or the Envida Business, respectively, any and all Intellectual Property that is material to the conduct of the Alectra Business or the GHESI Business or the Envida Business, respectively in the manner that the Alectra Business or the GHESI Business or the Envida Business, respectively has heretofore been conducted. To the Knowledge of Alectra and AUC or GMHI and GHESI, respectively, there exists no state of facts that casts doubt on the validity or enforceability of any of such Intellectual Property described in this section 2(31)(1).
- (b) Each of Alectra and AUC or GMHI and GHESI, respectively has no Knowledge that would cause it to believe that the conduct of the Alectra Business or the GHESI Business or the Envida Business, respectively conflicts with, infringes upon or violates any rights in the Intellectual Property of any other Person.

- (c) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not received any notice of any adverse claim, litigation or assertion of infringement, invalidity or unenforceability in respect of the Intellectual Property described in section 2(31)(a) and Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not a party to any litigation alleging that the conduct of the Alectra Business or the GHESI Business or the Envida Business, respectively as now carried on by Alectra or AUC or their Affiliates or GHESI or Envida, respectively infringes upon or breaches the rights of any other Person in Intellectual Property.
  - (d) Each of Alectra and AUC or GMHI and GHESI, respectively has no Knowledge of any claim by any Person (or any basis on which such a claim could be made) based on a breach or violation of Moral Rights relating to the Intellectual Property described in section 2(31)(a).
  - (e) All of the Intellectual Property described in section 2(31)(a) that has been developed or created by employees of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, or pursuant to Contracts with consultants or contractors, has been assigned to Alectra or AUC or their Affiliates or GHESI or Envida, respectively, in writing or in another enforceable manner. All such employees, consultants and contractors have waived in favour of Alectra or AUC or their Affiliates or GHESI or Envida, respectively, all Moral Rights relating to the Intellectual Property described in section 2(31)(a) they have or may have in or related to the Intellectual Property described in section 2(31)(a).
- (32) Non-Arm's Length Transactions
- Except with respect to the Pre-Closing Transactions and as disclosed in the GHESI Disclosure Schedule, Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not engaged in any transaction or arrangement with nor does it have any indebtedness, liability or obligation owing to Alectra or GMHI, respectively or any Affiliate of Alectra or GMHI, respectively.
- (33) No Joint Venture Interests, etc.
- Alectra or AUC or their Affiliates or GHESI or Envida, respectively is not a partner, beneficiary, trustee, cotenant, joint-venturer or otherwise a participant in any partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking.
- (34) Condition of Assets
- Except as would not result in a Material Adverse Effect, the Fixtures situated on the Alectra Real Property or the GHESI Real Property or the Envida Real Property, respectively or used in connection with the Alectra Business or the GHESI Business or the Envida Business, respectively are in good condition, repair and proper working order, having regard to their use and age and such assets have been properly and regularly maintained in accordance with Good Utility Practices.
- (35) Insurance Policies
- With regard to Alectra or AUC or their Affiliates or GHESI or Envida insurance matters, respectively: (i) all material policies of fire, liability and other forms of insurance owned or held by Alectra or AUC or their Affiliates or GHESI or Envida, respectively and insuring its

property and assets are in full force and effect; (ii) all premiums with respect thereto covering all periods up to and including the date as of which this representation is being made have been paid; (iii) no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar or more favourable terms prior to the date of such cancellation; (iv) Alectra or AUC or their Affiliates or GHESI or Envida, respectively has not been refused any insurance with nor has its coverage been limited by any insurance carrier to which it has applied for any such insurance or with which it has carried insurance during the last 12 months; (v) no claims under any such policies are currently outstanding (vi) Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has not failed to give any notice or present any claim under any such policy in a due and timely manner and (vii) Alectra or AUC or their Affiliates or GHESI or Envida, respectively, has no reason to believe that any such policy will not be renewed by the insurer on the scheduled expiry of the policy or will be renewed by the insurer only on the basis that there will be a material increase in premiums payable in respect of the policy. True and complete copies of all such material policies of insurance have been made available to Alectra or GMHI, respectively.

(36) Full Disclosure

- (a) Alectra, AUC and their Affiliates or GMHI, GHESI and Envida, respectively have not knowingly withheld any information (other than information generally available from public sources) relating to the representations and warranties contained in this Appendix "A" that, individually or in aggregate, could reasonably be expected to have a Material Adverse Effect relating to Alectra or AUC or their Affiliates or GHESI or Envida, respectively and the Alectra Business or the GHESI Business or the Envida Business, respectively.
- (b) For the purposes of this section 2(36), any reference to documents, records, reports, or Contracts being made available to, or disclosed or provided to Alectra and AUC or GMHI and GHESI, respectively means that such document, record, report or Contract (or a true and complete copy thereof) was disclosed in writing or made physically or electronically available for inspection to Alectra and AUC or GMHI and GHESI, respectively or contained in or referred to the Grant Thornton electronic data room used by the Parties in connection with this transaction on or prior to the date hereof.

**3. REPRESENTATIONS AND WARRANTIES AS TO ALECTRA MUNICIPAL SHAREHOLDERS, ALECTRA SHAREHOLDERS, GUELPH AND BPC**

- (1) Each of the Alectra Municipal Shareholders has, through a resolution or bylaw passed by the municipal council of each such Alectra Municipal Shareholder, approved its respective entry into the New Alectra Shareholders' Agreement, and, in respect of each Alectra Municipal Shareholder, a copy of each such bylaw or resolution, as passed, has been delivered to GMHI.
- (2) Guelph has, through a resolution or bylaw passed by the municipal council of Guelph, approved its entry into the New Alectra Shareholders' Agreement, and a copy of such bylaw or resolution, as passed, has been delivered to Alectra.

- (3) Each of the Alectra Shareholders and BPC has approved by way of resolution its respective entry into the New Alectra Shareholders' Agreement and a copy of each such resolution has been delivered to GMHI.
- (4) Except as disclosed in the Alectra Confidential Disclosure Letter, to the Knowledge of Alectra and AUC, after due inquiry, no party to the 2016 MPA has made or intends to make any claim for indemnification under Section 7 of the 2016 MPA or otherwise, whether or not the relevant indemnification threshold has been reached in respect of any such claim.

**APPENDIX "B"**

**GHESI DISCLOSURE SCHEDULE**

See attached.

**APPENDIX “B”**  
**GHESI DISCLOSURE SCHEDULE**

Any information disclosed in any schedule shall be deemed to be disclosed and incorporated in any other schedule to this GHESI Disclosure Schedule to the extent that the relevance of such disclosure to such other part is reasonably apparent.

The GHESI Disclosure Schedule is qualified in its entirety by reference to the merger participation agreement to which this appendix is appended (“**MPA**”) and is not intended to constitute, and shall not be construed as constituting, representations or warranties of GMHI or GHESI, as applicable, except as and to the extent set forth in the MPA. Disclosure of any non-material item herein in respect of any representation and warranty qualified by materiality shall not be deemed to amend the materiality of any representation or warranty so qualified.

The information disclosed in this GHESI Disclosure Schedule is in all respects subject to the Non-Disclosure Agreement.

**Schedule 1(4)**

**Consents, Approvals and Waivers: No Violation**

See Confidential Disclosure Letter.

See also the list of Consents, Approvals and Waivers in Schedule 3.5(iv).

**Schedule 2(9)**

**Liabilities**

See Confidential Disclosure Letter.

**Schedule 2(12)**

**Absence of Changes**

See Confidential Disclosure Schedule.

**Schedule 2(13)**

**Absence of Unusual Transactions**

See Confidential Disclosure Schedule.

**Schedule 2(14)(d)**

**Tax Audits**

See Confidential Disclosure Letter.

**Schedule 2(18)(f)**

**Environmental Matters**

See Confidential Disclosure Letter.

**Schedule 2(19)**

**Employment Matters**

See Confidential Disclosure Letter.

**Schedule 2(24)**

**Electricity Generating Facilities**

Feed-in Tariff Contract [REDACTED] dated July 21, 2010, between Ecotricity Guelph Inc., a predecessor of Envida and the Ontario Power Authority, a predecessor of the IESO, as amended.

Renewable Energy Supply Contract between 1615151 Ontario Inc., a predecessor of Envida, and Ontario Electricity Financial Corporation, dated November 24, 2004, re Eastview Landfill Gas Energy Plant.

Feed-in Tariff microFIT Contract (version 2.0) [REDACTED] between GHESI and the Ontario Power Authority, a predecessor entity to the IESO, dated July 17, 2013.

**Schedule 2(25)**

**Real Property Matters**

The GHESI Realty Interests are:

1. GHESI Real Property
  - (a) 395 Southgate Drive, Guelph, ON N1G 4Y1;
  - (b) 640 Main St S, Township of Guelph-Eramosa
  - (c) 436 Clair Rd. W, Guelph, ON N1G 4Y1, subject to an easement described below
2. GHESI Leased Property (GHESI as Tenant)
  - (a) Rockwood Substation License Agreement between The Corporation of the Township of Eramosa and Rockwood Hydro Electric Commission (“RHEC”), dated March 4, 1996, as assumed by Wellington Electric Distribution Company Inc. (“WEDCO”) as successor to RHEC pursuant to a Merger Agreement dated October 25, 2000, and as later assumed by GHESI upon GHESI’s merger with WEDCO pursuant to OEB Order EB-2005-0533 issued February 21, 2006, re substation located in the village of Rockwood, Township of Eramosa. No amounts are paid by GHESI under this lease.
3. GHESI leased property (GHESI as Landlord)
  - (a) Portion of a rooftop of a building at 395 Southgate Drive Rooftop pursuant to a Lease Agreement between GHESI as landlord and Ecotricity Guelph Inc., now Envida, as tenant, made November 4, 2010.
  - (b) 436 Clair Rd. W, Guelph, ON N1L 1R1, subject to an easement City of Guelph, pursuant to a Lease Agreement between GHESI as landlord and Guelph Energy Storage L.P. as tenant, made September 20, 2016, re flywheel upstream feeder system expansion
  - (c) Lease Agreement between GHESI and Canadian Solar Solutions Inc. to rent approximately 650 square meters of 395 Southgate Dr, ON N1G 4Y1, made as of June 6, 2016, for 10 years in addition to an undefined development and decommissioning term, re microgrid test centre
  - (d) GHESI developed a Lease and Facility Access Agreement between GHESI and Atria Networks Inc. to rent space at the Fibre Optic room, a room of approximately 192 square feet housing the Atria Point of Presence at 395 Southgate Drive, Guelph, ON, and also to access to GHESI’s radio communication tower also located at 395 Southgate Drive. This agreement was made as of October 31, 2006. Atria Networks Inc. was subsequently purchased by Birch Hill Equity Partners, who then later sold the Atria assets to Rogers Communications. An updated lease agreement is being

developed as Rogers is looking for a long term commitment for the Fibre Optic room lease.

4. GHESI Easements

- (a) Rockwood Substation License Agreement between The Corporation of the Township of Eramosa and Rockwood Hydro Electric Commission (“RHEC”), dated March 4, 1996, as assumed by Wellington Electric Distribution Company Inc. (“WEDCO”) as successor to RHEC pursuant to a Merger Agreement dated October 25, 2000, and as later assumed by GHESI upon GHESI’s merger with WEDCO pursuant to OEB Order EB-2005-0533 issued February 21, 2006, re substation located in the village of Rockwood, Township of Eramosa
- (b) Easement re 436 Clair Rd. W, Guelph, ON N1L 1R1, easement transferred from GHESI to Hydro One Networks Inc. on March 20, 2012.
- (c) See also the attached list of GHESI Easements granted in favour of GHESI.

The Envida Realty Interests are:

1. Envida Real Property

- (a) 300 Hanlon Creek Boulevard, City of Guelph, subject to easements as described below.

2. Envida Leased Property (Envida as tenant)

- (a) Portion of a rooftop of a building at 395 Southgate Drive Rooftop pursuant to a Lease Agreement between GHESI as landlord and Ecotricity Guelph Inc., now Envida, as tenant, made November 4, 2010.
- (b) Lease and Gas Utilization Agreement between The Corporation of the City of Guelph, as landlord, and 1615151 Ontario Inc., now Envida, as tenant, made September 15, 2004 in respect of land comprising approximately 0.3 acres at the Eastview Landfill property located at 186 Eastview Road, Guelph, ON.
- (c) Lease Agreement The Corporation of the City of Guelph, as landlord, and Envida, as tenant, made June 18, 2014 in respect of approximately 1,646 square feet located at the Sleeman Centre property located at 50 Woolwich Road, Guelph, ON.

3. Envida leased property (Envida as Landlord)

None.

4. Envida Easements

- (a) Easement by dominant tenement known as 300 Hanlon Creek Boulevard. The easement includes both an access easement and a services easement, each of which is granted in perpetuity. The access easement allows the owner of the dominant

tenement to enter upon the servient tenement for the purpose of access at all times. The services easement allows the owner of the dominant tenement to extend, construct and maintain a below-grade water and sanitary sewer lateral service connection, and includes various other rights that make this feasible.

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
E			95023 RS	38 Halesmanor VI (repl. 742251)	Whitetail Court, Sparling Crt	University Estates Ltd.		854
E			98001 RC	28 Centennial Heights	27 Vanier Drive	582010 Ontario Inc./		616
E			NA	Lot Severance	Stevenson Street North	Lennon Construction Limited		338
Q			NA	Quit Claim re M130015	37 Rickson Avenue	S. & T. DeMonte		539
Q			NA	Quit Claim re 223171 (Part 21)	485 Southgate Drive	Little Tikes (Canada) / GH		680
Q			NA	Quit Claim re M96243	37 Muskoka Drive	Lawrence Fountain		626
Q			NA	Quit Claim re M96243	11 Uplands Place	City of Guelph		626
Q			NA		62 Lyon Avenue			
Q			NA	Quit Claim re M130015	35 Rickson Avenue	S. & T. DeMonte		539
R			NA	Release re M96243	Lakeview Subdivision	Parkwood Developments		626
C			06023 TH	23 Joseph Street Condominiums	Joseph Street	Concession Holdings Inc./Glasser		136
C			09027 TH	45 Valley Road Estates	Valley Road	2186949 Ontario Inc / 932005 Ontario Inc.		
S	WEDCO		RS	80 Mill Run 1B		1232046 Ontario Inc / 1253252 Ontario Inc		51
S			97024 RS	24 Grangehill, Phase II	Grange, Starwood	Guelph Grangehill Devel/T-D Bk		875
S			97047 RS	19 Paisley Village	Paisley/Ryde/Imperial	Armel Corporation		8
S			98002 RS	10 Chillico Hgts (Mitchell Farm, Ph II)	Chillico Dr/Flaherty Dr/Elmira Rd	Armel Corporation		68
S			98050 RS	5 Bailey/Freeman	Bailey/Freeman/Kathleen	Glass/Taylor/T-D Bank/Etc.		22
S			99001 RS	24 Grangehill, Phase III-Block 193	Starwood Dr / Silurian Dr	Guelph Grangehill/T-D Bank		18
S			99001 RS	24 Grangehill, Phase III	Starwood Drive	Guelph Grangehill/T-D Bank		18
S			99027 RS	19 Paisley Village II	Melrose Place	Armel Corporation		26
S			99029 RS	15 Cheltonwood	Cheltonwood Avenue	Victoria Wood GP Inc		24
S			99036 RS	10 Sugartree	Imperial N / Speedvale W	Armel Corporation		32
S			99062 RS	48 Pine Ridge East 1B	Jenson Blvd	Ariss Glen Devel / T-D Bank		30
S			99062 RS	48 Pine Ridge East 1A	Jenson Blvd / Amailia Crt	Ariss Glen Devel / T-D Bank		30
S			99085 IS	3 Coldpoint Industrial	Imperial Road North/Curtis Road	Coldpoint Industrial Corp.		34
S			99092 RS	48 Westminister Woods I	Gordon Street / Clair Road	Westminister Woods Ltd/J.Wood/RC		35
S			00003 RS	24 Grangehill IIIB & IIIB (Breese)		Guelph Grangehill Devel/T-D Bk		37/38
S			00004 RS	19 Kelly Court	Kelly Court	Armel Corporation		33
S			00016 RS	44 Southcreek VII		747926 Ontario Ltd / Bnk of Montreal		42
S			00016 RS	44 Southcreek VIII		747926 Ontario Ltd / Bnk of Montreal		44
S			00024 RS	19 Bronwyn Place	Bronwyn Place	Armel Corporation		36
S			00026 RS	42 Kortright IX	Hazelwood/Downey/Teal	Victoria Wood GP Inc/T-D Bank		40
S			00029 RS	47 Clairfields III	Moffat/Doyle/Munroe/Gosling	Victoria Wood (Clairfields) Inc/T-D. Bank		39
S			00052 RS	53 Pine Ridge East II	Amalia Cres/Marsh Cres	Ariss Glen Developments/T-D Bank		45
S			01009 RS	42 Kortright X (IV-2)		Victoria Wood GP Inc / T-D Bank		54
S			01010 RS	42 Kortright XI (IV-3)		Wm. J. Gies Construction Limited		55
S			01016 RS	48 Westminister Woods II		Westminister Woods/T-D Bank/J.Wood		56
S			01024 RS	19 Paisley Village III	Stephanie Drive	Armel Corporation		48
S			01037 RS	10 Elmira Road Extension	Elmira Road/Paisley Road	Armel Corporation		53
S			01043 RS	48 Pine Ridge East III		Ariss Glen Developments/T-D Bank		58
S			01006 RS	25 Grangehill 6A	Swift Cres/Clythe Creek Dr/Fuller Dr	Guelph Grangehill Devel/T-D Bk		59
S			02002 RS	48 Westminister Woods East I	Blair Dr / Farley Dr	Westminister Woods Ltd/J.Wood/T-D Bnk		66
S			02003 RS	48 Westminister Woods III	Eugene Dr/Darling Cres/Goodwin Dr	Westminister Woods Ltd/J.Wood/T-D Bnk		65
S			02010 RS	24 Cedarvale 2	Schroder Crescent	Cedarvale Dev/T-D Bk/Halton-Triangle		69
S			02013 RS	47 Clairfields 4	Clairfields/Murphy/Paulstown	Victoria Wood (Clairfields) Inc/T-D. Bank		70
S			02014 RS	44 Southcreek 9A		747926 Ontario Ltd / Bnk of Montreal		67
S			02036 RS	26 Johnson / Harris Streets	Johnson St / Harris St	1066701 Ontario Ltd/Gascio/618666 Ont		322
S			02055 RS	53 Pine Ridge East 4	Grey Oak Dr / Brown St	Ariss Glen Developments/T-D Bank		72
S			03006 RS	47 Clairfields 5	Keys Cres / Irving Cres / Drohan Dr	Victoria Wood (Clairfields)/TD Can Trust		80
S			03011 RS	25 Grangehill 5A	Law Dr / Pettit Dr	Guelph Grangehill Devel/T-D Bk		85
S			03012 RS	24 Valleyhaven	Cedarvale Ave / Bradson Dr	Carson Reid Homes Ltd/Bolzon/Campus		91
S			03014 RS	48 Westminister Woods 4	Lynch / Sinclair / Goodwin	Westminister Woods Ltd/603796 Ont/TD		83
S			03016 RS	44 Southcreek 9B	Carrington Pl / Darnell Rd	747926 Ontario Limited		82
S			03032 RS	24 Cedarvale East	Cedarvale Avenue	Cedarvale Developments/TD Canada		89
S			03033 RS	17 Watson East 1	Grange/Shackleton/Severn	Simon-Wood Limited/Royal Bank		88
S			03034 RS	25 Watson Creek 1	Severn Dr/Sandcreek Ln/Norton Dr	Carson Reid Homes/Royal Bank		92
S			03035 RS	25 Watson East 2	Norton Drive	Simon-Wood Limited/Royal Bank		99
S			03036 RS	07 Northern Heights 1	Hilltop Rd / Witton Rd	Artifex Construction Ltd/CIBC		90
S			03037 RS	07 Northview Estates 1	Norma Cr / Leader Lane / Schiedel	Northview Estates (Guelph) Ltd./CIBC		98
S			03038 RS	10 Chillico Woods	Curzon/Westra/Tovell/Willow	Armel Corporation		84
S			03055 RS	25 Grangehill 6B	Watson Road	Guelph Grangehill Devel/T-D Canada		93
S			03058 RS	53 Pine Ridge East 5	Brown St / Miller St	Ariss Glen Developments/TD Canada		86
S			03062 RS	53 Pine Ridge East 6	McNulty Lane / Bright Lane	Ariss Glen Developments/TD Canada		97
S			03078 RS	45 Bathgate Drive Extension	Bathgate Dr / Landsdown Dr	1549965 Ontario Inc.		103

## GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
	S		04003 RS	24 Valleyhaven 3	Valleyhaven Lane / Henry Court	Carson Reid Homes/Valeriores/Royal Bank		107
	S		04013 RS	47 Clairfields 8 - Clair Road Lots	Clair Road	Victoria Wood(Clairfields)/TD Canada		117
	S		04014 RS	47 Clairfields 6	Dawn Avenue	Victoria Wood(Clairfields)/TD Canada		100
	S		04015 RS	44 Southcreek 9C	Truesdale / Carrington	747926 Ontario Ltd / Bnk of Montreal		104
	S		04016 RS	45 Arkell Springs 1 (Dutch Mill 1)	Summerfield Dr / Holland Cres	Outback Developments/Toronto-Dominion		114
	S		04022 RS	38 Pine Meadows 6	Loma Dr / Zaduk Pl / Kortright E	Bluewater Investments / Royal Bank		113
	S		04028 RS	25 Watson Creek 2	Fleming / Driscoll / Creekside	Carson Reid Homes / Royal Bank / etc.		129
	S		04034 RS	50 Victoria Gardens 2A	Coutts/Wetstone/Howden/Zecca/Bard	Victoria Wood (Arkell) Ltd.		108
	S		04038 RS	17 Watson East 3	Severn Dr/Warren St/Davis St	Simon-Wood Limited/Royal Bank		111
	S		04040 RS	47 Clairfields 7	Gosling Gardens	Victoria Wood(Clairfields)/TD Canada		102
	S		04041 RS	7 Northview Estates 2	Simmonds / Schiedel / Bowen / Mullin	Northview Estates (Guelph) Ltd./CIBC		
	S		04059 RS	24 Starwood / Grange	Ralston Drive	Carson Reid Homes/Guelph Grange Dev		106
	S		04077 RS	48 Westminister Woods 5	Goodwin/McArthur/Beaver Meadow	Westminister Woods/T-D Bank/603796 Ont		116
	S	WEDCO	04080 FW	80 Mill Run 2A, Rockwood	MacLennan/Hayward/May/Fountain	1631386 Ont Ltd / Royal Bank		112
	S		04081 RS	53 Pine Ridge East 7	Colonial/Walker Way/Hunt	Ariss Glen Developments/Toronto-Dominion		110
	S		05008 RS	16 Grangehill 4A	Summit Ridge / Washburn / Hebert	Guelph Grangehill / T-D Bank		125
	S		05018 RS	50 Victoria Gardens 2B	Hasler / Bard	Victoria Wood (Arkell) Ltd.		119
	S		05038 RS	07 Northern Heights 2	Ingram / Simmonds	Artifex Construction Limited		122
	S		05046 RS	24 Fleming Rd / Pettitt Dr	Pettitt / Frasson / Fleming	Seaton Ridge Communities / etc.		124
	S	WEDCO	05049 RS	80 Mill Run 2B, Rockwood	Wheeler/Gamble/Parkinson	1253252 Ont Ltd / 1631386 Ont Ltd		128
	S	WEDCO	05058 RS	80 Beilmann Property	Cobblestone Place	Charleston Homes Ltd.		138
	S		05087 RS	48 Westminister Woods East 2	Hall / Dominion / Duck / Goodwin	Westminister Woods/603796/603794 Ont		130
	S		06011 RS	17 Watson East 4	Davis / Penfold / Henderson / Severn	Simon-Wood Limited/Royal Bank		132
	S		06015 RS	07 Victoriaview North	Bowen / Mullin / Atto / Carere	Victoriaview North Dev / CIBC		137
	S		06022 RS	47 Conservation Estates	Revell Dr / Heritage Dr / Zess Crt	Reid's Heritage Homes/603794 Ont/Johnson		133
	S	WEDCO	06042 RS	80 Rockwood Ridge 3	Jolliffe Ave / Hampson Cres / Winston	Seaton Rockwood Limited / CIBC		134
	S		06052 RS	47 Dawn Avenue, Phase 2	Dawn Avenue	Nathan Reid Holdings Ltd.		135
	S		06056 RS	48 Westminister Woods East 3	Pearson / Wilkie / Baxter / Goodwin	Westminister Woods / 603796 Ontario		143
	S		06057 RS	13 239-245 Exhibition Street	239-241-243-245 Exhibition Street	2063206 Ontario Inc/Aquatorre Invesmetns		172
08-03-28	S	Superseded	07001 RS	16 Grangehill 4B	Creighton / Vipond / McDougall	Guelph Grangehill / T-D Bank		
	S		07001 RS	16 Grangehill 4B	Creighton / Vipond / McDougall	Guelph Grangehill / T-D Bank		
	S		07016 RS	65 Northern Heights 3	Ingram Dr / Webster St / Kinlock St	Artifex Construction Limited		147
07-07-12	S	Superseded	07024 RS	48 Arkell Springs 2	Amsterdam Crescent	Outback Developments/Toronto-Dominion		
	S		07024 RS	48 Arkell Springs 2	Amsterdam Crescent	Outback Developments/Toronto-Dominion		
	S		07025 RS	17 Linke 1	Maude / Linke / Acker / Davis	Almondale Homes Limited / Royal Bank		149
	S		07030 RS	17 Watson East 5	Norton Drive	Simon-Wood Limited/Royal Bank of Canada		142
	S		07046 RS	44 974 Edinburgh Rd S / Rickson Ave	Rickson Avenue	Terra View Custom Homes Ltd / TD Canada		148
	S		07053 RS	50 Victoria Gardens 3	Clough Cres / Brock St / Colonial Dr	Victoria Wood (Arkell) Ltd.		
	S		08004 RS	17 Linke 1B	Eastview Road	Almondale Homes Limited / Royal Bank		149
	S		08023 RS	17 Watson East 6	Eastview Road	Simon-Wood Limited/Royal Bank of Canada		
	S		08029 RS	39 Pine Meadows 7	Zaduk Pl / Kortright Road East	Bluewater Investments / Royal Bank		
	S		08029 RS	39 Kortright East, Phase 2 (Phase 1)	Cox Crt / Sweeney Dr / Zaduk Pl	Gamma Developers Limited		
	S		08042 RS	17 Linke 2A (Morning Crest 2A)	Couling Crescent	Almondale Homes Limited / Royal Bank		
	S		08055 RS	06 Waverley Drive Lots	Waverley Dr	Terra View Customer Homes / Guelph Country		
	S		08058 NC	47 Pergola 1	Gordon Street	FCHT Holdings (Ontario) Corporation		
	S		09004 RS	25 Watson Creek - Creekside Drive	Creekside Drive / Watson Road North	Carson Reid Homes Ltd / Royal Bank		10838
	S		09005 RS	43 Westminister Woods East 4	Colonial Drive / Baxter Drive	Westminister Woods Ltd / 603794 Ontario		
	S		09023 RS	26 Fife Road Development	Fife Road	785412 Ontario/Zwei Invest/Muma		
	S		09033 RS	24 Cityview Heights 1	Oaks Cres / Cityview Dr	2014707 Ontario Inc / Pacific & Western Bank		
	S		10027 RS	9 Chillico Glen	Curzon Crescent/Westra Drive	Armel Corporation		
	S		10032 TH	50 2 Clough Crescent Townhomes	2 Clough Crescent	Victoria Wood (Arkell) Ltd.		156
	S		10035 RS	65 Victoria Road North, Phase 1	Mussen Street	1592930 Ontario Inc/Crestwicke Baptist...		
	S		10038 RS	25 Watson Creek, Phase 3	Severn / Marshall / Fleming	Carson Reid Homes Ltd / Pacific & Western		166
	S		10060 RS	65 Northern Heights 4	Ingram Dr / Wideman Blvd	Artifex Construction Limited		
	T		90008 TH	13 Matrix Affordable Homes	560 Woolwich Street	Matrix Affordable Homes		148
	T		90009 TH	38 Parc Place Condominiums	Gordon Street	Parc Place (Guelph) Ltd.		5170
	T		90037 TH	36 Priory Square Co-Op Homes	125 Cole Road	Priory Square Non-Profit/OHC		805
	T		91008 TH	16 Wyndham Hill Co-Op Townhousing	Auden Road at Eastview Road	Wyndham Hill Co-Op/MGS/CIBC		809
	T		91027 TH	16 Guelph Non-Profit Townhousing	470 Auden Road	MGS / Guelph Non-Profit		809
	T		91031 TH	10 Guelph Non-Profit Townhousing	75 Flaherty Drive	Guelph Non-Profit/Firstline		812
	T		91034 TH	28 College Avenue Townhousing	302 College Avenue West	Victoria Wood / T-D Bank		435
	T		91039 TH	26 UpBuilding! Townhousing	50 & 60 Fife Road	UpBuilding!/Co-operative Trust		5558
	T		91040 TH	28 Matrix Affordable Homes	264 College Avenue West	Matrix Affordable/Scotia Mort		5559
	T		92007 TH	26 Fife Road Co-Op Townhousing	190 Fife Road (SW corner)	Van Soelen Gelderland / CIBC		822
	T		92008 TH	26 Fife Road Co-Op Townhousing	186 Fife Road (SE corner)	Van Soelen Gelderland / CIBC		822
	T		92022 TH	44 Rodgers Road Townhousing	66 Rodgers Road	Reid's Heritage Homes Ltd.		817
	T		92024 TH	16 Auden Road Non-Profit Housing	394 Auden Road	Guelph Non-Profit Housing/T-D		815

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
	T		92028 TH	28 College Avenue Townhousing II	302 College Avenue West	Victoria Wood Development/T-D		435 6063
	T		93021 TH	38 Parc Place Condos - Phase II	941 Gordon Street	Parc Place (Guelph)/Royal Bank		5524
	T		94009 TH	35 Kortright Mews	60 Ptarmigan Drive (Block 178)	Victoria Wood Devel / T-D Bank		825
	T		94010 TH	35 Kortright Mews	39 Ptarmigan Drive (Block 175)	Victoria Wood Development/T-D		825
	T		94014 TH	38 Village by the Arboretum I	Stone Road East	University of Guelph		
	T		95046 TH	6 The Fairways	355 Woodlawn Road East	Guelph Country Club/etc.		7189
	T		96007 TH	38 Village by the Arboretum II	Stone Road East	University of Guelph		
	T		96017 TH	48 Pine Ridge Townhouses	1550 Gordon Street	Ariss Glen Development/T-D Bnk	856	
	T		97007 TH	45 Gordon Street Townhouses	1055 Gordon Street	Reid's Heritage Homes Ltd.		
	T		97032 TH	38 Village by the Arboretum III	Stone Road East	University of Guelph		
	T		97042 TH	38 Parc Place Condos - Phase III	941 Gordon Street	Parc Place(Guelph) / Royal Bk		
	T							
	T		99004 TH	38 Barber Estates	784 Gordon Street	Thomasfield Homes Ltd.		
	T		99015 TH	38 Village by the Arboretum IV	Stone Road East	University of Guelph		
	T		99026 TH	44 The Towns of Foxbend	920 Edinburgh Road South	The Towns of Foxbend Inc.	12	
	T		00057 TH	48 Roehampton Court	Roehampton Court	Westminster Woods/T-D Bank/J.Wood	35	
	T		01040 TH	10 Paisley Village	30 Imperial Road South	Reid's Heritage Homes / Armel Corp	8	Blk144
	T		02006 TH	44 Pine Grove Townhomes, Phase 1	165 Terraview Crescent	Terra Developments (Guelph) Inc.	44	Blk-8
	T		02006 TH	44 Pine Grove TH, Phases 2 & 3	165 Terraview Crescent	Terra Developments (Guelph) Inc./BM	44	Blk-8
	T		02008 TH	22 Yorkville Townhomes	142 York Road	Chandradant/Neelam Kothari	113	
	T		02015 TH	53 Pine Ridge East Townhousing	254 Summerfield Drive	Ariss Glen Developments/T-D Bank	45	Blk 44
	T		02021 TH	48 Westminster Woods 2	151 Clairfields Drive East	Westminster Woods Ltd./J.Wood/T-D Bk	56	Blk175
	T		02024 TH	10 Paisley Village, Phase 2	921 Paisley Road	Reid's Heritage Homes/Armel Corp	8	Blk137
	T		02044 TH	10 Bond Court Townhomes	37 Bond Court	1266304 Ontario Inc.o/a Fusion Homes	32	Blk 43
	T		03002 TH	24 Schroder Townhomes	31 Schroder Crescent	Carson Reid Homes/Cedarvale Devel	69	Blk 3
	T		04001 TH	47 Gosling Gardens Townhomes	Gosling Gardens	Reid's Heritage Homes/WCDSB	39	Blk162
	T		04048 TH	13 284 Exhibition Street	284 Exhibition Street	Shadybrook Homes Ltd.		
	T		04065 TH	45 Gordon Gate Towns 1	1155 Gordon Street	Reid's Heritage Homes/Pacific & Western		9730
	T		04065 TH	45 Gordon Gate Towns 2	1155 Gordon Street	Reid's Heritage Homes/603794 Ontario Ltd.		9730
	T		04068 TH	47 Fusion Townhomes	210 Dawn Avenue	Victoria Wood (Clairfields) Inc.	100	Blk-10
	T		04071 TH	21 12 Glasgow St S Condos	12 Glasgow Street South	Mar-Cot Homes Ltd/G&W Credit Union	8	
	T		04076 TH	10 Chillico Woods 1	755 Willow Road	Reid's Heritage Homes/Armel Corp	84	Blk-108
	T		04076 TH	10 Chillico Woods 2	755 Willow Road	Reid's Heritage Homes/Armel/CIBC	84	Blk-107
	T		05067 TH	29 Woodside Condos	Woodside Drive	1460288 Ontario Limited	139	
	T		05078 TH	17 Watson Road Townhomes	20 Shackleton Drive	723033 Ontario Inc/Royal Bank/Simon-Wood	111	Blk-65
	T		06026 TH	53 255 Summerfield Drive	255 Summerfield Drive	Ariss Glen Developments / The T-D Bank	110	Blk-24
	T	Superseded	06058 TH	13 Stewart Mill Condominiums	62-110 Cardigan Street	2148733 Ont Ltd/P&W Bank/Stewart Mill		10381
	T		06058 TH	13 Stewart Mill Condominiums	62-110 Cardigan Street	2148733 Ont Ltd/P&W Bank/Charleston Mor		
	T		06061 TH	47 Maple Lane Towns	Gordon Street	Reid's Heritage Homes/603794 Ontario Ltd.		
	T	ROCKWOOD	07062 TH	80 102 MacLennan Street	102 MacLennan Street	1568479 Ontario Ltd/Parama Lithuanian CU		10679
	T		08002 TH	50 Northmanor Towns, Phases 2A & 2B	1035/1039 Victoria Road South	Northmanor Estates Inc.	158	Blk-1 & 2
	T		08034 TH	53 Victoria Gardens Townhomes	105 Bard Boulevard	Victoria Wood (Arkell) Ltd.	146	101
	T		08040 TH	06 Privada Townhomes	19 Simmonds Drive	1266304 Ontario Inc / Artifex Construction	122	Blk-51
	T		09013 TH	15 Options for Homes	35 Mountford Drive	Maple Grove Co-operative Development/	637	D
	T		09031 TH	50 361 Arkell Road Townhomes	361 Arkell Road	Victoria Wood (Arkell) Ltd.	156	Blk-2
	T		09038 TH	53 Westminster Woods East 4A	Colonial Drive	Reid's Heritage Homes/Westminster Woods	160	Blk-86
	T		10020 TH	53 Westminster Woods East 4B-Pt 1	Anne Moore Crescent	Reid's Heritage Homes/Coldpoint Capital	160	Blk-86
	T		10025 TH	53 Cranbrook Townhomes	100 Frederick Drive	Reid's Heritage Homes / Coldpoint Capital	160	Blk-86
	T		10042 TH	17 365 Watson Townhomes	365 Watson Parkway North	Simon-Wood Limited/Royal Bank of Canada	111	66
	T		10043 TH	48 24 Lowes Road Townhomes	24 Lowes Road East	Ariss Glen Developments/TD Canada	856	
	T		10052 TH	53 Westminster Woods East 4B-Pt 2	Waterford Drive	Reid's Heritage Homes/Coldpoint Capital	160	Blk-86
	T		11004 TH	45 Arkell Springs Townhomes	167 Arkell Road-1-21 Summerfield Dr	Outback Developments/Toronto-Dominion	150	Blk-50
	U		08016 NC	43 Southgate Data Centre	Hanlon/Crawley/Southgate	Ontario Realty Corporation		
	U		10002 NC	46 RBC Data Centre, Phase 2	75 Southgate Drive	Royal Bank of Canada	680	
LT	1989	E	27-Mar-98	97007 TH	45 Gordon Street Townhouses	1055 Gordon Street		
LT	3835	S	25-Jun-98	97046 RS	47 Clairfields II	Doyle/Gibbs/Borland/Carroll	7	7798
LT	3836	S	25-Jun-98	98016 RS	44 Southcreek IV	Ginger Court	5	
LT	6994	E	21-Sep-98	97047 RS	19 Paisley Village	Paisley/Ryde/Imperial	8	7787
LT	7005	S	22-Sep-98	98042 RS	48 Pine Ridge V	Pine Ridge Dr / Elderberry Crt	10	
LT	7986	S	20-Oct-98	98033 RS	44 My Investment	Carrington Pl / Edinburgh Rd S	13	
LT	7987	S	20-Oct-98	98029 RS	44 Southcreek V	Edinburgh Rd S / Rickson Ave	12	
LT	7988	S	20-Oct-98	98032 RS	44 Southcreek VI	Silver Smith Crt/Carrington Pl	14	
LT	9203	E	19-Nov-98	98042 RS	48 Pine Ridge V	Pine Ridge Dr / Elderberry Crt	10	7830
LT	11275	E	15-Jan-99	98040 TH	24 Starwood Townhomes	426 Grange Road	875	
LT	13395	E	25-Mar-99	98033 RS	44 My Investment	Carrington Pl / Edinburgh Rd S	13	7951
LT	15215	R	13-May-99	98034 AP	22 Condo/Apt Project	83 Neeve Street	113	7864

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
LT	18227	E	19-Jul-99	99004 TH	38 Barber Estates	784 Gordon Street		7943
LT	18345	E	22-Jul-99	99001 RS	24 Grangehill, Phase III	Starwood Drive		8049
LT	21791	E	01-Oct-99	99026 TH	44 The Towns at Foxbend	920 Edinburgh Road South	18	
LT	22427	E	21-Oct-99	99029 RS	15 Cheltonwood	Cheltonwood Drive	12	
LT	23227	E	09-Nov-99	99027 RS	19 Paisley Village II	Melrose Place	24	8127
LT	23691	E	24-Nov-99	98056 TD	3 Easement-Campbell/Lewis	61 Lewis Road	26	8177
LT	23728	E	24-Nov-99	97022 RS	24 Cedarvale - Blocks 1 to 15	Thornton St / Schroder Cres	599	8158
LT	25172	E	22-Dec-99	NA	Internet Cafe	41 Quebec Street	872	8108
LT	26392	E	02-Feb-00	99062 RS	48 Pine Ridge East 1B	Jenson Blvd	8	
LT	28483	D	29-Mar-00	99062 RS	48 Pine Ridge East 1B	Jenson Blvd	30	8278
LT	29511	E	20-Apr-00	99036 RS	19 Sugartree	Imperial Road North	30	BL125
LT	31915	E	02-Jun-00	99092 RS	48 Westminister Woods I	Clairfields Dr	32	8348
LT	31916	PM	02-Jun-00	99092 RS	48 Westminister Woods I	Clairfields Dr	35	8395
LT	31917	PM	02-Jun-00	99092 RS	48 Westminister Woods I	Clairfields Dr	35	8395
LT	31918	PM	02-Jun-00	99092 RS	48 Westminister Woods I	Clairfields Dr	35	8395
LT	34329	E	17-Jul-00	98014 TH	13 London Lane Townhousing	265 Suffolk Street West		8352
LT	44275	E	08-Dec-00	00018 RS	13 North Street Semi's	North Street	41	8549
LT	45153	E	22-Dec-00	00016 RS	44 Southcreek VII	Terraview Crescent	42	8591
LT	64569	E	01-Oct-01	01016 RS	48 Westminister Woods II	Beaver Meadow Cres/	56	8886
LT	64570	PM	01-Oct-01	01016 RS	48 Westminister Woods II		56	8886
LT	64571	PM	01-Oct-01	01016 RS	48 Westminister Woods II		56	8886
LT	68128	R	15-Nov-01		Guelph Centre Mall (re ROS53927)	Wyndham Street North	712	
LT	68699	E	23-Nov-01	01010 RS	42 Kortright Phase XI (IV-2)		55	8871
LT	69776	E	04-Dec-01	00057 TH	48 Roehampton Townhousing	Roehampton Court	35	
LT	69777	PM	04-Dec-01	00057 TH	48 Roehampton Townhousing	Roehampton Court	35	
LT	69780	PM	04-Dec-01	00057 TH	48 Roehampton Townhousing	Roehampton Court	35	
LT	70389	E	13-Dec-01	01040 TH	10 Paisley Village Townhousing	30 Imperial Road South	8	
LT	70390	PM	13-Dec-01	01040 TH	10 Paisley Village Townhousing	30 Imperial Road South	8	
LT	77256	R	21-Mar-02		Guelph Centre Mall (re ROS515359)	Wyndham Street North	712	3204
LT	77273	E	21-Mar-02		Guelph Centre Mall	Wyndham Street North	712	9023
LT	77275	PM	21-Mar-02		Guelph Centre Mall	Wyndham Street North	712	8000
LT	77276	PM	21-Mar-02		Guelph Centre Mall	Wyndham Street North	712	8000
RO	595935	E	14-Apr-89	88031 RS	11 Row Housing Block 24	Grandridge Crescent	778	4615
RO	597020	E	28-Apr-89	88031 RS	11 Row Housing Block 21	Grandridge Crescent	778	4635
RO	597021	E	28-Apr-89	88031 RS	11 Row Housing Block 20	Grandridge Crescent	778	4629
RO	598449	E	15-May-89	88031 RS	11 Row Housing Block 18	Grandridge Crescent	778	4670
RO	598450	E	15-May-89	88031 RS	11 Row Housing Block 16	Grandridge Crescent	778	4669
RO	598451	E	15-May-89	88031 RS	11 Row Housing Block 13	Grandridge Crescent	778	4665
RO	598452	E	15-May-89	88031 RS	11 Row Housing Block 23	Grandridge Crescent	778	4656
RO	598453	E	15-May-89	88031 RS	11 Row Housing Block 15	Grandridge Crescent	778	4666
RO	598454	E	15-May-89	88031 RS	11 Row Housing Block 14	Grandridge Crescent	778	4661
RO	601490	S	26-Jun-89	89025 RS	18 West Hills 9 - Darby Place	Darby Road, Millwood Court	792	4786
RO	601491	S	26-Jun-89	89026 RS	18 West Hills 10 - Crossingham Pl	Crossingham Drive	793	4787
RO	602079	E	30-Jun-89	88031 RS	11 Row Housing Block 19	Grandridge Crescent	778	4727
RO	602629	E	07-Jul-89	NA	Lot Severance	29 Omar Street - Part Lot 58	258	4718
RO	603282	E	17-Jul-89	88031 RS	11 Row Housing Block 22	Grandridge Crescent	778	4753
RO	603394	E	18-Jul-89	86107 TH	10 Millcreek Park (Verdone Homes)	80 Ferman Drive - Block C	666	
RO	603853	S	26-Jul-89	89010 RS	28 Waterview Heights	Municipal Street @ Denver Road	801	5002
RO	603858	E	26-Jul-89	89008 RS	18 West Hills 8 - Cranberry Vill.	Freshmeadow, Cranberry	789	4760
RO	604412	E	31-Jul-89	89013 RS	42 Kortright Phase 5	Downey Road, Hazelwood Drive	791	4768
RO	604733	S	02-Aug-89	85066 RS	23 Grinyer Gates	Magdalena Drive @ Auden Road		
RO	605100	S	09-Aug-89	89022 RS	45 Barton Farm - Lyle Place	Lyle Place at Bathgate Drive	798	4897
RO	605296	S	14-Aug-89	89007 RS	35 Trillium Court	Trillium Court & Woodland Glen	800	4957
RO	607685	E	15-Sep-89	NA	Lot Severance	26 Stevenson Street North	338	4647
RO	607910	E	18-Sep-89	88078 CM	13 Westmount Health Court	91 Westmount Road	254	4812
RO	608009	E	19-Sep-89	88053 CM	36 Stone Lodge	165 Cole Road	728	4532
RO	609048	E	02-Oct-89	NA	Lot Severance - Appl #B-59/89	45 James Street West		
RO	609510	E	11-Oct-89	89025 RS	18 West Hills 9 - Darby Place	Darby Road, Millwood Court	792	4786

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
RO 609650	E	13-Oct-89	89026 RS	18 West Hills 10 - Crossingham Pl	Crossingham Drive	Armel Corporation	793	4787
RO 611130	E	02-Nov-89	88091 IN	12 Industrial Building	340 Edinburgh Road North	Cosoy Investments Limited		4845
RO 611638	E	10-Nov-89	87037 TH	10 Wellington Condo Corp #51	90 Ferman Drive	WCC #51 / Royal Bank / etc	666	
RO 611898	E	14-Nov-89	89022 RS	45 Barton Farm, Phase II	Lyle Place	J. A. Marrese Real Estate	798	4897
RO 612362	E	20-Nov-89	89052 AP	21 Yarmouth Apartments	76 Yarmouth Street	St. Andrews Pres. Church	8	4913
RO 612767	E	27-Nov-89	NA	Lot Severance	63 Alice Street	James DiSapio Investments Ltd.	244	4392
RO 613831	E	08-Dec-89	89024 IN	3 Devlan Industrial Building	54 Monarch Road	796373 Ontario Limited	630	4928
RO 614749	E	21-Dec-89	89007 RS	35 Trillium Court Subdivision	Trillium Court & Woodland Glen	704342 Ontario Ltd & T T Skov	800	4957
RO 616120	E	16-Jan-90	89064 IN	32 Gun Metal Stampings Inc.	23 Airpark Place	Lisk Investments / Elrig Mgmt.	696	4959
RO 617612	E		89010 RS	28 Waterview Heights Subdivision	Municipal, Elson, Pacific	Victoria Wood Development Corp	801	5002
RO 617641	Q	08-Feb-90	NA	Quit Claim re Part 1	63 Alice Street	James DiSapio Investments	244	4392
RO 619146	E	06-Mar-90	89010 RS	28 Waterview Heights - Denver Rd	Denver Rd north of Municipal	City of Guelph		4977
RO 621042	E	05-Apr-90	NA	Lot Severances	106-112 Waverley Drive	Eicho Investments Limited	492	4860
RO 624182	S	29-May-90	90018 RS	36 Cole Road Estates	Cole Road	L & G Enterprises (Waterloo)	805	5156
RO 624879	E	04-Jun-90	NA	Lot Severance	59 Alice Street	James DiSapio Investments Ltd.	244	4972
RO 625103	Q	06-Jun-90	NA	Thomson Newspapers Company Ltd	Southgate Dr. - Parts 13 & 14	City of Guelph	680	2072
RO 625316	S		89002 RS	20 Inkerman Street Extension	Inkerman Street	Maples Inn Ltd., Royal Trust	808	5209
RO 625782	E	19-Jun-90	NA	Lot Severances	Brady Lane	University Estates Limited		5151
RO 626910	E	05-Jul-90	90018 RS	36 Cole Road Estates	Cole Road / 370 Stone Road West	L & G Enterprises / Cent Guar.	805	5156
RO 627172	S	10-Jul-90	90017 RS	16 Hadati Farm, Phase 5	Auden Road at Eastview Road	Ont. MGS / Ontario Land Corp.	809	5319
RO 628258	E	30-Jul-90	NA	Lot Severance - #B-38/89	22 Honey Crescent	Gintarius Frank Jocius	557	5025
RO 628771	E	03-Aug-90	89002 RS	20 Inkerman Street Extension	Inkerman Street	Maples Inn/546383 Ontario Ltd.	808	5209
RO 630031	E	30-Aug-90	NA	Lot Severance - #B-103/89	Richardson Street	David Ing	113	5212
RO 632699	E	18-Oct-90	88045 AP	12 Apartment Building	238 Willow Road	Gue Services for Phy. Disabled	624	5219
RO 634319	E	22-Nov-90	89056 IS	1 Magna, Phase II	Independence Place	Magna International (Canada)	738	5118
RO 634320	E	22-Nov-90	89056 IS	1 Magna, Phase II	Independence Place	690345 Ontario Inc. In Trust	738	5118
RO 634502	E	28-Nov-90	89053 TH	15 Victoria Road Townhouse Devel.	Victoria Road North	Reid's Heritage/Mutual Life		5315
RO 634770	E	30-Nov-90	90017 RS	16 Hadati Farm, Phase 5	Eastview Road	Ontario Land Corporation	809	5319
RO 634771	E	30-Nov-90	90017 RS	16 Hadati Farm, Phase 5	Eastview Road	City of Guelph	809	
RO 638266	E	15-Feb-91	90023 CM	36 Janefield Office Building	Janefield Avenue	U of G / Dira Construction	649	5291
RO 639670	S	22-Mar-91	88072 IS	37 Research Park - Phase I	36 Stone Road West	University of Guelph	744	
RO 641486	S		90012 RS	10 Mitchell Farm, Phase I, Part 1	Flaherty, Thornhill	Armel Corporation	812	5472
RO 642857	E	22-May-91	90032 CM	36 Office/Retail Complex	649 Scottsdale Drive	Co-Operators General Ins. Co.		5463
RO 642900	E	23-May-91	88072 IS	37 Research Park - Phase I	36 Stone Road West	University of Guelph	744	5417
RO 643385	E	31-May-91	89047 TH	5 Marilyn Drive Condominiums	Marilyn Drive (#717 Woolwich)	793377 Ontario Inc.	485	5468
RO 643700	E	03-Jun-91	90009 TH	38 Parc Place, Phase I	Gordon Street	Parc Place(Guelph)/Royal Bank		5170
RO 644112	E	10-Jun-91	90012 RS	10 Mitchell Farm, Phase I, Part 1	Flaherty, Thornhill	Armel Corporation	812	5472
RO 646120	E	09-Jul-91	90008 TH	13 Matrix Affordable Homes	560 Woolwich Street	Matrix / Canada Life Mortgage	148	5233
RO 646649	E	18-Jul-91	89010 RS	28 Encroachment Agreement	130 Municipal Street	Carson Reid Homes Limited	801	5002
RO 649065	S	23-Aug-91	91013 RS	16 Hadati Farm, Phase VI	Watt Street, Troy Crescent	Ontario Land Corporation	815	5673
RO 650208	E	11-Sep-91	88024 RS	23 Leacock/Upton	9/11 Leacock; 88/90 Upton	Nosam Properties Limited	675	3875
RO 653843	E	05-Nov-91	90037 TH	36 Priory Square Co-Op Homes	125 Cole Road	Priory Square Non-Profit/OHC	805	5547
RO 656854	S	19-Dec-91	91014 RS	44 Hartsland Subdivision	Moss, Rodgers, Sidney	Allcross Enterprises/Hart	817	5747
RO 657915	E	10-Jan-92	91013 RS	16 Hadati Farm, Phase VI	Watt Street, Troy Crescent	Ontario Land Corporation	815	5673
RO 661056	E	05-Mar-92	91052 IN	4 Industrial Mall	545 Silvercreek Parkway North	Maryvin Investments Limited	797	5731
RO 662238	E	26-Mar-92	91014 RS	44 Hartsland Subdivision	Moss, Rodgers, Sidney	Allcross Enterprises Limited	817	5747
RO 662529	E	30-Mar-92	91039 TH	26 UpBuilding! Townhousing	50 & 60 Fife Road	UpBuilding!/Co-operative Trust		5558
RO 664141	E	27-Apr-92	91020 AP	11 Guelph Non-Profit Housing	246 Westwood Road	Guelph Non-Profit / CIBC	615	5768
RO 667843	Q	23-Jun-92	91024 AP	10 Quit Claim re 275851	Speedvale West at Imperial	Cerlan Realty / Armel Corp.		5292
RO 667910	E	24-Jun-92	91024 AP	10 Sugartree Apartments	Imperial Road North	Armel / Cerlan		5445
RO 675951	S	17-Sep-92	90025 RS	10 Peachtree Place, Phase I	Flaherty,McLachlan,Peachtree	Armel Corporation	823	6004
RO 679705	S	13-Oct-92	91022 RS	38 Pine Meadows, Phase V	Lorna Drive, Katelynn Drive	Bluewater Investments	826	6056
RO 681593	S	04-Nov-92	92036 RS	35 Kortright Hills, Phase 6	Bates, Tanager, Trendell	Victoria Wood Development	825	6020
RO 682820	E	25-Nov-92	90025 RS	10 Peachtree Place, Phase I	Flaherty,McLachlan,Peachtree	Armel Corporation	823	6004

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
RO 683778	E	04-Dec-92	90010 TH	20 25 Manor Park Crescent	25 Manor Park Crescent	Victoria Wood Development Corp		6002
RO 683803	E	04-Dec-92	92036 RS	35 Kortright Hills, Phase 6	Bates, Tanager, Trendell	Victoria Wood / T-D Bank	825	6020
RO 685468	E	05-Jan-93	91022 RS	38 Pine Meadows, Phase V	Lorna, Katelyn, Kortright East	Bluewater Investments / B of M	826	6056
RO 686303	E	20-Jan-93	91034 TH	28 College Avenue Townhousing	302 College Avenue West	Victoria Wood Development Corp	435	6063
RO 686752	E	29-Jan-93	91001 AP	12 Edinburgh Terrace	107 Bagot Street	Edinburgh-Guelph Bldg. Corp.	334	5838
RO 690725	E	14-Apr-93	91008 TH	16 Wyndham Hill Co-Op Homes	467 Auden Road	Wyndham Hill Co-Op/MBC/CIBC	809	6045
RO 691278	S	23-Apr-93	93009 RS	10 Peartree Crescent	Peartree Crescent	Armel Corporation	828	6187
RO 695461	E	30-Jun-93	93009 RS	10 Peartree Crescent	Peartree Crescent	Armel Corporation	828	6187
RO 701007	S	01-Oct-93	93017 RS	45 Barton Farm, Phase IIIA	Robin Road, Fieldstone Road	281906 Ontario Ltd/Royal Bank	831	6377
RO 701346	E	06-Oct-93	92028 TH	28 College Avenue Townhousing II	302 College Avenue West	Victoria Wood Development/T-D	435	6231
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 704222	E	29-Nov-93	91023 RC	35 Lambert/Devere Reconstruction	55 Devere Drive	Wellington County Bd of Ed	610	6134
RO 708208	E	15-Feb-94	91031 TH	10 Guelph Non-Profit Townhousing	75 Flaherty Drive	Guelph Non-Profit/Firstline	812	5863
RO 708276	E	16-Feb-94	93017 RS	45 Barton Farm, Phase IIIA	Robin Road, Fieldstone Road	281906 Ontario Limited	831	6377
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 710924	S	05-Apr-94	93020 RS	42 Kortright Phase 7	Pheasant Run, Merganser	Victoria Wood Development Corp	833	6489
RO 710996	E	06-Apr-94	91027 TH	16 Guelph Non-Profit Townhousing	470 Auden Road	MGs / Guelph Non-Profit	809	5959
RO 711966	S	25-Apr-94	94007 RS	10 Cherrytree	Cherrytree Place, Willow Road	Armel Corporation	834	6492
RO 713263	E	16-May-94	94005 AP	22 Victor Davis Memorial Court	83-87 Neeve Street	Victor Davis Memorial Court	113	6333
RO 713264	E	16-May-94	94005 AP	22 Victor Davis Memorial Court	83-87 Neeve Street	798153 Ontario Limited	306	6333
RO 714639	S	06-Jun-94	92030 RS	38 Halesmanor, Phase V	Kortright Road East	University Estates/Bluewater	836	6532
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 715481	E	23-Jun-94	94007 RS	10 Cherrytree	Cherrytree Place, Willow Road	Armel Corporation	834	6492
RO 716251	E	30-Jun-94	92028 TH	28 College Avenue Townhousing II	302 College Avenue West	Victoria Wood Development Corp	435	6451
RO 716429	S	04-Jul-94	93019 RS	18 Fairmeadow Drive Extension	Fairmeadow Drive	505737 Ontario/Canada Trustco	837	6544
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 718289	E	03-Aug-94	92030 RS	38 Halesmanor, Phase V	Kortright Road East	University Estates/Royal Bank	836	6532
RO 718290	E	03-Aug-94	92030 RS	38 Halesmanor, Phase V	Kortright Road East	Bluewater Investments	836	6532
RO 719309	E	23-Aug-94	93019 RS	18 Fairmeadow Drive Extension	Fairmeadow Drive	505737 Ontario Ltd / FBDB	837	6544
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 723060	S	28-Oct-94	94034 RS	45 Barton Farm, Phase IIIB	Marsland Court, Robin Road	281906 Ontario Ltd/Royal Bank	843	6680
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RO 724287	S	24-Nov-94	94036 RS	19 Candlewood (Paisley Village)	Candlewood Dr, Bushmills Cres	Armel Corporation	842	6681
RO 726221	E	04-Jan-95	94036 RS	19 Candlewood (Paisley Village)	Candlewood Dr, Bushmills Cres	Armel Corporation	842	6681
RO 726222	E	04-Jan-95	94034 RS	45 Barton Estates, Phase IIIB	Marsland Court, Robin Road	281906 Ontario Ltd/Royal Bank	843	6680
RO 728629	E	01-Mar-95	92024 TH	16 Guelph Non-Profit Housing	394 Auden Road	Guelph Non-Profit / T-D Bank	815	145
RO 729298	S	17-Mar-95	95003 RS	42 Kortright Phase 8	Weir Drive, Eلسey Court	Victoria Wood Development/T-D	845	6808
RO 730706	E	21-Apr-95	94010 TH	35 Kortright Mews	39 Ptarmigan Drive (Block 175)	Victoria Wood Development/T-D	825	
RO 730802	E	26-Apr-95	92007 TH	26 Fife Road Co-Op Townhousing	190 Fife Road (SW corner)	Fife Road Co-Op/Scotia Mort.	822	6337
RO 730802	E	26-Apr-95	92008 TH	26 Fife Road Co-Op Townhousing	186 Fife Road (SE corner)	Fife Road Co-Op/Scotia Mort.	822	6337
RO 730858	E	27-Apr-95	94024 AP	6 Parkside Place	70 Woodlawn Road East	Parkside Christian/T-D/Harten		6637
RO 733340	E	21-Jun-95	95003 RS	42 Kortright Phase 8	Weir Drive, Eلسey Court	Victoria Wood Development/T-D	845	6808
RO 738246	S	14-Sep-95	95008 RS	24 Grangehill, Phase I	Eastview Road	Guelph Grangehill Devel/T-D	855	6995
RO 738247	S	14-Sep-95	95032 RS	45 Barton Farms, Phase IIIC	Robin Road, Olga Circle	281906 Ontario Ltd/Royal Bank	852	6946
RO 739322	S	02-Oct-95	95026 RS	44 Rickson Ave Extension	Rickson Avenue	Allcross Enterprises Limited	853	6954
RO 739323	S	02-Oct-95	95023 RS	38 Halesmanor Ph VI (Whitetail)	Whitetail Court, Sparling Crt	University Estates/Royal Bank	854	6956
RO 740987	S	02-Nov-95	95038 RS	48 Pine Ridge Phase I	Pine Ridge, Gaw, Periwinkle	Ariss Glen Development/T-D Bnk	856	7016
RO 742249	E	29-Nov-95	95032 RS	45 Barton Farm Phase IIIC	Robin Road, Olga Circle	281906 Ontario / Royal Bank	852	6946
RO 742251	E	29-Nov-95	95023 RS	38 Halesmanor Ph VI (Whitetail)	Whitetail Court, Sparling Crt	University Estates/RB/CarsReid	854	6956
RO 742840	E	06-Dec-95	94024 AP	6 Parkside Place	70 Woodlawn Road East	Guelph & District Christian/NT		6637
RO 743163	A	13-Dec-95	95038 RS	48 Pine Ridge Phase I	Pine Ridge, Gaw, Periwinkle	Ariss Glen Development/T-D Bnk	856	6917
RO 743717	A	21-Dec-95	95038 RS	48 Pine Ridge Phase I	Pine Ridge, Gaw, Periwinkle	Ariss Glen Development/T-D Bnk	856	6980
RO 744678	R	18-Jan-96	NA	Release re C-59741	46 Ottawa Crescent	City of Guelph/Joan Brinklow	446	
RO 744993	E	23-Jan-96	95008 RS	24 Grangehill, Phase I	Eastview Road	Guelph Grangehill Devel/T-D	855	6995
RO 745402	S	30-Jan-96	95036 RS	44 Southcreek Phase I	Rickson Avenue	747926 Ontario Ltd/B of M	858	7106
RO 746674	E	27-Feb-96	95038 RS	48 Pine Ridge I	Lowses Road	Ariss Glen Developments/T-D Bk	856	7016
RO 749032	E	25-Apr-96	95026 RS	44 Rickson Ave Extension	Rickson Avenue	Allcross Enterprises Ltd.	853	6954
RO 750661	A	22-May-96	95038 RS	48 Pine Ridge I	Lowses Road	Ariss Glen Developments/T-D Bk	856	7016
RO 750953	S	28-May-96	95049 RS	7 Countryglen	Inverness Drive	Armel Corporation	860	7158
RO 751029	A	30-May-96	95036 RS	44 Southcreek Phase I	Rickson Avenue	747926 Ontario Ltd/B of M	858	7106
RO 751786	E	07-Jun-96	95036 RS	44 Southcreek Phase I	Rickson Avenue	747926 Ontario Ltd/B of M	858	7106
RO 752047	S	13-Jun-96	96013 RS	35 Niska	Ptarmigan Dr/Whittaker Crt	Victoria Wood Development/T-D	859	7128
RO 752594	E	21-Jun-96	92022 TH	44 Rodgers Road Townhousing	66 Rodgers Road	Reid's Heritage Homes/Mutual	817	
RO 753918	S	11-Jul-96	95037 RS	44 Southcreek II	Southcreek Trail	747926 Ont Ltd/Bnk of Montreal	861	7165
RO 754508	E	19-Jul-96	96013 RS	35 Niska	Ptarmigan Dr/Whittaker Crt	Victoria Wood Development/T-D	859	7128

## GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
RO 756282	E	14-Aug-96	95034 CM	4 Kratzer Trucking	39 Arrow Road	1054476 Ont Ltd/R. Kratzer		797 6982
RO 757166	E	27-Aug-96	95049 RS	7 Countryglen	Inverness Drive	Armel Corporation	860	7158
RO 757975	E	04-Sep-96	95037 RS	44 Southcreek Phase II	Southcreek Trail	747926 Ont Ltd/Bk of Montreal	861	7165
RO 760526	R	18-Oct-96		Release of Easement 5411193	895 Woodlawn Road West	P'Zazz Inc.	661	1
RO 766801	E	30-Jan-97	95046 TH	6 The Fairways	355 Woodlawn Road East	The Guelph Country Club, Ltd.		7189
RO 766802	P	30-Jan-97	95046 TH	6 The Fairways	355 Woodlawn Road East	Mortgagees - Postponement		7189
RO 769487	S	11-Mar-97	97001 RS	37 University Village - Block A	Kortright @ Yewholme	University Village(Guelph) Ltd	865	7380
RO 769569	S	13-Mar-97	96044 RS	48 Pine Ridge Phase II	Burke, Oakridge, Pine Ridge	Ariss Glen Dev / T-D Bank	863	7353
RO 772732	E	01-May-97	96044 RS	48 Pine Ridge Phase II	Burke, Oakridge, Pine Ridge	Ariss Glen Developments/T-D Bk	863	7353
RO 773556	S	14-May-97	93028 RS	19 Abbeywood	Deerpath Dr/Abbeywood Cres	Armel Corporation	866	
RO 774223	E	23-May-97	96022 AP	12 Monterey Park Condos	105 Bagot Street	Monterey Park Homes Corp.	334	5838
RO 774653	E	30-May-97	97001 RS	37 Westwind Circle (Block "A")	Westwind Circle	University Village (Guelph)	865	7380
RO 775537	E	09-Jun-97	96017 TH	48 Pine Ridge Townhouses	1550 Gordon Street	Ariss Glen Development/T-D Bnk	856	
RO 776661	S	26-Jun-97	97014 RS	44 Rodgers Road Extension	Rodgers Road	747926 Ontario Ltd/Bk of Mont	867	7425
RO 776662	S	26-Jun-97	97003 RS	43 Clairfields, Phase I	Boulder,Hayward,Clairfields	Victoria Wood/T-D Bnk/Candevco	869	
RO 778130	E	14-Jul-97	97014 RS	44 Rodgers Rd Ext (Blk 53,RP#861)	Rodgers Road	747926 Ont Ltd / Bnk of Mont	867	7425
RO 778400	S	17-Jul-97	97016 RS	44 Southcreek, Phase IIIA	McCurdy Rd, Edinburgh Rd S	747926 Ont Ltd / Bnk of Mont	873	
RO 778707	E	22-Jul-97	94033 IN	4 Industrial Building	100 Arrow Road	Northwood Business Park Ltd.	797	7020
RO 778847	S	24-Jul-97	97022 RS	24 Cedarvale	Schroder Cres, Thornton St	Cedarvale Devel / T-D Bank	872	
RO 781278	E	25-Aug-97	86022 IN	1 Industrial Building	385 Michener Road	Rodpaul Holdings Limited	694	3501
RO 781279	Q	25-Aug-97	86022 IN	1 Industrial Building	385 Michener Road	Rodpaul Holdings Limited	694	3356
RO 781316	S	26-Aug-97	97020 RS	24 Campus Estates Phase I	Hagan, Trailbrook, Bradson	Campus Estates / Royal Bank	871	
RO 781484	S	28-Aug-97	97016 RS	44 Southcreek Phase IIIB	Southcreek Trail	747926 Ontario Ltd/Bnk of Mont	876	
RO 782160	E	03-Sep-97	86022 IN	1 Industrial Building	385 Michener Road	Rodpaul Holdings Limited	694	3356
RO 783920	D	29-Sep-97	NA	Substation	Eastview / Victoria	Guelph Hydro/City of Guelph		7467
RO 784629	S	09-Oct-97	NA	Substation	Eastview / Victoria	Guelph Hydro/City of Guelph		7467
RO 784630	A	09-Oct-97	NA	Storm Sewer Agreement	Eastview / Victoria	Guelph Hydro/City of Guelph		7467
RO 785462	E	24-Oct-97	97016 RS	44 Southcreek Phase IIIA	McCurdy Rd, Edinburgh Rd S	747926 Ontario Ltd/Bnk of Mont	873	7493
RO 787448	E	27-Nov-97	NA	Correction of No. 641203	52 Foster Avenue	Royal City Renovation Ltd.	27	4692
RO 787978	E	05-Dec-97	97024 RS	24 Grangehill II	Grange, Starwood	Guelph Grangehill Devel/T-D Bk	875	7538
RO 791302	S	25-Feb-98	97044 RS	48 Pine Ridge III	Periwinkle Way, Camm Crescent	Ariss Glen Developments/T-D Bk	2	
RO 791302	S	25-Feb-98	97044 RS	48 Pine Ridge IV	Periwinkle Way	Ariss Glen Developments/T-D Bk	3	
RO 794109	E	29-Apr-98	94014 TH	38 Vill by Arboretum I/II/III/IV	Stone Road East	University of Guelph		5727
RO 808612	E	26-Aug-99	94021 RC	20 Hanlon Parkway	Wellington St at Hanlon Pky	City of Guelph		7966
RO 809847	E	01-Oct-99	99026 TH	44 The Towns at Foxbend	956 Edinburgh Road South	Reid's Heritage Homes Ltd.		8009
RO 812821	E	10-Feb-00	99033 IN	32 Industrial Building	1007 York Rd	Henk Oosterveld	696	3487
RO 819647	E	28-Apr-05	02082 CM	36 LCBO / Shoppers Drug Mart	615 Scottsdale Drive	Starbank Development Corporation		9864
RO 819648	R	28-Apr-05	02082 CM	36 Release RO255645-Part 2	615 Scottsdale Drive	Starbank Development Corporation		2633
WC 9	R	17-Jul-02	01003 AP	22 Release-CS15015/9907	60 Wyndham Street South	Guelph Hydro Electric Systems Inc.	113	306
WC 803	E	26-Jul-02	01003 AP	22 Apartment Building	60 Wyndham Street South	Sixty Wyndham Ltd.	113	9152
WC 804	PM	26-Jul-02	01003 AP	22 Apartment Building	60 Wyndham Street South	Canadian Imperial Bank of Commerce	113	9152
WC 805	PM	26-Jul-02	01003 AP	22 Apartment Building	60 Wyndham Street South	715203 Ontario Limited	113	9152
WC 832	E	26-Jul-02	02015 TH	53 Pine Ridge East Townhousing	254 Summerfield Drive	Ariss Glen Developments Limited	45	Blk-44
WC 833	PM	26-Jul-02	02015 TH	53 Pine Ridge East Townhousing	254 Summerfield Drive	The Toronto-Dominion Bank	45	Blk-44
WC 2760	E	15-Aug-02	02014 RS	44 Southcreek, Phase 9A	Truesdale/Carrington/Rickson	747926 Ontario Limited	67	9164
WC 2761	PM	15-Aug-02	02014 RS	44 Southcreek, Phase 9A	Truesdale/Carrington/Rickson	Bank of Montreal	67	9164
WC 4920	E	03-Sep-02	02021 TH	48 Cobblestone Estates Townhousing	151 Clairfields Drive East	Reid's Heritage Homes Ltd.	56	Blk-175
WC 8080	E	08-Oct-02	02008 TH	22 Yorkville Townhomes	142 York Road	1517324 Ontario Limited	113	
WC 8081	PM	08-Oct-02	02008 TH	22 Yorkville Townhomes	142 York Road	First National Financial Corporation	113	
WC 10485	E	05-Nov-02	02041 RS	27 553 & 555 College Avenue West	553 & 555 College Avenue West	785412 Ontario Limited	653	9240
WC 10932	E	12-Nov-02	02024 TH	10 Paisley Village, Phase 2 TH	30 Imperial Road South	Reid's Heritage Homes Ltd.	8	Blk137
WC 10933	PM	12-Nov-02	02024 TH	10 Paisley Village, Phase 2 TH	30 Imperial Road South	Armel Corporation	8	Blk137
WC 13398	E	05-Dec-02	02022 IN	05 Gay Lea Foods	21-23-25 Speedvale Avenue West	Gay Lea Foods Co-Operative Limited	501	9217
WC 13399	PM	05-Dec-02	02022 IN	05 Gay Lea Foods	21-23-25 Speedvale Avenue West	The Bank of Nova Scotia	501	9217
WC 17626	E	28-Jan-03		Pt Block 3, Parts 3, 6 and 7	Airpark Place	City of Guelph	696	9282
WC 19730	PM	24-Feb-03		Ryung Ryoan Kim	84-92 Gordon/15-17 Wellington E	Montreal Trust Company of Canada	8	9304
WC 25929	E	08-May-03	03019 IN	04 Camtac	148 Arrow Road	Linamar Corporation	797	9397
WC 34028	E	30-Jul-03	02044 TH	10 Bond Court Townhomes	37 Bond Court	1266304 Ontario Inc.	32	Blk-43
WC 41825	E	09-Oct-03	03014 RS	48 Westminister Woods, Phase 4	Pt L 161/Pt Blk 209	Westminister Woods Ltd.	83	9557
WC 41826	PM	09-Oct-03	03014 RS	48 Westminister Woods, Phase 4	Pt L 161/Pt Blk 209	603796 Ontario Limited	83	9557
WC 49818	E	30-Dec-03	02006 TH	44 Pine Grove Townhomes	165 Terraview Crescent	Terra Developments (Guelph) Inc.	44	
WC 49821	PM	30-Dec-03	02006 TH	44 Pine Grove Townhomes	165 Terraview Crescent	Bank of Montreal	44	
WC 52128	E	29-Jan-04	02064 CM	33 Pt Block 3, Part 2	Airpark Place	1507911 Ont Inc.	696	9282
WC 52129	PM	29-Jan-04	02064 CM	33 Pt Block 3, Part 2	Airpark Place	Business Development Bank of Canada	696	9282
WC 52961	E	09-Feb-04	03059 IN	01 Pt Lot 2, Parts 2, 3	32 Independence Place	Linamar Corporation	738	9610
WC 55331	E	05-Mar-04	03055 CM	06 Galaxy Theatre	455 Woodlawn Road West	Counsel Imperial Limited	753	9600

## GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
WC 55337	PM	05-Mar-04	03055 CM	06 Galaxy Theatre	455 Woodlawn Road West	Firm Capital Mortgage/Equitable Trust		753 9600
WC 55338	PM	05-Mar-04	03055 CM	06 Galaxy Theatre	455 Woodlawn Road West	Firm Capital Mortgage/Equitable Trust		753 9600
WC 56484	PM	22-Mar-04	02064 CM	33 Pt Block 3, Part 2	Airpark Place	Business Development Bank of Canada		696 9282
WC 68012	E	05-Jul-04	03001 TH	24 Schroder Townhomes	31 Schroder Crescent	Carson Reid Homes Ltd.		69 Blk-3
WC 68013	PM	05-Jul-04	03001 TH	24 Schroder Townhomes	31 Schroder Crescent	The Toronto-Dominion Bank		69 Blk-3
WC 72758	E	12-Aug-04	04001 TH	47 Gosling Gardens Townhomes	Gosling Gardens	Reid's Heritage Homes Ltd.		39 162/163
WC 72759	PM	12-Aug-04	04001 TH	47 Gosling Gardens Townhomes	Gosling Gardens	Well Catholic District School Board		39 162/163
WC 72760	PM	12-Aug-04	04001 TH	47 Gosling Gardens Townhomes	Gosling Gardens	603794 Ontario Limited		39 162/163
WC 86152	E	16-Dec-04		Rockwood Ridge 2D (WEDCO)	Rockwood	Seaton Rockwood Limited		105
WC 86153	PM	16-Dec-04		Rockwood Ridge 2D (WEDCO)	Rockwood	Canadian Imperial Bank of Commerce		105
WC 87352	R	04-Jan-05		Release of Easement M86618	Speedvale/Silvercreek	Armel Corporation / Bell Telephone		615 Blk-D
WC 90474	E	08-Feb-05	04068 TH	47 Fusion Homes TH	210 Dawn Avenue (Gordon Street)	Victoria Wood (Clairfields) Inc.		100 Blk-10
WC 90671	E	10-Feb-05	04065 TH	45 Gordon Gate Towns	1155 Gordon Street	Reid's Heritage Homes Ltd.		9730
WC 90672	PM	10-Feb-05	04065 TH	45 Gordon Gate Towns	1155 Gordon Street	603794 Ontario Limited		9730
WC 94216	R	22-Mar-05	95046 TH	6 The Fairways - #RO766801	60 Waverley Drive	The Guelph Country Club, Limited	Pt-1	9907
WC 94325	E	23-Mar-05	04076 TH	10 Chillico Woods TH	755 & 765 Willow Road	Reid's Heritage Homes Ltd.		84 Blk-107/8
WC 94326	PM	23-Mar-05	04076 TH	10 Chillico Woods TH	755 & 765 Willow Road	Armel Corporation		84 Blk-107/8
WC 95808	E	08-Apr-05	04071 TH	21 12 Glasgow St S Condos	12 Glasgow Street South	Mar-Cot Homes Ltd.		8 9916
WC 95809	PM	08-Apr-05	04071 TH	21 12 Glasgow St S Condos	12 Glasgow Street South	Niagara Credit Union Limited		8 9916
WC 99634	E	17-May-05	05080 IN	46 170 Southgate Drive	Southgate Drive - Part Lot 30, Part 3	Corporation of the City of Guelph		680 9882
WC 99635	E	17-May-05	05014 IN	46 15/17 Southgate Drive	15/17 Southgate Drive	Thomasfield Homes Limited		766 9915
WC 102409	E	14-Jun-05		Rockwood MS	Rockwood MS	Township of Guelph/Eramosa		9959
WC 108630	E	09-Aug-05	06040 CM	46 Commercial Building	160 Southgate Drive	Carrington & Company Properties Inc.		680 9882
WC 108632	R	09-Aug-05	06040 CM	46 Commercial Building	160 Southgate Drive	Carrington & Company Properties Inc.		680 2072
WC 127837	E	01-Feb-06	04048 TH	13 284 Exhibition Street	284 Exhibition Street	Shadybrook Homes Ltd.		148 10126
WC 128078	E	03-Feb-06	05008 RS	16 Grangehill 4A	Summit Ridge / Washburn / Hebert	Guelph Grangehill Developments Limited		125 10180
WC 131093	E	10-Mar-06	06057 RS	13 237 Exhibition Street	237 Exhibition Street	Aquaterra Investmetns Inc.		172 10202
WC 132532	D	27-Mar-06	06057 RS	13 237 Exhibition Street	237 Exhibition Street	CIBC Mortgages Inc.		172 10202
WC 139501	D	05-Jun-06	06057 RS	13 237 Exhibition Street	237 Exhibition Street	CIBC Mortgages Inc.		172 10202
WC 143673	E	11-Jul-06	05087 RS	48 Westminister Woods East 2	Hall / Dominion / Duck / Goodwin	Westminister Woods Ltd.		130 10334
WC 143674	PM	11-Jul-06	05087 RS	48 Westminister Woods East 2	Hall / Dominion / Duck / Goodwin	603794 Ontario Limited		130 10334
WC 145707	E	27-Jul-06	05069 RC	48 Clair Rd E - Gordon to Victoria S	Clair Road East	Loblaw Properties Limited		65 10301
WC 147313	E	10-Aug-06	05069 RC	48 Clair Rd E - Gordon to Victoria S	Clair Road East	Westminister Woods Ltd.		130 10299
WC 147314	PM	10-Aug-06	05069 RC	48 Clair Rd E - Gordon to Victoria S	Clair Road East	603794 Ontario Limited		130 10299
WC 151776	E	21-Sep-06	06003 AP	21 Stewart Mills Apt / Condos	60 Cardigan Street	Stewart Mill Development Corporation		144 10381
WC 151777	PM	21-Sep-06	06003 AP	21 Stewart Mills Apt / Condos	60 Cardigan Street	Epireon Capital Limited		144 10381
WC 151778	PM	21-Sep-06	06003 AP	21 Stewart Mills Apt / Condos	60 Cardigan Street	Pacific & Western Bank of Canada		144 10381
WC 152925	E	02-Oct-06	05069 RC	48 Clair Rd E - Gordon to Victoria S	Clair Road East	Westminister Woods Ltd.		130 10415
WC 152926	PM	02-Oct-06	05069 RC	48 Clair Rd E - Gordon to Victoria S	Clair Road East	603794 Ontario Limited		130 10415
WC 157942	E	24-Nov-06	05068 TH	17 Watson Road Townhomes	20 Shackleton Drive	723033 Ontario Inc.		111 Blk-65
WC 157943	PM	24-Nov-06	05068 TH	17 Watson Road Townhomes	20 Shackleton Drive	Royal Bank of Canada		111 Blk-65
WC 157944	PM	24-Nov-06	05068 TH	17 Watson Road Townhomes	20 Shackleton Drive	Simon-Wood Limited		111 Blk-65
WC 159449	E	08-Dec-06	04005 RC	15 Speedvale/Victoria Intersection	51 Victoria Road North	Deborah Anne Mullins		10429
WC 159450	PM	08-Dec-06	04005 RC	15 Speedvale/Victoria Intersection	51 Victoria Road North	Bridgewater Financial Services Ltd.		10429
WC 161270	E	03-Jan-07	06042 RS	80 Rockwood Ridge 3	Rockwood	Seaton Rockwood Limited		134 10489
WC 161271	PM	03-Jan-07	06042 RS	80 Rockwood Ridge 3	Rockwood	Canadian Imperial Bank of Commerce		134 10489
WC 163430	E	29-Jan-07	06023 TH	23 Joseph Street Condominiums	Joseph Street	Concession Holdings Inc.		136 10507
WC 166122	E	02-Mar-07	06065 RC	10 Imperial Rd S @ Paisley Rd	Imperial Road South	Armel Corporation		53 10459
WC 166123	PM	02-Mar-07	06065 RC	10 Imperial Rd S @ Paisley Rd	Imperial Road South	Loblaw Properties Limited		53 10459
WC 166229	E	05-Mar-07	06015 RS	07 Victoriaview North	Block 171	Victoriaview North Developments Inc.		137
WC 166438	D	07-Mar-07	06015 RS	07 Victoriaview North	Block 171	Canadian Imperial Bank of Commerce		137
WC 172326	E	08-May-07	06061 TH	47 Maple Lane Towns	30 Vaughan Street	Reid's Heritage Homes Ltd.		
WC 172327	PM	08-May-07	06061 TH	47 Maple Lane Towns	30 Vaughan Street	603794 Ontario Limited		
WC 173244	E	18-May-07	07044 RC	55 Southgate Drive Extension	Southgate Drive / Crawley Road	Industrial Equities Guelph Corporation		10368
WC 173245	PM	18-May-07	07044 RC	55 Southgate Drive Extension	Southgate Drive / Crawley Road	Industrial Equities Guelph Corporation		10368
WC 175413	E	06-Jun-07	06020 RC	31 Victoria Road South Reconstruction	Victoria Road South (Turfgrass)	University of Guelph	Pt-3	10578
WC 175422	SL	06-Jun-07	06020 RC	31 Victoria Road South Reconstruction	Victoria Road South (Turfgrass)	University of Guelph	Pt-3	10578
WC 181069	E	25-Jul-07	07004 RC	55 Southgate Drive Extension	Southgate Drive / Crawley Road	Industrial Equities Guelph Corporation		10368
WC 181070	PM	25-Jul-07	07004 RC	55 Southgate Drive Extension	Southgate Drive / Crawley Road	Teresa & Anthony Gyuro		10368
WC 181071	PM	25-Jul-07	07004 RC	55 Southgate Drive Extension	Southgate Drive / Crawley Road	Canadian Imperial Bank of Commerce		10368
WC 181072	R	25-Jul-07	07004 RC	55 Southgate Drive Extension	Release WC173244	Industrial Equities Guelph Corporation		10368
WC 181517	E	27-Jul-07	05067 TH	29 Woodside Condos	Woodside Drive	1460288 Ontario Limited		139 10636
WC 181518	PM	27-Jul-07	05067 TH	29 Woodside Condos	Woodside Drive	Royal Bank of Canada		139 10636
WC 185242	E	28-Aug-07	06056 RS	48 Westminister Woods East 3	Block 172 - Frederick Drive	Westminister Woods Ltd.		10637

## GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
WC 185243	PM	28-Aug-07	06056 RS	48 Westminister Woods East 3	Block 172 - Frederick Drive	603794 Ontario Limited		10637
WC 200932	E	31-Jan-08	07016 RS	65 Northern Heights 3 (2)	Ingram Drive - Part Block 52, Pt 2	The Corporation of the City of Guelph	122	10650
WC 203625	E	04-Mar-08	06026 TH	53 255 Summerfield Drive Condo's	255 Summerfield Drive	Ariss Glen Developments Limited	110	Blk-24
WC 203626	PM	04-Mar-08	06026 TH	53 255 Summerfield Drive Condo's	255 Summerfield Drive	The Toronto-Dominion Bank	110	Blk-24
WC 214322	E	20-Jun-08	07004 NC	55 Southgate Drive Extension	995 Southgate Drive / Crawley Road	Industrial Equities Guelph Corporation		10808
WC 214323	PM	20-Jun-08	07004 NC	55 Southgate Drive Extension	995 Southgate Drive / Crawley Road	Kenneth Roy & Josephine Vida Fair		10808
WC 214324	PM	20-Jun-08	07004 NC	55 Southgate Drive Extension	995 Southgate Drive / Crawley Road	Kenneth Roy & Josephine Vida Fair		10808
WC 214325	PM	20-Jun-08	07004 NC	55 Southgate Drive Extension	995 Southgate Drive / Crawley Road	Canadian Imperial Bank of Commerce		10808
WC 214326	R	20-Jun-08	07004 NC	55 Southgate Drive Extension	Release WC181069	Industrial Equities Guelph Corporation		10368
WC 224478	E	19-Sep-08	07032 AP	48 Trafalgar Condos	39 Goodwin Drive	Reid's Heritage Homes/Westminister/etc.	65	Blk-69
WC 224479	PM	19-Sep-08	07032 AP	48 Trafalgar Condos	39 Goodwin Drive	Westminister Woods Ltd.	65	Blk-69
WC 224480	PM	19-Sep-08	07032 AP	48 Trafalgar Condos	39 Goodwin Drive	603794 Ontario Limited	65	Blk-69
WC 229234	E	03-Nov-08	07036 CM	02 Padswitch - 25 Cope Court	20 Cope Court	Almira Investments Ltd.	126	10911
WC 232224	E	05-Dec-08	08034 TH	53 Victoria Gardens Townhomes	105 Bard Boulevard	Victoria Wood (Arkell) Ltd.	146	Blk-101
WC 232233	E	05-Dec-08	08040 TH	06 Privada Townhomes	19 Simmonds Drive	1266304 Ontario Inc	122	Blk-51
WC 232234	PM	05-Dec-08	08040 TH	06 Privada Townhomes	19 Simmonds Drive	Artifex Construction Limited	122	Blk-51
WC 251150	E	21-Jul-09	08029 RS	39 Kortright Road East 2	McCann St / MacAlister Blvd	Gamma Developers Limited	161	11160
WC 251151	PM	21-Jul-09	08029 RS	39 Kortright Road East 2	McCann St / MacAlister Blvd	The Bank of Nova Scotia	161	11160
WC 253659	E	14-Aug-09	07062 TH	80 102 MacLennan Street Condo's	102 MacLennan Street	1568479 Ontario Limited		11019
WC 253660	PM	14-Aug-09	07062 TH	80 102 MacLennan Street Condo's	102 MacLennan Street	Parama Lithuanian Credit Union Limited		11019
WC 259266	E	08-Oct-09	09010 RC	56 Gordon Street Reconstruction	s/o 1827 Gordon Street	Cerniuk/H&J Produce/McEnery Ind/etc.	Pt-4	11186
WC 261713	E	04-Nov-09	08059 RC	14 Speedvale/Stevenson Intersection	400 Stevenson Street North	Trustees of Trinity United Church	477	11227
WC 261745	E	05-Nov-09	08059 RC	14 Speedvale/Stevenson Intersection	323 Speedvale Avenue East	Bridge/Carbrid Enterprises/Carere	Pt-5	11227
WC 264121	E	01-Dec-09	08059 RC	14 Speedvale/Stevenson Intersection	328-378 Speedvale Avenue East	Hreit Holdings 27 Corporation	Pt-1	11227
WC 264122	PM	01-Dec-09	08059 RC	14 Speedvale/Stevenson Intersection	328-378 Speedvale Avenue East	CIBC Mortgages Inc.	Pt-1	11227
WC 264622	E	08-Dec-09	08059 RC	14 Speedvale/Stevenson Intersection	317 Speedvale Avenue East	IRF Properties Inc.	Pt-1	11255
WC 264643	E	08-Dec-09	08059 RC	14 Speedvale/Stevenson Intersection	397 Stevenson Street North	Upper Grand District School Board	Pt-3	11227
WC 271340	E	09-Mar-10	08002 TH	50 Northmanor Towns, Phases 2A & 2B	1035/1039 Victoria Road South	Northmanor Estates Inc.	158	Blks-1 & 2
WC 271341	PM	09-Mar-10	08002 TH	50 Northmanor Towns, Phases 2A & 2B	1035/1039 Victoria Road South	Larry Robbins	158	Blks-1 & 2
WC 271343	E	09-Mar-10	08016 NC	43 Data Centre	1000 Southgate Drive	Her Majesty the Queen in Right of ...	Pts-1/2	11090
WC 271520	E	11-Mar-10	09027 TH	45 Valley Road Estates	Valley Road	2186949 Ontario Inc / 932005 Ontario Inc.	Pt-1	11097
WC 271521	PM	11-Mar-10	09027 TH	45 Valley Road Estates	Valley Road	932005 Ontario Inc.	Pt-1	11097
WC 271522	PM	11-Mar-10	09027 TH	45 Valley Road Estates	Valley Road	J. G. Goetz Construction Limited	Pt-1	11097
WC 279255	E	31-May-10	09031 TH	50 361 Arkell Road Townhomes	361 Arkell Road	Victoria Wood (Arkell) Ltd.	156	Blk-2
WC 284395	E	12-Jul-10	09005 RS	43 Westminister Woods East 4	Lambeth Way/Annemore/etc.	Reid's Heritage Homes Ltd.	160	Blk-86
WC 284396	PM	12-Jul-10	09005 RS	43 Westminister Woods East 4	Lambeth Way/Annemore/etc.	Coldpoint Capital Corp.	160	Blk-86
WC 284397	PM	12-Jul-10	09005 RS	43 Westminister Woods East 4	Lambeth Way/Annemore/etc.	Coldpoint Capital Corp.	160	Blk-86
WC 289170	E	25-Aug-10	08058 NC	47 Pergola	Poppy Drive East	FCHT Holdings (Ontario) Corporation	165	11440
WC 291786	E	23-Sep-10	09015 TH	15 35 Mountford Road Condos/Apt	35 Mountford Drive	Maple Grove Co-operative Development	637	D
WC 291787	PM	23-Sep-10	09015 TH	15 35 Mountford Road Condos/Apt	35 Mountford Drive	Ontario Infrastructure Projects Corp	637	D
WC 291788	PM	23-Sep-10	09015 TH	15 35 Mountford Road Condos/Apt	35 Mountford Drive	Home Ownership Alternatives Non-Profit	637	D
WC 295875	E	08-Nov-10	06058 TH	13 Stewart Mills Apt / Condos	62-110 Cardigan Street	2148733 Ontario Limited	144	
WC 295876	PM	08-Nov-10	06058 TH	13 Stewart Mills Apt / Condos	62-110 Cardigan Street	Charleston Mortgage Trustco Inc.	144	
WC 295877	PM	08-Nov-10	06058 TH	13 Stewart Mills Apt / Condos	62-110 Cardigan Street	Royal Bank of Canada	144	
WC 295878	PM	08-Nov-10	06058 TH	13 Stewart Mills Apt / Condos	62-110 Cardigan Street	Lombard General Insurance Co of Canada	144	
WC 304294	BY	01-Mar-11	09040 TS	55 Guelph MTS #1	436 Clair Road West	The Corporation of the City of Guelph		11571
WC 307873	E	12-Apr-11	10042 TH	17 Townhomes	365 Watson Parkway North	Simon-Wood Limited	111	Blk-66
WC 307874	PM	12-Apr-11	10042 TH	17 Townhomes	365 Watson Parkway North	Royal Bank of Canada	111	Blk-66
WC 314921	E	28-Jun-11	11002 NC	42 Hanlon Creek Business Park PH 1B	Hanlon Creek Blvd	The Corporation of the City of Guelph	169	11613
WC 317175	E	22-Jul-11	10002 NC	46 RBC Data Centre-GCC Expansion-Phase 2	75 Southgate Drive	Globe Realty Holdings Ltd	680	11564
WC 318721	E	05-Aug-11	07056 IN	02 Hastech Manufacturing	301 Massey Road	Linamar Corporation	618	10977
WC 318722	E	05-Aug-11	07021 IN	02 Roctel Manufacturing	415 Elmira Road North	Linamar Corporation	618	10978
WC 318724	E	05-Aug-11	11004 TH	45 Arkell Springs Townhomes	167 Arkell Road	Outback Developments Ltd	150	10891
WC 315725	PM	05-Aug-11	11004 TH	45 Arkell Springs Townhomes	167 Arkell Road	The Toronto-Dominion Bank	150	10891
WC 325736	E	18-Oct-11	10035 RS	65 Victoria Road North, Phase 1	Mussen Street	1830334 Ontario Limited	174	11692
WC 325737	PM	18-Oct-11	10035 RS	65 Victoria Road North, Phase 1	Mussen Street	Crestwicke Baptist Church	174	11692
WC 325738	PM	18-Oct-11	10035 RS	65 Victoria Road North, Phase 1	Mussen Street	Evaristo Perri	174	11692
WC 325739	PM	18-Oct-11	10035 RS	65 Victoria Road North, Phase 1	Mussen Street	Pidel Developments Inc.	174	11692
WC 325748	E	18-Oct-11	10049 TH	08 Lakeview Place Townhomes	15 Carere Crescent	Ethanview Limited	137	Blk-161
WC 325749	PM	18-Oct-11	10049 TH	08 Lakeview Place Townhomes	15 Carere Crescent	Victoriaview North Developments Inc.	137	Blk-161
WC 325750	PM	18-Oct-11	10049 TH	08 Lakeview Place Townhomes	15 Carere Crescent	Chester Carere Limited	137	Blk-161
WC 325875	E	19-Oct-11	10043 TH	48 24 Lowes Road East Townhmoes	24 Lowes Road East	Ariss Glen Developments Limited	Pts 1/2/3	11705
WC 325876	PM	19-Oct-11	10043 TH	48 24 Lowes Road East Townhmoes	24 Lowes Road East	The Toronto-Dominion Bank	Pts 1/2/3	11705
WC 326276	E	24-Oct-11	06020 RC	31 Victoria Rd S at old Hart Chemical Property	256 Victoria Rd S	Mayflower Properties (Guelph) Inc.	Part 1	10578
WC 326322	PM	25-Oct-11	06020 RC	31 Victoria Rd S at old Hart Chemical Property	256 Victoria Rd S	Huntsman Corporation Canada Inc	Part 1	10578
WC 334231	E	26-Jan-12	10038 RS	25 Watson Creek, Phase 3 Subdivision	Severn Dr, Fleming Rd, Marshall Dr	Carson Reid Homes Ltd.	166	11637

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
WC 334232	PM	26-Jan-12	10038 RS	25 Watson Creek, Phase 3 Subdivision	Severn Dr, Fleming Rd, Marshall Dr	Pacific & Western Bank of Canada	166	11637
WC 335497	E	13-Feb-12	11032 NC	52 Hanlon Creek Business Park PH 2	Hanlon Cr, Laird Rd, Cooper Dr	Guelph Land Holdings Inc.	176	11782
WC 335498	PM	13-Feb-12	11032 NC	52 Hanlon Creek Business Park PH 2	Hanlon Cr, Laird Rd, Cooper Dr	Central 1 Credit Union	176	11782
WC 338295	E	20-Mar-12	09040 TS	55 Guelph Municipal Transfomer Station(Arlen MTS)	436 Clair Road West	Guelph Hydro Electric Systems Inc. for Hydro One		11760
WC 338379	E	22-Mar-12	11011 TH	50 355 MacAlister Boulevard Townhomes	355 MacAlister Boulevard	1266304 Ontario Inc.	161	11160
WC 338380	PM	22-Mar-12	11011 TH	50 355 MacAlister Boulevard Townhomes	355 MacAlister Boulevard	Gamma Developers Limited	161	11160
WC 338381	PM	22-Mar-12	11011 TH	50 355 MacAlister Boulevard Townhomes	355 MacAlister Boulevard	Royal Bank of Canada	161	11160
WC 338382	PM	22-Mar-12	11011 TH	50 355 MacAlister Boulevard Townhomes	355 MacAlister Boulevard	Trisura Guarantee Insurance Company	161	11160
WC 339987	E	12-Apr-12	11041 TH	42 Downey Road Townhomes	146 Downey Road	Seaton Ridge Communities Ltd.	Pts 1/2/3	11770
WC 339988	PM	12-Apr-12	11041 TH	42 Downey Road Townhomes	146 Downey Road	Royal Bank of Canada	Pts 1/2/3	11770
WC 341184	E	27-Apr-12	10004 RC	5 Edinburgh Road North Reconstruction	Edinburgh Rd N and Woodlawn Rd W	Cargill Canada Holdings III (2006) Inc.	Part 1	11659
WC 344436	E	31-May-12	12005 TH	48 1498 Gordon Street Townhomes	1498 Gordon Street	Carson Reid Homes Ltd.	Part 4	11361
WC 362161	E	13-Dec-12	11031 RS	16 Grangehill, Phase 7A	Off Eastview Road	Guelph Grangehill Developments Limited	182	11973
WC 362162	PM	13-Dec-12	11031 RS	16 Grangehill, Phase 7A	Off Eastview Road	The Toronto-Dominion Bank	182	11973
WC 376883	E	27-Jun-13	12125 TH	53 Westminister Woods East Townhousing, PH 5	Block A/B	Reid's Heritage Homes Ltd.	Part 1	11873/1983
WC 376884	PM	27-Jun-13	12125 TH	53 Westminister Woods East Townhousing, PH 5	Block A/B	Coldpoint Capital Corp.	Part 1	11873/1983
RO 821253	E	04-Sep-13	8025 CM	29 Feeder #6 - U of G - College/Gordon	College/Gordon	University of Guelph	Part 1	11519
WC 386271	E	03-Oct-13	12040 RS	20 295 - 299 Paisley Rd - Habitat for Humanity	297 Paisley Road	Habitat for Humanity Wellington County	Part 1	20120
WC 393318	E	23-Dec-13	12109 RS	65 Northern Heights, Phase 5 Subdivision	Goldenvue Ave and Laurie	Artifex Construction Limited	191	20247
WC 398723	E	21-Mar-14	13035 RS	20 Inkerman Street Subdivision	N of Meadowview/47 & 69 Inkerman	Granite Homes East Inc.	Part 1	20273
WC 398854	E	24-Mar-14	13068 TH	45 Arkell Lofts Townhousing	32 Arkell Road	Granite Homes Arkell Lofts Ltd.	Pts 1/2/3/4	20196
WC 398855	PM	24-Mar-14	13068 TH	45 Arkell Lofts Townhousing	32 Arkell Road	BinBrook Holdings Limited	Pts 1/2/3/4	20196
WC 402888	E	15-May-14	11031 RS	16 Grangehill, Phase 7B	Off Eastview Road	Guelph Grangehill Developments Limited	194	20333
WC 402889	PM	15-May-14	11031 RS	16 Grangehill, Phase 7B	Off Eastview Road	The Toronto-Dominion Bank	194	20333
WC 408638	E	21-Jul-14	13008 RS	65 Victoria Road North, Phase 2	Mussen Street	1266304 Ontario Inc.	189	20298
WC 408639	PM	21-Jul-14	13008 RS	65 Victoria Road North, Phase 2	Mussen Street	Royal Bank of Canada	189	20298
WC 408640	PM	21-Jul-14	13008 RS	65 Victoria Road North, Phase 2	Mussen Street	First National Fianancial GP Corporation	189	20298
WC 408641	PM	21-Jul-14	13008 RS	65 Victoria Road North, Phase 2	Mussen Street	First National Fianancial GP Corporation	189	20298
WC 412238	E	27-Aug-14	14009 TH	45 Arkell Meadows Townhomes, Block 16	Between Dawes Ave & Amos Dr	Victoria Wood (Arkell) Ltd.	193	Blk-13
WC 412239	PM	27-Aug-14	14009 TH	45 Arkell Meadows Townhomes, Block 16	Between Dawes Ave & Amos Dr	The Toronto-Dominion Bank	193	Blk-13
WC 412238	E	27-Aug-14	14025 TH	45 Arkell Meadows Townhomes, Block 13	Between Dawes Ave & Amos Dr	Victoria Wood (Arkell) Ltd.	193	Blk-13
WC 412239	PM	27-Aug-14	14025 TH	45 Arkell Meadows Townhomes, Block 13	Between Dawes Ave & Amos Dr	The Toronto-Dominion Bank	193	Blk-13
WC 413568	E	11-Sep-14	14006 TH	22 York/Wyndham Townhomes	York/Wyndham	Terra View Riverside Ltd.	Pts 1/2/3	11605
WC 413569	PM	11-Sep-14	14006 TH	22 York/Wyndham Townhomes	York/Wyndham	The Toronto-Dominion Bank	Pts 1/2/3	11605
WC 418400	E	03-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 94	Rockwood	Harris Street Developments Inc.	186	Blk 94
WC 418401	PM	03-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 94	Rockwood	Charleston Mortgage Trustco Inc.	186	Blk 94
WC 418402	PM	03-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 94	Rockwood	Meridian Credit Union Limited	186	Blk 94
WC 418624	E	05-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 93	Rockwood	Harris Street Developments Inc.	186	Blk 93
WC 418625	PM	05-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 93	Rockwood	Charleston Mortgage Trustco Inc.	186	Blk 93
WC 418626	PM	05-Nov-14	13009 TH	80 Noble Ridge Condominiums, Block 93	Rockwood	Meridian Credit Union Limited	186	Blk 93
WC 421314	E	02-Dec-14	14046 RS	9 Chillico Run Subdivision	Westra Dr/Drone Cr/Rooke Ct/Gorman	Armel Corporation	196	20482
WC 422204	E	11-Dec-14	12006 AP	22 160 MacDonell Street	160 MacDonell Street (Condo Building)	148-152 MacDonell Ltd	Pt 1	20107
WC 422205	PM	11-Dec-14	12006 AP	22 160 MacDonell Street	160 MacDonell Street (Condo Building)	Pacific & Western Bank of Canada	Pt 1	20107
WC 422424	E	15-Dec-14	14069 TH	16 Eastview Road Townhomes	66 Eastview Rd (West of Starwood )	2267498 Ontario Limited/2363707 Ontario Inc.	Pt 1	20500
WC 422425	PM	15-Dec-14	14069 TH	16 Eastview Road Townhomes	66 Eastview Rd (West of Starwood )	Debrob Investments Limited	Pt 1	20500
WC 422870	E	18-Dec-14	9039 TH	10 714 Willow Road Townhomes	714 Willow Road	2086042 Ontario Limited	68	Blk-181
WC 429224	E	18-Mar-15	13113 RS	47 Bird Landing Subdivision	Poppy Drive W and Gosling Gardens	Thomasfield Homes Limited	198	20512
WC 429225	PM	18-Mar-15	13113 RS	47 Bird Landing Subdivision	Poppy Drive W and Gosling Gardens	The Toronto-Dominion Bank	198	20512
WC 432635	E	30-Apr-15	15009 RS	57 Dallan Subdivision	Dallan Dr and Popy Dr E	Victoria Wood (Dallan) GP Inc.	200	20563
WC 432636	PM	30-Apr-15	15009 RS	57 Dallan Subdivision	Dallan Dr and Popy Dr E	The Toronto-Dominion Bank	200	20563
WC 433278	R	07-May-15	NA	67 Carrington Place	67 Carrington Place - Lot 36	Christopher Robert MacDonald	13	8722
WC 435809	E	03-Jun-15	14051 RC	20 Roland Street Reconstruction	17 Roland Street	437172 Ontario Limited	Pt1	20464
WC 438931	E	02-Jul-15	14093 TH	57 Pergola Townhomes, Block 7	Hawkins Drive	Reid's Heritage Homes Ltd.	201	Blk 7
WC 438932	PM	02-Jul-15	14093 TH	57 Pergola Townhomes, Block 7	Hawkins Drive	Binbrook Holdings Limited	201	Blk 7
WC 438933	PM	02-Jul-15	14093 TH	57 Pergola Townhomes, Block 7	Hawkins Drive	Laurentian Bank of Canada	201	Blk 7
WC 438934	PM	02-Jul-15	14093 TH	57 Pergola Townhomes, Block 7	Hawkins Drive	Binbrook Holdings Limited	201	Blk 7
WC 439551	E	09-Jul-15	15017 TH	48 Dallan Townhomes, Block 100	Poppy Dr E and Kay Cres	Victoria Wood (Dallan) GP Inc.	200	Blk 100
WC 439552	PM	09-Jul-15	15017 TH	48 Dallan Townhomes, Block 100	Poppy Dr E and Kay Cres	The Toronto-Dominion Bank	200	Blk 100
WC 439556	R	09-Jul-15	NA	7 Linden Place	7 Linden Place	Raymund Cruz Rimando & Nadia Brunello-Rimandi	597	Lot 4
WC 439921	E	14-Jul-15	14051 RC	20 Roland Street Reconstruction	35 Roland Street	Fernando Trisegni	Pt 2	20464
WC 443787	E	20-Aug-15	13097 RC	21 100 Gordon Street	100 Gordon Street	Green Forest Investments Limited	Pt 2	20489
WC 445522	R	04-Sep-15	NA	53 Flanders Road	53 Flanders Road	The Governing Council of the Salvation Army	610	Lot 105
WC 452921	E	20-Nov-15	14095 AP	37 803 and 807 Gordon St - Townhouse/Condo	803 and 807 Gordon Street	803 Gordon Street Ltd.	Pts 1, 2 & 3	20155

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
WC 452922	PM	20-Nov-15	14095 AP	37 803 and 807 Gordon St - Townhouse/Condo	803 and 807 Gordon Street	Meridian Credit Union Limited	Pts 1, 2 & 3	20155
WC 454285	E	01-Dec-15	15018 RS	48 1405 Gordon Street Townhomes	1405 Gordon Street	Reid's Heritage Homes Ltd.	Pts 11 & 12	20612
WC 454286	PM	01-Dec-15	15018 RS	48 1405 Gordon Street Townhomes	1405 Gordon Street	BinBrook Holdings Limited	Pts 11 & 12	20612
WC 456498	A	21-Dec-15	NA	31 Hickory Street	31 Hickory Street,	The Hydro-Electric Power Commission of Ontario	539	Lot 17
WC 459179	E	26-Jan-16	14063 TH	80 Rockwood Ridge Townhomes	Rockwood	Seaton Homes Inc.	134	Blk 157
WC 459214	E	26-Jan-16	15089 RC	20 Waterloo Ave Apartments	387 & 411 Waterloo Ave	The Corporation of the County of Wellington	Pts 1, 3, 5 & 6	665
WC 459294	E	27-Jan-16	12014 RC	21 40 Wellington St W	25 Wellington St W	Prowasa (2001) Ltd.	Pts 1 & 2	20645
WC 459295	PM	27-Jan-16	12014 RC	21 40 Wellington St W	25 Wellington St W	The Toronto-Dominion Bank	Pts 1 & 2	20645
WC 460013	PM	03-Feb-16	14045 RC	44 Rickson Ave, Keat Cres, Kron Dr, Champlain	52 Rickson Ave	The Toronto-Dominion Bank	Part 2	20646
WC 462317	E	03-Mar-16	15023 RS	25 Guelph Watson 5-3 Subdivision (Defined)	N/E Corner of Frasson & Starwood	Guelph Watson 5-3 Inc.	Part 1, 2 & 3	20720
WC 462318	PM	03-Mar-16	15023 RS	25 Guelph Watson 5-3 Subdivision (Defined)	N/E Corner of Frasson & Starwood	The Toronto-Dominion Bank	Part 1, 2 & 3	20720
WC 462319	E	03-Mar-16	15023 RS	25 Guelph Watson 5-3 Subdivision (Blanket)	N/E Corner of Frasson & Starwood	Guelph Watson 5-3 Inc.	206 Blk 1-11 & 27	
WC 462320	PM	03-Mar-16	15023 RS	25 Guelph Watson 5-3 Subdivision (Blanket)	N/E Corner of Frasson & Starwood	The Toronto-Dominion Bank	206 Blk 1-11 & 27	
WC 464644	E	01-Apr-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	107 Woodlawn Road West	2117974 Ontario Inc.	Parts 1 & 2	20665
WC 464645	PM	01-Apr-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	107 Woodlawn Road West	Computershare Trust Company of Canada	Parts 1 & 2	20665
WC 464646	PM	01-Apr-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	107 Woodlawn Road West	Synnex Canada Limited	Parts 1 & 2	20665
WC 465894	E	15-Apr-16	11032 NC	52 Hanlon Creek Business Park, Phase 2	Hanlon Creek Business Park, Phase 2	Jaspar Investments Inc.	Pts 11,12,15,16	20445
WC 471357	PM	10-Jun-16	15052 RS	22 170 - 178 Elizabeth Street Subdivision	170 - 178 Elizabeth Street	KCMI Investments Ltd.	Pts 1 & 2	20678
WC 471358	PM	10-Jun-16	15052 RS	22 170 - 178 Elizabeth Street Subdivision	170 - 178 Elizabeth Street	KCMI Investments Ltd.	Pts 1 & 2	20678
WC 474185	E	08-Jul-16	15003 TH	26 158 Fife Road Townhomes	158 Fife Road Townhomes	Marann Homes Limited	Pts 1 & 2	20428
WC 474186	PM	08-Jul-16	15003 TH	26 158 Fife Road Townhomes	158 Fife Road Townhomes	The Guarantee Company of North America	Pts 1 & 2	20428
WC 474271	E	08-Jul-16	14110 CM	42 28 Bett Court - New Office Building	28 Bett Court	Finterra Realty Inc.	Pt 1	20792
WC 474272	PM	08-Jul-16	14110 CM	42 28 Bett Court - New Office Building	28 Bett Court	Royal Bank of Canada	Pt 1	20792
WC 474811	E	15-Jul-16	14004 TH	47 Bird Landing Condominiums	Gosling Gardens & Poppy Dr W	Thomasfield Homes Limited	198	Blks 22 & 29
WC 474812	PM	15-Jul-16	14004 TH	47 Bird Landing Condominiums	Gosling Gardens & Poppy Dr W	The Toronto-Dominion Bank	198	Blks 22 & 29
WC 476248	E	28-Jul-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	201 Woodlawn Rd W	ABB Inc.	Part 3	20664
WC 480468	E	02-Sep-16	14076 RC	12 Dawson Rd	55 Dawson Rd	1350189 Ontario Inc. (RONA)	Pt 1	20849
WC 480469	PM	02-Sep-16	14076 RC	12 Dawson Rd	55 Dawson Rd	Meridian Credit Union Limited	Pt 1	20849
WC 486688	E	04-Nov-16	15091 RC	5 Westgate & Lonsdale Dr Reconstruction	57 Lonsdale Dr	1163391 Ontario Inc.	532	Lot 71 & 72
WC 486689	PM	04-Nov-16	15091 RC	5 Westgate & Lonsdale Dr Reconstruction	57 Lonsdale Dr	The Toronto-Dominion Bank	532	Lot 71 & 72
WC 487569	E	15-Nov-16	15088 TH	45 Gallery Towns (60 Arkell Road)	60 Arkell Road	Moshi Holdings Ltd.	Pt 1	20808
WC 487570	PM	15-Nov-16	15088 TH	45 Gallery Towns (60 Arkell Road)	60 Arkell Road	Royal Bank of Canada	Pt 1	20808
WC 487616	R	16-Nov-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	199 Woodlawn Rd W	General Electric Canada Inc.	Pts 2 to 7 & 9	4151
WC 487616	R	16-Nov-16	15036 RC	4 Woodlawn Rd W (Between Nicklin & Silverceek	201 Woodlawn Rd W	ABB Inc.	Pts 1, 8 & 10	4151
WC 489894	E	08-Dec-16	15011 RC	12 Willow Road Reconstruction	54 Westmount Road	Wellington Catholic District School Board	Pt 1	20674
WC 490179	R	09-Dec-16	16034 RS	24 Starwood Drive (Part of Cityview Estates, Ph 1)	Starwood Drive (Partial Release)	1449019 Ontario Inc.	Part 11	8049
WC 492853	E	12-Jan-17	16043 TH	45 White Cedar Estates	Landsdown Drive	Dunsire (Landsdown) Inc.	Part 1	20870
WC 492854	PM	12-Jan-17	16043 TH	45 White Cedar Estates	Landsdown Drive	Marshallzehr Group Inc.	Part 1	20870
WC 492855	PM	12-Jan-17	16043 TH	45 White Cedar Estates	Landsdown Drive	Sorrenti Law Professional Corp. & Olympia Trust C	Part 1	20870
WC 499010	E	28-Mar-17	17008 AP	18 978 Paisley Rd - Imperial Towers Building 4	978 - 1042 Paisley Road	Joylife Imperial Towers Limited	61M8/61M533lks	139/2/3/4
WC 499011	PM	28-Mar-17	17008 AP	18 978 Paisley Rd - Imperial Towers Building 4	978 - 1042 Paisley Road	Royal Bank of Canada	61M8/61M533lks	139/2/3/4
WC 499013	PM	28-Mar-17	17008 AP	18 978 Paisley Rd - Imperial Towers Building 4	978 - 1042 Paisley Road	Bell Mobility Inc.	61M8/61M533lks	139/2/3/4
WC 499277	E	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	7 Kay Crescent	Dallan Apartments Inc.	Parts 7 to 12	20660
WC 499278	PM	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	7 Kay Crescent	The Toronto-Dominion Bank	Parts 7 to 12	20660
WC 499279	PM	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	7 Kay Crescent	Harbouredge Mortgage Investment Corporation	Parts 7 to 12	20660
WC 499282	E	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	17 & 25 Kay Crescent	Reid's Heritate Homes Ltd.	Parts 1 to 6	20660
WC 499283	PM	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	17 & 25 Kay Crescent	Canadian Imperial Bank of Commerce	Parts 1 to 6	20660
WC 499284	PM	30-Mar-17	15092 AP	48 7, 17 and 25 Kay Crescent - Dallan Condos	17 & 25 Kay Crescent	The Toronto-Dominion Bank	Parts 1 to 6	20660
WC 499586	E	31-Mar-17	14019 AP	22 5 Arthur St S - Arthur St Condos - Ph 1 & 2	5 Arthur Street South	2275860 Ontario Inc. (Fusion Homes)	Pts 11 to 16	119555
WC 499587	PM	31-Mar-17	14019 AP	22 5 Arthur St S - Arthur St Condos - Ph 1 & 2	5 Arthur Street South	Laurentian Bank of Canada	Pts 11 to 16	119555
WC 499588	PM	31-Mar-17	14019 AP	22 5 Arthur St S - Arthur St Condos - Ph 1 & 2	5 Arthur Street South	Trisura Guarantee Insurance Company	Pts 11 to 13	119555
WC 499589	PM	31-Mar-17	14019 AP	22 5 Arthur St S - Arthur St Condos - Ph 1 & 2	5 Arthur Street South	Binbrook Holdings Limited	Pts 11 to 16	119555
WC 501587	E	27-Apr-17	16086 TH	13 253-263 Exhibition Street Townhomes	253-263 Exhibition Street Townhomes	Woodlawn Investments Inc.	Pts 1, 2 & 3	20967
WC 501665	E	28-Apr-17	15030 RC	21 15 Wyndham St Reconstruction, Phase 2	15 Wyndham St S (Guelph Police Sta)	The Corporation of the City of Guelph	8pts	123 to 127

GUELPH HYDRO REGISTERED DOCUMENTS

17/10/2017

Reg. #	Type	Reg. Date	Project #	Project Name	Project Location	Parties	R.P. #	Ref.#
WC 504785	PM	26-May-17	17060 RC	14 Speedvale Ave East R/C (Woolwich to Manhattan)	285 Speedvale Ave E	CIBC Mortgages Inc.	Part 3	21055
WC 505202	E	31-May-17	17001 TH	39 1-28 Owens Way Condominiums	1-28 Owens Way Condominiums	Reid's Heritage Home Ltd.	Part 1	20556
WC 505203	PM	31-May-17	17001 TH	39 1-28 Owens Way Condominiums	1-28 Owens Way Condominiums	Binbrook Holdings Limited	Part 1	20556
WC 506562	E	09-Jun-17	17060 RC	14 Speedvale Ave East R/C (Woolwich to Manhattan)	3 to 19 Speedvale Ave E (Plaza)	2036499 Ontario Inc.	Part 5	21044
WC 506563	PM	09-Jun-17	17060 RC	14 Speedvale Ave East R/C (Woolwich to Manhattan)	3 to 19 Speedvale Ave E (Plaza)	Meridian Credit Union Limited	Part 5	21044
WC 506994	E	15-Jun-17	07009 CM	46 70 & 80 Southgate Drive (Commercial Buildings)	80 Southgate Drive	Ormsby Properties Inc.	Pts 11 & 12	10943
WC 506995	PM	15-Jun-17	07009 CM	46 70 & 80 Southgate Drive (Commercial Buildings)	80 Southgate Drive	The Toronto-Dominion Bank	Pts 11 & 12	10943
WC 506996	PM	15-Jun-17	07009 CM	46 70 & 80 Southgate Drive (Commercial Buildings)	80 Southgate Drive	Binbrook Holdings Limited	Pts 11 & 12	10943
WC 516949	E	15-Sep-17	14076 RC	12 Dawson Rd - Between Speedvale/Willow/Sheldale	340 & 346 Edinburgh Rd N & 65 Dawson Rd	2152034 Ontario Inc.	Pts 1 to 7	61R-612
WC 516981	E	15-Sep-17	NA	Laird Rd/Hanlon Creek Blvd (City Rd Allowance)	Laird Rd/Hanlon Creek Blvd (City Rd Allowance)	The Corporation of the City of Guelph	Part 2	21022
WC 519526	E	10-Oct-17	NA	2017 Damaged or Deteriorated Poles	15 Glenwood Ave	Richard Gummerson & Rachelle Chantal Smith	Part 1	21150
WC 519527	PM	10-Oct-17	NA	2017 Damaged or Deteriorated Poles	15 Glenwood Ave	Meridian Credit Union Limited	Part 1	21150
WC 519626	E	11-Oct-17	15013 CM	43 375 Southgate Drive - New Commercial Developme	361 Southgate Drive	Donald Scott Robinson	Part 2	21120
WC 519627	PM	11-Oct-17	15013 CM	43 375 Southgate Drive - New Commercial Developme	361 Southgate Drive	Judith Hagarty/Gail MacIntosh/J & G Enterprise	Part 2	21120
WC 520192	R	17-Oct-17	NA	55 Walnut Drive	55 Walnut Drive	Robert James Craig and Kerry Leah Craig	597	Lot 56

Superseded by WC152925/152926

Superseded by WC181069/181070/181071

Superseded by WC214232/214233/214234

Type Legend:

- A Application (General)
- C Condominium Servicing Agreement
- D Discharge of Mortgage
- E Transfer Easement
- PM Postponement
- Q Quit Claim
- R Release
- S Subdivision Servicing Agreement
- SL Notice of Determination/Surrender of Lease
- T Townhousing Connection Agreement

**Schedule 2(30)(b)**

**Permits**

GHESI Permits include:

1. Key Licences
  - (a) Electricity Distribution Licence ED-2002-0565, issued by the OEB to GHESI on June 3, 2003, valid until March 31, 2023, last amended March 31, 2017 by board file no. EB-2017-0101
    - (i) Letter re Non-Compliance with Section 6.2.7 of the Distribution System Code (License No. ED-2002-0565, Compliance File: CO 2014-0071) from the OEB to GHESI on October 1, 2014
    - (ii) Response to OEB letter dated October 1, 2014 re Non-compliance with Section 6.2.7 of the Distribution System Code (License No. ED-2002-0565, Compliance File: CO 2014-0071) acknowledging the error and indicating current compliance to the OEB from GHESI on October 16, 2014
2. Miscellaneous Licences
  - (a) Ontario Elevating Device Licence number 000290591 from the Technical Standards and Safety Authority (TSSA) to GHESI, re passenger elevator installed at 395 Southgate Dr.
  - (b) GHESI affirms that a second elevator was designed and installed through 2017 Q3-Q4 for AODA compliance to service the second floor Control Room area. The elevator meets all code requirements. GHESI has not received the physical licence to date but has been informed that the relevant licence number is EDLIC-2006-084249. A copy of this license can be provided once received from TSSA.
3. Environmental Authorizations
  - (a) Certificate of Approval Number 7239-5TGSWL from the Ontario Ministry of the Environment to The Corporation of the City of Guelph, dated December 11, 2003, as faxed December 23, 2003, re Eastview Road Landfill – 186 Eastview Rd
  - (b) Amended Certificate of Approval Number 7854-6U7R5V from the Ontario Ministry of the Environment to GHESI, issued October 30, 2006 re 395 Southgate Drive
  - (c) Environmental Compliance Approval Number 6066-9ZRKNA from the Ontario Minister of the Environmental to GHESI, issued September 28, 2015, re 640 Main Street South
  - (d) Environmental Compliance Approval Number 5653-A22N7R from the Ontario Minister of the Environmental to GHESI, issued September 29, 2016, as amended November 18, 2016, re 78 Christie St, now 100 Rockmosa

- (e) Environmental Compliance Approval Number 5539-8JYMVL from the Ontario Ministry of the Environment to GHESI, issued November 23, 2011, re Arlen Transformer Station – 436 Clair Rd West
  - (f) Certificate of Approval Number 9640-8L8QJ6 from the Ontario Ministry of the Environment to GHESI, issued September 6, 2011 re Guelph Hydro Transformer Station, 436 Clair Rd W
  - (g) Certification Review Report per Leadership in Energy and Environmental Design® (“LEED”) from the Canada Green Building Council® (“CaGBC”) to Guelph Hydro, final review date February 9, 2011
4. Building Permits
- (a) Building Permit No. 0045 – 2009, from the Chief Building Official for the Township of Guelph/Eramosa to GHESI, issued May 6, 2009, re Electrical substation for 640 Main Street South
  - (b) Designated Structure Building Permit from the City of Guelph Building Services to GHESI, re Solar Collector - 436 Clair Rd W
  - (c) Building Permit from the City of Guelph Building Services to Guelph Hydro re transformer station switchgear/control building (includes plbg & HVAC) – 436 Clair Rd W
  - (d) Mechanical Permit from the City of Guelph Building Services to GHESI re Backflow Device – 395 Southgate Dr
5. Other Municipal Authorizations
- (a) Site plan approval for site plan amendment application (D11 GU) from the Corporation of the Township of Guelph/Eramosa to GHESI, re Rockwood Municipal Substation #2

Envida Permits include:

1. Key Licences

Electricity Distribution Licence EG-2004-0438, issued by the OEB to Envida on March 14, 2005, valid until March 13, 2025, last amended August 30, 2012

**Schedule 2(32)**

**Non-Arm's Length Transactions**

The following is a list of non-arm's length transactions that involve either Envida, GHESI, or both:

1. Agreement for Water & Wastewater Billing & Collection Services (2015-2020) between the Corporation of the City of Guelph and GHESI, entered into October 27, 2015, as amended August 9, 2016
2. Amended and Restated Services Agreement between GMHI and GHESI, dated September 11, 2014 re the provision of financial, information, human resources, management, and other share corporate services by GHESI to GMHI
3. Amended Services Agreement between GHESI and Envida made as of September 11, 2014, re the provision of information services for the acquisition, licensing, installation, configuration, maintenance and security of computer software and hardware, from GHESI to Envida
4. Solar Connection Agreement between GHESI and Ecotricity Guelph Inc., now Envida, made March 1, 2011
5. Connection Agreement between GHESI and Ecotricity Guelph Inc., now Envida, made November 15, 2010, re Eastview Plan Connection
6. Rooftop Lease Agreement between GHESI as landlord and Ecotricity Guelph Inc., now Envida, as tenant, made November 4, 2010, re a portion of the rooftop at 395 Southgate Dr
7. While no signed street lighting servicing agreement exists with the Corporation of the City of Guelph, GHESI has an ongoing multi-decade history of providing the following services to the Corporation of the City of Guelph and the City has paid the invoices sent to them for reimbursement of GHESI's expenses through work order charges each year:
  - (a) street lighting design services for new construction and roadway modifications;
  - (b) managing street lighting in new developer subdivisions;
  - (c) developing standards and specifications;
  - (d) material procurement and inventory;
  - (e) field street lighting construction work;
  - (f) annual cleaning and group relamping;
  - (g) taking and responding to street light outage calls;
  - (h) reporting to the City;

- (i) review and assessment of new lighting materials;
- (j) field investigations regarding illumination levels in the event of a legal action;
- (k) special investigation/engineering work to accommodate regulatory changes (e.g. new ESA street lighting regulations 2004); and
- (l) other similar and related services.

**APPENDIX "C"**

**ALECTRA DISCLOSURE SCHEDULE**

See attached.

## APPENDIX “C”

### ALECTRA DISCLOSURE SCHEDULE

These schedules (collectively, the “**Alectra Disclosure Schedule**”) are dated as of February 28, 2018.

Unless otherwise indicated, any capitalized terms used but not defined in this Alectra Disclosure Schedule shall have the respective meanings attributed to such terms in the merger participation agreement dated February 28, 2018 (the “**MPA**”) between Guelph Municipal Holdings Inc. (“**GMHI**”), Guelph Hydro Electric Systems Inc. (“**GHESI**”), Alectra Inc. (“**Alectra**”) and Alectra Utilities Corporation (“**AUC**”). The schedule numbers in this Alectra Disclosure Schedule correspond to the section references in Appendix A to the MPA. Any information disclosed in any schedule shall be deemed to be disclosed and incorporated in any other schedule to this Alectra Disclosure Schedule to the extent that the relevance of such disclosure to such other part is reasonably apparent.

The Alectra Disclosure Schedule is qualified in its entirety by reference to the MPA and is not intended to constitute, and shall not be construed as constituting, representations or warranties of Alectra, except as and to the extent set forth in the MPA. Disclosure of any non-material item herein in respect of any representation and warranty qualified by materiality shall not be deemed to amend the materiality of any representation or warranty so qualified.

Reference is made to the Merger Participation Agreement dated as of March 24, 2016 between The Corporation of the City of Vaughan, The Corporation of the City of Markham, The Corporation of the City of Barrie, The Corporation of the City of Mississauga, City of Hamilton, The Corporation of the City of St. Catharines, BPC Energy Corporation, Hamilton Utilities Corporation, St. Catharines Hydro Inc., Vaughan Holdings Inc., Markham Enterprises Corporation, Barrie Hydro Holdings Inc., PowerStream Holdings Inc., Horizon Holdings Inc., Enersource Corporation, PowerStream Inc., Enersource Hydro Mississauga Inc. and Horizon Utilities Corporation (the “**Aura MPA**”), a copy of which has been provided to Guelph and its advisors prior to the date hereof at the “Legal Team” folder I.A.4.a No.1 and No. 2 in the Grant Thornton electronic data room used by the Parties in connection with this transaction.

Reference is also made to the Share Purchase Agreement dated as of March 24, 2016 between Her Majesty The Queen in Right of Ontario as Represented by the Minister of Energy, Brampton Distribution Holdco Inc., Horizon Utilities Corporation, Enersource Hydro Mississauga Inc., PowerStream Inc. and Hydro One Brampton Networks Inc. (the “**HOBNI SPA**”), a copy of which has been provided to Guelph and its advisors prior to the date hereof at the “Legal Team” folder III.D No. 3 and No. 4 in the Grant Thornton electronic data room used by the Parties in connection with this transaction.

The following appendices attached to the Aura MPA, and only the following appendices listed, are hereby incorporated by reference into this Alectra Disclosure Schedule and form part of this Alectra Disclosure Schedule as if set out in full herein:

- (a) Appendix “B” attached to the Aura MPA titled “Enersource Hydro Disclosure Schedule”;
- (b) Appendix “C” attached to the Aura MPA titled “PowerStream Disclosure Schedule”; and
- (c) Appendix “D” attached to the Aura MPA titled “Horizon Disclosure Schedule”,

all of which have been provided to Guelph and its advisors at the “Legal Team” folder I.A.4.a No. 1 in the Grant Thornton electronic data room used by the Parties in connection with this transaction.

Any information disclosed in Appendix “B” to the Aura MPA will be deemed to be disclosed and incorporated in this Alectra Disclosure Schedule, only to the extent such disclosure is relevant to Enersource Hydro Mississauga Inc. for the time period described in the relevant Section of Appendix “A” hereto.

Any information disclosed in Appendix “C” to the Aura MPA will be deemed to be disclosed and incorporated in this Alectra Disclosure Schedule, only to the extent such disclosure is relevant to PowerStream Inc. for the time period described in the relevant Section of Appendix “A” hereto.

Any information disclosed in Appendix “D” to the Aura MPA will be deemed to be disclosed and incorporated in this Alectra Disclosure Schedule, only to the extent such disclosure is relevant to Horizon Utilities Corporation for the time period described in the relevant Section of Appendix “A” hereto.

The Confidential Disclosure Letter (as that term is defined in the HOBNI SPA), which has been provided to Guelph and its advisors at the “Legal Team” folder III.D No. 3 in the Grant Thornton electronic data room used by the Parties in connection with this transaction, is hereby incorporated by reference into this Alectra Disclosure Schedule and forms part of this Alectra Disclosure Schedule as if set out in full herein. Any information disclosed in the Confidential Disclosure Letter (as such term is defined in the HOBNI SPA) will be deemed to be disclosed and incorporated into this Alectra Disclosure Schedule, only to the extent such disclosure is relevant to Hydro One Brampton Networks Inc. for the time period described in the relevant Section of Appendix “A” hereto.

The information disclosed in this Alectra Disclosure Schedule is in all respects subject to the Non-Disclosure Agreement.

**Schedule 2(4)(A)**  
**Subsidiaries**

1. Horizon Solar Corp.
2. Solar Sunbelt GP
3. Alectra Utilities Corporation
4. Collus PowerStream Utility Services Corp.
5. Alectra Energy Solutions Inc.
6. Alectra Energy Services Inc.
7. Alectra Power Services Inc.
8. Util-Assist Inc.
9. Util-Assist Corp.
10. Collus PowerStream Corp. – 50% owned directly or indirectly by Alectra
11. Collus PowerStream Solutions Corp. – 50% owned directly or indirectly by Alectra
12. Collus PowerStream Energy Corp. – 50% owned directly or indirectly by Alectra

**Schedule 2(4)(B)**  
**Liabilities**

1. Credit Agreement dated January 31, 2017 between Alectra Inc., Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank and each financial institution that from time to time becomes party to the Agreement
2. Credit Agreement dated November 24, 2017 between Alectra Inc. and the Royal Bank of Canada
3. Trust Indenture dated May 17, 2017 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
4. Trust Indenture dated April 29, 2011 between Alectra Inc. and BNY Trust Company of Canada, as supplemented
5. Trust Indenture dated July 30, 2012 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
6. Trust Indenture dated July 21, 2010 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
7. [REDACTED]

**Schedule 2(14)(D)**  
**Tax Audits**

See attached.

**Ministry of Finance  
Tax Compliance and Benefits  
Division**

Compliance Branch

Suite 200 – 5 Park Home Avenue  
North York ON M2N 6L4  
Telephone: 1-866-668-8297  
Facsimile: 416-218-3276

**Ministère des Finances  
Division de l'observation fiscale et  
des avantages fiscaux**

Direction de l'observation fiscale

Bureau 200 – 5, Avenue Park Home  
North York ON M2N 6L4  
Téléphone: 1-866-668-8297  
Télécopieur: 416-218-3276



PowerStream Inc.  
Attention: Mr. Martin Sultana, CPA, CA  
2185 Derry Road West  
Mississauga, ON L5N 7A6

February 13<sup>th</sup>, 2018

### **Records Required for Hydro Payment in Lieu Audit**

Dear Mr. Sultana,

This notice is being sent to confirm the Hydro Payment in Lieu audit of PowerStream Inc., schedule to begin **Monday, April 16<sup>th</sup>, 2018**. The audit period will cover **January 1<sup>st</sup>, 2013 to December 31<sup>st</sup>, 2014**. In order to conduct the audit, access to the following records/information is required:

- Corporation's copies of the Ontario and Federal tax returns (include all related schedules for each taxation period)
- Tax preparation worksheets and reports that support the Federal T2 Schedule 1 adjustments
- Financial Statements and the associated notes to the financial statements
- Year-end trial balances
- Year-end adjusting journals/entries
- Grouping schedules which tie into the trial balance and financial statements

In order to prepare for and facilitate timely completion of the audit, please have the above listed items readily available at the commencement of the audit.

The Ontario Ministry of Finance is committed to providing you with excellent customer service. Our service commitments to you can be found at [www.ontario.ca/finance](http://www.ontario.ca/finance).

If you have any questions, either now or during the course of the audit, you can discuss them with either myself, at 416-218-3730 or my manager, Naomi Morita at 905-837-5201

Yours truly,

***Original Signed by:***

Kelvin Tso  
Senior Program Auditor  
Compliance Branch

**Schedule 2(24)**  
**Electricity Generating Facilities**

1. Fit 5 Solar Sunbelt GP Seymour Hannah CC Project Fit 5 # [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Schedule 2(25)**  
**Alectra Real Property and Leased Property**

1. MTO Encroachments;
2. EC-2017-20T-255 (located 404 & Steeles, Markham);
3. EC-2017-20T-159 (located 407 & Woodbine, Markham);
4. EC-2017-20T-249 (located 404 & 14<sup>th</sup> Avenue, Markham);
5. EC-2017-20T-00001642 (located 400 & Salem/Lockhart Road, Barrie);
6. Railway Crossings; and
7. Metrolinx Mile 51.50 at 14<sup>th</sup> Ave., Markham.

Please see attached list of Easements.

Registered Easement Instrument No.	Easement Registration Date	PIN(s) (LT)	Servient Lands	Municipality/Alectra Territory	Land Registry Office	Transferee	Transferor	Alectra Work Order # (if available)	Postponements	Other Comments
WE1263361	Jan 23 2018 (TBC)	17566-0046 and 17566-0055	Parts 1- 5 on Plan 62R8005 and Part 1 on Plan 62R9435	Hamilton	62 Hamilton	City of Hamilton and Alectra Utilities Corporation	Metrolinx	n/a	none required	none
NR471894	Jan 24 2018	46227-0736	Part 1 30R14989	St. Catharines	30 Niagara	Alectra Utilities Corporation	Limitless Management and Services Ltd.	438904	none required	none
SC1486742	Jan 24 2018	58740-0724	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Barrie	51 Simcoe	Alectra Utilities Corporation	Mason Homes Limited	312504	none required	none
PR3269504	Jan 15 2018	13260-0383	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Mississauga	43 Peel	Alectra Utilities Corporation	Derri (Ari) Ltd., Derry Aero Inc.	n/a	PR3269519, PR3269518	none
YR3269504	Jan 15 2018	03222-0968	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Vaughan	65 York	Alectra Utilities Corporation	Woodbridge Park Limited	314953	YR2783350	none
YR2784249	Jan 16 2018	03061-5671	Part 1 Plan 65R36947	Markham	65 York	Alectra Utilities Corporation	Digram Developments Markham Inc.	313699	none required	none
YR2754723	Nov 3 2017	03061-5627; 03061-5628; 03061-5629; 03061-5630; 03061-5631; 03061-5632; 03061-5633; 03061-5634; 03061-5635; 03061-5636; 03061-5637; 03061-5638; 03061-5639; 03061-5640; 03061-5641; 03061-5642; 03061-5643; 03061-5644; 03061-5645; 03061-5646; 03061-5647; 03061-5648; 03061-5649; 03061-5650; 03061-5651; 03061-5652; 03061-5653; 03061-5654; 03061-5655; 03061-5656; 03061-5657; 03061-5658; 03061-5659; 03061-5660; 03061-5661; 03061-5662; 03061-5663; 03061-5664; 03061-5665; 03061-5666; 03061-5667; 03061-5668; 03061-5669	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	Digram Developments Markham Inc.	313699	YR2754724	none
PR3269103	Jan 12 2018	19322-0001 through 0009 inclusive; 19322-0043 through 0056 inclusive; 19322-0120 through 0414 inclusive; 19322-0429 through 0432 inclusive; 19322-0445 through 0527 inclusive.	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Peel Standard Condominium Corporation No. 322	n/a	PR3269133, PR3269159	none
YR2772033	Dec 11 2017	03232-1365	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Vaughan	65 York	Alectra Utilities Corporation	The Corporation of the City of Vaughan	n/a	none required	none
YR2735524	Sept 25 2017	03271-6971	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Vaughan	65 York	Alectra Utilities Corporation	The Toronto Waldorf School	316373	none required	none
NR469222	Dec 20 2017	46978-0001 through 0024 inclusive	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	St. Catharines	30 Niagara	Alectra Utilities Corporation	Niagara North Vacant Land Condominium Corporation No. 278	124733	none required	none
WE1257796	Dec 19 2017	17385-2442	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Hamilton	62 Hamilton	Alectra Utilities Corporation	Branthaven Dakota Inc.	n/a	WE1257797	none
NR469217	Dec 20 2017	46945-0001 through 0015 inclusive	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	St. Catharines	30 Niagara	Alectra Utilities Corporation	Pinewood Homes (Niagara) Ltd. and Niagara North Vacant Land Condominium Corporation No. 245	100349	NR469245s	none
WE1256569	Dec 13 2017	17368-0659 and 17368-0661	Parts 2 and 5, Plan 62R20705	Hamilton	62 Hamilton	Alectra Utilities Corporation	Costco Wholesale Canada Ltd.	n/a	none required	none
YR2771422	Dec 8 2017	03055-0112, 03055-0114 and 03055-0120	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	EP Victoria Square Manors Ltd.	313690	YR2271423 and YR2771424	none
PR3251530	Dec 8 2017	14364-2545	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Town-Rose Homes Inc.	n/a	PR3251531	none
PR3251080	Dec 8 2017	14254-8890	Parts 1 and 2 Plan 43R37964	Brampton	43 Peel	Alectra Utilities Corporation	2040485 Ontario Limited	n/a	none required	none
PR3247063	Dec 1 2017	14225-0817	Part 4 Plan 43R37925	Brampton	43 Peel	Alectra Utilities Corporation	Patilda Construction Inc.	n/a	none required	none
PR3244020	Nov 28 2017	14365-2227	Part 1 Plan 43R37948	Brampton	43 Peel	Alectra Utilities Corporation	Paradise Homes NW Inc.	n/a	PR344025	none
PR3244019	Nov 28 2017	14365-2227	All of blocks 322, 323, 324 and 325, All of reserve blocks 327, 328, 333 and 336 on Plan 43M2044; Part of reserve blocks 314 and 315, Part of reserve blocks 331, 332 and 337, Plan 43M2044 being Parts 1 through 7 inclusive, Plan 43R37949	Brampton	43 Peel	Alectra Utilities Corporation	Paradise Homes NW Inc.	n/a	PR3244024	none
PR3244044	Nov 28 2017	14365-2227	Block 87 and reserve block 88, Plan 43M2045	Brampton	43 Peel	Alectra Utilities Corporation	Paradise Homes NW Inc.	n/a	none required	none

YR2765080	Nov 27 2017	03219-1995	Parts 1 and 2 on Plan 65R36884	Richmond Hill	65 York	Alectra Utilities Corporation	Evelyn Amis Holdings Inc.	313499	YR2765096	Encroachment Agreement between Alectra and York Region re Part 1 Plan 65R36884
PR3220824	Oct 18 2017	14088-0275	Part 3 Plan 43R35733	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
PR3239621	Nov 21 2017	14209-1755	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	2548183 Ontario Inc.	n/a	PR3239626	none
WE 1251044	Nov 17 2017	17446-0168	Parts 1 through 7, plan 62R20667	Hamilton	62 Hamilton	Alectra Utilities Corporation	Family Practice (Dixie) Limited	n/a	WE1251046, WE1251045	Encroachment Agreement between Alectra and Bell Canada re Parts 1 through 7, Plan 62R20667 re Bell's easement inst. No. HL90635
PR3177300	Aug 2 2017	14088-0580	Part 1 Plan 43R37676	Brampton	43 Peel	Alectra Utilities Corporation	Peel District School Board	n/a	none required	none
PR3168829	Jul 21 2017	14027-0104	Parts 1 and 2, plan 43R35751	Brampton	43 Peel	Alectra Utilities Corporation	The Regional Municipality of Peel	n/a	none required	none
PR3154275	Jun 28 2017	14223-7614	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Daniels LR Corporation	n/a	none required	none
PR3142515	Jun 9 2017	14209-0134	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	494518 Ontario Limited	n/a	none required	none
PR3133630	May 26 2017	14216-0360	Part 1 Plan 43R37565	Brampton	43 Peel	Alectra Utilities Corporation	Ernoakkids Centre for Treatment and Development	n/a	none required	none
PR3131106	May 23 2017	14211-3397	Part 1 Plan 43R37641	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
PR3131090	May 23 2017	14210-1496	Part 1 Plan 43R37640	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
PR3126336	May 12 2017	14226-3702; 14226-3703; 14226-3705; 14226-3706; 14226-2134	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Highrise Properties (Phase V) Inc.	n/a	PR3126337	none
PR3106626	Apr 5 2017	14021-1349; 14021-1348	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Sunkom Properties Inc.	n/a	PR3106627	none
PR3110110	Apr 13 2017	14032-0091	Parts 1 and 2 Plan 43R37309	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
PR3110031	Apr 12 2017	14093-4407	Part 1 Plan 43R37543	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
YR2723186	Aug 28 2017	03058-1817 through 1822	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	Kylemore Communities (Yorkton) Ltd.	315501	YR2733187	none
YR2722047	Sept 25 2017	02984-0316 and 02984-0317	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	2426483 Ontario Limited	313222	YR2722090, YR2722091 and YR2722092	none
YR2667928	May 12 2017	70013-1167 through 1173	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	Wykland Estates Inc.	314385	none required	Discharge of Charge registered as YR2625208
YR2709276	Jul 28 2017	70013-1523; 70013-1531; 70013-1522; 70013-1511; 70013-1505	Parts 9 and 18 Plan 65R37077; Parts 12, 36 and 49 on Plan 65R37076	Markham	65 York	Alectra Utilities Corporation	Wykland Estates Inc.	314385	none required	none
YR2706833	Jul 25 2017	03754-1608 and 03754-1607	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Vaughan	65 York	Alectra Utilities Corporation	Maplequest (Vaughan) Developments Inc.	313137	YR2706834 and YR2706835	none
YR2699340	Jul 10 2017	03215-1292	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Richmond Hill	65 York	Alectra Utilities Corporation	Carrville South Development Corp.	311417	YR2699340	none
YR2667444	May 12 2017	03144-1338 through 1345	Parts 1 through 12 Plan 65R37095	Richmond Hill	65 York	Alectra Utilities Corporation	Corsica Development Inc.	314729	YR2667445	none
YR2667856	May 12 2017	03248-0603	Parts 1 through 3 Plan 65R36959	Vaughan	65 York	Alectra Utilities Corporation	Auto Complex Ltd.	315529	YR2667866	Release of Easement over Part 4 Plan 65R36959 registered as Inst. No. YR2667855
SC1426095	Jun 30 2017	58144-1153 and 58144-1147	Parts 3 and 5 Plan 51R41006	New Tecumseth	51 Simcoe	Alectra Utilities Corporation	2038148 Ontario Inc.	314839	SC1426093	none
YR2652084	Apr 10 2017	02985-0545	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	Sunrise Acquisition (Hwy 7) Inc.	313616	YR2652085, YR2652086, YR2652087	none
YR2651014	Apr 7 2017	02985-0524	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Markham	65 York	Alectra Utilities Corporation	1820266 Ontario Inc.	312302	YR2651025, YR2651026	none
YR2650543	Apr 6 2017	03296-0297	Part 4 Plan 65R36018	Vaughan	65 York	Alectra Utilities Corporation	Pine Valley Enclave Ltd.	315276	YR2650544	none
YR2640305	Mar 17 2017	03348-0027	Part 1 Plan 65R37027	Vaughan	65 York	Alectra Utilities Corporation	Di Poce Real Estate Holdings Limited	314656	none required	Consideration paid
PR3237753	Nov 17 2017	14365-2230	Part 1 Plan 43R37935	Brampton	43 Peel	Alectra Utilities Corporation	Walness Developments Inc.	n/a	none required	none
PR3237754	Nov 17 2017	14365-2230	Parts 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13 and 16, Plan 43R37938	Brampton	43 Peel	Alectra Utilities Corporation	Walness Developments Inc.	n/a	PR3237762	none
PR3237755	Nov 17 2017	14365-0277; 14365-0273 and 14365-2230	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Northwest Brampton Investments Inc., 2044831 Ontario Inc. and Walness Developments Inc.	n/a	none required	none

SC1467325	Nov 7 2017	58914-0088	Parts 1 and 4, Plan 51R40168; Part 2 Plan 51R40168 and Parts 2, 3 and 4 Plan 51R40476 and Part 1 51R40687	Barrie	51 Simcoe	Alectra Utilities Corporation	Sean Mason Homes (Essa Rd.) Inc.	316404	SC1467326	none
PR3180314	Aug 9 2017	14215-1454	Parts 1 and 2 Plan 43R37799	Brampton	43 Peel	Alectra Utilities Corporation	Concris Developments Inc. and Urban Drywall Limited	n/a	PR3180318	none
PR3233339	Nov 8 2017	14086-3423 and 14086-3109	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Signature Enclaves Inc.	n/a	PR3233341 and PR 3233340	none
PR3220820	Oct 18 2017	14365-1652	Part 1 Plan 43R37687	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
PR3219322	Oct 16 2017	14223-7613	Parts 1 and 2 Plan 43R37544	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	n/a	none required	none
YR2741254	Oct 4 2017	03212-0450 and 03212-0453	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Richmond Hill	65 York	Alectra Utilities Corporation	Frontdoor Developments INC.	312344	YR2741255 and YR2741256	none
YR2733356	Sept 19 2017	03329-4352	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Vaughan	65 York	Alectra Utilities Corporation	Eagleview Heights Developments Limited	315020	YR2733357	none
WE1196995	Apr 4 2017	17097-1541	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Stoney Creek	62 Hamilton	Alectra Utilities Corporation	2268329 Ontario Inc	Project #14876	WE1196996	none
NR443770	10-Apr-17	46963-0001 to 46963-0012	Servient Tenement: All the Common Elements, Niagara North vacant land condominium plan no. 263; City of St. Catharines.	St. Catharines	30 Niagara	Alectra Utilities Corporation	Niagara North Vacant Land Condominium Corporation No. 263	Project # 13595	unknown	none
NR453637	19-Jul-17	46964-0001 to 46964-0029	Servient Lands: Niagara North vacant land condominium Plan No. 264 and its appurtenant interest; City of St. Catharines	St. Catharines	30 Niagara	Alectra Utilities Corporation	Niagara North Vacant Land Condominium Corporation No. 264	Project 13575	unknown	none
WE1224843	28-Jul-17	16905-0951	Servient lands:Block 7, Plan 62M-1235; City of Hamilton	Hamilton	62 Hamilton	Alectra Utilities Corporation	Chappel South Developments Limited	Project 14759	unknown	none
WE1235424	11-Sep-17	17580-0234	Servient Part Parklet 16 A>N> MacNab Survey(Unregistered) Parts 1 to 2 62R20530; City of Hamilton.	Hamilton	62 Hamilton	Alectra Utilities Corporation	Dawn Victoria Haomes (Brantford) Limited	Project 13763-P Webb	WE1235425	none
WE1240134	29-Sep-17	17167-0237	Pt Lt 46 on the south side of Rebecca St between James St and Hughson St, Nathaniel Hughson Survey (Unregistered) Part 1 on 62R20637; City of Hamilton	Hamilton	62 Hamilton	Alectra Utilities Corporation	James Street Residences Inc	n/a	unknown	none
WE1241701	05-Oct-17	17170-0050	Servient Lands: Pt Lt 14 Con 3 Barton, Designated as Part 1 on Plan 62R-20615, City of Hamilton	Hamilton	62 Hamilton	Alectra Utilities Corporation	City of Hamilton	Project 13022	unknown	none
PR3131098	May 23 2017	n/a	Part 8 on 43R-11119	Mississauga	43 Peel	Alectra Utilities Corporation	2500361 Ontario Inc	CDM-M 16006	unknown	none
PR3144743	June 14 2017	n/a	Part 1 on 43R-37237	Mississauga	43 Peel	Alectra Utilities Corporation	Danviv Holdings Limited	338511	unknown	none
PR3156849	June 30 2017	n/a	Parts 1, 3, 4, 6, 7, 8 and 9 on Plan 43R-37727	Mississauga	43 Peel	Alectra Utilities Corporation	PFS GTA Industrial Inc.	355899	unknown	none
PR3168761	July 21 2017	n/a	Part 14 on 43R-37688	Mississauga	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Mississauga	344778	unknown	none
PR3095740	Mar 17 2017	14088-1327	Blanket easement. Servient Lands are all of the lands described in the PINs listed under the previous column.	Brampton	43 Peel	Alectra Utilities Corporation	Peel Regional School Board	B4-21	none required	none
PR3220810	Oct 18 2017	14088-1344	Part 1 Plan 43R37525	Brampton	43 Peel	Alectra Utilities Corporation	The Corporation of the City of Brampton	B4-51B	none required	none
PR2934797	June 22 2017	14225-0442	Part 1 Plan 43R37073	Brampton	43 Peel	Alectra Utilities Corporation	Peel Regional School Board	J1-03	none required	none
PR3075830	Feb 6 2017	14215-1913	Part 1 Plan 43R36692	Brampton	43 Peel	HOBNI	Dusty Rose Holdings Inc.	O1-25	unknown	none

**Schedule 2(30)(B)  
Permits**

<b>Approval Type</b>	<b>Location</b>	<b>Equipment</b>	<b>Number</b>
Air and Noise (CofA)	175 Sandalwood Parkway West, Brampton	<p>An electricity distribution and service centre facility, consisting of the following processes and support units:</p> <ul style="list-style-type: none"> <li>- vehicles maintenance shop;</li> <li>- electrical maintenance shop;</li> <li>- office space;</li> <li>- warehouse space and outdoor storage areas;</li> </ul> <p>including the Equipment and any other ancillary and support processes and activities, exhausting to the atmosphere as described in the ESDM Report.</p>	7798-6NAQ4W
Air (CofA)	161 Cityview Boulevard, Woodbridge	<ul style="list-style-type: none"> <li>- natural gas fired combustion equipment for comfort heating, including two (2) boilers, and ten (10) heating, ventilation and air conditioning units</li> <li>- one (1) standby diesel generator set</li> </ul>	6104-74LKT5
Air (CofA)	3240 Mavis Road Mississauga	<ul style="list-style-type: none"> <li>- one (1) natural gas fired power washer having a maximum thermal input of 363,994 kilojoules per hour, exhausting into the atmosphere through a stack, having an exit diameter of 0.15 metres, extending 1.2 metres above the roof and 6.7 metres above grade;</li> <li>- one (1) standby natural gas generator set, having a rating of 1250 kilowatts, to provide power for the</li> </ul>	3807-99AR45

Approval Type	Location	Equipment	Number
		<p>administration, warehousing, and vehicle repair facility during emergency situations; and</p> <ul style="list-style-type: none"> <li>- one (1) standby diesel generator set, having a rating of 100 kilowatts, to provide power for the above facility during emergency situations</li> </ul>	
Air (ECA)	340 Vansickle Rd, St. Catharines	<ul style="list-style-type: none"> <li>- one (1) maintenance welding station</li> <li>- one (1) stand-by natural gas fired generator</li> <li>- eight (8) natural gas-fired heating, ventilation, and air-conditioning units and two (2) natural gas-fired hot water heaters</li> </ul>	8680-A8QJLJ (revokes and replaces 4052-96GQS4 issued on 11-Apr-13, and 7310-7T3QAW issued on 19-Jun-09)
Air (ECA)	55 John Street North, Hamilton	<ul style="list-style-type: none"> <li>- 4 natural gas fired boilers</li> <li>- 4 natural gas fired infrared heaters</li> <li>- 2 natural gas fired unit heaters</li> <li>- 1 natural gas fired heating and air conditioning unit</li> <li>- 1 cooling tower</li> <li>- 2 natural gas fired generator set (one for stand-by)</li> <li>- 1 natural gas fired hot water heater</li> <li>- 6 HVAC units</li> </ul>	7281-8RVJJ2 (revokes and replaces 1007-7X7NBR issued on 29-Oct-09)
Air (ECA)	703 Highway 8, Hamilton	<ul style="list-style-type: none"> <li>- 3 HVAC units</li> <li>- 11 natural gas fired infrared heaters / air makeup units</li> </ul>	6755-8JVNXU (revokes and replaces 2574-6QTMHC)

Approval Type	Location	Equipment	Number
		<ul style="list-style-type: none"> <li>- 1 standby diesel generator set</li> </ul>	
Air (ECA)	450 Nebo Road, Hamilton	<ul style="list-style-type: none"> <li>- 2 natural gas fired make-up units for comfort heating</li> <li>- 1 exhaust system for welding</li> <li>- 15 natural gas fired unit heaters for comfort heating</li> </ul>	7925-65BMY6
Heating System (EASR)	3240 Mavis Road, Mississauga	<ul style="list-style-type: none"> <li>- registration of the use, operation, construction, alteration, extension or replacement of a heating system</li> </ul>	R-002-9236671042
Industrial Sewage (CofA)	MS-7 Transformer Station, 15521 Leslie Street Part 2, Plan 65R-29285, Aurora	<ul style="list-style-type: none"> <li>- sewage works for the collection, transmission, treatment and disposal of storm water drainage from a transformer spill containment area</li> </ul>	0106-72TQ9H
Industrial Sewage (CofA)	15267 Leslie Street, Aurora	<ul style="list-style-type: none"> <li>- sewage works for the collection, transmission, treatment and disposal of storm water drainage from a transformer spill containment area</li> </ul>	1351-7TATCW
Industrial Sewage (ECA)	3240 Mavis Rd, Mississauga	<ul style="list-style-type: none"> <li>- one (1) oil/grit interceptor</li> </ul>	4286-6YCQ2N
PCB Equivalency Certificate	3240 Mavis Rd, Mississauga	<ul style="list-style-type: none"> <li>- authorizes the handling, offering for transport or transporting, by road or railway vehicle, or by ship on a domestic voyage, PCB dangerous goods that are contained in electrical equipment</li> </ul>	SU-7547 (Ren. 6)

Approval Type	Location	Equipment	Number
PCB Storage Site Permit	3240 Mavis Rd, Mississauga	- storage of PCB wastes	302-86A-026
PCB Storage Site (Director's Instructions)	450 Nebo Road, City of Hamilton	- storage of PCB wastes	20188A245
PCB Storage Site (Director's Instructions)	340 Vansickle Rd, St. Catharines	- storage of PCB wastes	20385A043
Standby Power (EASR)	175 Sandalwood Parkway West, Brampton	- registration of the use, operation, construction, alteration, extension or replacement of a Standby Power System	R-002-8562-662756
Standby Power (EASR)	2185 Derry Road West, Mississauga	- registration of the use, operation, construction, alteration, extension or replacement of a Standby Power System	R-002-4234840409
Standby Power (EASR)	5045 Glen Erin Drive, Mississauga	- registration of the use, operation, construction, alteration, extension or replacement of a Standby Power System	R-002-9236671042
Standby Power (EASR)	450 Nebo Road, City of Hamilton	- registration of the use, operation, construction, alteration, extension or replacement of a Standby Power System	R-002-1517158304
Waste Management System (CofA)	3240 Mavis Road Mississauga	- operation of a waste management system	A840255
Waste Management	Province-wide	- for a waste management system serving the province of Ontario	A820345 (revokes and replaces

Approval Type	Location	Equipment	Number
t System (ECA)			A820345 issued on 26-Nov-91)

**Other Permits:**

1. Alectra Utilities Corporation - Electricity Distribution License
2. Alectra Utilities Corporation - Measurement Canada Registration

**SCHEDULE 2.5**

**AMALGAMATION AGREEMENT**

See attached.

## AMALGAMATION AGREEMENT

THIS AGREEMENT dated as of \_\_\_\_\_, 2018

### BETWEEN:

**ALECTRA UTILITIES CORPORATION**  
As Amalgamating Corporation 1

- and -

**GUELPH HYDRO ELECTRIC SYSTEMS INC.**  
As Amalgamating Corporation 2

### RECITALS:

- A. Each of Amalgamating Corporation 1 and Amalgamating Corporation 2 is a corporation existing under the *Business Corporations Act* (Ontario).
- B. The authorized capital of Amalgamating Corporation 1 consists of an unlimited number of Common Shares and 100,000 Class S Shares, of which 114,149 Common Shares and 99,999 Class S Shares are issued and outstanding as, fully-paid and non-assessable shares of Amalgamating Corporation 1.
- C. The authorized capital of Amalgamating Corporation 2 consists of an unlimited number of Common Shares, of which 1,000 Common Shares are issued and outstanding as fully-paid and non-assessable shares of Amalgamating Corporation 2.
- D. Amalgamating Corporation 1 and Amalgamating Corporation 2 wish to amalgamate under section 174 of the Act.

IN CONSIDERATION of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

### 1. INTERPRETATION

- 1.1 In this Agreement, including the Recitals to this Agreement, unless the context otherwise requires:
  - (a) “**Act**” means the *Business Corporations Act* (Ontario).
  - (b) “**Agreement**” means this amalgamation agreement, including all Schedules to this amalgamation agreement, as amended from time to time in accordance with its provisions.
  - (c) “**Amalgamated Corporation**” has the meaning ascribed to that term in Section 2.
  - (d) “**Amalgamating Corporation 1**” means Alectra Utilities Corporation, a corporation existing under the Act.

- (e) “**Amalgamating Corporation 2**” means Guelph Hydro Electric Systems Inc., a corporation existing under the Act.
- (f) “**Amalgamating Corporations**” means Amalgamating Corporation 1 and Amalgamating Corporation 2, and “**Amalgamating Corporation**” means either one of them.
- (g) “**Effective Date**” has the meaning ascribed to that term in Section 2.
- (h) “**Parent**” means Alectra Inc., a corporation existing under the Act.
- (i) “**Parties**” means collectively Amalgamating Corporation 1 and Amalgamating Corporation 2, and “**Party**” means either one of them.
- (j) “**Tax Act**” means the *Income Tax Act* (Canada).

1.2 In this Agreement:

- (a) the division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires:
  - (i) references to any Section are references to the Section of this Agreement;
  - (ii) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
  - (iii) references to any legislation, statutory instrument or regulation or a section thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time; and
  - (iv) words in the singular include the plural and vice-versa and words in one gender include all genders.

1.3 The following schedules are attached to and form part of this Agreement:

- Schedule 1 - Share Capital
- Schedule 2 - By-Laws

**2. AMALGAMATION**

Effective as of \_\_\_\_\_, 2018 (the “**Effective Date**”) Amalgamating Corporation 1 and Amalgamating Corporation 2 shall amalgamate under section 174 of the Act and continue as one corporation (the “**Amalgamated Corporation**”) under the terms and conditions set out in this Agreement.

**3. NAME**

The name of the Amalgamated Corporation shall be "Alectra Utilities Corporation".

**4. REGISTERED OFFICE**

The registered office of the Amalgamated Corporation shall be in the province of Ontario and shall be located at 55 John Street North, Hamilton, ON L8R 3M8.

**5. RESTRICTIONS ON BUSINESS**

There shall be no restrictions on the business that the Amalgamated Corporation may carry on or the powers that the Amalgamated Corporation may exercise.

**6. SHARE CAPITAL**

6.1 The Amalgamated Corporation is authorized to issue the classes and number of shares set out in Schedule 1.

6.2 The rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series, are as set out in Schedule 1.

**7. RESTRICTIONS ON SHARE TRANSFERS**

The transfer of shares shall be subject to the restrictions on the transfer of securities set out in any unanimous shareholders agreement or written shareholders declaration, including the unanimous shareholders agreement for the Parent to be dated as of the Effective Date.

**8. OTHER PROVISIONS**

8.1 No securities (other than non-convertible debt securities) of the Amalgamated Corporation shall at any time be transferred to any person without either (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, or (b) the consent of the shareholders of the Amalgamated Corporation to be signified either by a resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of shares of the Amalgamated Corporation which shares represent a majority of the votes attributable to all of the issued and outstanding shares of the Amalgamated Corporation carrying the right to vote.

**9. EXCHANGE OF SHARES**

9.1 On the amalgamation becoming effective:

(a) the 114,149 issued and fully-paid Common Shares and 99,999 issued and fully-paid Class S Shares of Amalgamating Corporation 1 then held by the Parent shall be exchanged into 114,149 issued, fully-paid and non-assessable, Common Shares and 99,999 Class S Shares, respectively, of the Amalgamated Corporation; and

(b) the 1,000 issued and fully-paid common shares of Amalgamating Corporation 2 then held by the Parent shall be exchanged into 1,000 issued, fully-paid and non-assessable, Common Shares of the Amalgamated Corporation.

9.2 The stated capital attributable to the:

- (a) Common Shares of the Amalgamated Corporation issuable pursuant to Section 9.1 above shall be the aggregate paid-up capital, within the meaning of the Tax Act, of the outstanding Common Shares of Amalgamating Corporation 1 and Amalgamating Corporation 2 immediately before the effective date set out in Section 2; and
- (b) Class S Shares of the Amalgamated Corporation issuable pursuant to Section 9.1 above upon the exchange of the Class S Shares of Amalgamating Corporation 1 shall be the aggregate paid-up capital, within the meaning of the Tax Act, of all the outstanding Class S Shares of Amalgamating Corporation 1 immediately before the effective date set out in Section 2.

**10. DIRECTORS AND OFFICERS**

10.1 The Articles of the Amalgamated Corporation shall provide for the board of the Amalgamated Corporation to have a minimum number of 3 directors and a maximum number of 15 directors. The initial number of directors of the Amalgamated Corporation shall be 3. Other than the initial board, the size and appointment of the board of the Amalgamated Corporation shall be determined in accordance with any unanimous shareholders agreement or written shareholders declaration in effect with respect to the Amalgamated Corporation, including the unanimous shareholders agreement for the Parent to be dated as of the Effective Date, as applicable.

10.2 The first directors of the Amalgamated Corporation shall be the following individuals:

<u>Name</u>	<u>Address for Service</u>	<u>Resident Canadian</u>
Brian Bentz	161 Cityview Boulevard Vaughan, Ontario Canada L4H 0A9	Yes
Dennis Nolan	161 Cityview Boulevard Vaughan, Ontario Canada L4H 0A9	Yes
Robert Hull	100 King Street West, Suite 1600 Toronto, Ontario Canada M5X 1G5	Yes

10.3 The officers of the Amalgamated Corporation shall be the following individuals to hold office at the pleasure of the board of directors:

Max Canazi	- President
Dennis Nolan	- General Counsel and Secretary
Lawrence Wilde	- Associate General Counsel and Secretary
John Basilio	- Chief Financial Officer
Mike Matthews	- Senior Vice-President
Chris Hudson	- Senior Vice-President
Peter Gregg	- Executive Vice-President, Corporate Services

Dan Pastoric	- Vice-President
Eileen Campbell	- Vice-President
Indy Butany-DeSouza	- Vice-President
Danielle Diaz	- Vice-President
Marc Villett	- Vice-President

**11. BY-LAWS**

The by-laws of the Amalgamated Corporation shall be in the form attached hereto as Schedule 2. The proposed by-laws of the Amalgamated Corporation may be inspected at 55 John Street North, Hamilton, ON L8R 3M8.

**12. FURTHER ASSURANCES**

Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement, including completing and sending the documents required under section 178 of the Act to the Director under the Act.

**13. TERMINATION**

At any time before the endorsement of a Certificate of Amalgamation under the Act, this Agreement may be terminated by the board of directors of either of the Amalgamating Corporations despite the approval of this Agreement by the shareholders of all or either of the Amalgamating Corporations.

**14. ENUREMENT**

This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors. This Agreement may not be assigned by either Party.

**15. GOVERNING LAW**

This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province.

**16. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including without limitation in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

THIS AGREEMENT has been duly executed by the Parties as of the date first stated above.

**ALECTRA UTILITIES CORPORATION**

Name: \_\_\_\_\_  
Name: Brian Bentz

Per: Authorized Signatory

Name: \_\_\_\_\_  
Name: Dennis Nolan

Per: Authorized Signatory

**GUELPH HYDRO ELECTRIC SYSTEMS INC.**

\_\_\_\_\_  
Name:

Per: Authorized Signatory

\_\_\_\_\_  
Name:

Per: Authorized Signatory

## SCHEDULE 1

### SHARE CAPITAL

An unlimited number of Common Shares and 100,000 Class S Shares.

#### A. COMMON SHARES and CLASS S SHARES

The following are the rights, privileges, restrictions and conditions attaching to the Common Shares and the Class S Shares:

1. **Voting Rights:**
  - (a) **Voting Rights of Common Shares:** The holders of the Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and shall be entitled to one (1) vote per Common Share held, except meetings at which only holders of another class of shares are entitled to vote.
  - (b) **Voting Rights of Class S Shares:** The holders of Class S Shares shall not be entitled to receive notice of, attend or vote at any meeting of the Corporation's shareholders.
2. **Dividends:** The holders of the Common Shares and the holders of the Class S Shares shall be entitled to receive dividends as and when declared from time to time by the board of directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the board of directors at the time of declaration. The board of directors may declare in its absolute discretion dividends on any of the said classes of shares in priority to or after dividends, if any, which may be declared or paid on any other of the said classes of shares in the same amounts or in such differing amounts as they may decide, together with or wholly to the exclusion of any other of the said classes of shares.
3. **Participation upon Liquidation, Dissolution or Winding-Up:**
  - (a) In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class S Shares shall be entitled to share pro rata in any distribution of the assets of the Solar Projects (as defined in section 2.1(4) of the Merger Participation Agreement (as defined below)) directly owned by the Corporation at the relevant time, provided that such distribution shall be net of all liabilities and obligations pertaining to the said assets of the Solar Projects and the operation, management and disposition thereof, including liabilities and obligations which arise as a consequence of such distribution. After payment of such amounts to the holders of the Class S shares, they shall not be entitled to share in any further distribution of the assets of the Corporation.
  - (b) In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall be entitled share pro rata in any distribution of the assets of the Corporation remaining after payment to the holders of the Class S Shares.

**“Merger Participation Agreement”** means the merger participation agreement dated March 24, 2016 among The Corporation of the City of Vaughan, The Corporation of the City of Markham, The Corporation of the City of Barrie, The Corporation of the City of Mississauga, The City of Hamilton, The Corporation of the City of St. Catharines, BPC Energy Corporation, Hamilton Utilities Corporation, St. Catharines Hydro Inc., Vaughan Holdings Inc., Markham Enterprises Corporation, Barrie Hydro Holdings Inc., PowerStream Holdings Inc., Horizon Holdings Inc., Enersource Corporation, Enersource Holdings Inc., PowerStream Inc., Enersource Hydro Mississauga Inc. and Horizon Utilities Corporation, as amended.

## **SCHEDULE 3.3(IV)**

### **ALECTRA CONSENTS, APPROVALS AND WAIVERS**

Consents, Approvals and Waivers are required under the following documents:

1. Unanimous Shareholder Agreement dated January 31, 2017 between Enersource Corporation, Markham Enterprises Corporation, Barrie Hydro Holdings Inc., Vaughan Holdings Inc., Hamilton Utilities Corporation, St. Catharines Hydro Inc., BPC Energy Corporation, City of Hamilton, The Corporation of the City of Barrie, The Corporation of the City of Mississauga, The Corporation of the City of St. Catharines, The Corporation of the City of Vaughan and the Corporation of the City of Markham
2. Credit Agreement dated January 31, 2017 between Alectra Inc., Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank and each financial institution that from time to time becomes party to the Agreement
3. Trust Indenture dated May 17, 2017 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
4. Trust Indenture for \$110,000,000 series A/ \$210,000,000 of series B Debentures dated April 29, 2011 between Alectra Inc. and BNY Trust Company of Canada, as supplemented
5. Lease Agreement respecting 3456 Mavis Rd., Mississauga, Ontario (used for storage) dated December 15, 2008; extended on August 20, 2014 between Enersource Hydro Mississauga Inc., as tenant and L&R Henderson Holdings Inc., as landlord (formerly 1316017 Ontario Inc.) expiring December, 2018
6. CAE Rave Sub-License Agreement dated March 20, 2009 between SNC-Lavalin Energy Control Systems Inc. and Enersource Hydro Mississauga Inc.
7. Oracle – Software End User Agreement dated April 2, 2009 between SNC-Lavalin Energy Control Systems Inc., Enersource Hydro Mississauga Inc. and Oracle Corporation Canada Inc.
8. POWERWISE Trade-Mark License Agreement dated March 1, 2005 between Hamilton Utilities Corporation and Enersource Hydro Mississauga Inc.
9. Lease Agreement dated December 19, 2011 between Parapet View Estates Inc. & PowerStream Inc.
10. Trust Indenture dated July 30, 2012 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
11. Collective Agreement dated April 17, 2015 between PowerStream Inc. and Powerworkers Union CUPE Local 1000
12. Lease – Single Tenancy dated October 9, 2008 between Bloorguard Investment Company Limited (Landlord) and PowerStream Inc. (Tenant)
13. Trust Indenture dated July 21, 2010 between Alectra Inc. and Computershare Trust Company of Canada, as supplemented
14. Collective Agreement dated May 15, 2015 between Horizon Utilities and Local 636 of the International Brotherhood of Electrical Workers

15. Collective bargaining agreement between Hydro One Brampton Networks Inc. and UNIFOR Local 1285 effective April 1, 2014 to March 31, 2017
16. Collective bargaining agreement between Hydro One Brampton Networks Inc. and Local Union 636 of the International Brotherhood of Electrical Workers effective April 1, 2014 to March 31, 2017
17. Competition Approval
18. OEB Approval
19. Filing of Articles of Amendment of Alectra Inc.
20. Filing of Articles of Amalgamation of AUC and GHESI

## SCHEDULE 3.5(IV)

### GHESI CONSENTS, APPROVALS AND WAIVERS

1. Municipal council approval pursuant to Section 9.01 of the Shareholder Declaration of the Corporation of the City of Guelph regarding Guelph Municipal Holdings Inc., dated October 24, 2016;
2. Municipal council approval and approval of the Board of Directors of GMHI pursuant to Section 10.01 of the Shareholder Declaration of the Corporation of the City of Guelph and Guelph Municipal Holdings Inc. regarding Guelph Hydro Electric Systems Inc., dated October 25, 2016;
3. Filed copies of the Articles of Amalgamation in respect of the Transactions;
4. RBC's consent pursuant to the Credit Facilities Agreement between GHESI and RBC, dated October 8, 2010;
5. RBC's consent pursuant to the Credit Facilities Agreement between GHESI and Royal Bank of Canada, dated August 18, 2015, as amended January 5, 2018;
6. RBC's consent pursuant to paragraph (e) of the "Event of Default" provisions, and paragraphs (d) and (m) of the "General Covenants" provisions, of the Credit Facilities Agreement between GMHI and the Royal Bank of Canada, dated October 2, 2014;
7. RBC's consent pursuant to paragraph (e) of the "Event of Default" provisions, and paragraphs (d) and (m) of the "General Covenants" provisions, of the Credit Facilities Agreement between GMHI and Royal Bank of Canada, dated August 18, 2015, as amended January 5, 2018;
8. Computershare Trust Company of Canada's ("**Computershare**") consent pursuant to Section 10.1 of the Trust Indenture between GHESI and Computershare, dated December 6, 2010, as supplemented by a First Supplemental Trust Indenture, dated December 6, 2010, and as further supplemented by a Second Supplemental Trust Indenture, dated September 25, 2015;
9. Hydro One Networks Inc.'s ("**HONI**") consent pursuant to Section 12 of the Station Unaccompanied Access Agreement between HONI and GHESI, dated July 15, 2016;
10. HONI's consent pursuant to Section 5.4(f), and Section 10 of Schedule 3, to the Customer Wholesale Revenue Metering Agreement between HONI and GHESI, dated April 12, 2006;
11. Consent of the Independent Electricity System Operator ("**IESO**") pursuant to Section 16.6, and waiver of Section 10.1(f), of the Renewable Energy Supply Contract between 1615151 Ontario Inc., a predecessor of Envida, and Ontario Electricity Financial Corporation (later assigned to the IESO), dated November 24, 2004, re Eastview Landfill Gas Energy Plant;

12. Notice to, and waiver and consent of, the IESO pursuant to Sections 15.6(a), 9.1(f) and 9.1(m) of the Feed-in Tariff Contract [REDACTED] dated July 21, 2010, between Ecotricity Guelph Inc., a predecessor of Envida and the Ontario Power Authority, a predecessor of the IESO, as amended;
13. Notice pursuant to Letter of Understanding #11 to the Collective Agreement between GHESI and Local Union 636 of the International Brotherhood of Electrical, executed August 29, 2017; and
14. OEB approval with respect to the Pre-Closing Transactions and the Transactions.

**SCHEDULE 5.1(A)(VII)**

**ALECTRA PRE CLOSING DIVIDENDS**

**Preamble:**

The Dividend Policy of Alectra Inc. and its subsidiaries (the “**Corporation**”) is predicated on the mandate of the Board of Directors (the “**Board**”) which includes maximizing Shareholder value. Such value is generally realized by the Shareholders through dividends or the appreciation of shareholder investment.

**Policy:**

Subject to the “Criteria for the Payment of Dividends” provided in this Dividend Policy, the declaration and payment of any dividends is at all times subject to the discretion and resolution of the Board.

**Regular Dividends on Voting Shares**

In addition to Special Dividends referred to below, Shareholders of Voting Shares are eligible to receive non-cumulative dividends with a target of 60% of the Corporation’s consolidated net income as reported under Modified International Financial Reporting Standards for the electricity distribution business and International Financial Reporting Standards for the unregulated businesses, excluding the financial results and balances relating to the PowerStream Solar Business (“**Voting Common Dividend**”).

**Criteria for the Payment of Dividends on Voting Shares**

Dividends will be paid to the extent that such would not otherwise cause:

1. Non-compliance with relevant statutes and regulations;
2. A breach of contract or the immediate or anticipated failure to otherwise meet the terms of financing arrangements;
3. An impairment in the continued reliability, operation and maintenance of electricity distribution infrastructure;
4. A deterioration in the credit rating of the Corporation from credit rating agencies that rate the Corporation and/or its securities; or
5. Non-compliance with the financial policies of the Corporation including capital structure.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

**Special Dividends**

The Board may declare special dividends to holders of shares properly entitled to receive dividends at any time acting in its discretion.

**Payment of Dividends:**

Each year, the Board will forecast the annual dividends payable for the next fiscal year based on the annual budget. Quarterly dividends will be set at up to 20% of the Corporation’s Voting Common Dividend for the Voting Shares and 20% of the Solar Share Dividend for the Solar Shares. Quarterly dividends will be paid on March 31st, June 30th, September 30th, and December 31st in arrears for the prior quarter. The March 31st dividend will include the quarterly dividend in respect of the fourth quarter of the preceding year and any further adjustment to bring the total annual dividend for the preceding year to up to, in each case, the full Voting Common Dividend and Solar Share Dividend as determined by the Board.

Dividends will be paid within 10 business days of the date of declaration.

**Reporting to Shareholders:**

The Board will notify all shareholders within one week following the declaration of a dividend. In the event that the Board either (i) does not approve a payment of a dividend; or (ii) approves a payment of a dividend that is less than 60% of the Corporation’s consolidated net income as reported under Modified International Reporting Standards during the prior period, it will promptly report the circumstances underlying the nonpayment or payment, as the case may be, to the shareholders and, thereafter, provide progress reports on a quarterly basis until such time as the payment of dividends resumes or increases to the 60% target.

**SCHEDULE 5.1(K)**

**ENVIDA EXCLUDED ASSETS**

1. Southgate solar photovoltaic rooftop facility located at 395 Southgate Drive, Guelph, Ontario, including but not limited to the 100 kilowatt solar voltaic system and all rights and obligations of Envida under the Feed In Tariff Contract [REDACTED] dated July 21, 2010.
2. Eastview Landfill Gas Energy Plant including all rights and obligations of Envida under the Renewable Energy Supply Contract between Ontario Electricity Financial Corporation and 1615151 Ontario Inc. (as predecessor to Envida) dated November 24, 2004.

**SCHEDULE 5.2(a)(vii)**

**GHESI PRE CLOSING DIVIDENDS**

GHESI's declaration of dividends to its sole shareholder, GMHI, is conducted in accordance with the Shareholder Declaration of the Corporation of the City of Guelph and GMHI regarding GHESI.

Section 5.01 of such Shareholder Declaration provides that, pending the development of a policy to be established by GMHI for dividends from GHESI to GMHI, the Board of Directors of GHESI shall declare dividends quarterly in the amount of \$750,000 per quarter, subject to the requirements of the *Business Corporations Act* (Ontario).

No such policy has been developed to date.

**SCHEDULE 5.5**  
**GRE&T CENTRE**

See attached.

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INTRODUCTION .....	1
EXECUTIVE SUMMARY .....	2
Problem Statement.....	6
Addressing the Problem.....	7
Mandate.....	7
Objectives and Guiding Principles.....	7
Governance Structure.....	9
Why Guelph? .....	10
STRATEGIC PLAN .....	12
Mega Trends .....	12
Technology Domains.....	13
Pillars: Building Expertise, Engagement and Experience .....	14
Operating Framework.....	16
Financial Budget.....	16
ALECTRA'S PILOT PROJECTS AND INITIATIVES .....	17
ALIGNING THE GRE&T CENTRE WITH GOVERNMENT PRIORITIES .....	23
Community of Guelph and Abroad .....	24
Provincial Government and the GRE&T Centre .....	24
Federal Government and the GRE&T Centre.....	26
POTENTIAL PARTNERSHIPS .....	26
Industry Partners .....	27
Academic Partners .....	27
Knowledge Partners.....	28
STAKEHOLDER ENGAGEMENT .....	29
Stakeholder Feedback.....	33
CONCLUSION.....	34
BENCHMARKING EXAMPLES .....	35
GLOSSARY.....	52

Unprecedented changes in Ontario’s electrical utility industry have given Local Distribution Companies (LDCs) exciting new opportunities to evolve their business models. Within this context of change, LDCs are well positioned to connect customers with energy services that will help them manage both their usage and their costs.

Alectra’s goal is to transform from a traditional electrical utility into an integrated, innovative, energy solutions provider that plans, designs and implements on and off-grid services with a focus on green energy. This transformation will contribute to a new LDC business model that evolves in concert with the changing times.

As part of its desire to collaborate with the City of Guelph, Alectra is proposing the advent of a new Green Energy & Technology Centre (GRE&T Centre) in the community. The Centre will strive to assist businesses in bringing their green technology solutions to market through its accelerator services, while raising customer awareness and helping to integrate these solutions within Guelph and the broader Alectra community.

Accordingly, the GRE&T Centre will play a substantial role in helping evolve the LDC business model. This high-level strategic business plan outlines how the Centre will accomplish these objectives to provide its entire customer base with better service.

- **PROBLEM STATEMENT:** The current business model for Ontario’s energy sector is quickly becoming outdated, especially within the context of Local Distribution Companies (LDCs). These changing times call on industry to provide customers with new green solutions.
- **ADDRESSING THE PROBLEM:** The GRE&T Centre will be the centre of excellence where new green solutions will be tried, tested and socially accepted. The Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility.
  - The GRE&T Centre will focus on engaging and building capacity for its customers, and supporting businesses in bringing green technologies to market.
  - The GRE&T Centre will be located at the existing Guelph Hydro Electric Systems Inc. (GHESI) head office building in Guelph.
- **PARTNERING WITH GUELPH:** Guelph is a perfect fit and host for Alectra’s GRE&T Centre given its significant community assets, such as recycling initiatives (Blue Box program), water conservation efforts (Royal Flush), the Guelph Energy Efficiency Retrofit Strategy (GEERS), and the Energy, Water and Climate Change (EWaCC) working group, among other assets. The GRE&T Centre will work to compliment Guelph’s Community Energy Initiative by attracting new ventures and opportunities to adopt innovative technologies that will help shape a new LDC business model. The GRE&T Centre will also be embedded in a culture determined to build economic clusters in areas of climate change mitigation and environmental sustainability. In turn, the Centre will support the City of Guelph’s strategies for environmental stewardship, job creation, innovation and prosperity.
- **STRATEGY:** The GRE&T Centre’s decision-making process will be guided by an Advisory Committee on what green technology solutions should be brought to market. The decision-making process will be comprised of the following:
  - **Mega Trends:** The Centre will get its direction from Alectra for analyzing mega trends when identifying qualifying technologies or projects, such as Artificial Intelligence (AI) and Big Data, Internet of Things (IoT), and Blockchain and Transactive Energy.
  - **Technology Domains:** The Centre will initially look to champion green energy projects that fit into three domains that promote managed Electric Vehicle (EV) Integration, Low Carbon Community and Eco-Entrepreneurship (Accelerator).
  - **Pillars:** The Centre’s strategy for evaluating emerging technologies and integrating solutions into Guelph and Alectra communities abroad will revolve around three pillars of building expertise, engagement and experience.
- **PILOT PROJECTS:** Alectra currently has many pilot projects in the communities it serves. Guelph customers can expect the GRE&T Centre to roll out similar projects, such as:
  - **Managed EV Charging Infrastructure Expansion** in workplaces and residential areas.

- **POWER.HOUSE** pilot is Alectra’s first Virtual Power Plant – an aggregate fleet of 20 distributed energy resources (DERs) located at customer homes that can be autonomously controlled through intelligent software to simulate a single, larger generating facility.
- **Promoting Markham’s Net-Zero Energy Emission (NZEE) community.** Alectra, the City of Markham and Enbridge Gas Distribution Inc. are pursuing a project to test and offer optimal integrated solutions for residential, commercial and industrial (C&I), and community-scale sectors that are integrating land use, electrical energy, thermal energy, and a smart EV charging network to move towards Markham’s NZEE community.
- **Advantage Power Pricing** is an alternate pricing program layered in with smart thermostat technology to offer customers a convenient way to save money on electricity, while also reducing peak demand – with a much more significant impact than regular Time-of-Use pricing.
- **ALIGNING WITH GOVERNMENT PRIORITIES:** The Ontario government recently released its Long-Term Energy Plan (LTEP). The LTEP sets the government’s vision for grid modernization in Ontario, which focuses on “providing LDCs the right environment to invest in innovative solutions that make their systems more efficient, reliable, and cost-effective, and provide more customer choice.”<sup>1</sup> Alectra will ensure that the Centre is aligned with federal and provincial government policy objectives. Further, Alectra will develop comprehensive communications and marketing strategies to engage the community of Guelph, the broader Alectra service territory, Ontario government, federal government, and industry.
- **FINANCIAL BUDGET:** The GRE&T Centre will be staffed by approximately seven to fifteen professionals, and will operate on an estimated budget of \$5 - \$7 million to remodel the South West Operations Centre for demonstration, laboratory or showrooms. It is projected that the Centre will also have a budget of \$3 - \$6 million in annual expenditure for pilots, demonstrations, salaries, general administration, marketing, and partnerships.
- **POTENTIAL PARTNERSHIPS:** The GRE&T Centre will seek to collaborate with industry, academic and knowledge partners to integrate and test customer acceptance of new, innovative technology solutions. Examples include, but are not limited to:
  - **Industry:** companies involved in solar photovoltaic energy, wind energy, energy storage, micro grids, smart grids, and electric vehicles (EVs).
  - **Academic:** working with academic institutions, such as the University of Guelph, University of Waterloo, McMaster University, and Ryerson University, among others.
  - **Knowledge:** working with organizations like Alectra shareholder municipalities, Plug’n Drive, the Electric Power Research Institute (EPRI), Advanced Energy Centre and MaRS.

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<sup>1</sup> Long-Term Energy Plan: Delivering Fairness and Choice, 2017, [https://files.ontario.ca/books/ltep2017\\_0.pdf](https://files.ontario.ca/books/ltep2017_0.pdf)

- **STAKEHOLDER ENGAGEMENT:** Alectra hosted four GRE&T Centre consultation sessions over the month of November 2017. These sessions engaged well over 75 stakeholders representing Guelph community organizations, Guelph Hydro, City of Guelph, as well as technology and innovation companies, energy experts, consultants, and academics. The consultation sessions highlighted customer outreach as the most important theme for the Centre, with an emphasis on engaging with and building capacity for customers and homeowners.
- **NEXT STEPS:** This high-level strategic business plan is an early conceptual guiding document that will continue to evolve in subsequent phases of work. As a next step, Alectra will establish a transitional working group to build on the details outlined in this plan starting in early 2018.

*The GRE&T Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility to help redefine the current LDC business model. The Centre will focus on engaging and building capacity for its customers, and will support businesses in bringing their green technologies to market.*

## PROBLEM STATEMENT

The current business model for Ontario's energy sector is quickly becoming outdated, especially as it relates to Local Distribution Companies (LDCs). The sector is experiencing a generational change from a centralized to a decentralized energy delivery system; one moving away from fossil fuels and moving towards renewable distributed energy resources (DERs). Low-cost renewable DERs and storage, combined with digital intelligence and communication are reshaping the landscape. Customers want more sustainable options from their energy suppliers, leading to a more decentralized energy ecosystem. These changing times call on industry for new ideas and a more integrated approach to providing solutions for customers. Ontario's energy sector needs a new business model to adapt to future needs and stay ahead of the curve economically, environmentally, and socially.



## ADDRESSING THE PROBLEM

Alectra recognizes the industry is evolving. As part of the solution, Alectra will work with the Guelph community to advance a shared vision for the transforming industry. The GRE&T Centre will support the industry in this transformation by accelerating socially accepted and integrated energy solutions, creating a platform to engage customers, and shaping the industry business model to align with tomorrow's energy sector needs.

## MANDATE

The GRE&T Centre's mandate is to identify, evaluate, develop and deploy emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility to help redefine the current LDC business model. The Centre will focus on engaging and building capacity for its customers. The Centre will also support businesses in bringing green technologies to market. As a hub for green technology solutions, the GRE&T Centre will catalyze the commercialization and mass consumer adoption of green technology, serving as a bridge between the Research and Development (R&D) phase and the full commercialization of these technology solutions. The GRE&T Centre will focus on the following for residential customers:

- Energy efficiency and conservation
- Renewable energy
- Integrated, sustainable energy solutions

## OBJECTIVES AND GUIDING PRINCIPLES

Located at the existing Guelph Hydro Electric Systems Inc. (GHESI) head office building, the GRE&T Centre will be the centre of excellence for green solutions to be tried, tested and socially accepted in Guelph and the broader Alectra community. In order to bring its mandate to fruition, the Centre will adhere to the objectives and guiding principles listed below.



*GHESI Building in Guelph, within which the GRE&T Centre will be located*

## The GRE&T Centre Objectives

1. **Talent:**  
Attract and grow talent in Guelph by providing entrepreneurs and start-ups with a supportive environment for developing and selling energy solutions.
2. **Community:**  
Focus on community engagement for green solutions that help customers manage their bills and their carbon footprint through education, awareness and opportunities to use new energy solutions.
3. **Innovation:**  
Position the GRE&T Centre as a hub for eco-entrepreneurship and cutting-edge, customer-friendly energy solutions to support Alectra’s goal of becoming a next generation utility.

The GRE&T Centre will adhere to five guiding principles:

Sustainable	Ensuring all activities reflect conservation, energy efficiency, and developing green technology solutions that address climate change concerns. In turn, these activities will cater to preserving the planet and people’s wellbeing in a fiscally sustainable manner.
Collaborative	Working with Guelph and the broader Alectra community, subject-matter experts, entrepreneurs and start-ups to drive innovation and green technology solutions forward, and leveraging research and technology demonstrations already underway in the community and in other institutions.
Innovative	Serving as a hub that champions collaborative and innovative green technology solutions through accelerator services.
Integrated	Ensuring that green technology solutions are integrated in a way that meets the needs of Guelph and the broader Alectra community.
Customer Engagement	Engaging customers through education, awareness and direct outreach to demonstrate new green technologies.

## GOVERNANCE STRUCTURE

The governance structure of the GRE&T Centre will be comprised of an Advanced Planning Group and Advisory Committee:

<p><b>Advanced Planning Group</b></p>	<p>Alectra’s Advanced Planning Group will manage the GRE&amp;T Centre, and will report to Alectra’s Executive Management. The Group’s mandate will be to identify, evaluate and develop next generation utility business models. The Group will also be responsible for analyzing and evaluating mega trends as well as providing management, operational and financial oversight for the GRE&amp;T Centre.</p>	
<p><b>Advisory Committee</b></p>	<p>The Advisory Committee will be tasked with stakeholder engagement and providing guidance to the Advanced Planning Group on the strategy, objectives and future direction of the GRE&amp;T Centre. Additionally, the committee will monitor the progress of the Centre. The composition of the committee will be diverse, featuring Guelph community and municipal representatives, Alectra executives, and subject-matter experts from energy, start-up, product commercialization, product launch, consumer product, and investment sectors.</p>	

## WHY GUELPH?

Guelph is a perfect fit and host for Alectra's GRE&T Centre. The municipality is home to significant community assets that will enhance the Centre's effectiveness, and make the city uniquely qualified to collaborate with Alectra.

The GRE&T Centre can benefit from the municipality's culture of innovation as it deploys products and services that align with the Community Energy Initiative (e.g. the Guelph Energy Efficiency Retrofit Strategy or GEERS). The community's engagement and support for the City's deployment of innovative approaches is considered advantageous for the introduction of the GRE&T Centre's new technologies.

### Guelph's unique community assets include:

- **Trailblazing on community energy planning.** The City of Guelph produced Canada's first municipality-wide community energy plan in 2007. This track record of innovation continues with the update to the Community Energy Initiative, currently being developed with funding support from the Federation of Canadian Municipalities under the Municipalities for Climate Innovation Program, and from the Ontario Ministry of Energy through its Municipal Energy Planning Program. This update is led by Our Energy Guelph, a volunteer task force with representation from the City, the University of Guelph, Guelph Hydro, Union Gas, multiple local innovative energy companies including Canadian Solar, local environmental non-governmental organization eMERGE Guelph, the Ontario Ministry of Energy, and Natural Resources Canada.

Guelph's Community Energy Initiative aims to reduce energy use and greenhouse gas (GHG) emissions, while bolstering local economic development by enticing investment and demand for local businesses. The GRE&T Centre will compliment Guelph's Community Energy Initiative by attracting new ventures and opportunities to adopt innovative technologies that will help shape a new LDC business model.

- **Community and municipal experience with large-scale innovation.** The citizens of Guelph have a history of embracing municipal innovation. Examples include:
  - "Blue box" recycling program in the late 1980s pioneered by the University of Guelph.
  - Adoption of three-stream waste separation (organics, recyclables, and general waste in 2003) - to the point that the city boasts one of the highest rates of waste diversion in the province.
  - Development and deployment of the "Royal Flush" water conservation program, which commenced in 2003, offers rebates for property owners purchasing highly water-efficient toilets.
  - Civic Accelerator program, first launched in 2016, removes procurement policy barriers to partnerships between the City and innovative entrepreneurial ventures.
- **Municipality experience with education, outreach, and building awareness.** The City of Guelph leads a multi-department education program called Planet Protector Academy. This superhero-themed interactive adventure targets Grade 3 to 6 students and encourages them to engage in behaviours consistent with City

policy priorities, such as water conservation (taking shorter showers), active transportation (driving less), air quality improvement (idling less, and speeding less), and reduction of energy waste (turning unused lights off). In addition to influencing student behaviour, this program encourages children to foster these behaviours among family members. Similar programs are planned for high school students, as well as post-secondary students, community groups, faith-based organizations, and workplace education channels. Such programs would be very helpful to building awareness of GRE&T Centre products and services that offer energy conservation benefits.

- **Community experience with residential energy efficient innovation.** Guelph is home to a large number of companies that are innovating to introduce sustainability into the residential building market. The Building Group of Transition Guelph is made up of a number of people from homeowners, builders, renovators, home auditors, engineers, planners, landscape architects, trades people, material suppliers to architects and designers. This Group strives to ensure structures are constructed and upgraded in a healthy, energy efficient, affordable and sustainable manner. This community of innovative housing enterprises offers an ideal channel to introduce the sort of energy technologies that the GRE&T Centre will be developing.
- **Citywide culture of community engagement.** The City of Guelph has a well-developed approach to community engagement, including established methodologies and highly experienced staff. Members of the community have come to expect they will be consulted on significant matters, including policy direction, program formulation, and major decisions.
- **Citywide culture of community volunteer leadership on significant issues.** Members of the Guelph community have a long track record of taking a leadership role on specific issues on a voluntary basis, including Our Energy Guelph, which is leading the update to the Community Energy Initiative.
- **Municipal culture of cross-department, multidisciplinary collaboration.** The City of Guelph has established a Climate Change Office as well as an Energy, Water and Climate Change (EWaCC) working group to manage sustainability matters. This approach helps ensure that all relevant stakeholder departments participate in the development of responses to new federal and provincial program proposals, submission of applications for funding programs, and comments on regulatory changes, such as the Ontario Building Code. EWaCC, and the mindset that led to its creation, will be valuable to the GRE&T Centre as new products, services, and marketing approaches are developed and deployed.

*The GRE&T Centre’s strategic plan for success consists of an intertwined triad, namely: Mega Trends (Artificial Intelligence, Internet of Things and Blockchain Technology); Technology Domains (EV Integration, Low Carbon Community and Accelerator); and Pillars (Building Expertise, Engagement and Experience).*

## MEGA TRENDS

Prior to determining what technologies the Centre will support, each project in the pipeline will need to be evaluated to determine its viability for the customers it would service. As part of these selection criteria for identifying qualifying technologies or projects, Alectra’s Advanced Planning team would provide market intelligence to evaluate current “mega trends” to guide its decision-making.

Current mega trends include:

<p>Artificial Intelligence (AI) and Big Data</p>	<p>AI is among the fastest-growing technology sectors in the market today. AI signifies the ability of a machine to perform at the level of a human expert. This domain includes machine learning, natural language processing, pattern recognition, search interference and planning.</p>
<p>Internet of Things (IoT)</p>	<p>IoT incorporates machine learning and big data technology, harnessing sensor data, machine-to-machine communication and automation technologies. The market for IoT devices is poised to grow dramatically and is projected to reach nearly 21 billion connected devices by 2020.</p>
<p>Blockchain and Transactive Energy</p>	<p>The Blockchain Technology Market is currently growing at a 61.5% compound annual growth rate (CAGR) out to 2021. The technology can be used to update and improve centralized systems with a distributed ledger system made up of both large power plants and microgrids powered by distributed energy resources (DERs) that deliver efficient, reliable and mostly renewable energy.</p>

## TECHNOLOGY DOMAINS

The advancement of sustainable technologies will be one of the key distinguishing features of the GRE&T Centre. Alectra plans to leverage its successful track record of identifying and nurturing disruptive market technologies in order to create a world-class technology demonstration centre. The Centre will engage customers when bringing these technologies to market.

The following three domains reflect the kinds of technologies the GRE&T Centre will champion for the purpose of commercialization, particularly within the first five years of Centre operations:

<p>Electric Vehicle (EV) Integration</p>	<p>The Centre will develop Electric Vehicle (EV) charging infrastructure and EV Conversion for personal vehicles, and will demonstrate the value of intelligently managing EV charging stations at workplaces, buildings and homes. The Centre will collaborate with municipalities within the Alectra community to install EV charging infrastructure and to develop business models to make them a sustainable asset/service. The Centre will also work with academic institutions to advance the state of knowledge, publish the research, and provide students with real-world experience on EV issues.</p>
<p>Low Carbon Community</p>	<p>The Centre will focus on low carbon homes (new builds and retrofits), home automation and green technologies for residential customers. The Centre will work with local and regional agencies, developers and home builders to promote net-zero buildings, and build automation and green technologies for commercial and industrial customers. The Centre will host dedicated spaces to showcase home technologies, including the latest in controllable devices, home energy management software platforms, and residential generation technologies, such as solar and storage. A dedicated space will showcase the monitoring and analytics capabilities of the larger, commercial scale technologies that will be deployed on site. This will serve a dual benefit of both visualizing the potential of the various technologies and gaining valuable insights on how they must be integrated to satisfy various use cases.</p>
<p>Accelerator</p>	<p>The Centre will promote eco-entrepreneurship and accelerator services to support start-ups in the clean energy space looking to address climate change issues through energy innovation. The cohort of start-ups at the Centre will be split into two tracks, namely a demonstration track and a go-to-market track. Demonstration track companies will be those seeking support at the proof of concept stage and looking for utility insight into how to develop their initial product roadmaps. The go-to-market track will focus on companies seeking advice and support to scale and attract customers. The Centre will foster an ecosystem where disruptive new clean technologies can thrive and mature. In turn, this will support the Centre’s mandate for developing local innovation, engaging customers and providing Guelph and the broader Alectra community with benefits.</p>

In combination with the mega trends, the GRE&T Centre’s technology domains will guide a structured approach to identifying new technology that has the potential to disrupt the green energy space.

## PILLARS: BUILDING EXPERTISE, ENGAGEMENT AND EXPERIENCE

In its most granular phase, the GRE&T Centre’s strategy for evaluating emerging technologies and integrating solutions into Guelph and Alectra communities abroad will revolve around three major pillars, namely building expertise, engagement and experience.



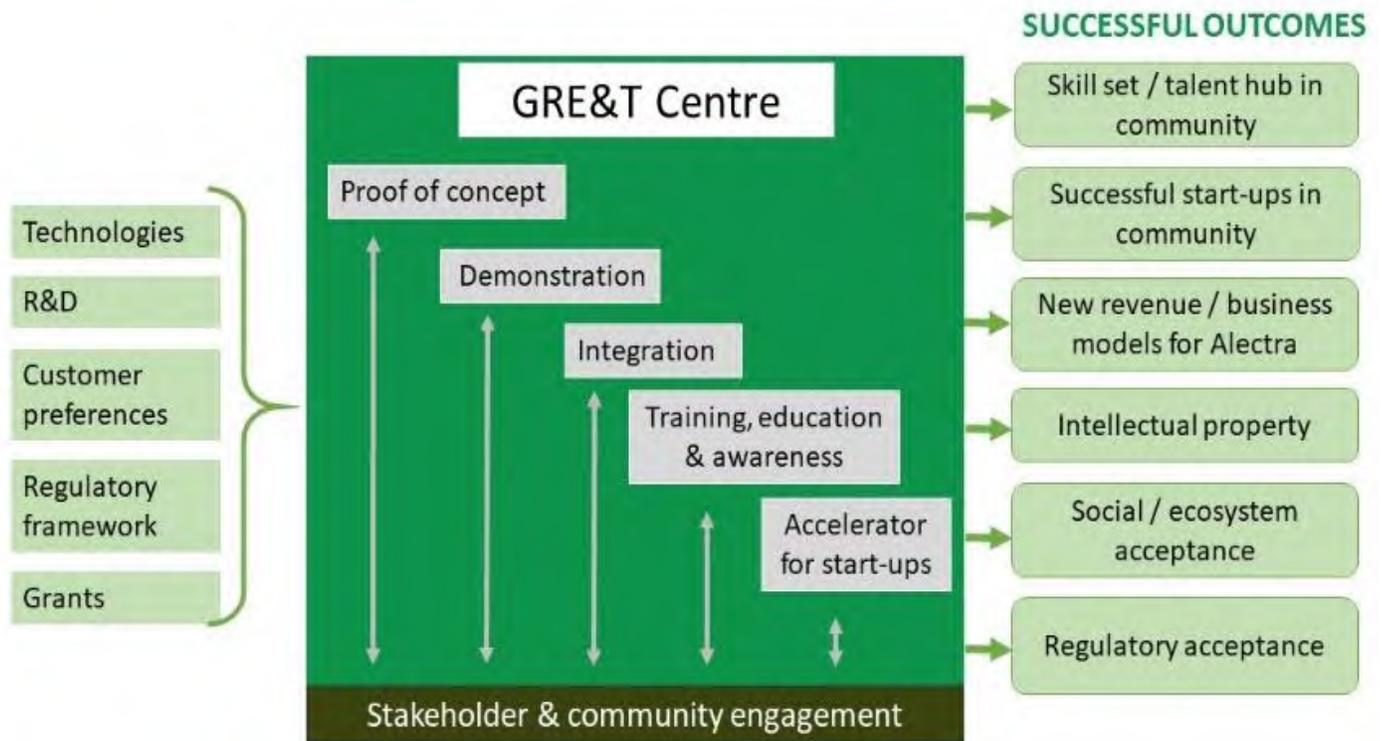
These three overlapping pillars are tantamount to one another. The pillars will serve as a strong foundation for the day-to-day operation of the Centre in its endeavour to grow its expertise and produce innovative, automated and green technologies. In addition to developing green technologies, the Centre will seek to engage the Guelph community and Alectra customers to raise awareness and educate them on the emerging trends, future needs and new developments within Ontario’s LDC sector.

Build Expertise	Build Engagement	Build Experience
<p>In order to be at the leading edge of green technology solutions, the GRE&amp;T Centre will build the necessary expertise in Guelph.</p> <p>As a hub for green energy technology expertise, the Centre will:</p> <ul style="list-style-type: none"> <li>• Attract subject-matter experts, entrepreneurs and start-ups</li> <li>• Establish partnerships with relevant corporations, academic institutions and industry associations</li> <li>• Feature an accelerator space for entrepreneurs and start-ups to use</li> </ul>	<p>Adequate community and stakeholder engagement are key for the GRE&amp;T Centre to nurture strong community and customer involvement in Guelph.</p> <p>Engagement will lead to education awareness and social acceptance of the Centre’s green technology solutions. Engagement entails:</p> <ul style="list-style-type: none"> <li>• Conducting public demos</li> <li>• Giving tours of the Centre</li> <li>• Organizing open house sessions, focus groups, seminars, workshops and training for customers and businesses</li> <li>• Engaging with and leveraging community groups, such as Innovation Guelph and Our Energy Guelph Task Force; and municipal entities, such as the Climate Change Office and the Energy, Water and Climate Change working group.</li> </ul>	<p>Building experience will foster pilot green technology solutions that are tangible and experiential for customers in Guelph.</p> <p>The GRE&amp;T Centre will build experience through a series of activities aimed at:</p> <ul style="list-style-type: none"> <li>• Converting existing spaces into community accessible showrooms for green solutions</li> <li>• Demonstrating the net-zero concept in action through pilot projects in and around the community</li> <li>• Retrofitting homes and buildings, and ensuring new builds meet sector standards</li> <li>• Potentially expanding into the broader community and development sites, such as the Guelph Innovation District</li> </ul>

Based on the aforementioned technology domains and pillars, the matrix chart below captures a consolidated overview of the GRE&T Centre’s strategic process for evaluating the viability of emerging technologies concerning commercialization.

	KEY FOCUS	1. Build Expertise	2. Build Experience	3. Build Engagement
GRE&T Centre	The GRE&T Centre will catalyze mass consumer adoption of green energy and technology, serving as a bridge between R&D and full commercialization.	Become a well-reputed hub of expertise on: <ul style="list-style-type: none"> <li>Green energy and technology solutions</li> <li>Social and customer behaviour and preferences</li> </ul>	Build experience through a series of activities: <ul style="list-style-type: none"> <li>Converting existing spaces into accessible showrooms for green solutions</li> <li>Demonstrating concepts in action through pilot projects in and around the communities</li> </ul>	Engagement will entail: <ul style="list-style-type: none"> <li>Conducting public demos and tours of the Centre</li> <li>Organizing open house sessions, focus groups, seminars and workshops for customers and relevant trade/ businesses</li> <li>Engaging with community groups</li> </ul>
1. Electric Vehicle (EV) Integration	<ul style="list-style-type: none"> <li>Identify key constraints and challenges for EV adoption</li> <li>Work with communities and customers to evolve emerging business models to promote electric mobility</li> </ul>	<ul style="list-style-type: none"> <li>Become hub of expertise for EV integration</li> <li>Leverage Alectra expertise in EV Integration</li> <li>Partner with organizations such as EPRI, Smart Grid Consumer Collaborative, Electric Mobility Canada, and Plug n’ Drive</li> <li>Leverage local and regional agencies towards these goals</li> </ul>	Expand Alectra’s existing EV related studies and projects: <ul style="list-style-type: none"> <li>Vehicle-to-Grid demonstration</li> <li>Workplace charging</li> <li>DC Quick Charging</li> <li>Residential charging in low carbon homes</li> <li>Grid impact of EV charging</li> <li>Low Overnight Pricing</li> </ul>	Collaborate with academic partners and Plug n’ Drive for: <ul style="list-style-type: none"> <li>EV demonstrations</li> <li>Test drives</li> <li>Surveys</li> <li>Focus groups</li> </ul>
2. Low Carbon Community	<ul style="list-style-type: none"> <li>Identify key constraints and challenges for driving Net-Zero Energy Emissions in a community</li> <li>Work with communities and customers to evolve emerging business models to promote low carbon solutions</li> </ul>	<ul style="list-style-type: none"> <li>Become hub of expertise for low carbon, sustainable solutions for communities</li> <li>Leverage Alectra expertise in driving Net-Zero Energy Emissions (NZEE)</li> <li>Partner with organizations such as EPRI and NRCan</li> <li>Partner with Alectra municipalities</li> </ul>	Expand Alectra’s existing low carbon related studies and projects: <ul style="list-style-type: none"> <li>POWER.HOUSE pilot and feasibility study</li> <li>NZEE Concept and Pilot</li> <li>Penetanguishene Community scaled storage micro grid</li> <li>The Centre will host a dedicated space to showcase home technologies</li> </ul>	Partner with Canadian Home Builders’ association, community-based sustainability and environmental groups.
3. Accelerator	<ul style="list-style-type: none"> <li>Develop an Accelerator Program to host start-up companies that address climate changes issues through sustainable, green energy innovation</li> </ul>	The Accelerator will be physically located in the GRE&T Centre in the Guelph Hydro Building and will support start-ups by: <ul style="list-style-type: none"> <li>Demonstrating emerging solutions</li> <li>Mentoring for product roadmap</li> <li>Advising on mass commercialization</li> <li>Partnering with existing incubators and accelerators, such as Communitech, Innovation Guelph and MaRS</li> </ul>	Include start-ups in pilots, demonstrations, and showrooms.	Include start-up needs for customer surveys, focus groups and community engagement, as needed.

## OPERATING FRAMEWORK



## FINANCIAL BUDGET

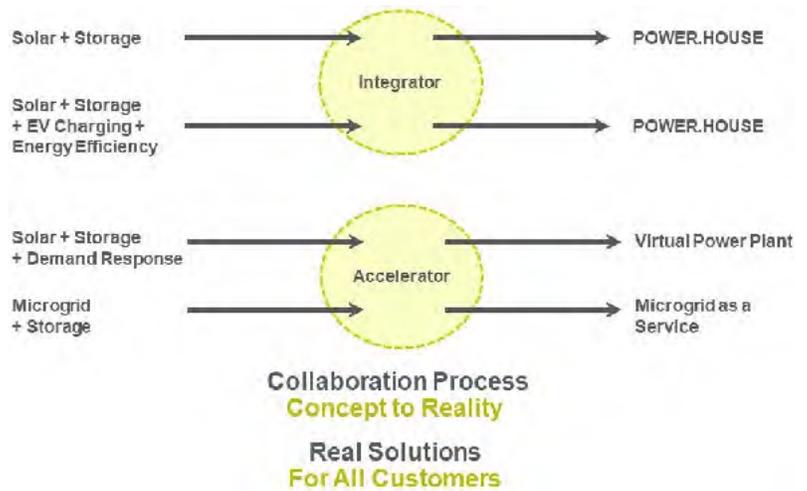
The GRE&T Centre will be staffed by approximately seven to fifteen professionals, and will operate on an estimated budget of \$5 - \$7 million to remodel the South West Operations Centre for demonstration, laboratory or showrooms. It is projected that the Centre will also have a budget of \$3 - \$6 million in annual expenditure for pilots, demonstrations, salaries, general administration, marketing, and partnerships.

Number of Staff	7 - 15
Design, Construction & Remodelling- Demos, Showrooms (\$M)	5 - 7
Recurring Annual Expenditure (\$M)	3 - 6



*Alectra has engaged in several pilot programs that could be included in the GRE&T Centre. Examples of these programs include EV vehicle infrastructure expansion, POWER.HOUSE, Residential Net-Zero Energy Emissions (NZEE) pilot, home automation, residential technologies, and blockchain technology.*

In order to provide an adequate platform to showcase the potential of selected green technologies, the GRE&T Centre intends to create a vibrant ecosystem that will act as a proving ground for promising green technologies. This ecosystem will serve as a test bed for pilot projects, provide showroom space for developed pre-market technologies, and carve out space and resources to support an on-site accelerator space for entrepreneurs and start-ups.



Alectra has engaged in several pilot programs to date that could serve as illustrative examples of what would be included in the GRE&T Centre.

Some of these examples include:

- **Electric Vehicle (EV) Infrastructure Expansion:** Alectra has been a leading player in the field of electric vehicles (EVs) since 2011, when it delivered the first two Nissan Leafs in Canada.

Since then, Alectra has been a significant contributor in developing EV charging infrastructure. In 2014, Alectra installed a Level 3 charger, available for public use at no charge, at its head office in Vaughan. In 2015, it installed North America’s first Vehicle-to-Grid charger at its head office, which is integrated into the facility’s micro grid. Across the utility’s various work locations, there are a total of eight Level 2 chargers, which support a number of employees who commute every day to work driving EVs.



Alectra partnered with the City of Markham to install the first municipally-owned Level 3 DC fast charger for EVs at the Markham Civic Centre, which is open to the public 24 hours a day.

Alectra is supporting Brampton Transit in a project to demonstrate the viability of using electric buses in a public transit fleet. This project is part of the Pan-Ontario Electric Bus Demonstration and Integration Trial led by the Canadian Urban Transit Research and Innovation Consortium. Brampton Transit will operate up to ten electric buses on two routes, and each route will have charging stations at each end of the route. Charging stations will be supplied by an overhead pantograph charger providing power up to 450 kW, which can provide the battery with sufficient charge in a matter of minutes. Alectra is supporting Brampton Transit by installing the infrastructure needed for this large demand, and will also seek to apply lessons from this experience to assist other communities to electrify their fleets.

Alectra is also leading a project to demonstrate the value of intelligently managing EV charging stations at workplaces. The project will balance and schedule electricity consumption of charging stations and from the building to limit electricity costs while providing a reliable service for drivers. Funding is being provided by the Independent Electricity System Operator (IESO) and Natural Resources Canada. Participating sites include the Markham Civic Centre and the Alectra head office. Different technology platforms to control charging stations and interface with building automation systems will be tested to provide insight into the range of performance that can be expected from this novel technology.

- **Green Homes - POWER.HOUSE:** The POWER.HOUSE pilot is Alectra’s first Virtual Power Plant – an aggregate fleet of 20 distributed energy resources (DERs) located at customer homes that can be autonomously controlled through intelligent software to simulate a single, larger generating facility. The technology being used is a combination of rooftop solar PV (between 3-5 kW per site) and a lithium-ion battery installed “behind the meter” at the home of each participating customer. Customers benefit through load displacement, leading to bill reductions and mitigated exposure to costly peak rates. Customers also receive clean and renewable energy that is not subject to the classic intermittency issues that typically limits the use of solar power.



As a result, customers are able to use their systems when connected to the grid, with the option to leverage the solar system in the case of an outage. This allows customers to benefit from increased reliability throughout the day by drawing power from a combination of stored and generated solar energy.

From a utility perspective, leveraging carbon-free generating resources and fast-responding storage assets can play a pivotal role in several grid-supporting functions. These resources have the potential to reduce peak

system loads, regulate frequency, and even defer capital costs associated with substation construction that would result from load growth or capacity constraints. Coordinating a group of distributed assets to reinforce the grid serves as a true win-win proposition for customers and utilities alike.

- **Residential Net-Zero Energy Emissions (NZEE) Pilot:** Alectra, the City of Markham and Enbridge Gas Distribution Inc. are pursuing a project to test and offer optimal solutions for residential, commercial and industrial (C&I), and community-scale sectors that are integrating land use, electrical energy, thermal energy, and the smart EV charging network to move towards Markham’s Net-Zero Energy Emission (NZEE) community.

A NZEE community reflects greatly reduced energy needs through efficiency gains such that the annual balance of energy for vehicles, thermal energy, and electrical energy within the city is met by sustainable and non-fossil fuel sources. In other words, the objective of a NZEE community is to offset any carbon intensive sources of energy with an equal or greater amount of non-emitting energy sources.

A key element to the program will be the deployment of NZEE home technologies. The objective will be to identify, design, and demonstrate a comprehensive solution, for seven to ten existing single-family houses. These houses will be retrofitted with an integrated package of technologies that can be centrally controlled to optimize GHG reduction. The homes will be provided with electrical and thermal technologies to achieve deep carbon reductions as well as charging infrastructure to support electrification of personal transportation.

The residential solution includes:

- Electrical and thermal energy efficiency measures
  - Solar and battery storage system
  - Hybrid heating system including micro combined heat and power (mCHP) and air source heat pump (ASHP); a primary Home Energy Management System (HEMS)
  - EV Supply Equipment (EVSE)
- **Internet of Things (IoT) - Home Automation:** Alectra has been active in the field of home automation since 2006, when it first began to offer a residential load control program. Since then, Alectra’s offers have evolved to provide customers with a relevant and useful service that provides both customers and the utility with a meaningful benefit. These programs provide customers with opportunities to save money on their electricity bill, enjoy new ways to control their home environment, and integrate multiple services into a convenient solution.



**Advantage Power Pricing:** Specific innovations include developing an alternate pricing program – Advantage Power Pricing – that is layered in with a smart communicating thermostat program, to offer customers a convenient way to save money on electricity, while also reducing peak demand – with double the impact than the previous load reduction program had. Advantage Power Pricing began as a pilot study for 1,000 customers in 2015 to test customers’ willingness to participate in an alternative rate plan. The variable peak pricing structure features a variable peak period that occurs from 3:00-9:00 pm on weekdays, with a low off-peak rate at all other times. The peak period prices vary between High, Medium and Low, depending on system conditions. Low prices are comparable to standard Time-of-Use prices, while Medium and High are substantially higher.

The plan also featured a critical peak price period that occurred approximately ten times per year for four hours, with prices set at ten times those of the off-peak period. Customers benefitted from the low off-peak rate, which was in effect over 80% of the time; the convenience of having a limited number of hours during which prices were higher; and the opportunity to have smart thermostats and other home technology automatically adjust their energy consumption. In the first two years, over 70% of the customers consistently saved money relative to standard Time-of-Use rates. The pilot is now part of an OEB-sponsored pilot program looking at the future of regulated rates in Ontario, with two additional price treatments, a greater variety of thermostat technology to choose from, and more sophisticated reporting. Approximately 10,000 customers will participate in the study. The project is scheduled to run until December 2018.

**Residential Energy Management Program:** Another innovation in the smart home energy management space was run in partnership with Rogers, which integrated its home security system with a smart thermostat and energy analytics to offer customers more awareness of how much electricity they are using, and greater control over their home’s operations.

The Residential Energy Management (REM) pilot program was designed to test the effectiveness of a suite of technologies in delivering energy conservation (gas and electricity) and demand response impacts. The energy management tool that forms the core of the program was built on top of Rogers’ existing Smart Home Monitoring platform. The tool was designed to provide customers with greater control



over their electricity use, leading to energy savings. These were expected to be provided through customer-friendly technology that allowed customers to program and communicate with home heating/cooling equipment and plug loads, provided tips to encourage energy savings, and provided a degree of automated modifications to thermostat settings to reduce energy consumption.

The project was funded by the Ontario Ministry of Energy's Smart Grid Fund and through contributions (in resources and in kind) by Rogers and Alectra (legacy utility, PowerStream). The pilot was launched to a limited group of employees from Alectra and Rogers, and was later extended to 500 non-employee customers. Altogether, the program included 503 participants at the end of September 2016. The program is scheduled to end in November 2017.

The project provided insight into customers' response to a holistic home energy management system that featured customer and utility technology control as well as behavioural prompts. The technology features are being incorporated into the standard customer platform that would make it more accessible to all customers.

Both programs have provided valuable insight from customers on what they find most appealing about these services, what additional elements they would like to see and how they understand the underlying system issues that these programs are meant to address.

- **Blockchain and Transactive Energy:** Alectra is currently pursuing a leading edge pilot in collaboration with IBM and Interac around managing energy market services using blockchain technology. The pilot will leverage the existing fleet of 20 POWER.HOUSE customers to participate in what is essentially a marketplace powered by the Linux Foundation's hyper ledger fabric – an open source blockchain technology.

POWER.HOUSE participants currently have a combination of solar and lithium ion storage installed on their property, along with a centralized control platform that can be monitored by the utility. Each solar storage system will be equipped with the capability of reading and writing energy transactions to a blockchain ledger. These transactions would be initiated by grid signals that would be simulated by Alectra and would represent hypothetical market services (i.e. demand response). All aspects of market participation – availability, response time, duration – will be measured and instantly verified on the blockchain. The contractual terms and financial settlements would also be recorded on the blockchain and instantly cleared through smart contracts.

The pilot will be enhanced further through the participation of Interac, who would provide the payment rail and merchant relationships that would allow for the next phase of the project – the issuance of energy coins. Effectively, once a customer participates in a market service, the network operators would provide them with the option of compensation through either cash or a virtual currency called energy coins. Alectra and Interac would recruit other merchants to sign up for the free exchange of such coins for goods and services, thus allowing a customer to transfer the value of their energy into a medium other than currency. This would demonstrate the ability for a complete blockchain enabled, end-to-end market contracting, settlement, measurement and verification framework that provides the additional benefit of being able to cross-market verticals to convert value derived by energy generation from one format to another.

- **Residential Technologies for Market Services:** Alectra is looking forward to bidding on the IESO-operated demand response auction for the summer 2018 commitment period, using a combination of different residential technologies, primarily smart thermostats. If successful, this will mark the first year that residential loads have participated in the demand response auction, rather than the separate peak saver program.

Through its participation, Alectra is looking to validate the business model and provide insight into the differences in managing residential loads in a market-based program.



*The GRE&T Centre will align its activities with federal and provincial government policy objectives, and will seek to leverage opportunities to collaborate with both levels of government.*

The GRE&T Centre will be a hub for leading critical thought, building customer awareness, deploying cutting-edge technologies into market, attracting subject-matter experts, growing talent, and showcasing the benefits of entrepreneurs and start-ups coming together to create something extraordinary. To achieve its goals, the Centre will align its activities with federal and provincial government policy objectives, and will seek to leverage opportunities to collaborate with both levels of government.

The GRE&T Centre's corporate and government relations (GR) staff will develop comprehensive communications and marketing strategies to engage the community of Guelph, the broader Alectra service territory, Ontario government, federal government, and industry. The Centre is likely to attract significant attention from these stakeholders. Accordingly, GR and marketing plans will be in place to ensure effective public facing engagement efforts are proactively organized.

## **COMMUNITY OF GUELPH AND ABROAD**

Located in the existing GHESI building, the GRE&T Centre will become integral to the fabric of life in the community. The Centre will be a source of employment, green technology innovation and a source of pride for the community and corporate citizens.

Alectra's ongoing work on residential solar-storage technology, pricing models, utility-scaled microgrids and EV charging are helping the utility build smart communities, supported by a strong, flexible grid and customized energy services and programs for customers. These efforts have generated significant good will in the 15 communities Alectra services. Alectra's GRE&T Centre in Guelph will be embedded in a culture determined to build economic clusters in areas of climate change mitigation and environmental sustainability. In turn, the Centre will support the City of Guelph's strategies for environmental stewardship, job creation, innovation and prosperity.

## **PROVINCIAL GOVERNMENT AND THE GRE&T CENTRE**

As a centre of excellence located in one of Ontario's greenest and most sustainable communities, the GRE&T Centre will attract significant interest from provincial politicians and policy-makers.

Alignment with provincial government will include the following areas:

- As per their recently released Long Term Energy Plan (LTEP), the government is committed to working with LDCs and the Ontario Energy Board (OEB) to remove any barriers to innovation and ensure LDCs are at the forefront of identifying, evaluating and developing the next generation utility business models. The government will welcome a new GRE&T Centre that will support their vision of cutting-edge green energy management technologies.
- The government is also keen to support centres of excellence that showcase presence of highly-skilled jobs based right in the heart of a supportive community.
- The GRE&T Centre will be an attractive destination for government decision-makers to leverage for energy innovation related announcements, and is sure to be highly competitive when it comes to applying for government sources of funding.
- Finally, the government routinely seeks out third party thought leadership when setting its policy directions. As such, the GRE&T Centre will be well positioned to influence future provincial energy policy.

**Key areas of convergence with provincial policy initiatives include:**

- Grid modernization including energy storage, vehicle to grid integration, microgrids and storage, net-zero communities, net metering and virtual net metering.
- Electric vehicle infrastructure and electrification of transportation.
- GHG reduction technologies, consumer empowerment and choice regarding energy use.
- Mandate to support world-class research and innovation leading to commercialization opportunities at the national and international levels.
- Although the initial focus of the GRE&T Centre will be on Residential Energy Solutions, this could later be expanded to include other areas such as agricultural technologies.
- Commercialization opportunities and high-skilled jobs.
- Engaging with municipalities to empower them to take action to fight climate change and provide them with the tools to support GHG reductions.

In sum, the GRE&T Centre’s provincial government relations goals entail creating a general awareness throughout the provincial government of the Centre, its important role in the energy innovation space, and Alectra’s ability to be a reputable green technology solutions provider. Government relations activities will also seek to identify funding opportunities, and application timelines and processes.

At the federal level, government is placing significant focus on areas pertaining to energy and infrastructure, especially within the context of climate change. As such, a tremendous opportunity exists to create awareness around the GRE&T Centre and solidify its position as a leader in green technology solutions.

The federal government will be interested in LDC innovation, attracting and growing highly-skilled labour, and leveraging the Centre's green technology expertise. The federal government will also be interested in the replicability of the technologies developed at the Centre.

Given the federal government's commitments and the GRE&T Centre's focus on facilitating the commercialization of green energy technologies, the initial federal government relations plan for the GRE&T Centre will focus on the following key departments:

- Environment and Climate Change
- Natural Resources Canada
- Infrastructure and Communities
- Innovation, Science & Economic Development

Overall, the GRE&T Centre's federal government relations goals will be to foster a general sense of awareness throughout key federal government target areas. In turn, this awareness will highlight the GRE&T Centre's important role in energy innovation and ability to be a reputable solutions provider. Government relations tactics will also seek to identify areas of key alignment with the federal government and determine a process for accessing federal funds.

*The GRE&T Centre will seek to collaborate with industry, academic and knowledge partners to integrate and test customer acceptance of new, innovative technology solutions.*

## **INDUSTRY PARTNERS**

The GRE&T Centre will benefit from partnerships with industry players delivering goods and services related to Ontario's transition to a green energy economy.

Potential industry partners include companies involved in:

1. Solar photovoltaic energy
2. Energy storage (thermal and electrical)
3. Microgrids and smart grids
4. Thermal energy
5. Heat pumps
6. Electric vehicle charging, including electric vehicle supply equipment (EVSE)
7. Solar thermal
8. Run-of-river hydro
9. Wind energy

Canadian Solar is the only top-tier (i.e. in the global top three in terms of annual sales) solar PV module manufacturer with headquarters located outside of the Peoples' Republic of China. This is a unique asset not just for Guelph, but also for Ontario and for Canada as a whole. The GRE&T Centre could collaborate with Canadian Solar to attract not just new businesses, but existing businesses that would benefit from a relationship with such a significant entity.

## **ACADEMIC PARTNERS**

There are substantial opportunities for the GRE&T Centre to collaborate with various academic institutions in Ontario to leverage their research and entrepreneurial ideas from students for new business models.

Potential partners include, but are not limited to:

1. University of Guelph
2. University of Waterloo
3. Ryerson University
4. York University
5. McMaster University
6. Georgian College
7. Conestoga College

## KNOWLEDGE PARTNERS

The GRE&T Centre could collaborate with a number of non-profit entities to further its knowledge and expertise in developing green technology solutions.

These organizations could include, but are not limited to:

1. **Community Energy Knowledge Action Partnership (CEKAP):** This collaboration of academia, industry, and government identifies trends in successful community energy planning and offers recommendations to assist communities new to this discipline.
2. **Municipalities:** The GRE&T Centre can tap into depth of knowledge, expertise and experience, related to climate change strategy and community energy planning, at its shareholder municipalities (Vaughan, Mississauga, Hamilton, Markham, Barrie, St. Catharines).
3. **Quality Urban Energy Systems of Tomorrow (QUEST):** This organization promotes smart energy communities, and recognizes organizations that demonstrate leadership in the energy transition.
4. **Clean Air Partnership (CAP):** This organization assists municipalities with implementing programs that promote the transition to clean energy, as well as providing advocacy leadership on such matters.
5. **Ontario Sustainable Energy Association:** This organization promotes renewable and distributed energy systems (DERs) in Ontario.
6. **Plug'n Drive:** This organization created Ontario's first EV Discovery Centre, assisting drivers with understanding electric vehicles and making the decision to adopt this technology.
7. **Electric Power Research Institute (EPRI):** This organization provides thought leadership, industry expertise, and collaborative value to help the electricity sector identify issues, technology gaps, and broader needs that can be addressed through socially beneficial research and development programs.

- 
- 8. Medical and Related Sciences (MaRS):** This organization works with an extensive network of partners to help entrepreneurs launch and grow the innovative companies that are building future technologies.
  - 9. Advanced Energy Centre (AEC), MaRS:** The AEC's mission is to foster the adoption of innovative energy technologies in Canada, and to leverage those successes and experiences into international markets.

The GRE&T Centre could stand to benefit from partnering with organizations like these and more. Such partnerships would contribute to improvements in the Centre's community energy planning, adoption of green energy technologies and advocacy when promoting policies favourable to the endorsement of these technologies.

*Stakeholder feedback on the GRE&T Centre’s objectives and activities largely confirmed what Alectra expected and envisioned for the Centre – there is general support and an identified need for the Centre to help customers adopt new technologies.*

Alectra hosted four GRE&T Centre consultation sessions over the month of November 2017. Two sessions were held in Guelph, one in Ottawa and the other by teleconference. Organizations that attended the sessions included:

- Advanced Energy Centre
- Brookfield Residential
- City of Guelph
- Consultants in Clean Technology, Sustainability, and Community Space
- Clean Air Foundation
- Convergent Energy and Power LP
- Electricity Distributors Association
- Electrical Safety Authority
- eMERGE Guelph
- Enbridge Gas Distribution
- Gateway Advisors Ltd.
- Guelph Hydro Electric Systems Inc. (GHESI)
- General Electric Power
- International Business Machines (IBM)
- iGEN Technologies Inc.
- City of Markham
- Innovation Guelph
- Markham District Energy Inc.
- MaRS
- Ministry of Energy
- Natural Resources Canada (NRCan)
- Ontario Climate Consortium
- Power Advisory LLC
- Ramboll
- Ryerson University
- s2e Technologies
- Sheridan College Institute of Technology & Advanced Learning
- Spark Power Corp
- Toronto and Region Conservation (TRCA)
- Union Gas
- University of Guelph
- Upper Grand District School Board

The purpose of these sessions was to get input from the attendees regarding the GRE&T Centre’s objectives and activities. To get the discussion going, Alectra made an introductory presentation outlining the GRE&T Centre concept, and putting forward a number of suggested activities for consideration, organized by three main pillars:

expertise, engagement and education. Attendees were encouraged to provide their feedback through roundtable and plenary discussions, as well as by filling out discussion guides that were collected by session organizers.

The feedback on the GRE&T Centre’s three pillars and associated activities was compiled and categorized into seven themes, ordered below by priority importance to participants.

According to the participants, one theme stood out as being most important:

**1. Customer Outreach:** Emphasis on engaging with and building capacity for customers and homeowners. Many suggestions related to having a presence outside of Guelph Hydro’s physical building.

**Suggested Activities:**

- Technology showroom, user experience
- Web, social media, apps
- Customer focused content
- Helping customers navigate options
- Portable trailer or physical presence outside of the Centre

The next six themes were all of similar, lower importance, as scored by participants:

**2. Leverage Existing Assets:** Numerous suggestions for partnering with other centres, linking with Guelph (and other community) initiatives. This would also entail making use of the organizations and activities in Guelph and across Alectra’s service territory.

**Suggested Activities:**

- Act as hub for community initiatives and organizations (e.g. eMERGE Guelph)
- Connect and partner with other centres (e.g. MaRS, WISE, Communtech, OCE)
- Build on current innovation and outreach efforts, including leveraging existing relationships with local and regional agencies

**3. Business Assistance:** A broad category aimed at helping innovative companies get their technology and process closer to commercialization.

**Suggested Activities:**

- Screen and assess new technologies
- Connect businesses with funding sources, assist with applications
- Provide mentorship, business assistance to start-ups and technology firms
- Help companies understand policy and work within regulatory parameters

**4. Centre Organization:** Emphasis on ensuring the Centre had the right mix of staff/capacity and had a long-term business model. Consider focus on retrofit vs. new build. Avoid duplication with other organizations, too broad a

**Suggested Activities:**

- Focus on having the right staff with a mix of competencies
- Consider social enterprise models to advance employment, innovation
- Develop a long-term business model for the Centre

scope.	
<p><b>5. Policy and Regulation:</b> There was some support for identifying and addressing policy and regulatory barriers, particularly an applied approach solving real technology adoption barriers.</p>	<p><b>Suggested Activities:</b></p> <ul style="list-style-type: none"> <li>• Work with city councils, permit offices to bring new technology into homes</li> <li>• Showcase international examples and best practices</li> <li>• Identify and address policy and regulatory barriers to innovation</li> </ul>
<p><b>6. Pilots:</b> Suggestions for the Centre to focus on establishing and expanding pilot and demonstration projects.</p>	<p><b>Suggested Activities:</b></p> <ul style="list-style-type: none"> <li>• Act as hub for developing and expanding pilots</li> <li>• Focus on solving problems associated with pilots</li> <li>• Identify business models and financing options to scale up from pilots</li> </ul>
<p><b>7. Education &amp; Training:</b> There were many suggestions for engaging children of all ages (school tours), professional development and skills training for trades.</p>	<p><b>Suggested Activities:</b></p> <ul style="list-style-type: none"> <li>• Host tours for children and youth of all ages</li> <li>• Engage with community colleges and professional development centres</li> <li>• Establish skills development programs for trades, students, young professionals</li> </ul>

## STAKEHOLDER FEEDBACK

Participants were also asked to provide input on potential organizations and initiatives for the GRE&T Centre to collaborate with. Stakeholder feedback from the sessions on the Centre’s objectives and activities largely confirmed what Alectra expected and envisioned for the GRE&T Centre – there is general support and an identified need for the Centre to help customers adopt new technologies. Accordingly, the top themes put forward by participants are reflected in the GRE&T Centre’s mandate.

In terms of partnerships, there was an emphasis on working with and leveraging the efforts of local organizations focused on energy and related activities, as well as partnering with specific organizations and initiatives located outside of Guelph that would bring expertise and capacity that would help the Centre achieve its objectives.

Below are the organizations that provided feedback:

Local to Guelph:	Other Partners:
<ul style="list-style-type: none"><li>• eMERGE Guelph</li><li>• Guelph Business Enterprise Centre</li><li>• Guelph Energy Efficiency Retrofit Strategy (GEERS)</li><li>• University of Guelph</li><li>• Co-ops, local businesses</li></ul>	<ul style="list-style-type: none"><li>• NRCan Local Energy Efficiency Partnerships (LEEP)</li><li>• Ontario Centres of Excellence (OCE)</li><li>• City of Markham</li><li>• REEP House (Kitchener)</li><li>• TRCA Archetype House</li><li>• MaRS Advanced Energy Centre</li><li>• Espanola Ontario retrofit strategy</li><li>• General Electric, Siemens</li></ul>



This high-level strategic business plan has outlined how the GRE&T Centre will serve Guelph customers and the rest of Alectra’s communities in helping drive positive change in Ontario’s LDC industry. To effect this change, the Centre will help the industry in its overall transformation by accelerating integrated green technology solutions and raising awareness around these developments with customers. The Centre will emphasize engaging and building capacity for both its residential and commercial customers.

Ontario’s LDC sector needs a new business model to adapt to future needs and stay ahead of the curve economically, environmentally, and socially. With a new GRE&T Centre, Alectra will work with the City of Guelph to assist the industry in shaping a new business model that aligns with tomorrow’s needs. The GRE&T Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility.

As a hub for green technology solutions, the Centre will appraise these emerging solutions based on its decision-making criteria, which will look at the following mega trends, technology domains and pillars:

Mega Trends	<ul style="list-style-type: none"> <li>• Artificial Intelligence (AI) and Big Data</li> <li>• Internet of Things (IoT)</li> <li>• Blockchain and Transactive Energy</li> </ul>
Technology Domains	<ul style="list-style-type: none"> <li>• Electric Vehicle (EV) Integration</li> <li>• Low Carbon Community</li> <li>• Accelerator</li> </ul>
Pillars	<ul style="list-style-type: none"> <li>• Building Expertise</li> <li>• Building Engagement</li> <li>• Building Experience</li> </ul>

This process will be integral for the Centre when determining what technologies to commercialize, which will ultimately focus on energy efficiency, conservation, renewable energy and sustainable energy solutions for residential customers. This high-level strategic business plan has served as an early conceptual guiding document that will continue to evolve in subsequent phases of work. As a next step, Alectra will establish a transitional working group to build on the details outlined in this plan starting in early 2018.

*The GRE&T Centre will be a leading centre of excellence and innovation hub, benchmarked against relevant organizations within the sector. The national and international centres below serve as examples of successful benchmarks*

### **RET-Centre Windsor**

WINDSOR, ON

([Website](#))



The Renewable Energy Technology Center was established as a learning and education Center for the community. It was launched in August 2009, converting a 3,300 square foot shuttered part of the old Windsor Tool & Die factory in central Windsor, to showcase the best in renewable technologies – with a focus on solar technologies (PV and solar thermal). With Green Sun Rising Inc. as the driving force behind the facility, the RET-Centre has become a community-based institute for understanding sustainability and renewable energy.



The RET-Centre offers a drop-by showroom and offers educational seminars and training workshops for solar PV as well as for solar thermal technologies. All of the solar systems showcased are available through a turn-key program management approach.

The mission of the N.C. Clean Energy Technology Center advances a sustainable energy economy by educating, demonstrating and providing support for clean energy technologies, practices, and policies. It also administers the Database of Incentives for Renewables & Efficiency (DSIRE), a resource providing financial incentives and policies.



The N.C. Clean Energy Technology Center is a UNC System-chartered Public Service Center administered by the College of Engineering at North Carolina State University. The Center provides service to the businesses and citizens of North Carolina and beyond relating to the development and adoption of clean energy technologies. Through its programs and activities, the Center promotes the development and use of clean energy in a manner that stimulates a sustainable economy while reducing dependence fossil fuel use.

The Center currently focuses on three technological areas. They include:

**1. Alternative fuels/clean transportation**

Diversifying fuel supplies and support cleaner, more vibrant local and state economies through a wide range of technologies including:

- Biofuels
- Electric Vehicles
- Hybrid Electric Vehicles
- Plug-in Hybrid Vehicles
- Natural Gas Vehicles (CNG and LNG)
- Propane Vehicles
- Heavy Duty Vehicles
- Diesel Retrofit Technologies



## 2. Clean power and energy efficiency

In North Carolina, industry comprises about one-third of the state's energy usage. The Centre promotes energy efficiency and provides energy efficiency assessment services to industrial facilities across the Southeast. The Centre also has initiatives to promote more efficient Combined Heat and Power Cogeneration.

## 3. Renewable energy

Through the N.C. Renewable Energy and Energy Efficiency Portfolio Standards Act passed in 2007, North Carolina became the first state in the Southeast to require that energy needs be met in some part by solar, wind, biomass, and other renewable technologies. Some of the programs that the Center has worked on include: promoting research in canola oil for biofuels, supporting biomass energy generation, and providing solar PV feasibility assessments.

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## Rocky Mountain Institute Innovation Centre

COLORADO

([Website](#))



The Innovation Center is RMI's state-of-the-art beyond net-zero energy office and convening center in Basalt, CO.

The Innovation Centre is 15,610 sf office building and state-of-the-art convening center, completed in December 2015. To advance RMI mission and propel the industry, RMI developed the Innovation Center to demonstrate how deep green buildings are designed, contracted, constructed, and occupied.



The Innovation Center is the highest-performing building in the coldest climate zone in the U.S., producing more clean energy than it uses on an annual basis plus enough to power six electric vehicles.

The Innovation building is similar in size to 90% of U.S. commercial offices. Over half of all commercial buildings are owner occupied and office space is the largest use type.

The Innovation Center is intended to serve as a 'living lab' with which RMI will share how the building was contracted, designed, constructed, commissioned, and operated; and what RMI learned in the process so that it can be replicated. Therefore, RMI's experience will serve as a practical model to inform thousands of buildings that would otherwise contribute significantly to the climate crisis.

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## Green Growth Knowledge Platform (GGKP)

SWITZERLAND

([Website](#))



The Green Growth Knowledge Platform (GGKP) is a global network of international organizations and experts that identifies and addresses major knowledge gaps in green growth theory and practice. By encouraging widespread collaboration and world-class research, the GGKP offers practitioners and policymakers the policy guidance, good practices, tools, and data necessary to support the transition to a green economy (cities, climate change, market mechanisms, risk and resilience, transportation, and so on).



The GGKP was established in January 2012 by the Global Green Growth Institute.

The GGKP's first three years were focused on launching the initiative, establishing its core work areas, developing a robust web platform, and building a global partnership of leading green growth institutions. The GGKP's next three years (2016-2018), will be focused on maximising its impact by:

- Establishing the GGKP as the global leader in collaboratively translating, communicating, and addressing the knowledge and data needs of green growth practitioners and policymakers;
- Significantly increasing outreach and engagement with developing country institutions and experts;
- Producing synthesised reports, and learning products that build on the GGKP's accumulated knowledge and data;
- Promoting and supporting green growth and green economy national-level activities led by its partner organizations (including development of national green growth development strategies, or more targeted activities to support, for instance, climate change resilience, eco-innovation or green jobs); and
- Expanding the frequency of in-person and virtual meetings in order to empower the green growth community to share knowledge and expertise.



Established in 2010, CUE is an academic-industry partnership that is exploring, developing and commercializing sustainable, innovative, cost-effective and practical clean energy solutions and technologies.

The vision of CUE is to be a world-class research and innovation centre dedicated to solving urban energy challenges with the following mission:

- Build academic, public and private sector partnerships.
- Conduct research, development and demonstration, leading to commercialization.
- Create the next generation of energy entrepreneurs.
- Encourage multidisciplinary and collaborative approaches.
- Provide scholarship and learning opportunities.

CUE brings together industry and government partners, and top researchers from across Canada and around the world to undertake a collaborative, multidisciplinary approach to the study of urban energy. CUE combines engineering, science, environmental issues and infrastructure management to tackle immediate challenges such as development of clean energy technologies; the advancement of smart grid technologies; the integration of energy storage, electric vehicles and renewables; energy conservation and demand management; alternative local energy generation; carbon footprint reduction; and net-zero buildings and infrastructure.



*Schneider Electric Smart Grid Laboratory*



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**MaRS Advanced Energy Centre (AES)**  
TORONTO  
([Website](#))



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The Advanced Energy Centre (AEC) is a public-private partnership founded in 2014, with the MaRS Discovery District, the Ontario Ministry of Energy and Siemens Canada as founding partners. Its partnership network has since grown and diversified to include representatives from across the energy sector, both in Canada and internationally.

The Advanced Energy Centre’s mission is to foster the adoption of innovative energy technologies in Canada, and to leverage those successes and experiences into international markets.

Recognizing the difficulty of adopting innovation in a highly regulated energy sector, the AEC works through its partnership network to enact change.

Using strategic programming to overcome the systemic barriers to market entry, scale-up and export, the AEC is a catalyst for the adoption of advanced energy technologies.

The AES has programs in the following areas: building energy efficiency, utility transformation, energy data access (Green Button), community energy and global services.

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## Ontario Centres of Excellence

TORONTO

([Website](#))



Ontario Centres of  
Excellence

Where Next Happens

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The purpose of the Ontario Centres of Excellence (OCE) is to drive the development of Ontario's economy by helping create new jobs, products, services, technologies and businesses.

OCE, a not-for-profit program, was formally established in 1987 with seven independent centres that evolved and amalgamated into the Ontario Centres of Excellence Inc. in 2004.

In partnership with industry, OCE co-invests to commercialize innovation originating in the province's publicly funded colleges, universities and research hospitals. It also supports and invests in early-stage projects, where the probability of commercial success and potential total return on innovation are substantial. Another expanding focus for OCE is the development of the next generation of innovators through our entrepreneurship fellowships and programs for students and youth across Ontario.

Its efforts are focused on sectors of the economy with the greatest potential to drive Ontario's future prosperity and global competitiveness: energy and environment (including water); advanced manufacturing; advanced health technologies; and information, communications technologies and digital media.

Funded by the Government of Ontario, OCE fosters the training and development of the next generation of innovators and entrepreneurs and is a key partner with Ontario's industry, universities, colleges, research hospitals, investors and governments. OCE is committed to advancing a whole-of-government approach as a means of streamlining funding application processes for companies and entrepreneurs.



Toronto-based solar energy start-up, Morgan Solar, is working to perfect an optical technology that will make solar panels significantly less expensive. The technology traps and directs sunlight for solar panels in a single component, while current designs require complex and expensive mirrors, optical components and chemicals.

Their solar panel, called the Sun Simba, achieves one of the industry's highest reported sunlight to electricity conversions in the most compact form to date. It also uses very few materials, making it light, easy to put together and inexpensive.

OCE works directly with academia and industry to bring prospective partners together to turn ideas into income. OCE deploys an experienced 40-person team of Business Development Managers to all corners of the province. They find out what is needed by industry and literally explore the halls and labs of academe to find out about the latest breakthroughs from researchers. Together, they work through OCE's tailored programs to commercialize innovations, transfer technologies and develop promising talent.

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## Sustainable Energy Initiative York University

TORONTO

([Website](#))



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The Faculty of Environmental Studies Sustainable Energy Initiative has been established to build and strengthen the teaching, research and partnerships needed to create new green energy economies in Canada and around the world. Focused on energy efficiency and conservation, renewable energy sources and combined heat and power, the Initiative is designed to:

- Advance sustainable energy solutions through research;
- Educate and train the new cohort of sustainable energy practitioners needed to respond to the demand created by the Ontario Green Energy Act and similar initiatives in other jurisdictions;
- Build sustainable energy partnerships among educational institutions, government agencies, business and industry, and non-governmental organizations; and
- Enhance learning opportunities for professionals working in the sustainable energy industry.

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**The International Renewable Energy Agency (IRENA)**  
UNITED ARAB EMIRATES AND GERMANY  
([Website](#))

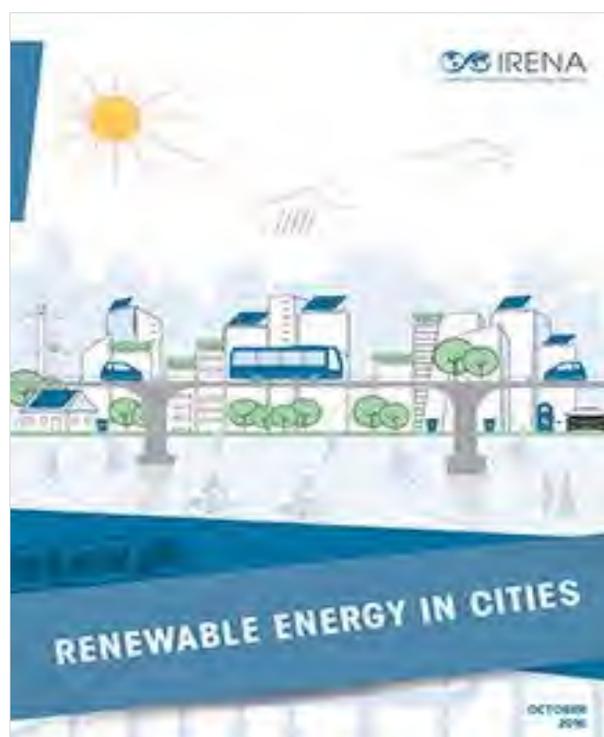
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The International Renewable Energy Agency (IRENA) is an intergovernmental organization that supports countries in their transition to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA promotes the widespread adoption and sustainable use of all forms of renewable energy, including bioenergy, geothermal, hydropower, ocean, solar and wind energy in the pursuit of sustainable development, energy access, energy security and low-carbon economic growth and prosperity.



With a mandate from countries around the world, IRENA encourages governments to adopt enabling policies for renewable energy investments, provides practical tools and policy advice to accelerate renewable energy deployment, and facilitates knowledge sharing and technology transfer to provide clean, sustainable energy for the world's growing population.



In line with these aims, IRENA provides a full range of products and services, including:

- An annual review of renewable energy employment;
- Renewable energy capacity statistics;
- Renewable energy cost studies;
- Renewables Readiness Assessments, conducted in partnership with governments and regional organisations, to help boost renewable energy development on a country by country basis;
- The Global Atlas, which maps renewable energy potentials by source and by location;
- Renewable energy benefits studies;

- REmap, a roadmap to achieving a 36% share of renewable energy worldwide by 2030;
- Renewable energy technology briefs;
- Facilitation of renewable energy planning at regional levels;
- Renewable energy project development tools like the Project Navigator, the Sustainable Energy Marketplace and the ADFD Project Facility.

With more than 170 countries, and the European Union actively engaged, IRENA helps countries achieve their clean energy potential and promotes renewable resources and technologies as the key to a sustainable future.

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**CanmetENERGY**  
OTTAWA, ON  
([Website](#))



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CanmetENERGY mission is to be Canada’s leading research and technology organization in the field of clean energy. In order to best serve Canadians in matters relevant to energy, Natural Resources Canada (NRCan) has offices and labs dedicated to various aspects of Energy. The collaboration between the Office of Energy Efficiency, the Office of Energy Research and Development, and CanmetENERGY ensures that NRCan is better able to focus on multiple programs and projects at once thereby benefiting the industries, organizations, and individuals who rely on our expertise.

Key areas of focus include, but not limited to, renewable energy, smart grid, transportation, buildings and efficiency and industrial processes.

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IEA Photovoltaic Power Systems Programme (PVPS) is one of the collaborative R&D Agreements established within the IEA and, since its establishment in 1993, the PVPS participants have been conducting a variety of joint projects in the application of photovoltaic conversion of solar energy into electricity.

The 31 PVPS members are: Australia, Austria, Belgium, Canada, Chile, China, Denmark, Solar Power Europe, European Union, Finland, France, Germany, International Copper Association, Israel, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, Norway, Portugal, the Solar Energy Industries Association (SEIA), the Solar Electric Power Association (SEPA), South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United States.

The mission of the IEA is "to enhance the international collaborative efforts which facilitate the role of photovoltaic solar energy as a cornerstone in the transition to sustainable energy systems"

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**The Advanced Energy Centre (AERTC)**  
STONY BROOK, NY  
([Website](#))



The Advanced Energy Center (AERTC) is located in the Research & Development Park at Stony Brook University and is a partnership of academic institutions, research institutions, energy providers and industrial corporations. The Center's mission is innovative energy research, education and technology deployment with a focus on efficiency, conservation, renewable energy and nanotechnology applications for new and novel sources of energy.



The goals of AERTC are to:

- Establish a broad based interdisciplinary research program which integrates fundamental science, nanotechnology, and engineering to design the next generation of advanced energy systems. This involves exploring renewable energy sources, enhancing the performance of traditional fuels through molecular engineering, and employing cutting edge solid state and polymeric polyelectrolyte fuel cell technology.
- Build a state-of-the-art laboratory to model power generation that can test new technologies, such as biomass, hydrogen fuels, fuel cells, carbon sequestration, and power cogeneration. This facility will be able to quantitatively evaluate the economic factors of zero emissions power generation and will enable the Center to be a national leader in establishing universal standards for safety and environmental impact for the energy industry.
- Engineer full scale demonstration and testing facilities to accurately simulate the power generation grid and which will optimize the distribution network, provide alternatives in case of local failures, and provide early warning of sabotage, leaks, or terrorist infringements.
- Design a program of public outreach to the community in order to explain energy policy and emerging technologies. This includes:
  - Sponsorship of national and international conferences for leaders in energy research
  - Organizing workshops to inform the public of energy policies
  - Outreach to schools through special programs designed for K-12 teachers and their students.

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## Waterloo Institute for Sustainable Energy (WISE)

WATERLOO, ON

([Website](#))



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Affiliate with the University of Waterloo, the Waterloo Institute for Sustainable Energy's (WISE) mission is to conduct original research and develop innovative solutions and policies to help transform the energy system for long-term sustainability and a vision to enable clean energy that is accessible and affordable for all.

WISE brings together over 100 experts drawn from various disciplines spanning engineering, environment, science, applied health studies, math and arts. WISE also works closely with utilities, private-sector partners, government and the non-profit sector to ground its work in real-world issues. WISE offers its partners the full spectrum of energy R&D, education and training and commercialization activities.

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**Communitech**  
WATERLOO, ON  
([Website](#))

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Communitech was founded in 1997 by a group of entrepreneurs who wanted to raise the profile of the Waterloo Region tech community. The vision was and is to create more tech talent, a globally-recognized tech sector and better support for companies.

Today, Communitech is an industry-led innovation centre that supports, fosters and celebrates a community of nearly 1,000 tech companies. It supports companies at all stages of growth and development—from start-ups to rapidly-growing mid-sized companies and large global players.

The Communitech Hub is 80,000+ square feet dedicated to collaboration and innovation.

Communitech brings together key players—from start-ups and global brands, to government agencies, academic institutions, tech incubators and accelerators. The facility is able to host to events and serves as collaborative office space for a mix of tech and non-tech companies.





Accelerator	A fixed-term, cohort-based program, that includes mentorship and educational components and culminate in a public pitch event or demo day.
Advanced Planning Group	A group managed by Alectra that is responsible for business and management, financial oversight, and providing guidance on all relevant activities to the GRE&T Centre.
Artificial Intelligence	The theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.
Blockchain Technology	A decentralized and distributed digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network.
Distributed Energy Resources (DERs)	Smaller power sources that can be aggregated to provide power necessary to meet regular demand. As the electricity grid continues to modernize, DER such as storage and advanced renewable technologies can help facilitate the transition to a smarter grid.
Eco-Entrepreneurship	Represents the process of principles of entrepreneurship being applied to create businesses that solve environmental problems or operate sustainably.
Electric Vehicle	A vehicle that uses one or more electric motors for propulsion.
Integrated Solutions	Green technology solutions that will fit well within Alectra’s communities and work for customers.
Internet of Things (IoT)	The interconnection via the Internet of computing devices embedded in everyday objects, enabling them to send and receive data.

Green	Efforts that seek to improve the sustainability of energy production in a manner that is environmentally-friendly and addresses issues of climate change.
Local Distribution Companies (LDCs)	An electricity distribution company that builds and maintains the portion of the utility supply grid that is closest to the residential and small commercial consumer.
Micro Grid	A small network of electricity users with a local source of supply that is usually attached to a centralized national grid but is able to function independently.
Net Metering	Allows consumers who generate some or all of their own electricity to use that electricity anytime, instead of when it is generated. This is particularly important with wind and solar.
Net-Zero Energy Emissions (NZEE) Community	A net-zero emissions community produces and uses at least as much emissions-free renewable energy as it uses from emissions-producing energy sources annually.
Smart Grid	An electricity supply network that uses sensors and other digital communications technology to detect and react to local changes in usage.
Start-up	An entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing a viable business model around an innovative product, service, process or a platform.
Subject-Matter Expert	A person who is an authority in a particular area or topic.
Transactive Energy	Refers to the economic and control techniques used to manage the flow or exchange of energy within an existing electric power system in regards to economic and market based standard values of energy.

31865607.2

## **SCHEDULE 5.6**

### **SOUTHWEST ONTARIO OPERATIONS HUB**

#### **Regional Operation Centres**

##### Operating Philosophy

MergeCo's focuses on four operating strategies:

- Improving service delivery and continued relationships with customers.
- Increasing shareholder value through growth and productivity improvements.
- Improving internal operational cost efficiencies and asset utilization.
- Developing and maintaining highly skilled and motivated employees.

MergeCo recognizes that to achieve the necessary and desired customer and financial outcomes, operational processes and skilled employees must be in place to support and deliver on results.

##### Locations

GHESI's current facility at 395 Southgate Drive in Guelph will continue to house the GHESI operations facility, as well as the GRE&T Centre.

The determination of location for all offices and each of operating entities was based on practical considerations for both current and future requirements.

The following principles will underlie the final determination of which employees will work from each of the locations:

- Focus on fair and equitable treatment of merging communities.
- Exercising management flexibility to fulfill synergy targets.
- Centralized and de-centralized functions in each community.

##### Operation Centres

Alectra shall ensure that that at least one senior employee (defined as VP or Director) will be located at the Southwest Ontario Operations Hub to oversee local O/H and U/G construction and maintenance work as well as Trouble Response similar to the practice in other Regions.

From time to time, this senior employee may provide guidance to others at the Southwest Ontario Operations Hub in coordination and cooperation with their specific business leader(s).

Other functions, which may reside either on a full-time or part-time basis, within the Operations Hub will be managed centrally, similar to the practice in other Regions, such as: Substations and Metering, Information Technology support, Customer Engineering/Connections, Warehouse and Fleet support, Human Resource and Safety.

There are seven operating centres located within the four regions:

- Western Region

- Central Region
- Eastern Region
- Southwestern Region

### Centralized Versus Decentralized Functions

In merging Alectra and GHESI, there will be role redundancies, given that GHESI has similar business purposes and functions as Alectra. While both LDCs are leaders in efficiency, opportunities for further cost efficiencies will exist.

## SCHEDULE 9.2

### DISPUTE RESOLUTION PROCEDURES

#### Arbitration

1. Any Dispute between the Parties, as contemplated by Section 9.2 shall be subject to arbitration pursuant to the *Arbitration Act, 1991* (Ontario) and as provided in this Schedule and the decision of the arbitral tribunal shall be final and binding as between the Parties and shall not be subject to appeal.
2. Any arbitration to be carried out under Section 9.2 shall be subject to the following provisions, namely:
  - (a) The Party desiring arbitration shall nominate one arbitrator and shall notify the other Parties hereto of such nomination. Such notice shall set forth a brief description of the matter submitted for arbitration (and, if appropriate, the paragraph of the Agreement pursuant to which such matter is so submitted). Such other Parties who are affected by the Dispute or otherwise desire to participate in such Dispute shall, within thirty (30) days after receiving such notice, each nominate an arbitrator and subject to subsection (d) such arbitrators shall select an additional person as an arbitrator and as chairman of the arbitral tribunal to act jointly with them. If said arbitrators shall be unable to agree on the selection of such chairman, the chairman shall be appointed by a Judge of the Superior Ontario Court of Justice upon the application of any Party.
  - (b) The arbitration shall take place in the City of Toronto, Ontario and shall be conducted in the English language. The and the chairman shall fix the time and place for the purpose of hearing such evidence and representations as the Parties to the Dispute may present and, subject to the provisions hereof, the decisions of the arbitrators and chairman or of any majority of them in writing shall be binding upon all the Parties to the Dispute both in respect of procedure and the conduct of the Parties to the Dispute during the arbitration proceedings and the final determination of the issues therein, Said arbitrators and chairman shall, after hearing any evidence and representations that the Parties to the Dispute may submit, make their decision and reduce the same to writing and deliver one copy thereof to each of the Parties to the Agreement, The majority of the chairman and arbitrators may determine any matters of procedure for the arbitration not specified herein. If there is an equal number of arbitrators the chairman shall have a casting vote in all instances.
  - (c) If any of the Parties receiving the notice of the nomination of an arbitrator by the Party desiring arbitration fails within the said thirty (30) days to nominate an arbitrator, then, subject to subsection (d), the arbitrator(s) nominated by the Party initiating arbitration and nominated by the other Parties who have nominated an arbitrator may proceed to determine the Dispute in such manner and at such time as he or they shall think fit and his or their decision shall, subject to the provisions hereof, be binding upon all Parties to the Dispute.
  - (d) Notwithstanding the foregoing (but subject to subsection (e)) if there are more than two Parties who are affected by the Dispute who wish to nominate an arbitrator (including the

Party initiating the arbitration), unless each of the Parties to the Dispute otherwise agrees within thirty (30) days after receiving the notice referred to in Section 2(a), the arbitration shall be carried out by a single arbitrator appointed by the ADR Institute of Canada Inc., acting solely as an appointing authority, upon application by any Party.

- (e) Notwithstanding the foregoing, the arbitration may be carried out by a single arbitrator if all of the Parties to the Dispute so agree, in which event the provisions of this paragraph shall apply, *mutatis mutandis*.
  - (f) The cost of the arbitration shall be borne by the Parties to the Dispute as may be determined by the arbitrators.
  - (g) Insofar as it does not conflict with the provisions of this Schedule, the *Arbitration Act, 1991* (Ontario) shall be applicable to arbitration held under this Schedule and the arbitrators shall have jurisdiction to do all acts and make such orders as provided in such Act.
3. Submission to arbitration pursuant to the provisions of this Schedule and the obtaining of the decision of the arbitration tribunal on the matters and claims in dispute shall be a condition precedent to the bringing of any action at law or suit in equity with respect to this Agreement.
  4. For certainty, the failure or refusal of a director to give his or her approval to any matter or proposal coming before the Board, as well as the failure or refusal of a Shareholder to give its approval to any matter or proposal requiring its approval under the Agreement or under the Business Corporations Act, shall not be the subject-matter of arbitration under Section 9.2; except to the extent a director or Shareholder is required not to unreasonably withhold or delay its consent and it is alleged that such director or Shareholder has failed to do so.
  5. The Parties agree that the arbitration will be kept confidential and that the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) will not be disclosed beyond the arbitrator or arbitration tribunal, the Parties, their counsel and any Person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration, the Parties' regulatory filings or otherwise as may be required by Law.

# **ATTACHMENT 3 RESOLUTIONS OF TRANSACTION APPROVAL**

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# City of Barrie

70 Collier Street  
P.O. Box 400  
Barrie, ON L4M 4T5

## Certified Copy

Staff Report: 17-G-311

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**File Number: 17-G-311**

### **MERGER OF ALECTRA AND GUELPH HYDRO**

**WHEREAS** Barrie Hydro Holdings Inc., the Municipality's subsidiary (the "Subsidiary") and The Corporation of the City of Barrie (the "Municipality") are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("Alectra") dated January 31, 2017 (the "Current Alectra Shareholder Agreement");

**AND WHEREAS** the Board of Directors of the Subsidiary will consider the purchase by Alectra of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("GHESI") from Guelph Municipal Holdings Inc. ("GMHI") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the amalgamation of Alectra Utilities Corporation ("AUC") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the *Business Corporations Act* (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation, all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI, in accordance with the conditions set out therein;

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and The Corporation of the City of Guelph as parties thereto (the "New Alectra Shareholder Agreement");

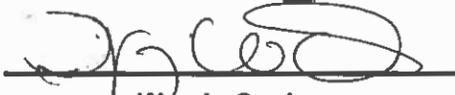
**AND WHEREAS** the form of New Alectra Shareholder Agreement has been provided to the Municipality;

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the New Alectra Shareholder Agreement;

### **NOW THEREFORE IT IS RESOLVED THAT:**

1. Subject to approval of the Board of Directors of the Subsidiary, the City of Barrie authorizes and approves the New Alectra Shareholder Agreement, substantially in accordance with the form presented to the Municipality, subject to any non-material modifications or amendments as approved by the President, CEO and General Counsel and Secretary of Alectra and authorizes the Municipality to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President, CEO, General Counsel and Secretary, and to perform, observe and comply with its obligations under such Agreement.
2. The Mayor and City Clerk of the City of Barrie are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions.
3. The Mayor and City Clerk of the City of Barrie are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing. (CCS002-17) (File: A00)

I, Wendy Cooke, Acting City Clerk, certify that this is a true copy of motion 17-G-311, Merger of Alectra and Guelph Hydro from the General Committee Report dated December 11, 2018, approved by City Council on December 18, 2017.

Attest:   
Wendy Cooke

Feb 21, 2018  
Date Certified



Wendy Ann Cooke Deputy City Clerk of the City of Barrie do hereby certify, under my hand and seal of the city, the above to be true and correct copy of the Barrie Hydro Holdings Resolution Form - Guelph Hydro Merger

RESOLUTION FORM

Dated February 21, 2018  
BARRIE, ONTARIO

BARRIE HYDRO HOLDINGS INC.

Resolution number 2017-H- 13

December 11, 2017

ALECTRA INC - GUELPH HYDRO MERGER

Moved by: [Signature]  
Seconded by: [Signature]

Wendy Ann Cooke, a Commissioner,  
etc., Province of Ontario, for the  
Corporation of the City of Barrie.  
Expires with termination  
of employment.

WHEREAS Barrie Hydro Holdings Inc. (the "Corporation") and the Corporation of the City of Barrie, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("Alectra") dated January 31, 2017 (the "Current Alectra Shareholder Agreement");

AND WHEREAS the Corporation owns shares of Alectra;

AND WHEREAS Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the "Articles"), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares;

AND WHEREAS it is desirable to amend the Articles to create a new class of shares (the "Class G Common Shares");

AND WHEREAS the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("GHESI") from Guelph Municipal Holdings Inc. ("GMHI") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation ("AUC") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation ("MergeCo LDC"), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the "Merger Participation Agreement"), in accordance with the conditions set out therein;

AND WHEREAS it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the "New Alectra Shareholder Agreement");

AND WHEREAS Alectra from time to time has provided updates with respect to the status and negotiation of both the proposed transactions;

Carried  Defeated  Withdrawn  Referred



## **Barrie Hydro Holdings Inc. Resolution**

AND WHEREAS Alectra from time to time has provided updates with respect to the status and negotiation of both the proposed transactions;

AND WHEREAS management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement;

NOW THEREFORE IT IS RESOLVED THAT:

1. The Articles be amended by increasing the authorized capital of Alectra to create an unlimited number of Class G Common shares and the rights, privileges, restrictions and conditions attaching to the Class G Common shares will be as provided for in Schedule "A" attached hereto.
2. The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, be approved, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra.
3. Upon closing of the transactions contemplated in the Merger Participation Agreement, 485,000 Class G Common Shares will be issued in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra.
4. Subject to the conditions set out below, the amalgamation of AUC and GHESI to create MergeCo LDC is approved, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and Alectra is authorized to enter into and deliver the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement.
5. Subject to the conditions set out below, the Corporation approves, and recommends to its Shareholder, the Corporation of the City of Barrie, the approval of the New Alectra Shareholder Agreement in respect of Alectra, substantially in accordance with the form presented to the Corporation, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and authorizes the Corporation to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement.



## **Barrie Hydro Holdings Inc. Resolution**

6. Any two directors of the Corporation are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions, and in doing so approve and execute any amendments to the New Alectra Shareholder Agreement subsequent to the date of these resolutions.
7. Any two directors of the Corporation are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing.

CARRIED

  
\_\_\_\_\_  
Dawn McAlpine, Corporate Secretary



City Hall, 71 Main Street West  
Hamilton, Ontario,  
Canada L8P 4Y5  
www.hamilton.ca

Hamilton

**RESOLUTION OF THE CITY OF HAMILTON  
Re: Project Mercury**

**WHEREAS** Hamilton Utilities Corporation, the Municipality's subsidiary (the "**Subsidiary**") and the City of Hamilton (the "**Municipality**") are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("**Alectra**") dated January 31, 2017 (the "**Current Alectra Shareholder Agreement**").

**AND WHEREAS** the Board of Directors of the Subsidiary has approved the purchase by Alectra of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("**GHESI**") from Guelph Municipal Holdings Inc. ("**GMHI**") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the amalgamation of Alectra Utilities Corporation ("**AUC**") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the *Business Corporations Act* (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation, all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI, in accordance with the conditions set out therein.

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the "**New Alectra Shareholder Agreement**").

**AND WHEREAS** the form of New Alectra Shareholder Agreement has been provided to the Municipality.

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the New Alectra Shareholder Agreement.

**NOW THEREFORE IT IS RESOLVED THAT:**

1. The Municipality authorizes and approves the New Alectra Shareholder Agreement, substantially in accordance with the form presented to the Municipality, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and authorizes the Municipality to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement;

2. The Mayor and City Clerk of the Municipality are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions; and,
3. The Mayor and City Clerk of the Municipality are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing.

I hereby certify the foregoing to be a true copy of  
Appendix A to Item 1 of Hamilton Utilities Corporation  
Shareholder Report 18-001, as approved by City of  
Hamilton Council at its meeting on January 24, 2018.

Dated at the City of Hamilton on this 16<sup>th</sup> day of February, 2018.



---

J. Pilon  
Acting City Clerk

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
HAMILTON UTILITIES CORPORATION  
Re: Alectra & GHESI Merger**

**WHEREAS** Hamilton Utilities Corporation (the “**Corporation**”) and the City of Hamilton, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. (“**Alectra**”) dated January 31, 2017 (the “**Current Alectra Shareholder Agreement**”).

**AND WHEREAS** the Corporation owns shares of Alectra.

**AND WHEREAS** Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the “**Articles**”), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares. It is desirable to amend the Articles to create a new class of shares (the “**Class G Common Shares**”).

**AND WHEREAS** the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. (“**GHESI**”) from Guelph Municipal Holdings Inc. (“**GMHI**”) in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation (“**AUC**”) with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the *Business Corporations Act* (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation (“**MergeCo LDC**”), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the “**Merger Participation Agreement**”), in accordance with the conditions set out therein.

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the “**New Alectra Shareholder Agreement**”).

**AND WHEREAS** Alectra from time to time has provided updates with respect to the status and negotiation of the proposed transactions.

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement.

**AND WHEREAS** the HUC Board has carefully deliberated upon, discussed and evaluated the reports and agreements, the ARM Committee recommendation and the

correspondence from Michael Zegarac on behalf of the City dated the 11<sup>th</sup> day of January, 2018, in its consideration of the proposed Transactions;

**NOW THEREFORE IT IS RESOLVED THAT:**

1. The Articles be amended by increasing the authorized capital of Alectra to create an unlimited number of Class G Common shares and the rights, privileges, restrictions and conditions attaching to the Class G Common shares will be as provided for in Schedule "A" attached hereto;
2. The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, be approved, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra;
3. Upon closing of the transactions contemplated in the Merger Participation Agreement 485,000 Class G Common Shares will be issued in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra;
4. Subject to the conditions set out below, the amalgamation of AUC and GHESI to create MergeCo LDC is approved, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and Alectra is authorized to enter into and deliver the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement;
5. Subject to the conditions set out below, the Corporation approves, and recommends to its Shareholder, the City of Hamilton, the approval of the New Alectra Shareholder Agreement in respect of Alectra, substantially in accordance with the form presented to the Corporation, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and authorizes the Corporation to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement;
6. Any two directors of the Corporation are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions, and in doing so approve and execute any amendments to the New Alectra Shareholder Agreement subsequent to the date of these resolutions; and
7. Any two directors of the Corporation are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing.

**THE UNDERSIGNED**, being the Chair of the Corporation, hereby certifies that the foregoing is a true copy of a Resolution of the Board of Directors of the Corporation, duly consented to in writing, signed by the directors of the Corporation on the 22nd day of February, 2018, and that the said Resolution is in full force and effect and unamended as of the date hereof.

DATED at Hamilton, this 22nd day of February, 2018.

A handwritten signature in black ink that reads "Joseph Rinaldo". The signature is written in a cursive, flowing style.

---

Joseph Rinaldo, Chair,  
Hamilton Utilities Corporation

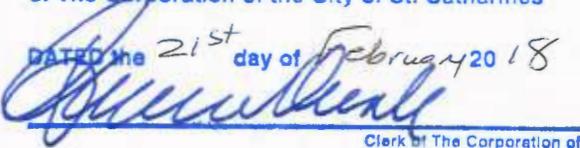
CERTIFIED under the Hand of the Clerk and the Seal of THE

CORPORATION OF THE CITY OF ST. CATHARINES  
to be a TRUE COPY of By-law 2017-356  
of The Corporation of the City of St. Catharines

**CERTIFIED COPY**

CITY OF ST. CATHARINES

DATED the 21<sup>st</sup> day of February 2018

  
Clerk of The Corporation of  
the City of St. Catharines

BY-LAW NO. 2017-356

A By-law to authorize the execution of resolutions passed at the special shareholder meeting of St. Catharines Hydro Inc. held on December 11, 2017.

THE COUNCIL OF THE CORPORATION OF THE CITY OF ST. CATHARINES enacts as follows:

1. That the resolutions and decisions of the shareholder passed at the special shareholder meeting of St. Catharines Hydro Inc. held on the 11th day of December, 2017, be and the same are hereby approved and authorized.
2. That the Mayor and Clerk be and each of them is hereby authorized to sign the said resolutions, together with any documents necessary to implement the said resolutions and decisions, and the Clerk is further authorized to affix the corporate seal thereto.

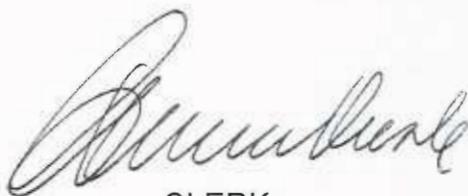
Read and passed this

11<sup>th</sup>

day of

December

2017

  
CLERK

  
MAYOR

CERTIFIED under the Hand of the Clerk and the Seal of THE CORPORATION OF THE CITY OF ST. CATHARINES to be a TRUE COPY of By-law 2018-20 of The Corporation of the City of St. Catharines

**CERTIFIED COPY**

CITY OF ST. CATHARINES

DATED the 21<sup>st</sup> day of February 2018

BY-LAW NO. 2018-20

  
Clerk of The Corporation of the City of St. Catharines

A By-law to approve and confirm the resolutions and action taken at the Special In-Camera Shareholders Meeting of St. Catharines Hydro Inc. on Monday January 29, 2018.

THE COUNCIL OF THE CORPORATION OF THE CITY OF ST. CATHARINES enacts as follows:

1. That the resolutions and decisions of the shareholder passed at the special shareholder meeting of St. Catharines Hydro Inc. held on the 29th day of January, 2018, be and the same are hereby approved and authorized.
2. That the Mayor and Clerk be and each of them is hereby authorized to sign the said resolutions, together with any documents necessary to implement the said resolutions and decisions, and the Clerk is further authorized to affix the corporate seal thereto.

Read and passed this 29<sup>th</sup> day of January 2018.



CLERK



MAYOR



**St. Catharines Hydro Inc.**  
**St. Catharines Hydro Generation Inc.**  
340 Vansickle Road, Unit 1, St. Catharines, Ontario, L2S 0C9  
Telephone: 905-323-3452 [www.schydro.com](http://www.schydro.com)

December 19, 2017

Via email ([dennis.nolan@alectra.com](mailto:dennis.nolan@alectra.com))  
& interoffice courier

**Mr. Dennis Nolan, BA, LLB**  
General Counsel & Corporate Secretary  
**Alectra Utilities Corporation**  
2185 Derry Road West  
Mississauga, ON L5N 7A6

Dear Mr. Nolan:

**St. Catharines Hydro Inc. Board of Directors**  
**Project Mercury Approval**

Please be advised that the St. Catharines Hydro Inc. (SCHI) Board of Directors unanimously passed the SCHI Resolution on December 13, 2017, approving the Alectra- Guelph – Project Mercury merger.

Chair Robert Cary had provided an explanatory memo along with a proposed SCHI Resolution. Max Cananzi and staff provided a thorough presentation and responded to questions from the Board.

The motion to approve the merger was unanimously passed by SCHI RESOLUTION NO. 2017-H124.

I trust this is satisfactory.

Yours truly,

A handwritten signature in purple ink, which appears to read "Frank Perri".

Frank Perri, P. Eng., General Manager

FP:py  
Attachment

**Approval of Shareholder – St. Catharines Hydro Inc. (the “Corporation”)**  
**Regarding the**  
**Alectra-Guelph merger**  
Dec. 13, 2017

**RESOLUTION NO. 2017-H124**

Upon motion duly made by Councillor Kushner, seconded by Director Mike Watt, and unanimously carried,

**WHEREAS St. Catharines Hydro Inc. (the “Corporation”)** and the Corporation of the City of St. Catharines, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. (“**Alectra**”) dated January 31, 2017 (the “**Current Alectra Shareholder Agreement**”).

**AND WHEREAS** the Corporation owns shares of Alectra.

**AND WHEREAS** Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the “**Articles**”), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares. It is desirable to amend the Articles to create a new class of shares (the “**Class G Common Shares**”).

**AND WHEREAS** the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. (“**GHESI**”) from Guelph Municipal Holdings Inc. (“**GMHI**”) in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation (“**AUC**”) with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the *Business Corporations Act* (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation (“**MergeCo LDC**”), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the “**Merger Participation Agreement**”), in accordance with the conditions set out therein.

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the “**New Alectra Shareholder Agreement**”).

**AND WHEREAS** Alectra has from time to time provided updates with respect to the status and negotiation of the proposed transaction.

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement.

**NOW THEREFORE IT IS RESOLVED THAT:**

1. The Articles be amended by increasing the authorized capital of Alectra to create an unlimited number of Class G Common shares and the rights, privileges, restrictions and conditions attaching to the Class G Common shares will be as provided for in Schedule "A" attached hereto;
2. The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, be approved, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra;
3. Upon closing of the transactions contemplated in the Merger Participation Agreement 485,000 Class G Common Shares will be issued in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra;
4. Subject to the conditions set out below, the amalgamation of AUC and GHESI to create MergeCo LDC is approved, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and Alectra is authorized to enter into and deliver the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary, and to perform, observe and comply with its obligations under such Agreement;
5. Subject to the conditions set out below, the Corporation approves, and recommends to its Shareholder, the Corporation of the City of St. Catharines the approval of the New Alectra Shareholder Agreement in respect of Alectra, substantially in accordance with the form presented to the Corporation, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and authorizes the Corporation to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and General Counsel & Secretary of Alectra, and to perform, observe and comply with its obligations under such Agreement;
6. Any two directors of the Corporation are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions, and in doing so approve and execute any amendments to the New Alectra Shareholder Agreement subsequent to the date of these resolutions; and
7. Any two directors of the Corporation are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing.



February 20, 2018

Mr. Dennis Nolan  
General Counsel & Secretary  
Alectra Inc  
2185 Derry Rd. W.  
Mississauga, ON L5N 7A6  
Email: [dennis.nolan@alectra.com](mailto:dennis.nolan@alectra.com)

**RE: ALECTRA INC AND GUELPH HYDRO MERGER (13.7)**  
Presentation Report

Dear Mr. Nolan:

This will confirm that at a meeting held on February 13, 2018, Council of the City of Markham adopted the following resolution:

“WHEREAS Markham Enterprises Corporation (“MEC”), a subsidiary of The Corporation of the City of Markham (the “City”) and the City, are parties to the Unanimous Shareholders Agreement for Alectra Inc. (“Alectra”) dated January 31, 2017 (the “Current Alectra Shareholder Agreement”); and,

WHEREAS the Board of Directors of MEC has approved the purchase by Alectra of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. (“GHESI”) from Guelph Municipal Holdings Inc. (“GMHI”) in consideration of the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the amalgamation of Alectra Utilities Corporation (“AUC”) with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation, conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI, in accordance with the conditions set out therein; and,

WHEREAS it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the “New Alectra Shareholder Agreement”); and,

WHEREAS the form of the New Alectra Shareholder Agreement has been provided to the City; and,

WHEREAS management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the New Alectra Shareholder Agreement to the Board of Directors and staff of MEC;

NOW THEREFORE IT IS RESOLVED THAT:

- 1) The City authorizes and approves the New Alectra Shareholder Agreement, substantially in accordance with the form presented to the City, subject to any non-material modifications or amendments as approved by the President & CEO and the General Counsel & Secretary of Alectra, and by the Chief Administrative Officer of the City, and authorizes the City to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and the General Counsel & Secretary of Alectra, and by the Chief Administrative Officer of the City, and to perform, observe and comply with its obligations under such Agreement; and,
- 2) The Mayor and City Clerk are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions; and,
- 3) The Mayor and City Clerk are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing; and,
- 4) The approvals above are subject to the Chief Administrative Officer being satisfied with the results of the continuing due diligence being conducted by Alectra;

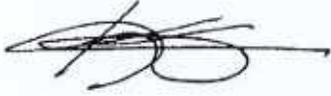
And Further:

- 5) That, given that Alectra intends to review the Board of Directors model and composition within six months, which the City supports, the City requests that Alectra's consultant meet with all shareholders on the matter prior to reporting to the Alectra Board and that Alectra meet with all shareholders within two months after the report has been tabled, and in any event, prior to any additional mergers and major acquisitions.
- 6) That the Alectra Board be requested to make all reasonable efforts to mitigate the forecasted dividend reductions in the early years; and,
- 7) That the Alectra Board be requested to undertake a study to consider imposing a cap on total compensation for senior management; and further,

- 8) That Staff be authorized and directed to do all things necessary to give effect to these recommendations.

If you have any questions, please contact , at 905-477-7000 ext.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kimberley Kitteringham', written over a horizontal line.

Kimberley Kitteringham  
City Clerk



EXTRACT OF JANUARY 26, 2018 MARKHAM ENTERPRISES CORPORATION  
BOARD OF DIRECTORS MEETING

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**4. ALECTRA AND GUELPH MERGER**

Whereas Markham Enterprises Corporation (“MEC”) and The Corporation of the City of Markham (the “City”), among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. (“Alectra”) dated January 31, 2017 (the “Current Alectra Shareholder Agreement”); and,

Whereas MEC owns shares of Alectra; and

Whereas Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the “Articles”), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares; and,

Whereas it is desirable to amend the Articles to create a new class of shares (the “Class G Common Shares”); and,

Whereas the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. (“GHESI”) from Guelph Municipal Holdings Inc. (“GMHI”) in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation (“AUC”) with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation (“MergeCo LDC”), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the “Merger Participation Agreement”), in accordance with the conditions set out therein; and,

Whereas it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and of the City of Guelph as parties thereto (the “New Alectra Shareholder Agreement”); and,

Whereas management of Alectra has provided updates with respect to the status and negotiation of both the proposed purchase of GHESI and merger of GHESI with AUC; and,

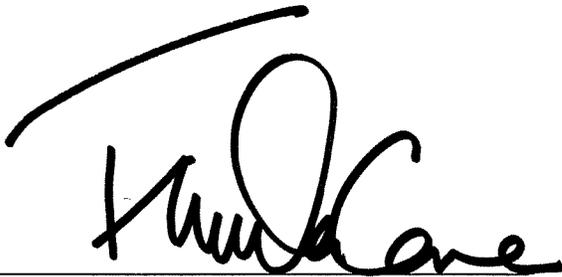
Whereas management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement;

NOW THEREFORE IT IS RESOLVED THAT:

- 1) The Articles be amended by increasing the authorized capital of Alectra to create an unlimited number of Class G Common shares and the rights, privileges, restrictions and conditions attaching to the Class G Common shares will be as provided for in Schedule "A" attached hereto; and,
- 2) The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, be approved, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and the President of MEC; and,
- 3) Upon closing of the transactions contemplated in the Merger Participation Agreement, 485,000 Class G Common Shares will be issued in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra; and,
- 4) Subject to the conditions set out below, the amalgamation of AUC and GHESI to create MergeCo LDC is approved, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and the President of MEC and Alectra is authorized to enter into and deliver the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary and the President of MEC, and to perform, observe and comply with its obligations under such Agreement; and,
- 5) Subject to the conditions set out below, MEC approves, and recommends to its Shareholder, the City, the approval of the New Alectra Shareholder Agreement in respect of Alectra, substantially in accordance with the form presented to MEC, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra and the President of MEC and authorizes MEC to enter into and deliver the New Alectra Shareholder Agreement in a form satisfactory to the President & CEO and General Counsel & Secretary and the President of MEC, and to perform, observe and comply with its obligations under such Agreement; and,
- 6) Subject to the conditions set out below, the President and Secretary of MEC are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions, and approve and execute any amendments to the New Alectra Shareholder Agreement subsequent to the date of these resolutions; and,
- 7) Subject to the conditions set out below, the President and Secretary of MEC are hereby authorized and directed to sign and/or dispatch and deliver all other documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing; and,

- 8) The approvals above are subject to the President of MEC being satisfied with the results of the continuing due diligence being conducted by Alectra; and,
- 9) That Alectra management review the Board of Directors model and composition, **in consultation with all Shareholders prior to reporting back to the Alectra Board**, and report back to the shareholders within *approximately six months* and in any event, prior to any additional mergers; and,
- 10) **That the Alectra Board be directed to make all reasonable efforts to mitigate the forecasted dividend reduction in the early years; and further,**
- 11) **That Markham Enterprises Corporation request that the Alectra Board undertake a study to consider placing a cap on performance bonuses and bonuses related to successful mergers.**

Carried Unanimously

A handwritten signature in black ink, appearing to read "Trinela Cane". The signature is written in a cursive style with a large, sweeping initial "T" that extends above the rest of the name.

---

Trinela Cane  
Markham Enterprises Corporation,  
Vice-President and Secretary



MISSISSAUGA

Date: December 13, 2017

Moved by: [Signature]

Seconded by: [Signature]

1. That the report entitled Proposed Alectra Utilities Inc. and Guelph Hydro Merger, dated Dec. 5th, 2017 from the City Manager and Chief Administrative Officer, be received for information.
2. That a By-law be enacted authorizing the Mayor and City Clerk to execute and deliver to Alectra the following:
  - a) New Alectra Shareholders Agreement (referred to in Appendix 4)
  - b) Enersource Shareholders Resolution for Merger (Appendix 5)
  - c) Such further and other documents as may be necessary or appropriate to fulfil the intent of the transaction described in this report and/or to perform the City's obligations under the aforementioned transaction, all with such non-material modifications and amendments as are approved by Janice Baker, City Manager and Chief Administrative Officer and the City Solicitor.

**CERTIFIED A TRUE COPY**

[Signature]  
**Diana Rusnov CITY CLERK  
CITY OF MISSISSAUGA**

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie	✓			
Councillor J. Tovey	✓			
Councillor K. Ras	✓			
Councillor C. Fonseca	✓			
Councillor J. Kovac	✓			
Councillor C. Parrish	✓			
Councillor R. Starr	✓			
Councillor N. Iannicca	✓			
Councillor M. Mahoney	✓			
Councillor P. Saito	✓			
Councillor S. McFadden	✓			
Councillor G. Carlson	✓			

Carried (12,0, Unanimous)

Carried  
[Signature]  
Mayor

**CERTIFIED A TRUE COPY**



**Diana Rusnov CITY CLERK  
CITY OF MISSISSAUGA**



THE CORPORATION OF THE CITY OF MISSISSAUGA

BY-LAW NUMBER ...0221-2017

**A by-law to approve revisions to the current Alectra Shareholders Agreement, the Enersource Shareholders Resolution for Merger and such further an other documents as may be required in regards to the merger of Alectra Utilities Inc and Guelph Hydro**

**WHEREAS** Enersource Corporation (the "**Corporation**") and the Corporation of the City of Mississauga, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("**Alectra**") dated January 31, 2017 (the "**Current Alectra Shareholder Agreement**").

**AND WHEREAS** the Corporation owns shares of Alectra;

**AND WHEREAS** Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the "**Articles**"), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares. It is desirable to amend the Articles to create a new class of shares (the "**Class G Common Shares**");

**AND WHEREAS** the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("**GHESI**") from Guelph Municipal Holdings Inc. ("**GMHI**") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation ("**AUC**") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation ("**MergeCo LDC**"), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the "**Merger Participation Agreement**"), in accordance with the conditions set out therein;

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the "**New Alectra Shareholder Agreement**");

**AND WHEREAS** management of Alectra has provided updates with respect to the status and negotiation of both the proposed purchase of GHESI and merger of GHESI with AUC;

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement;

**AND WHEREAS** the Enersource Board of Directors approved the proposed merger at its meeting of December 5, 2017;

**NOW THEREFORE** the Council of The Corporation of the City of Mississauga ENACTS as follows:

1. That the Mayor and City Clerk be authorized to execute and deliver to Alectra the following:

- a. the new Alectra Shareholders Agreement;
- b. the Enersource Shareholders Resolution for Merger; and
- c. such further and other documents as may be necessary or appropriate to fulfil the intent of the transaction described in the report of the City Manager and Chief Administrative Officer dated December 5, 2017 and/or to perform the City's obligations under the aforementioned transaction, all with such non-material modifications and amendments as are approved by the City Manager and Chief Administrative Officer and the City Solicitor.

ENACTED and PASSED this 13 day of December, 2017.

*Bonnie Crombie*

MAYOR

APPROVED AS TO FORM City Solicitor MISSISSAUGA			
<i>[Signature]</i>			
Date	2017	12	12

*[Signature]*

CLERK

## **ALECTRA INC. SHAREHOLDER'S APPROVAL**

### **Re: Project Mercury**

**WHEREAS** Enersource Corporation (the "**Corporation**") and the Corporation of the City of Mississauga, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("**Alectra**") dated January 31, 2017 (the "**Current Alectra Shareholder Agreement**").

**AND WHEREAS** the Corporation owns shares of Alectra.

**AND WHEREAS** Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the "**Articles**"), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares. It is desirable to amend the Articles to create a new class of shares (the "**Class G Common Shares**").

**AND WHEREAS** the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("**GHESI**") from Guelph Municipal Holdings Inc. ("**GMHI**") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation ("**AUC**") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation ("**MergeCo LDC**"), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the "**Merger Participation Agreement**"), in accordance with the conditions set out therein.

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the "**New Alectra Shareholder Agreement**").

**AND WHEREAS** management of Alectra has provided numerous updates with respect to the status and negotiation of both the proposed purchase of GHESI and merger of GHESI with AUC.

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement.

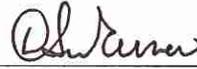
### **NOW THEREFORE:**

1. The amendment to the Articles to increase the authorized capital of Alectra to create an unlimited number of Class G Common shares having the rights, privileges, restrictions and conditions provided for in Schedule "A" attached hereto is approved.

2. The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, is approved, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra.
3. The issuance of Class G Common Shares in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra upon closing of the transactions contemplated in the Merger Participation Agreement is approved.
4. The amalgamation of AUC and GHESI to create MergeCo LDC is approved, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and Alectra's entry into and delivery of the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary of Alectra, and Alectra's performance, observance and compliance with its obligations under such Agreement are approved.

**ENERSOURCE CORPORATION**

Per:



Name:

Title: **CHAIRMAN**

**RESOLUTION OF THE SHAREHOLDERS OF ENERSOURCE CORPORATION**

**Re: Project Mercury**

**WHEREAS** Enersource Corporation (the "Corporation") and the Corporation of the City of Mississauga, among others, are parties to the Unanimous Shareholders Agreement for Alectra Inc. ("Alectra") dated January 31, 2017 (the "Current Alectra Shareholder Agreement").

**AND WHEREAS** the Corporation owns shares of Alectra.

**AND WHEREAS** Alectra was amalgamated by Articles of Amalgamation dated January 31, 2017 (the "Articles"), pursuant to which it is authorized to issue an unlimited number of Class A Common shares, Class B Common shares, Class C Common shares, Class D Common shares, Class E Common shares, Class F Common shares, Class A Special shares, Class B Special shares, Class C Special shares and Class S shares. It is desirable to amend the Articles to create a new class of shares (the "Class G Common Shares").

**AND WHEREAS** the Board of Directors of Alectra has approved and has recommended to its shareholders the purchase of all of the issued and outstanding shares of Guelph Hydro Electric Systems Inc. ("GHESI") from Guelph Municipal Holdings Inc. ("GMHI") in consideration for the issuance to GMHI of Class G Common Shares in the capital of Alectra, and the approval of an amalgamation of Alectra Utilities Corporation ("AUC") with GHESI, both of which at such time will be wholly-owned subsidiaries of Alectra, under Section 174 of the Business Corporations Act (Ontario), to continue as one local distribution company to be called Alectra Utilities Corporation ("MergeCo LDC"), all conditional upon the completion of a merger participation agreement to be entered into between Alectra, AUC, GHESI and GMHI (the "Merger Participation Agreement"), in accordance with the conditions set out therein.

**AND WHEREAS** it is desirable to amend the Current Alectra Shareholder Agreement to add GMHI and the Corporation of the City of Guelph as parties thereto (the "New Alectra Shareholder Agreement").

**AND WHEREAS** management of Alectra has provided numerous updates with respect to the status and negotiation of both the proposed purchase of GHESI and merger of GHESI with AUC.

**AND WHEREAS** management of Alectra and staff of AUC, and their advisors, have provided a review of the key aspects of the proposed Merger Participation Agreement and the New Alectra Shareholder Agreement.

**NOW THEREFORE IT IS RESOLVED THAT:**

1. The Corporation in its capacity as a shareholder of Alectra be authorized to give its approval to:
  - (a) The Articles being amended by increasing the authorized capital of Alectra to create an unlimited number of Class G Common shares having the rights,

privileges, restrictions and conditions provided for in Schedule "A" attached hereto.

- (b) The purchase of GHESI, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra.
  - (c) Class G Common Shares being issued in the name of GMHI as fully paid and non-assessable shares in the capital of Alectra upon closing of the transactions contemplated in the Merger Participation Agreement.
  - (d) The amalgamation of AUC and GHESI to create MergeCo LDC, substantially in accordance with the Merger Participation Agreement, subject to any non-material modifications or amendments as approved by the President & CEO and General Counsel & Secretary of Alectra, and Alectra's entry into and delivery of the Merger Participation Agreement, in a form satisfactory to the President & CEO and General Counsel & Secretary of Alectra, and Alectra's performance, observance and compliance with its obligations under such Agreement.
2. The Corporation's entry into the New Alectra Shareholder Agreement, substantially in accordance with the form presented to the Corporation, subject to any non-material modifications or amendments as approved by the CEO and the Chair of the Corporation, and the Corporation's performance of and compliance with its obligations under such Agreement are hereby authorized and approved.
  3. The CEO and the Chair of the Corporation are hereby authorized and directed to execute and deliver the New Alectra Shareholder Agreement in accordance with the foregoing resolutions.
  4. The CEO and the Chair of the Corporation are hereby authorized and directed to sign and/or dispatch and deliver all other resolutions, documents, notices, articles, certificates to be signed and/or dispatched or delivered under or in connection with the New Alectra Shareholder Agreement or to take any action deemed necessary in respect of any of the foregoing.

DATED the 20<sup>th</sup> day of December, 2017.

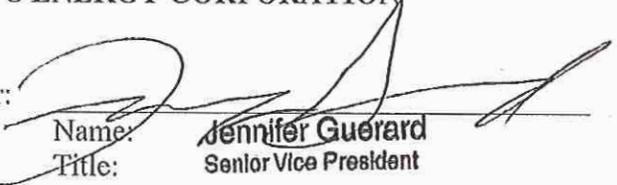
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THE CORPORATION OF THE CITY OF  
MISSISSAUGA

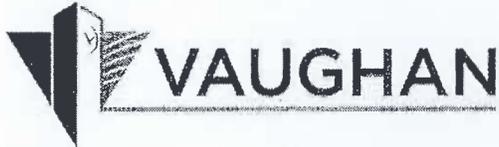
Per: Bonnie Crombie  
Name:  
Title:

Per:   
Name: Diana Pusnov  
Title: City Clerk

BPC ENERGY CORPORATION

Per:   
Name: **Jennifer Guerard**  
Title: **Senior Vice President**

Per:   
Name: **Brodie Swartz**  
Title: **Vice President & Secretary**



C 1  
**COMMUNICATION**  
 SPL. CW - DEC 12/17  
 ITEM - 1

**DATE:** December 12, 2017  
**TO:** Mayor and Members of Council  
**FROM:** Barbara A. McEwan  
 Secretary, Vaughan Holdings Inc.  
**RE:** Communication  
 City of Vaughan Special Committee of the Whole  
 December 12, 2017  
 Item #1, Report #47  
  
**Proposed Merger of Alectra Inc.  
 And Guelph Hydro Electricity Systems Inc.**

CITY OF VAUGHAN  
 CERTIFIED TRUE COPY  
 DATE Dec 20, 2018  
  
 BARBARA A. McEWAN  
 CITY CLERK

**Purpose**

A meeting of the Vaughan Holdings Inc. Board of Directors was held earlier today on the above noted matter. This memo is intended to advise the Mayor and Members of Council of the outcome of that meeting.

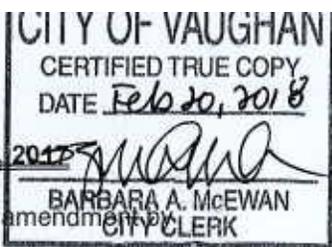
**Background**

At the Vaughan Holding Inc. Board of Directors meeting of December 12, 2017, the following recommendations were approved:

1. That Vaughan Holdings Inc. (VHI) Board accept the Alectra Board's resolution to enter in to a merger with Guelph Hydro Electricity Systems Inc. ("Guelph Hydro");
2. That the President and Corporate Secretary be delegated authority to execute any necessary documents and agreements on behalf of Vaughan Holdings Inc. with respect to the proposed merger, with content satisfactory to the Vice President, Finance and Treasurer and in a form satisfactory to Legal Counsel; and
3. That this resolution be forwarded to the City of Vaughan, as the sole shareholder of Vaughan Holdings Inc., to be approved by City Council.

Respectfully submitted,

Barbara A. McEwan  
 Secretary, Vaughan Holdings Inc.



**EXTRACT FROM SPECIAL COUNCIL MEETING MINUTES OF DECEMBER 12, 2017**

Item 1, Report No. 47, of the Special Committee of the Whole, which was adopted without amendment by the Special Council of the City of Vaughan on December 12, 2017.

**1** **PROPOSED MERGER OF ALECTRA INC.  
AND GUELPH HYDRO ELECTRICITY SYSTEMS INC.**

The Special Committee of the Whole recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, dated December 12, 2017, be approved; and
- 2) That Communication C1, Memorandum from the Secretary, Vaughan Holdings Inc., dated December 12, 2017, be received.

**Recommendation**

The Chief Financial Officer and City Treasurer recommends:

- 1. That, subject to the approval of the Board of Directors of Vaughan Holdings Inc. (VHI) at its meeting on December 12, 2017, Council, as sole shareholder of VHI, accept the Alectra Board's resolution to enter into a merger with Guelph Hydro Electricity Systems Inc. ("Guelph Hydro"); and
- 2. That the Mayor and the City Clerk be authorized to execute any necessary documents and agreements on behalf of the City of Vaughan with respect to the proposed merger, with content satisfactory to the Chief Financial Officer and City Treasurer and in a form satisfactory to the City Solicitor.

**Contribution to Sustainability**

The proposed merger provides additional revenue opportunities and financial sustainability to Vaughan Holding Inc. (VHI) and the City of Vaughan. Providing greater investment diversity and stronger dividend yields, in turn provide better long term financial sustainability to VHI and its shareholder, the City of Vaughan.

**Economic Impact**

The proposed merger of Guelph Hydro is expected to bring improved dividends to shareholders despite a very minor dilution of relative shareholdings. Based on Alectra's analysis, dividend income on average is expected to increase 0.9% to 1.1% and equity ownership of VHI would go down from the current 21.49% to 20.49%. No equity injection is required for the merger. The transaction is considered a "Tuck-In Merger" as Guelph Hydro will be accepting all of Alectra's systems, processes, and procedures. Additionally, customers could expect 0.5% to 0.6% lower average annual distribution rate over a 20-year period.

**Communications Plan**

As per the recommendation above and following Council's approval, City Clerk would communicate the approval decision of the City to Alectra.

**Purpose**

The purpose of this report is to seek approval from Council to accept the proposed merger of Alectra with Guelph Hydro.

## CITY OF VAUGHAN

### EXTRACT FROM SPECIAL COUNCIL MEETING MINUTES OF DECEMBER 12, 2017

Item 1, SPCW Report No. 47 – Page 2

#### **Background - Analysis and Options**

On March 24, 2016, the three-way merger of PowerStream Inc., Enersource Corporation, Horizon Holdings Inc. and subsequent acquisition of Hydro One Brampton was finalized. The newly merged entity, Alectra, was created, of which VHI has a 21.49% equity ownership.

#### ***The proposed merger is aligned with Alectra's Strategic Plan***

Alectra's strategic plan, as approved by its Board of Directors, is to grow the core business through mergers and acquisitions that are value accretive with a preference to geographic contiguity and expanded service area. To that end, Alectra has entered into negotiation with the City of Guelph for a potential merger with Guelph Hydro.

#### ***The merger is expected to provide benefits to shareholders and customers***

Based on Alectra's analysis, the proposed merger with Guelph Hydro is expected to benefit shareholders with increases in dividends from synergies savings. Customers will also benefit from downward pressure on rising rates and improved customer service levels. Specifically, the merger benefits are as follows:

- \$18M to \$26.6M of net cash savings from operating and capital costs in the first 8 to 10 years
- Annual ongoing cash synergies of \$4.31M thereafter
- 0.5% to 0.6% lower average annual distribution rates over 20 years
- Aggregate customer benefit of \$70 to \$85M over 20 years
- Expected improved customer service levels and system reliability
- 0.9% to 1.1% average increase in dividends for current Alectra shareholders or \$0.9M to \$1.1M per year over status quo

The transaction is considered a Tuck-In Merger as Guelph Hydro will be accepting all of Alectra's systems, processes and procedures. This action will also reduce transition costs and integration risks.

#### ***The proposed merger does not require an equity injection from Shareholders***

The transaction does not require equity injections from current shareholders and will see a very minor dilution of relative shareholdings of 4.63% in aggregate. Specifically, the proposed merger will result in the equity ownership of VHI going down from 21.49% to 20.49%. VHI will still be the second largest shareholder. Below is a table illustrating ownership allocation pre-merger and post-merger.

CITY OF VAUGHAN

EXTRACT FROM SPECIAL COUNCIL MEETING MINUTES OF DECEMBER 12, 2017

Item 1, SPCW Report No. 47 – Page 3

Table of Ownership:

<u>Ownership</u>	<u>Pre-merger</u>	<u>Post-merger</u>
City of Mississauga	27.90%	26.61%
City of Vaughan	21.49%	20.49%
City of Hamilton	18.15%	17.31%
City of Markham	15.73%	15.00%
City of Barrie	8.78%	8.37%
City of St. Catharines	4.85%	4.63%
OMERS Infrastructure	3.10%	2.96%
City of Guelph	0.00%	4.63%
	<u>100.00%</u>	<u>100.00%</u>

Source: Alectra Inc

**Elements of Alectra's proposed merger benefiting Guelph Hydro**

Alectra's proposal is consistent with the values that were identified via the City of Guelph's public consultation process. These values included local presence, commitment to community, protection of jobs and a focus on innovation and environmental sustainability.

Specifically, the merger would provide for the following:

- 1) Alectra would commit to preserving and enhancing community presence in the City of Guelph by maintaining the existing operational centre for a minimum of 10 years
- 2) Green Energy & Technology (GRE&T) Centre, to be established in Guelph Hydro's existing facility. The GRE&T Centre would act as an incubator and integrator of green energy and technology solutions with initial focus on residential energy solutions.
- 3) Alectra would consider the addition of a Board seat.

Key facts:

Regulated Utility:	Guelph Hydro Electric Systems Inc.
Customers:	56,000
Rate Base:	\$159M
Population:	132,000
Service Territory:	93 sq. km
Infrastructure:	1,132 km of lines, 42 fleet vehicles, 10,765 poles, 5,903 transformers

Alectra believes that the proposed transaction would allow a merger with like-minded communities and that Guelph hydro would be a good cultural fit.

Regional Implications

Not applicable

**CITY OF VAUGHAN**

**EXTRACT FROM SPECIAL COUNCIL MEETING MINUTES OF DECEMBER 12, 2017**

Item 1, SPCW Report No. 47 – Page 4

**Conclusion**

The proposed merger transaction is expected to bring enhanced dividend revenues to the City, lower customer distribution rates, and maintain existing municipal ownership of Guelph Hydro. Staff is recommending, based on the above and the due diligence conducted by Alectra, that the City accept Alectra's Board's resolution to enter in to a merger with Guelph Hydro.

**Attachments**

Not applicable

**Report prepared by:**

Lloyd Noronha, Director, Financial Planning and Development Finance & Deputy City Treasurer,  
City of Vaughan

Alex Ly, Senior Analyst, Financial Planning and Development Finance, City of Vaughan

## THE CORPORATION OF THE CITY OF GUELPH

### By-law Number (2017)-20236

A by-law to authorize and approve the execution of definitive merger and other agreements and all acts necessary to effect the associated transactions between the City of Guelph, GMHI, Guelph Hydro, Envida, Alectra Inc., Alectra Utilities Corporation and other parties.

**WHEREAS** The Corporation of the City of Guelph (the "**City**") is the sole shareholder of Guelph Municipal Holdings Inc. ("**GMHI**");

**AND WHEREAS**, pursuant to a shareholder declaration executed by the City, dated October 24, 2016 (the "**GMHI Shareholder Declaration**"), GMHI requires the approval of the City for certain actions with respect to GMHI and its subsidiaries;

**AND WHEREAS** GMHI is the sole shareholder of each of Guelph Hydro Electric Systems Inc. ("**GHESE**"), Envida Community Energy Inc. ("**Envida**") and GMHI Development Corporation;

**AND WHEREAS**, pursuant to a shareholder declaration executed by the City on October 24, 2016, and by GMHI on October 25, 2016 (the "**GHESE Shareholder Declaration**"), GHESE requires the approval of the City and GMHI for certain actions with GHESE;

**AND WHEREAS** GMHI and GHESE intend to enter into a merger participation agreement with each of Alectra Inc. ("**Alectra**") and Alectra Utilities Corporation ("**AUC**"), substantially in the form of the draft merger participation agreement previously presented to Council for review (the "**Merger Participation Agreement**");

**AND WHEREAS** Envida intends to sell certain district energy and other assets to the City, GMHI Development Corporation or one or more of the City's subsidiaries (such purchaser entity, whether currently existing or to be incorporated, referred to as "**PurchaseCo**") pursuant to and as set out in an asset purchase agreement (the "**Envida Asset Purchase Agreement**"), substantially in the form previously presented to Council for review (the "**Envida Asset Transaction**");

**AND WHEREAS** GMHI intends to sell to GHESE the debt owed to it by Envida pursuant to and as set out in a debt transfer agreement (the "**Envida Debt Agreement**"), substantially in the form previously presented to Council for review (the "**Envida Debt Transaction**");

**AND WHEREAS** GMHI intends to sell to GHESE all of the issued and outstanding shares it holds in Envida, pursuant to and as set out in a share purchase agreement (the "**Envida Share Purchase Agreement**"), substantially in the form previously presented to Council for review, in consideration for which GHESE will issue additional shares to GMHI (the "**Envida Share Purchase Transaction**");

**AND WHEREAS**, pursuant to the terms and conditions of articles of amalgamation, substantially in the form of the draft articles of amalgamation previously presented to Council for review (the "**Envida Articles of Amalgamation**"), and in accordance with Section 177(1) of the *Business Corporations Act* (Ontario) (the "**Act**"), Envida and GHESE intend to amalgamate and continue as Guelph Hydro Electric Systems Inc. ("**GHESE Amalco**") (the "**Amalgamation**", and together with the Envida Asset Transaction, the Envida Debt Transaction and the Envida Share Purchase Transaction, the "**Envida Transactions**");

**AND WHEREAS**, following the completion of the Envida Transactions, pursuant to the terms and conditions of the Merger Participation Agreement, GMHI will sell all of the issued and outstanding shares in the capital of GHESI Amalco to Alectra in exchange for shares in the capital of Alectra (the "**Share Transaction**", and together with the other transactions contemplated by the Merger Participation Agreement and the Envida Transactions, the "**Transactions**");

**AND WHEREAS** Section 9.01 of the GMHI Shareholder Declaration requires the approval of the City for GMHI to (i) enter into the Merger Participation Agreement and carry out the Share Transaction, (ii) authorize the Envida Transactions, and (iii) otherwise authorize, approve and carry out the Transactions, all in its own capacity and as sole shareholder of each of GHESI, GHESI Amalco, Envida and PurchaseCo (as applicable);

**AND WHEREAS** Section 10.01 of the GHESI Shareholder Declaration requires the approval of the City and GMHI for GHESI to (i) enter into the Merger Participation Agreement and carry out the transaction contemplated therein, and (ii) carry out the Transactions;

**AND WHEREAS** GMHI, GHESI (or GHESI Amalco, as applicable), Envida and PurchaseCo (as applicable) will, after execution of the Merger Participation Agreement, be required to satisfy various conditions precedent prior to the closing of the Transactions (the "**Closing**") and enter into, execute and deliver various agreements and documents with respect to each of the Merger Participation Agreement and the Envida Transactions (the "**Transaction Documents**"), all as further contemplated therein;

**AND WHEREAS**, on Closing, the City and GMHI intend to enter into a unanimous shareholder agreement with, Alectra, AUC (or its successor, following its amalgamation with GHESI Amalco as contemplated in the Merger Participation Agreement) and each of the existing Alectra shareholders, OMERS Infrastructure Corporation and their municipal shareholders, substantially in the form of the unanimous shareholder agreement attached as a schedule to the Merger Participation Agreement (the "**Alectra USA**" and together with the Merger Participation Agreement, Envida Asset Purchase Agreement, the Envida Debt Agreement, the Envida Share Purchase Agreement and the Envida Articles of Amalgamation, the "**Principal Agreements**").

**NOW THEREFORE, THE COUNCIL OF THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:**

1. Council hereby authorizes and approves entry into the Principal Agreements and the Transaction Documents by each of the City, GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, as applicable;
2. Council hereby authorizes and approves the Transactions to be carried out by each of the City, GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, as applicable;
3. Council hereby authorizes and directs the Chief Executive Officers (each a "**CEO**") of GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, or each such officer's designate, for and on behalf of each such corporation, and the Mayor or the Chief Administrative Officer, or their respective designates, for and on behalf of the City, to execute and deliver each of the Principal Agreements and the Transaction Documents, with such amendments to such Principal Agreements as may be acceptable to the City Solicitor in his discretion;

**By-law Number (2017)-20236**

Page 3

4. Council hereby authorizes and directs the Mayor or the Chief Administrative Officer, or their respective designates, to execute and deliver, in the City's capacity as sole shareholder of GMHI, a resolution authorizing and approving the Principal Agreements, the Transaction Documents and the Transactions; and
5. Council hereby authorizes and directs each CEO, or the CEO's designate, and the Mayor or the Chief Administrative Officer, or their respective designates, to do all such other things or acts necessary to effect the Transactions, or otherwise to carry out the intention of this resolution, the doing of any such other act or thing by such person being conclusive evidence of such determination.

**PASSED this FOURTEENTH day of DECEMBER, 2017.**



Handwritten signature of Cam Guthrie in black ink.

**CAM GUTHRIE – MAYOR**

Handwritten signature of Stephen O'Brien in blue ink.

**STEPHEN O'BRIEN - CITY CLERK**

**ATTACHMENT 4  
ENERSOURCE 2016 AUDITED  
FINANCIAL STATEMENTS**

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Financial Statements of

**ENERSOURCE HYDRO MISSISSAUGA INC.**

Years ended December 31, 2016 and 2015



**KPMG LLP**  
**Chartered Accountants**  
Bay Adelaide Centre  
Suite 4600  
333 Bay Street  
Toronto ON  
M5H 2S5

Telephone (416) 777-8500  
Fax (416) 777-8818  
www.kpmg.ca

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder of Enersource Hydro Mississauga Inc.

We have audited the accompanying consolidated financial statements of Enersource Hydro Mississauga Inc., which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Enersource Hydro Mississauga Inc. as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants  
March 2, 2017  
Toronto, Canada

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Financial Position

(In thousands of Canadian dollars)

As at December 31, 2016 and 2015

	Notes	December 31, 2016	December 31, 2015
<b>Assets</b>			
Current assets:			
Accounts receivable	5	\$ 84,913	\$ 61,668
Unbilled revenue		90,742	78,055
Income taxes receivable		2,546	1,515
Inventories	6	4,663	4,671
Prepaid expenses		1,935	1,494
Customer deposits	7	24,538	25,297
Total current assets		209,337	172,700
Non-current assets:			
Property, plant and equipment	8	645,156	606,345
Intangible assets	9	54,079	57,348
Deferred tax assets	11	-	9,893
Total non-current assets		699,235	673,586
Total assets		<b>\$ 908,572</b>	<b>\$ 846,286</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Bank overdraft	12	\$ 56,203	\$ 11,718
Accounts payable and accrued liabilities	13	114,811	112,932
Current portion of Loans and borrowings	14	59,968	-
Advance payments		3,720	4,128
Amounts due to related parties	19	15,471	15,331
Customer deposits	7	24,538	25,297
Current portion of environmental provision	20	566	1,843
Total current liabilities		275,277	171,249
Non-current liabilities:			
Loans and borrowings	14	318,341	378,129
Deferred contributions	15	24,729	21,069
Post-employment benefits	16	5,446	6,073
Deferred tax liability	11	386	-
Total non-current liabilities		348,902	405,271
Total liabilities		624,179	576,520
Shareholders' equity:			
Share capital	17	155,629	155,629
Accumulated other comprehensive income		1,058	416
Retained earnings		127,706	113,721
Total shareholders' equity		284,393	269,766
Total liabilities and shareholders' equity		<b>\$ 908,572</b>	<b>\$ 846,286</b>

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Comprehensive Income

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

	Notes	December 31, 2016	December 31, 2015
Revenue:			
Energy sales	22	\$ 938,145	\$ 848,230
Distribution	22	140,144	123,334
Other revenue	23	22,671	28,790
		1,100,960	1,000,354
Operating expenses:			
Energy purchases	22	932,308	844,300
Employee salaries and benefits		28,437	25,107
Materials and transportation		4,567	4,490
Contract labour		6,028	6,226
Other expenses		8,926	9,125
Corporate cost allocation		14,690	15,071
Conservation and demand management	23	16,467	21,311
Depreciation of property, plant and equipment	8	28,883	27,200
Amortization of intangible assets	9	4,925	4,301
		1,045,231	957,131
Results from operating activities		55,729	43,223
Non-operating revenue (expense):			
Interest income		124	388
Interest expense		(17,567)	(16,812)
Interest expense on post-employment benefits	16	(250)	(236)
		(17,693)	(16,660)
Profit before income tax expense		38,036	26,563
Income tax expense	10	(10,228)	(6,976)
Profit for the year		27,808	19,587
Other comprehensive income/(loss), net of income tax:			
Remeasurements of the defined benefit obligation	16	846	(5)
Income tax (expense)/recovery		(204)	1
		642	(4)
<b>Total comprehensive income for the year</b>		<b>\$ 28,450</b>	<b>\$ 19,583</b>

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Cash Flows

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

	Notes	December 31, 2016	December 31, 2015
Cash flows from operating activities:			
Comprehensive income for the year		\$ 28,450	\$ 19,583
Adjustments for:			
Depreciation of property, plant and equipment		28,883	27,200
Amortization of intangible assets		4,925	4,301
Amortization of deferred contributions	15	(575)	(442)
Gain on disposals of property, plant and equipment		(104)	(122)
Post-employment benefits		(627)	361
Environmental provision	20	1,711	1,235
Income tax expense		10,432	6,975
Financial income		(124)	(388)
Financial expense		17,567	16,812
Environmental expenditures		(2,988)	(2,259)
Income tax paid		(1,183)	(1,606)
Change in working capital	18	(29,338)	9,523
Net cash from operating activities		57,029	81,173
Cash flows from investing activities:			
Customer deposits		759	(1,930)
Interest received		142	264
Additions to property, plant and equipment		(72,363)	(73,834)
Additions to intangible assets		(2,012)	(45,037)
Additions to deferred contributions	15	4,235	6,358
Proceeds from sales of property, plant and equipment		110	183
Cash used in investing activities		(69,129)	(113,996)
Cash flows from financing activities:			
Customer deposits		(759)	1,930
Proceeds from bank loan		-	60,000
Debt issuance costs paid		-	(140)
Dividends paid	17	(13,823)	(15,639)
Interest paid		(17,803)	(17,090)
Cash from/(used in) financing activities		(32,385)	29,061
Decrease in cash and cash equivalents, during the year		(44,485)	(3,762)
Cash and cash equivalents, beginning of year		(11,718)	(7,956)
Cash and cash equivalents, end of year		\$ (56,203)	\$ (11,718)

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Changes in Equity

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
<b>Balance at January 1, 2016</b>	\$ 155,629	\$ 416	\$ 113,721	\$ 269,766
Profit for the year	-	-	27,808	27,808
Other comprehensive income, net of tax	-	642	-	642
Dividends paid	-	-	(13,823)	(13,823)
<b>Balance at December 31, 2016</b>	\$ 155,629	\$ 1,058	\$ 127,706	\$ 284,393
<b>Balance at January 1, 2015</b>	\$ 155,629	\$ 420	\$ 109,773	\$ 265,822
Profit for the year	-	-	19,587	19,587
Other comprehensive loss, net of tax	-	(4)	-	(4)
Dividends paid	-	-	(15,639)	(15,639)
<b>Balance at December 31, 2015</b>	\$ 155,629	\$ 416	\$ 113,721	\$ 269,766

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Consolidated Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 1. General Information

### a) Corporate Information

Enersource Hydro Mississauga Inc. (the "Corporation"), is a wholly owned subsidiary of Enersource Corporation which is incorporated under the Ontario Business Corporations Act, and is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("Borealis"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS"). Enersource Holdings Inc. was incorporated on October 10, 2016 and became the holding company for Enersource Hydro Mississauga effective January 31, 2017.

The Corporation's equity is not traded in a public market. The Corporation's registered office is located at 2185 Derry Road West in Mississauga, Ontario, L5N 7A6.

The Corporation's audited financial statements are presented in thousands of Canadian dollars, which is the Corporation's functional currency.

### b) Nature of operations

The Corporation provides electricity distribution services to businesses and residences in the City of Mississauga, Ontario.

### c) Subsequent events

On January 31, 2017, Enersource Holdings Inc. amalgamated with PowerStream Holdings Inc. and Horizon Holdings Inc. to form Alectra Inc. ("Alectra") and Enersource Hydro Mississauga Inc. amalgamated with PowerStream Inc. and Horizon Utilities Corporation to form Alectra Utilities Corporation. On February 28, 2017, Alectra Utilities Corporation, a subsidiary of Alectra, purchased Hydro One Brampton Networks for a purchase price of \$616,800, plus any closing adjustments. Alectra Utilities Corporation will serve almost one million customers in Peel Region, Hamilton, St. Catharines, York Region and Simcoe County. The transaction will enable a larger utility to use its collective resources to reduce upward pressure on distribution rates and deliver more efficient services and innovative technologies for customers, while providing significant benefits for communities and shareholders.

## 2. Basis of Preparation

### a) Statement of compliance

The accompanying annual financial statements have been prepared in accordance with *International Financial Reporting Standards ("IFRS")* as issued by the *International Accounting Standards Board ("IASB")*.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 2. Basis of Preparation (continued)

### b) Basis of measurement

These financial statements have been prepared on a historical cost basis, with the exception of post-employment benefits, which are measured at fair value.

### c) Rate setting

The Corporation, as an electricity distributor, is both licensed and regulated by the Ontario Energy Board (“OEB”), which has a legislative mandate to oversee various aspects of the electricity industry as set out by the OEB Act, 1998. The OEB’s mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective.

The OEB exercises statutory authority through setting or approving all rates charged by Enersource Hydro and establishing standards of service for Enersource Hydro’s customers.

The OEB’s regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates the electricity rates for distributors using a combination of cost-based and formula-based rate setting mechanisms. Currently there are three specific rate-setting methods available to electricity distributors: Price Cap Incentive Rate-setting, Custom Incentive Rate-setting, and the Annual Incentive Rate-setting Index.

The Price Cap Incentive Rate-setting method establishes rates on a single forward test-year cost of service basis and indexed for four subsequent years through a formulaic adjustment. Under this method, the Incremental Capital Module (“ICM”) is available to address any incremental capital investment needs that may arise during the term.

The Custom Incentive Rate-setting method establishes rates for a period of five years, typically on a forward test-year cost of service basis with subsequent annual adjustments determined by the OEB on a case-by-case basis.

The Annual Incentive Rate-setting Index method sets a distributor’s rates through an annual adjustment mechanism.

Under each method, actual operating conditions may vary from forecasts and therefore actual returns achieved can differ from approved returns.

On August 17, 2015, Enersource Hydro submitted an annual Price Cap Incentive Rate application for distribution rates effective January 1, 2016 to December 31, 2016. The application was approved by the OEB on March 3, 2016 for rates implemented on April 1, 2016 and effective as of January 1, 2016. Enersource Hydro also submitted an ICM application for incremental capital funding as part of the Price

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 2. Basis of Preparation (continued)

Cap Incentive Rate application. The ICM rates relating to a capital contribution payment to Hydro One were approved by the OEB on April 7, 2016 with an effective and implementation date of May 1, 2016.

On August 13, 2014, Enersource Hydro submitted an annual Price Cap Incentive Rate application for distribution rates effective January 1, 2015 to December 31, 2015. The application was approved by the OEB on December 4, 2014.

## 3. Key Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and amounts reported and disclosed in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty and judgements at the end of the reporting period that could have a significant impact on the financial statements, relate to the following:

### a) Useful lives of depreciable assets

The Corporation relies on a third party independent study to componentize and determine the estimated useful lives of its distribution system assets. The useful life values from the study were derived from industrial statistics, research studies, reports and past utility experience. Actual lives of assets may vary from estimated useful lives.

### b) Post-employment benefits other than pensions

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation incorporates estimates about discount rates, any expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### c) Accounts receivable impairment

In determining the allowance for doubtful accounts, the Corporation considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

### d) Unbilled revenue

Unbilled revenue is based on either the actual usage at the end of the period or an estimate of unbilled electricity distribution services supplied to customers between the date of the last meter reading and the period ending date. The Corporation applies judgement to the measurement of the estimated consumption and to the valuation of that consumption.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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### 3. Key Accounting Judgements, Estimates and Assumptions (continued)

#### e) Connection and cost recovery agreements

The Corporation is party to connection and cost recovery agreements (“CCRA”) with Hydro One Networks Inc. (“Hydro One”) as regulated by the OEB under the Transmission System Code (“TSC”). The economic evaluation methodology, as described within the TSC, determines the capital contribution amount which represents the difference between the total capital cost of constructing and operating the transmission facility and the future revenues earned by Hydro One through such facility. Management estimates the future electricity consumption through the facility, which in turn impacts the economic evaluation and the resulting capital contribution. Periodic true-up calculations are carried at the end of each of the fifth, tenth and possibly the fifteenth year of operation of the facility. Actual electricity consumption could significantly impact the outcome of these true-ups.

### 4. Significant Accounting Policies

#### a) Financial instruments

All financial assets of the Corporation are classified as loans and receivables and all financial liabilities are classified as other financial liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently they are accounted for based on their classification as following:

##### *i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less any provision for impairment.

Financial assets are assessed at each reporting period to determine whether there is any objective evidence that they are impaired. Impairment provisions are recognized when there is objective evidence that the Corporation will be unable to collect all of the amounts due under the terms receivable. The impairment loss is calculated as the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. All impairment losses are recognized in net income.

Loans and receivables are comprised of accounts receivable, unbilled revenue and customer deposits.

##### *i) Other financial liabilities*

Financial liabilities are classified as other liabilities. They are initially recognized at fair value plus transaction costs that are directly attributable to their issue, and are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities are further classified as current or non-current depending on whether they are due within twelve months of the reporting date.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

Other financial liabilities are comprised of accounts payable and accrued liabilities, loans and borrowings and deposits payable.

Loans and receivables are comprised of accounts receivable, unbilled revenue and customer deposits.

### *ii) Other financial liabilities*

Financial liabilities are classified as other liabilities. They are initially recognized at fair value plus transaction costs that are directly attributable to their issue, and are subsequently carried at amortized cost using the effective interest rate method. Financial liabilities are further classified as current or non-current depending on whether they are due within twelve months of the reporting date.

Other financial liabilities are comprised of accounts payable and accrued liabilities, amounts due to related parties, loans and borrowings and deposits payable.

### b) Inventories

Inventories consist of parts and supplies acquired for internal construction, consumption or recoverable work. The Corporation accounts for major spare parts and standby equipment as property, plant and equipment.

Inventory is carried at the lower of cost and net realizable value, with cost determined on a weighted average cost basis net of a provision for obsolescence. Cost is comprised of the purchase price and other directly attributable expenditures to bring the inventories to their present condition and location.

### c) Customer deposits

Customers may be required to post security to obtain electricity or other services, which are interest bearing and refundable on demand. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded as customer deposits and are reported separately from the Corporation's own cash and cash equivalents.

### d) Property, plant and equipment ("PP&E")

PP&E is measured at cost less accumulated depreciation and impairment losses. Cost includes all directly attributable expenditures to acquire and bring the asset into operation including labour, employee benefits, materials and transportation costs, contracted services and borrowing costs where applicable. Subsequent expenditures are included in an asset's carrying amount or recognized as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. All other subsequent expenditures, including the costs of day-to-day servicing, repairs and maintenance, are expensed as incurred. Major spare parts and standby equipment are accounted for as PP&E since they support the Corporation's distribution system reliability.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

An asset is derecognized at its carrying value when it is disposed of or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the proceeds from sale and the carrying amount of the asset, and is recognized in the statement of comprehensive income.

Depreciation of PP&E is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives for the main categories of PP&E are shown in the table below:

Distribution system	10 - 55 years
Distribution station equipment	40 years
Other PP&E	3 - 25 years
Buildings and fixtures	20 - 60 years
Land	Indefinite life

Assets under construction and spare parts accounted as PP&E, which are not available for use, are not depreciated.

During the construction period of qualifying assets, borrowing costs are capitalized as a component of the cost of self-constructed assets. The capitalization rate used is the Corporation's weighted average cost of borrowings.

### e) Intangible assets

Intangible assets include easements, capital contributions and computer software.

Easements are measured at cost and are held in perpetuity. Since there is no foreseeable limit to the period over which these easements are expected to provide benefit to the Corporation, they have been assessed as having indefinite useful lives and are not amortized.

Capital contributions represent payments made to Hydro One Networks Inc. ("Hydro One") for building dedicated infrastructure to accommodate the Corporation's distribution system requirements. The contributions are measured at cost less accumulated amortization.

Computer software is measured at cost less accumulated amortization and impairment losses. Cost includes expenditures associated with the initial acquisition or development and other directly attributable expenditures to prepare the asset for its intended use.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

Computer software and capital contributions are amortized on a straight line basis over the estimated useful life of the related asset from the date that they are available for use. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Software in development and contributions for work in progress are not amortized.

Estimated useful lives for intangible assets are shown in the table below:

Easements	Indefinite
Capital contributions	45 years
Computer software	2 - 10 years

### f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is tested and assessed.

PP&E and intangible assets with finite lives are tested for recoverability at the cash-generating unit ("CGU") level (or groups of CGUs), which is the smallest identifiable group of assets that generates independent cash inflows. An impairment of PP&E and intangible assets with finite lives are recognized in the statement of comprehensive income when the asset's carrying value exceeds its estimated recoverable amount. The recoverable amount is the higher of its value in use and fair value less costs to sell. Where fair value less costs to sell is not reliably available, value in use is used as the recoverable amount. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset, CGU or group of CGUs.

The Corporation evaluates intangible assets with indefinite life for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For purposes of such an evaluation, the fair value estimate is compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in the statement of comprehensive income.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

### g) Regulatory accounting

On January 30, 2014, the IASB issued interim standard *IFRS 14, Regulatory Deferral Accounts*. This standard allows first-time adopters of IFRS to apply previous Generally Accepted Accounting Principles to account for rate-regulated assets and liabilities. As the Corporation is not a first-time adopter, it does not recognize assets and liabilities arising from rate regulated activities. Instead, the Corporation records revenues in accordance with its revenue recognition policy and expenses as operating costs when incurred. Regulatory balances that have an effect on comprehensive income under IFRS are disclosed in Note 22.

### h) Revenue recognition

The Corporation's principal sources of revenue are:

#### *i) Energy sales and distribution revenue*

Energy sales and distribution revenue are recorded on the basis of cyclical billings based on electricity usage and include unbilled revenue for electricity consumed but not yet billed. The unbilled revenue accrual for the period is based on actual usage or an estimate of energy consumption. Energy sales are recognized based on OEB and Independent Electricity System Operator's ("IESO") prevailing energy rates and electricity consumed by customers. Distribution revenue attributable to the delivery of electricity is recognized based upon OEB-approved distribution rates and estimated electricity consumed by the customers.

#### *ii) Other revenue*

Other revenue includes government grants under Conservation and Demand Management ("CDM") programs, amortization of customer contributions and other general revenue.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all related conditions will be met. Local distribution companies ("LDC") can receive full cost recovery and pay-for-performance grants for CDM programs. Grants under full cost recovery funding are recognized as income on a systematic basis over the period to match to the costs they are intended to compensate. CDM performance incentives under full cost recovery funding are recognized when it is probable that future economic benefits will flow to the Corporation, and the amount can be measured reliably. Grants under pay-for-performance funding are recognized as income on a systematic basis over the period to match the costs they are intended to compensate and provide the LDC with a maximum internal rate of return, prescribed by IESO.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

The Corporation receives customer contributions to construct certain items of PP&E. These customer contributions are recorded as deferred contributions and amortized into income over the life of the related asset.

Other general revenues are recognized as the services are rendered.

### i) Deferred debt issue costs

Deferred debt issue costs represent the cost of the issuance of the loans and borrowings. The Corporation's deferred debt issuance costs, net of accumulated amortization, are included in the carrying value of loans and borrowings. All the loans and borrowings are accreted back to their face amount using the effective interest rate method over the remaining period to maturity.

### j) Employee benefits

#### *i) Short-term employee benefits*

The Corporation provides short-term employee benefits such as salaries, employment insurance, short-term compensated absences, health and dental care. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided. Short-term employee benefits are recognized as an expense unless they qualify for capitalization as part of an item of PP&E or intangible asset.

#### *ii) Defined benefit pension plan*

The Corporation's current pension plan is administered by OMERS and is a multi-employer public sector defined benefit pension plan funded by equal contributions from participating employers and employees as well as by investment earnings of the plan. Pension contributions received from all OMERS employers and members are combined and used jointly to purchase investments. Under OMERS' funding and investment structure, investment and actuarial evaluations are determined on a commingled basis across all employers and as a result, information for individual employers is unavailable.

As the Corporation does not have the information to account for its proportionate share of the defined benefit obligation and plan assets, the Corporation accounts for its participation in OMERS as a defined contribution plan, and all contributions to the plan are recognized as an expense. The Corporation is not responsible for any other contractual obligations other than the contributions.

#### *iii) Post-employment benefits*

The Corporation provides post-employment life, health, and dental benefits to its employees. An actuary determines the cost of these benefits as well as measures the plan obligation. The actuary uses the projected unit credit method, prorated on service and based on management's best estimate and assumptions. Under this method, the projected post-employment benefit is deemed to be earned

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

on a pro rata basis over the years of service in the attribution period, and ends at the earliest age the employee could retire and qualify for benefits.

Remeasurements of the net defined benefit liability, which are comprised of actuarial gains and losses, are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income. Current service costs are recognized in the statement of comprehensive income under employee salaries and benefits and net interest expense on accrued post-employment benefits are presented as a separate line in the statement of comprehensive income. The Corporation accumulates remeasurements of the defined benefit obligation and transfers them to retained earnings upon OEB's review and approval.

### k) Deferred customer contributions

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.

Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions from customers are classified as deferred contributions and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

### l) Income taxes

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada), the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. References in these financial statements to income taxes are with respect to PILs.

The Corporation recognizes deferred tax using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are probable. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax liabilities are generally recognized on all taxable temporary differences.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

Current taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Both current and deferred taxes are included as part of income tax expense in the statement of comprehensive income.

### m) Foreign currency translation

Transactions in foreign currencies are translated to Canadian dollars at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing period-end rates. Exchange gains or losses are recognized as income in the period in which they arise.

### n) Leases

Leases are classified as finance leases, whenever terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

Operating leases payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### o) Provisions and contingencies

The Corporation recognizes provisions if, as a result of a past event, there is a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgement by management as to the probability of exposure to potential gain or loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 4. Significant Accounting Policies (continued)

### p) New standards and interpretations not yet adopted

The Corporation did not adopt any new standards, interpretations and amendments, effective for the first time on or after January 1, 2016, that had a material effect on the interim financial statements. The standards that the Corporation anticipates might have an impact on its financial statements or note disclosures are described below.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 15 is available for early adoption. The purpose of this standard is to remove inconsistencies and weaknesses in previous revenue requirements, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and to simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The Corporation has determined that current accounting judgements, estimates and assumptions are acceptable under the revenue recognition criteria outlined under IFRS 15. The Corporation does not anticipate any significant changes to its revenue recognition policy, however the Corporation would be required to provide additional information to meet the new disclosure requirements.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* ("IFRS 9") which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard provides revised guidance on the classification and measurement of financial assets, including impairment, and supplements the new hedge accounting principles published in 2013 as part of IFRS 9. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 9 is available for early adoption. The Corporation is currently evaluating the impact of the new standard.

In January 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"), which replaces the IAS 17 *Leases* and related interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The Corporation is currently evaluating the impact of the new standard.

In January 2016, the IASB issued Amendments to IAS 7 *Statement of Cash Flows* as part of their Disclosure Initiative. These amendments are intended to clarify IAS 7 to improve information provided to users of the financial statements about an entity's financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation has determined that these amendments will not have a significant impact on the cash flow statement presentation and disclosure requirements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 4. Significant Accounting Policies (continued)

In January 2016, the IASB issued Amendments to IAS 12 *Income Taxes* in regards to the recognition of deferred tax assets for unrealised losses. These amendments are intended to clarify the requirements on the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017 and are available for earlier application. The Corporation has determined that these changes will not have any impact on the recognition of deferred tax asset balances and their financial statement disclosures.

## 5. Accounts Receivable

The components of accounts receivable are as follows:

	December 31, 2016	December 31, 2015
Trade receivables	\$68,031	\$ 50,477
Less: allowance for doubtful accounts	(2,126)	(1,678)
<b>Trade receivables, net</b>	<b>\$ 65,905</b>	<b>\$ 48,799</b>
Receivables due from related parties (Note 19)	2,330	1,742
Other receivables	16,678	11,127
<b>Total accounts receivable, net</b>	<b>\$ 84,913</b>	<b>\$ 61,668</b>
Of which:		
Not yet due (less than 16 days)	\$ 61,071	\$ 46,290
Past due 1 day but not more than 14	17,597	9,094
Past due 15 days but not more than 44	5,314	5,155
Past due 45 days but not more than 74	1,594	1,288
Past due 75 days but not more than 104	859	654
Past due more than 104 days	604	865
Less: allowance for doubtful accounts	(2,126)	(1,678)
<b>Total accounts receivable, net</b>	<b>\$ 84,913</b>	<b>\$ 61,668</b>

The allowance for doubtful accounts as at December 31, 2016 was 2.4% (December 31, 2015 – 2.6%) of the total accounts receivable which includes accounts receivable that are not yet due or past due, that the Corporation has deemed to be impaired.

## 6. Inventories

The amount of inventory consumed by the Corporation and recognized as an expense during 2016 was \$2,164 (2015 – \$1,472). The amount of inventory that was written down due to obsolescence in 2016 was \$nil (2015 - \$1).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 7. Deposits and Guarantees

The following outlines the deposits and letters of credit/guarantees of the Corporation posted as security. The amounts are comprised of cash and cash equivalents in the form of deposits and letters of credit/letters of guarantee, under which the Corporation is contingently liable.

	December 31, 2016	December 31, 2015
Customer deposits (a)	\$ 24,538	\$ 25,297
Security with the IESO (b)	11,450	11,450
	\$ 35,988	\$ 36,747

### a) Customer deposits

The Corporation collects cash and cash equivalents as deposits from certain customers to reduce credit risk.

### b) Security with the IESO

Entities that purchase electricity in Ontario through the IESO are required to post security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required by a default notice issued by the IESO. The Corporation has posted a letter of credit as security in the amount of \$11,450 as at December 31, 2016 (December 31, 2015 - \$11,450).

## 8. Property, Plant and Equipment (“PP&E”)

PP&E consists of the following as at December 31, 2016:

	December 31, 2015	Additions/ Depreciation	Disposals/ Retirements	December 31, 2016
<b>Cost</b>				
Distribution system	\$ 509,483	\$ 53,485	\$ (1,714)	\$561,254
Distribution station equipment	67,352	8,299	-	75,651
Other PP&E	79,940	5,286	(3,133)	82,093
Buildings and fixtures	40,750	1,823	-	42,573
Land	9,853	9	-	9,862
Construction in progress	8,756	(1,202)	-	7,554
Subtotal	\$ 716,134	\$ 67,700	\$ (4,847)	\$778,987
<b>Accumulated depreciation</b>				
Distribution system	\$ (67,998)	\$ (16,357)	\$ 507	\$ (83,848)
Distribution station equipment	(9,127)	(2,183)	-	(11,310)
Other PP&E	(27,485)	(7,142)	2,618	(32,009)
Buildings and fixtures	(5,179)	(1,485)	-	(6,664)
Land	-	-	-	-
Subtotal	\$ (109,789)	\$ (27,167)	\$ 3,125	\$ (133,831)
Carrying amount	\$ 606,345	\$ 40,533	\$ (1,722)	\$ 645,156

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 8. PP&E (continued)

PP&E consists of the following as at December 31, 2015:

	December 31, 2014	Additions/ Depreciation	Disposals/ Retirements	December 31, 2015
<b>Cost</b>				
Distribution system	\$ 453,324	\$ 57,633	\$ (1,474)	\$509,483
Distribution station equipment	62,575	5,029	(252)	67,352
Other PP&E	73,070	9,147	(2,277)	79,940
Buildings and fixtures	38,228	2,522	-	40,750
Land	9,879	-	(26)	9,853
Construction in progress	5,504	3,252	-	8,756
Subtotal	\$ 642,580	\$ 77,583	\$ (4,029)	\$716,134
<b>Accumulated depreciation</b>				
Distribution system	\$ (53,081)	\$ (15,242)	\$ 325	\$ (67,998)
Distribution station equipment	(7,130)	(2,030)	33	(9,127)
Other PP&E	(22,566)	(7,042)	2,123	(27,485)
Buildings and fixtures	(3,779)	(1,400)	-	(5,179)
Land	-	-	-	-
Subtotal	\$ (86,556)	\$ (25,714)	\$ 2,481	\$ (109,789)
Carrying amount	\$ 556,024	\$ 51,869	\$ (1,548)	\$ 606,345

The carrying amount of PP&E, that have been derecognized before the end of their estimated useful lives and have been recorded as depreciation expense in the statement of comprehensive income, was \$1,716 in 2016 (2015 - \$1,487).

As at December 31, 2016, major spare parts included as PP&E were \$8,905 (December 31, 2015 – \$8,754).

During the year, borrowing costs of \$414 (2015 - \$329) were capitalized to PP&E and recorded as an offset to interest expense, with an average capitalization rate of 4.490% (2015 – 4.465%). During the year, the Corporation has included a decrease of \$5,077 (2015 – increase: \$3,419) of accrued liabilities in the additions to PP&E.

PP&E purchase commitments outstanding as at December 31, 2016 were \$9,588 (December 31, 2015 - \$9,566).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 9. Intangible Assets

Intangible assets consist of the following as at December 31, 2016:

	December 31, 2015	Additions/ Amortization	Disposals/ Retirements	December 31, 2016
<b>Cost</b>				
Computer software	\$ 31,028	\$ 1,394	\$ (3,403)	\$ 29,019
Easements	741	18	-	759
Capital contributions	40,479	-	-	40,479
Software in development	620	244	-	864
Subtotal	\$ 72,868	\$ 1,656	\$ (3,403)	\$ 71,121
<b>Accumulated amortization</b>				
Computer software	\$ (15,014)	\$ (3,913)	\$ 3,403	\$ (15,524)
Easements	-	-	-	-
Capital contributions	(506)	(1,012)	-	(1,518)
Software in development	-	-	-	-
Subtotal	\$ (15,520)	\$ (4,925)	\$ 3,403	\$ (17,042)
Carrying amount	\$ 57,348	\$ (3,269)	\$ -	\$ 54,079

Intangible assets consist of the following as at December 31, 2015:

	December 31, 2014	Additions/ Amortization	Disposals/ Retirements	December 31, 2015
<b>Cost</b>				
Computer software	\$ 25,785	\$ 5,699	\$ (456)	\$ 31,028
Easements	583	158	-	741
Capital contributions	-	40,479	-	40,479
Software in development	1,616	(996)	-	620
Subtotal	\$ 27,984	\$ 45,340	\$ (456)	\$ 72,868
<b>Accumulated amortization</b>				
Computer software	\$ (11,675)	\$ (3,795)	\$ 456	\$ (15,014)
Easements	-	-	-	-
Capital contributions	-	(506)	-	(506)
Software in development	-	-	-	-
Subtotal	\$ (11,675)	\$ (4,301)	\$ 456	\$ (15,520)
Carrying amount	\$ 16,309	\$ 41,039	\$ -	\$ 57,348

During the year, borrowing costs of \$2 (2015 - \$82) were capitalized to intangible assets and recorded as an offset to interest expense, with an average capitalization rate of 4.490% (2015 - 4.465%). During 2016, the Corporation has included a decrease of \$358 (2015 - increase: \$221) of accrued liabilities in the additions to intangible assets.

Intangible asset purchase commitments outstanding as at December 31, 2016 were \$273 (December 31, 2015 - \$547).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 10. Income Taxes

The components of income tax expense for the years ended December 31, 2016 and 2015 were as follows:

	December 31, 2016	December 31, 2015
<i>Current income tax expense (recovery):</i>		
Expense for the year	\$ 659	\$ 1,125
Utilization of future timing differences in the current year	(507)	(688)
Total current income tax expense	152	437
<i>Deferred income tax expense (recovery):</i>		
Reversal of temporary differences	9,541	5,888
Reduction of future timing differences	535	651
Total deferred income tax expense (recovery)	10,076	6,539
Total income tax expense	\$ 10,228	\$ 6,976

The provision for income taxes differs from the amount that would have been recorded using the combined federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

	December 31, 2016	December 31, 2015
Federal and Ontario statutory income tax rate	26.50%	26.50%
Profit before provision for income taxes	\$ 38,036	\$ 26,563
Provision for income taxes at statutory rate:	10,080	7,039
<i>Increase/(decrease) resulting from:</i>		
Differences between accounting net income and net income for tax purposes	148	(63)
Provision for income taxes	\$ 10,228	\$ 6,976
Effective income tax rate	26.89%	26.26%

## 11. Deferred Tax Liabilities

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax assets and liabilities consist of the following:

	December 31, 2016	December 31, 2015
PP&E and intangible assets	\$ 2,609	\$ 7,064
Energy variances	(4,343)	1,021
Post-employment benefits	1,578	1,744
Other temporary differences	(230)	64
Net deferred income tax assets / (liabilities)	\$ (386)	\$ 9,893

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

## 12. Bank Overdraft

Cash and cash equivalents include cash at the bank, cash on hand and short term investments with a maturity of 90 days or less from the date of purchase. In addition, to manage its short-term working capital requirements, the Corporation has established a \$90,000 prime-based line of credit.

As at December 31, 2016, the Corporation had a bank overdraft of \$56,203 (December 31, 2015 – \$11,718).

## 13. Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities are as follows:

	December 31, 2016	December 31, 2015
Amounts due to the IESO for energy purchases	\$ 83,840	\$ 76,672
Trade payables due to related parties (Note 19)	232	38
Other trade payables	1,263	6,286
Accrued expenses	16,421	15,395
Other non-trade payables	13,055	14,541
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 114,811</b>	<b>\$ 112,932</b>

## 14. Loans and Borrowings

### a) Debentures Payable

	December 31, 2016	December 31, 2015
4.52 % Series A Debentures due April 29, 2021	\$ 110,000	\$ 110,000
Deferred debt issue cost (net of accumulated amortization of \$405) (December 31, 2015 - \$326)	(386)	(465)
5.30 % Series B Debentures due April 29, 2041	210,000	210,000
Deferred debt issue cost (net of accumulated amortization of \$129) (December 31, 2015 - \$103)	(1,273)	(1,299)
<b>Net debentures payable</b>	<b>\$ 318,341</b>	<b>\$ 318,236</b>

Interest expenses, relating to the debentures, during the year were \$16,097 (2015 - \$16,097). During the year, the amortization of the debt issue cost was \$105 (2015 - \$100).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 14. Loans and Borrowings (continued)

At any time prior to the respective maturity dates set out in the table, the debentures are redeemable at the Corporation's option, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of par and the Canada Yield Price (as determined by the terms of the debenture), plus all accrued and unpaid interest up to but excluding the redemption date.

The debentures contain customary covenants and events of default that restrict the ability of the Corporation to create security interests, limit additional indebtedness or dispose of all or substantially all of their assets. The Corporation is limited to not issue, incur or become liable for obligations that exceed 75% of the total consolidated capitalization. As at December 31, 2016 the Corporation is in compliance with all debenture agreement covenants and limitations.

### b) Bank Loan

	December 31, 2016	December 31, 2015
Current	\$ 59,968	-
Non-current	-	\$ 59,893
Net bank loan	\$ 59,968	\$ 59,893

On June 16, 2015, the Corporation entered into a credit facility agreement with a Canadian chartered bank and utilized the full amount of \$60,000 in the third quarter of 2015. This credit facility bears a variable interest rate based on the Canadian Dollar Offered Rate ("CDOR") plus a margin. The weighted average interest rate for the year was 1.28% (2015 – 1.01%). The credit facility agreement provided an option to convert to a fixed rate term loan, with a maturity date no earlier than April 29, 2017. The Corporation has decided not to exercise this option and to continue with the current facility, utilizing a renewable period of three months bearing an interest rate based on the CDOR plus a margin. The credit facility was classified from a non-current to a current liability.

Interest expenses, relating to this loan during the year were \$693 (December 31, 2015 - \$226). The amortization of the loan cost during the year was \$100 (December 31, 2015 - \$33).

The credit facility contains customary representations, warranties and covenants, including maintaining at all times a ratio of consolidated debt to total capital of not greater than 0.75:1, calculated at the end of each financial quarter on a rolling four quarter basis. As at December 31, 2016 the Corporation is in compliance with all credit agreement covenants and limitations.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 15. Deferred Contributions

The continuity of deferred contributions is as follows:

	December 31, 2016	December 31, 2015
Deferred contributions, net, beginning of year	\$ 21,069	\$ 15,153
Additions to deferred contributions	4,235	6,358
Contributions recognized as revenue	(575)	(442)
Deferred contributions, net, end of year	\$ 24,729	\$ 21,069

## 16. Post-employment Benefits

The Corporation's retirement plan is comprised of a defined contribution plan. In addition, the Corporation provides other post-employment benefits such as primarily life insurance, health and dental coverage, on a shared basis.

### a) OMERS pension plan

The most recently available OMERS annual report is for the year ended December 31, 2015 which reported that the plan was 91.5% (December 31, 2014 – 90.8%) funded, with a fund deficit of \$6,977,000 and on track to be fully funded by 2025. This fund deficit is likely to result in future payments by the participating employers. The Corporation shares in the actuarial risks of other participants in the plan and therefore its future contributions could increase due to their actuarial losses. In addition, the Corporation's contributions may also increase if other entities withdraw from the plan.

The Corporation's contributions to OMERS were \$3,523 during the year (2015 – \$3,454).

### b) Post-employment benefits other than pension

Post-employment benefits other than pension are subject to annual actuarial valuations. A valuation of the post-employment benefits was performed as of December 31, 2016.

A reconciliation of the defined benefit obligation is as following:

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

## 16. Post-employment Benefits (continued)

	December 31, 2016	December 31, 2015
Accrued benefit obligation, beginning of year	\$ 6,073	\$ 5,712
Current service cost	105	318
Interest on accrued benefit obligation	250	236
Benefits paid	(212)	(197)
Re-measurements recognized in other comprehensive income	(770)	4
Accrued benefit obligation, end of year	\$ 5,446	\$ 6,073

	December 31, 2016	December 31, 2015
Total expense recognized in profit or loss		
Current service costs	\$ 105	\$ 318
Interest on obligation	250	236
Total expense for the year	\$ 355	\$ 554

The significant actuarial assumptions used to determine the present value of the obligation are as follows:

Actuarial assumptions	December 31, 2016	December 31, 2015
Discount rate (beginning of year)	4.00%	4.00%
Discount rate (end of year)	3.75%	4.00%
Health care cost increases	7.50%	8.75%
Dental cost increases	3.00%	4.00%
Rate of compensation increase	3.00%	3.00%

Based on the actuarial valuation, the Corporation is expected to contribute \$299 towards post-employment benefits in 2016.

A one percentage point change in the assumed discount rate would have the following effects at December 31, 2016:

	<u>1% higher</u>	<u>1% lower</u>
Increase/(Decrease) on the defined benefit obligation (at 3.75%)	\$ (726)	\$ 923

A one percentage point change in the assumed health and dental cost trend rates would have the following effects at December 31, 2016:

	<u>1% higher</u>	<u>1% lower</u>
Increase/(Decrease) on the total service and interest cost (at 4.00%)	\$ 98	\$ (81)
Increase/(Decrease) on the defined benefit obligation (at 3.75%)	\$ 348	\$ (297)

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 17. Share Capital

	December 31, 2016	December 31, 2015
Authorized:		
Unlimited common shares		
Issued:		
40 common shares	\$ 155,629	\$ 155,629

Dividends may be declared by the Board of Directors through a resolution. In 2016, a dividend of \$13,823 (2015 - \$15,639) was declared and paid to the Shareholder of the Corporation.

## 18. Change in Working Capital

	December 31, 2016	December 31, 2015
Accounts receivable	\$ (23,264)	\$ (5,896)
Unbilled revenue	(12,687)	(5,010)
Inventories	8	(857)
Prepaid and deposits	(441)	33
Amount due to/from related parties, net	140	16,055
Accounts payable	1,879	9,564
Advance payments	(408)	(726)
Accrued PP&E and intangible assets	5,435	(3,640)
Increase (decrease) in working capital	\$ (29,338)	\$ 9,523

## 19. Related Party Transactions

The Corporation's operations include the provision of electricity and services to its principal shareholder, the City. Electricity is billed to the City at the prices and terms as any other Enersource Hydro customer not with an electricity retailer. Street lighting maintenance and construction services are provided at an exchange amount, as agreed to by the parties. A summary of amounts charged by the Corporation to the City is as follows:

	December 31, 2016	December 31, 2015
Electrical energy	\$ 13,524	\$ 11,863
Street lighting energy	4,106	5,064
Road projects	299	484

As at December 31, 2016, accounts payable and accrued liabilities include \$232 (December 31, 2015 - \$38) due to the City. Accounts receivable include \$2,330 (December 31, 2015 - \$1,742) due from the City.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 19. Related Party Transactions (continued)

During 2016, the Corporation incurred \$1,263 (2015 - \$1,200) for property taxes to the City.

The Corporation charged Borealis \$9 in 2016 (2015 - \$9) for an access agreement. These transactions were recorded at the exchange amount, agreed to by the parties.

Amounts due to related parties include \$15,471 (December 31, 2015 – \$15,331) to parent company and other subsidiary under common control.

There was no amount due from the parent company in 2016 (December 31, 2015 – \$nil) and other subsidiary under common control.

In 2016, a dividend of \$13,823 (2015 - \$15,639) was declared and paid to Enersource Corporation.

No Director had, during or at the end of the period, any material interest in any contract of significance in relation to the Corporation's business.

The following compensation has been provided to the key management personnel of the Corporation and members of the Board of Directors, who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

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	December 31, 2016	December 31, 2015
Salaries and short term employee benefits	\$ 684	\$ 642
Retirement OMERS contributions	72	70
Other compensation	18	18
	<hr/>	<hr/>
	\$ 774	\$ 730

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## 20. Contingencies, Provisions, Commitments and Guarantees

### a) Contingencies

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of \$24,000 per occurrence. The Corporation has also obtained additional general liability insurance of \$10,000 per occurrence through Mearie Insurance Services Inc.

The Corporation has been jointly named as a defendant in several actions. No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 20. Contingencies, Provisions, Commitments and Guarantees (continued)

### b) Environmental provision

The Corporation is subject to Canadian federal, provincial and municipal environmental regulations. As part of the Corporation's risk mitigation strategy, environmental assessments and remediations are underway at various sites. The Corporation records a liability for the estimated future expenditures associated with testing and remediation of contaminated lands, caused by leaking transformers. Actual environmental expenditures may vary from these estimates. These estimates are reviewed at the end of each reporting period and adjusted to reflect the current best estimate at that point of time. As at December 31, 2016, the Corporation provided \$566 (December 31, 2015 - \$1,843) for testing and future site remediation. Based on the latest estimates and the remediation work plan, the entire provision is expected to be settled within twelve months of the reporting date.

	December 31, 2016	December 31, 2015
Environmental provision, beginning of year	\$ 1,905	\$ 3,042
Addition	1,649	1,060
Utilized in the year	(2,988)	(2,259)
Environmental provision, end of year	\$ 566	\$ 1,843

### c) Commitments

- (i) The Corporation has entered into two commercial lease arrangements which are recognized and reported as part of other costs in the statement of comprehensive income. For the year ended December 31, 2016, the Corporation recognized minimum lease payments of \$156 (December 31, 2015 - \$164) in the statement of comprehensive income.

The first lease has a life of one year with yearly renewal options. There are no restrictions placed upon the Corporation by entering into this lease. As at December 31, 2016, the Corporation's committed future minimum annual lease payments under this operating lease are \$156 for 2017. The future minimum lease commitments would change depending on the decision to renew the agreement.

The second lease has a life of ten years and shall be automatically extended on an annual basis. As at December 31, 2016, the Corporation's committed future minimum annual lease payments under this operating lease are \$24 for 2017.

- (ii) The Corporation has numerous cancellable operating leases which are predominantly in the form of encroachment permits required to place distribution infrastructure assets on a rights-of-way or private property. The lease terms are between one and twenty years, and the amounts of these leases are immaterial and have been included in other costs in the statement of comprehensive income.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

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## 20. Contingencies, Provisions, Commitments and Guarantees (continued)

### d) Guarantees

In the normal course of operations, the Corporation executes agreements that provide for indemnification to third parties in transactions such as service agreements, leases and purchases of goods. Under these agreements, the Corporation agrees to indemnify the counterparty against loss or liability arising from the acts or omissions of the Corporation in relation to the agreement.

## 21. Financial Instruments and Risk Management

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

Level 1 – inputs are unadjusted quoted prices for identical instruments in active markets,

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly, and

Level 3 – inputs that are not based on observable market data.

The fair values of accounts receivable, unbilled revenue, amounts due to and from related parties, accounts payable and accrued liabilities approximate their carrying values due to the immediate or short maturity of these financial instruments. The fair values of bank loan, customer deposits and deposits payable approximate their carrying values taking into account interest accrued on the outstanding balance.

The Corporation's debentures have a principal amount of \$320,000 as at December 31, 2016 (December 31, 2015 - \$320,000) and have a fair value of \$379,793 (December 31, 2015 - \$377,791). The fair value has been calculated using level 3 inputs. The valuation techniques used took into consideration accrued interest, Government of Canada benchmark yields and statistical data.

Exposure to market risk, credit risk, and liquidity risk arises in the normal course of the Corporation's business.

### a) Market Risk

Market risk refers primarily to risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates.

The Corporation does not have a commodity risk as a result of changes in the market price of electricity, due to the flow through nature of the electricity purchases.

The Corporation's foreign exchange risk is not considered material since the exposure is limited to U.S. dollar cash and cash equivalents holdings of \$195 as at December 31, 2016 (December 31, 2015 - \$25).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 21. Financial Instruments and Risk Management (continued)

The Corporation is exposed to short-term interest rate risk on its bank loan and its net cash and cash equivalent balances. The Corporation is also exposed to fluctuations in interest rates for the valuation of its post-retirement benefit obligations. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

### b) Credit Risk

The Corporation is exposed to credit risk as a result of counterparties failing to discharge an obligation.

The Corporation manages counterparties credit risk through various techniques including, limiting total exposure levels with individual counterparties consistent with the Corporation's policies, assessing and monitoring the credit exposures of counterparties. Short-term investments held as at December 31, 2016, met the credit exposure limits specified under the Corporation's Investment Policy.

The Corporation's distribution revenue is earned on a broad base of customers principally located in Mississauga. As a result, the Corporation did not earn a significant amount of revenue from any individual customer. As at December 31, 2016, there were no significant balances of accounts receivable due from any single customer.

Management believes that the credit risk of accounts receivable is not significant due to the following reasons:

- (i) accounts receivable balance in excess of 10% of the respective balance in either year.
- (ii) The Corporation, as permitted by the OEB's Retail Settlement and Distribution System Code, may obtain a security deposit or letter of credit from customers to mitigate risk of payment default.
- (iii) The percentage of accounts receivable that is past due for more than 75 days is approximately 1.7% (2015 – 2.4%) of the total gross accounts receivable (See note 5).
- (iv) The Corporation included an amount for accounts receivable write-offs within operating expense for rate setting purposes.

### c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established \$90,000 banking line of credit, if required. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2016 and 2015

## 21. Financial Instruments and Risk Management (continued)

Financial Liabilities	Due within 1 year	Due between 1 and 5 years	Due past 5 years
Bank overdraft	\$ 56,203	\$ -	\$ -
Accounts payable and accrued liabilities	114,811	-	-
Amounts due to related parties	15,471	-	-
Debentures payable (interest and principal)	16,097	185,511	421,350
Bank loan (interest and principal)	60,197	-	-
<b>Total</b>	<b>\$ 262,779</b>	<b>\$ 185,511</b>	<b>\$ 421,350</b>

## 22. Regulatory assets and liabilities

IFRS 14 Regulatory Deferral Accounts was issued by the IASB on January 30, 2014 and permits first time adopters of IFRS to use previous Generally Accepted Accounting Principles to account for regulatory deferral account balances. As the Corporation is not a first time adopter, the Corporation does not recognize assets and liabilities arising from rate regulated activities.

Total regulatory balances that have been derecognized under IFRS that will be recovered or refunded through future distribution rates are as follows:

	December 31, 2015	2016 activity	December 31, 2016
Net regulatory assets (liabilities), excluding other comprehensive (income)/loss	\$ 3,789	\$ (15,067)	\$ (11,278)
Other comprehensive income (loss)	(568)	(873)	(1,441)
<b>Net regulatory assets (liabilities)</b>	<b>\$ 3,221</b>	<b>\$ (15,940)</b>	<b>\$ (12,719)</b>

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, as well as members of key management having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This group is determined to be the Chief Operating Decision Maker and it assesses operating performance principally on the basis of earnings adjusted for regulatory items as shown below.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

## 22. Regulatory assets and liabilities (continued)

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
<b>2016</b>			
Energy sales	\$ 938,145	\$ -	\$ 938,145
Distribution	130,281	9,863	140,144
Other revenue	22,671	-	22,671
	1,091,097	9,863	1,100,960
Energy purchases	(938,145)	5,837	(932,308)
Operating expenses	(78,957)	(158)	(79,115)
Depreciation and amortization	(33,363)	(445)	(33,808)
Financial income	414	(290)	124
Financial expense	(18,077)	260	(17,817)
Profit before income tax expense	22,969	15,067	38,036
Income tax expense	(1,298)	(8,930)	(10,228)
Other comprehensive income, net of tax	-	642	642
Comprehensive income for year ended December 31, 2016	\$ 21,671	\$ 6,779	\$ 28,450
<b>2015</b>			
Energy sales	\$ 848,230	\$ -	\$ 848,230
Distribution	125,605	(2,271)	123,334
Other revenue	28,790	-	28,790
	1,002,625	(2,271)	1,000,354
Energy purchases	(848,230)	3,930	(844,300)
Operating expenses	(81,334)	4	(81,330)
Depreciation and amortization	(31,346)	(155)	(31,501)
Financial income	754	(366)	388
Financial expense	(17,226)	178	(17,048)
Profit before income tax expense	25,243	1,320	26,563
Income tax expense	(2,204)	(4,772)	(6,976)
Other comprehensive loss, net of tax	-	(4)	(4)
Comprehensive income/(loss) for year ended December 31, 2015	\$ 23,039	\$ (3,456)	\$ 19,583

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## 22. Regulatory assets and liabilities (continued)

The most significant regulatory activities included in the regulatory adjustments are:

- (i) Retail settlement variances are caused by the difference between the actual price of the electricity commodity throughput and the prices set by the OEB. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, the Corporation would have adjusted energy purchases for these variances. Under IFRS, the Corporation recognizes these differences in future periods as an increase or decrease to distribution revenue.
- (ii) The OEB approved a variance account to record lost revenues associated with the delivery of CDM programs. The variance account tracks the difference between the results of actual, verified impacts of CDM activities and the level of CDM program activities included in the distributor's load forecast. The Corporation may recover or refund this revenue through future distribution rates.
- (iii) The OEB requires the Corporation to track the difference between revenue and costs associated with providing retailers with customer settlement services as retail cost variance account deferrals. Under IFRS, the Corporation recognizes these differences as an increase or decrease to distribution revenue when incurred and will recover or refund these differences through future distribution rates.
- (iv) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses and funding adders approved by the OEB related to the connection of renewable generation or the development of smart grid. Under IFRS, the Corporation capitalizes or expenses these items as incurred and recognizes revenue in accordance with the Corporation's revenue recognition policy.
- (v) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, the Corporation capitalizes or expenses the amounts in the period they were incurred.
- (vi) The OEB requires the Corporation to accrue interest on regulatory assets and liabilities balances. Under IFRS, the Corporation recognizes the net interest on these balances in future periods as an increase or decrease to distribution revenue once approved for recovery or refund by the OEB.
- (vii) The OEB approved a deferral account to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, the Corporation recognizes any re-measurements of the post-employment net defined liability in other comprehensive income.
- (viii) The OEB established a variance account for electricity distributors to record any material differences between OEB cost assessments currently built into rates and cost assessments that will result from the application of a new cost assessment model effective April 1, 2016. Under IFRS, the Corporation recognizes these costs under operating expenses in the period they were incurred.

# **ENERSOURCE HYDRO MISSISSAUGA INC.**

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2016 and 2015

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## **22. Regulatory assets and liabilities (continued)**

- (ix) The OEB established a deferral account to record the Energy East Pipeline Project consultation costs allocated by the OEB to rate-regulated electricity distributors. Under IFRS, the Corporation recognizes these costs under operating expenses in the period they were incurred.

To the extent that the OEB's future actions are different from the Corporation's expectations, the timing and amount of recovery or settlement of amounts included in the adjustment for regulatory activities could be significantly different from the amounts that are eventually recovered or settled through distribution rates in the future.

## **23. Conservation and Demand Management**

During the year, the Corporation recognized \$17,790 (2015 - \$23,985) of IESO funding in other revenue, \$16,492 (2015 - \$21,311) of IESO costs of which \$16,467 are recorded as operating expenses and \$25 as amortization of intangible assets. The Corporation currently has no unfilled obligations relating to the government grants received by the IESO.

**ATTACHMENT 5  
ENERSOURCE 2015 AUDITED  
FINANCIAL STATEMENTS**

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Financial Statements of

**ENERSOURCE HYDRO MISSISSAUGA INC.**

Years ended December 31, 2015 and 2014

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Financial Position

(In thousands of Canadian dollars)

As at December 31, 2015 and 2014

	Notes	December 31, 2015	December 31, 2014
<b>Assets</b>			
Current assets:			
Accounts receivable	5	\$ 61,668	\$ 55,648
Unbilled revenue		78,055	73,045
Income taxes receivable		1,515	346
Amounts due from related parties	18	-	724
Inventories	6	4,671	3,814
Prepaid expenses		1,494	1,527
Customer deposits	7	25,297	23,367
<b>Total current assets</b>		<b>172,700</b>	<b>158,471</b>
Non-current assets:			
Property, plant and equipment	8	606,345	556,024
Intangible assets	9	57,348	16,309
Deferred tax assets	11	9,893	16,432
<b>Total non-current assets</b>		<b>673,586</b>	<b>588,765</b>
<b>Total assets</b>		<b>\$ 846,286</b>	<b>\$ 747,236</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Bank overdraft	20	\$ 11,718	\$ 7,956
Accounts payable and accrued liabilities	12	112,932	103,368
Advance payments		4,128	4,854
Amounts due to related parties	18	15,331	-
Customer deposits	7	25,297	23,367
Current portion of environmental provision	19	1,843	1,600
<b>Total current liabilities</b>		<b>171,249</b>	<b>141,145</b>
Non-current liabilities:			
Loans and borrowings	13	378,129	318,137
Deferred contributions	14	21,069	15,153
Post-employment benefits	15	6,073	5,712
Environmental provision	19	-	1,267
<b>Total non-current liabilities</b>		<b>405,271</b>	<b>340,269</b>
<b>Total liabilities</b>		<b>576,520</b>	<b>481,414</b>
Shareholders' equity:			
Share capital	16	155,629	155,629
Accumulated other comprehensive income		416	420
Retained earnings		113,721	109,773
<b>Total shareholders' equity</b>		<b>269,766</b>	<b>265,822</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 846,286</b>	<b>\$ 747,236</b>

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Comprehensive Income

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

	Notes	December 31, 2015	December 31, 2014
Revenue:			
Energy sales	21	\$ 848,230	\$ 786,505
Distribution	21	123,334	111,675
Other revenue	22	28,790	19,270
		1,000,354	917,450
Operating expenses:			
Energy purchases	21	844,300	801,795
Employee salaries and benefits		25,107	26,489
Materials and transportation		4,490	4,367
Contract labour		6,226	5,070
Other expenses		9,125	7,837
Corporate cost allocation		15,071	8,273
Conservation and demand management	22	21,311	14,546
Depreciation of property, plant and equipment	8	27,200	25,873
Amortization of intangible assets	9	4,301	3,556
		957,131	897,806
Results from operating activities		43,223	19,644
Non-operating revenue (expense):			
Interest income		388	488
Interest expense		(16,812)	(16,212)
Interest expense on accrued post-employment benefits	15	(236)	(234)
		(16,660)	(15,958)
Profit before income tax expense		26,563	3,686
Income tax expense	10	(6,976)	(951)
Profit for the year		19,587	2,735
Other comprehensive loss, net of income tax:			
Remeasurements of the defined benefit obligation	15	(5)	(579)
Income tax recovery		1	139
		(4)	(440)
<b>Total comprehensive income for the year</b>		<b>\$ 19,583</b>	<b>\$ 2,295</b>

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

## Statement of Cash Flows

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

	Notes	December 31, 2015	December 31, 2014
Cash flows from operating activities:			
Comprehensive income for the year		\$ 19,583	\$ 2,295
Adjustments for:			
Depreciation of property, plant and equipment		27,200	25,873
Amortization of intangible assets		4,301	3,556
Amortization of deferred contributions	14	(442)	(318)
Gain on disposals of property, plant and equipment		(122)	(56)
Post-employment benefits		361	860
Environmental provision	19	1,235	825
Income tax expense		6,975	812
Interest income		(388)	(488)
Interest expense		16,812	16,212
Environmental expenditures		(2,259)	(783)
Income tax paid		(1,606)	(4,770)
Change in working capital	17	9,523	(5,599)
Net cash from operating activities		81,173	38,419
Cash flows from investing activities:			
Customer deposits		(1,930)	(1,447)
Interest received		264	487
Capitalized interest		411	348
Additions to property, plant and equipment		(74,163)	(51,106)
Additions to intangible assets		(45,119)	(2,699)
Additions to deferred contributions	14	6,358	4,138
Proceeds from sales of property, plant and equipment		183	131
Cash used in investing activities		(113,996)	(50,148)
Cash flows from financing activities:			
Customer deposits		1,930	1,447
Proceeds from bank loan		60,000	-
Debt issuance costs paid		(140)	-
Dividends paid	16	(15,639)	(13,344)
Interest paid		(17,090)	(16,464)
Cash from (used in) financing activities		29,061	(28,361)
Decrease in cash and cash equivalents, during the year		(3,762)	(40,090)
Cash and cash equivalents, beginning of year		(7,956)	32,134
Cash and cash equivalents, end of year		\$ (11,718)	\$ (7,956)

The accompanying notes are an integral part of the financial statements.

## ENERSOURCE HYDRO MISSISSAUGA INC.

### Statement of Changes in Equity

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
<b>Balance at January 1, 2015</b>	\$ 155,629	\$ 420	\$ 109,773	\$ 265,822
Profit for the year	-	-	19,587	19,587
Other comprehensive loss, net of tax	-	(4)	-	(4)
Dividends paid	-	-	(15,639)	(15,639)
<b>Balance at December 31, 2015</b>	\$ 155,629	\$ 416	\$ 113,721	\$ 269,766
<b>Balance at January 1, 2014</b>	\$ 155,629	\$ 860	\$ 120,382	\$ 276,871
Profit for the year	-	-	2,735	2,735
Other comprehensive loss, net of tax	-	(440)	-	(440)
Dividends paid	-	-	(13,344)	(13,344)
<b>Balance at December 31, 2014</b>	\$ 155,629	\$ 420	\$ 109,773	\$ 265,822

The accompanying notes are an integral part of the financial statements.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Consolidated Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 1. General Information

### a) Corporate Information

Enersource Hydro Mississauga Inc. (the "Corporation"), is a wholly owned subsidiary of Enersource Corporation which is incorporated under the Ontario Business Corporations Act, and is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("Borealis"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS").

The Corporation's equity is not traded in a public market. The Corporation's registered office is located at 2185 Derry Road West in Mississauga, Ontario, L5N 7A6.

The Corporation's financial statements are presented in thousands of Canadian dollars, which is the Corporation's functional currency.

### b) Nature of operations

The Corporation provides electricity distribution services to businesses and residences in the City of Mississauga, Ontario.

## 2. Basis of Preparation

### a) Statement of compliance

The accompanying annual financial statements have been prepared in accordance with *International Financial Reporting Standards ("IFRS")* as issued by the *International Accounting Standards Board ("IASB")*.

### b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for post-employment benefits.

### c) Rate setting

The Corporation, as an electricity distributor, is both licensed and regulated by the OEB, which has a legislative mandate to oversee various aspects of the electricity industry as set out by the OEB Act, 1998. The OEB's mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective.

The OEB exercises statutory authority through setting or approving all rates charged by the Corporation and establishing standards of service for the Corporation's customers.

# **ENERSOURCE HYDRO MISSISSAUGA INC.**

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## **2. Basis of Preparation (continued)**

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates the electricity rates for distributors using a combination of cost-based and formula-based rate setting mechanisms. Currently there are three specific rate-setting methods available to electricity distributors: Price Cap Incentive Rate-setting, Custom Incentive Rate-setting, and the Annual Incentive Rate-setting Index.

The Price Cap Incentive Rate-setting method establishes rates on a single forward test-year cost of service basis and indexed for four subsequent years through a formulaic adjustment. Under this method, the Incremental Capital Module is available to address any incremental capital investment needs that may arise during the term.

The Custom Incentive Rate-setting method establishes rates for a minimum period of five years, typically on a forward test-year cost of service basis with subsequent annual adjustments determined by the OEB on a case-by-case basis.

The Annual Incentive Rate-setting Index method sets a distributor's rates through an annual adjustment mechanism.

Under each method, actual operating conditions may vary from forecasts and therefore actual returns achieved can differ from approved returns.

On August 13, 2014, the Corporation submitted an annual Price Cap Incentive Rate application for distribution rates effective January 1, 2015 to December 31, 2015. The application was approved by the OEB on December 4, 2014.

On August 16, 2013, the Corporation submitted an annual Price Cap Incentive Rate application to the OEB to change distribution rates effective January 1, 2014. The application was approved by the OEB on December 5, 2013.

## **3. Key Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and amounts reported and disclosed in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty and judgements at the end of the reporting period that could have a significant impact on the financial statements, relate to the following:

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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### 3. Key Accounting Judgements, Estimates and Assumptions (continued)

#### a) Useful lives of depreciable assets

The Corporation relies on a third party independent study to componentize and determine the estimated useful lives of its distribution system assets. The useful life values from the study were derived from industrial statistics, research studies, reports and past utility experience. Actual lives of assets may vary from estimated useful lives.

#### b) Post-employment benefits other than pensions

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation incorporates estimates about discount rates, any expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### c) Accounts receivable impairment

In determining the allowance for doubtful accounts, the Corporation considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

#### d) Unbilled revenue

Unbilled revenue is based on either the actual usage at the end of the period or an estimate of unbilled electricity distribution services supplied to customers between the date of the last meter reading and the period ending date. The Corporation applies judgement to the measurement of the estimated consumption and to the valuation of that consumption.

#### e) Connection and cost recovery agreements

The Corporation is party to connection and cost recovery agreements (“CCRA”) with Hydro One Networks Inc. (“Hydro One”) as regulated by the OEB under the Transmission System Code (“TSC”). The economic evaluation methodology, as described within the TSC, determines the capital contribution amount which represents the difference between the total capital cost of constructing and operating the transmission facility and the future revenues earned by Hydro One through such facility. Management estimates the future electricity consumption through the facility, which in turn impacts the economic evaluation and the resulting capital contribution. Periodic true-up calculations are carried at the end of each of the fifth, tenth and possibly the fifteenth year of operation of the facility. Actual electricity consumption could significantly impact the outcome of these true-ups.

### 4. Significant Accounting Policies

#### a) Financial instruments

All financial assets of the Corporation are classified as loans and receivables and all financial liabilities are classified as other financial liabilities.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently they are accounted for based on their classification as following:

### (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less any provision for impairment.

Financial assets are assessed at each reporting period to determine whether there is any objective evidence that they are impaired. Impairment provisions are recognized when there is objective evidence that the Corporation will be unable to collect all of the amounts due under the terms receivable. The impairment loss is calculated as the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. All impairment losses are recognized in net income.

Loans and receivables are comprised of accounts receivable, amounts due from related parties, unbilled revenue, and customer deposits.

### (ii) *Other financial liabilities*

Financial liabilities are classified as other liabilities. They are initially recognized at fair value plus transaction costs that are directly attributable to their issue, and are subsequently carried at amortized cost using the effective interest rate method. Financial liabilities are further classified as current or non-current depending on whether they are due within twelve months of the reporting date.

Financial liabilities are derecognized from the statement of financial position when the Corporation is discharged from the obligation, or when the obligation is cancelled or expired.

Other financial liabilities are comprised of accounts payable and accrued liabilities, amounts due to related parties, loans and borrowings and deposits payable.

### b) *Inventories*

Inventories consist of parts and supplies acquired for internal construction, consumption or recoverable work. The Corporation accounts for major spare parts and standby equipment as property, plant and equipment.

Inventory is carried at the lower of cost and net realizable value, with cost determined on a weighted average cost basis net of a provision for obsolescence. Cost is comprised of the purchase price and other directly attributable expenditures to bring the inventories to their present condition and location.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

### c) Customer deposits

Customers may be required to post security to obtain electricity or other services, which are interest bearing and refundable on demand. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded as customer deposits and are reported separately from the Corporation's own cash and cash equivalents.

### d) Property, plant and equipment ("PP&E")

PP&E is measured at cost less accumulated depreciation and impairment losses. Cost includes all directly attributable expenditures to acquire and bring the asset into operation including labour, employee benefits, materials and transportation costs, contracted services and borrowing costs where applicable. Subsequent expenditures are included in an asset's carrying amount or recognized as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. All other subsequent expenditures, including the costs of day-to-day servicing, repairs and maintenance, are expensed as incurred. Major spare parts and standby equipment are accounted for as PP&E since they support the Corporation's distribution system reliability.

An asset is derecognized at its carrying value when it is disposed of or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the proceeds from sale and the carrying amount of the asset, and is recognized in the statement of comprehensive income.

Depreciation of PP&E is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives for the main categories of PP&E are shown in the table below:

Distribution system	10 - 55 years
Distribution station equipment	40 years
Other PP&E	3 - 25 years
Buildings and fixtures	20 - 60 years
Land	Indefinite life

Assets under construction and spare parts accounted as PP&E, which are not available for use, are not depreciated.

During the construction period of qualifying assets, borrowing costs are capitalized as a component of the cost of self-constructed assets. The capitalization rate used is the Corporation's weighted average cost of borrowings.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

### e) Intangible assets

Intangible assets include easements, capital contributions and computer software.

Easements are measured at cost and are held in perpetuity. Since there is no foreseeable limit to the period over which these easements are expected to provide benefit to the Corporation, they have been assessed as having indefinite useful lives and are not amortized.

Capital contributions represent payments made to Hydro One Networks Inc. ("Hydro One") for building dedicated infrastructure to accommodate the Corporation's distribution system requirements. The contributions are measured at cost less accumulated amortization.

Computer software is measured at cost less accumulated amortization and impairment losses. Cost includes expenditures associated with the initial acquisition or development and other directly attributable expenditures to prepare the asset for its intended use.

Computer software and capital contributions are amortized on a straight line basis over the estimated useful life of the related asset from the date that they are available for use. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Software in development and contributions for work in progress are not amortized.

Estimated useful lives for intangible assets are shown in the table below:

Easements	Indefinite
Capital contributions	45 years
Computer software	2 - 10 years

### f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is tested and assessed.

PP&E and intangible assets with finite lives are tested for recoverability at the cash-generating unit ("CGU") level (or groups of CGUs), which is the smallest identifiable group of assets that generates independent cash inflows. An impairment of PP&E and intangible assets with finite lives are recognized in the statement of comprehensive income when the asset's carrying value exceeds its estimated recoverable amount. The recoverable amount is the higher of its value in use and fair value less costs to sell. Where fair value less costs to sell is not reliably available, value in use is used as the recoverable amount. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset, CGU or group of CGUs.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

The Corporation evaluates intangible assets with indefinite life for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For purposes of such an evaluation, the fair value estimate is compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in the statement of comprehensive income.

### g) Regulatory accounting

On January 30, 2014, the IASB issued interim standard *IFRS 14, Regulatory Deferral Accounts*. This standard allows first-time adopters of IFRS to apply previous Generally Accepted Accounting Principles to account for rate-regulated assets and liabilities. As the Corporation is not a first-time adopter, it does not recognize assets and liabilities arising from rate regulated activities. Instead, the Corporation records revenues in accordance with its revenue recognition policy and expenses as operating costs when incurred. Regulatory balances that have an effect on comprehensive income under IFRS are disclosed in Note 21.

### h) Revenue recognition

The Corporation's principal sources of revenue are:

#### (i) Energy sales and distribution revenue

Energy sales and distribution revenue are recorded on the basis of cyclical billings based on electricity usage and include unbilled revenue for electricity consumed but not yet billed. The unbilled revenue accrual for the period is based on estimated energy consumption. Energy sales are recognized based on OEB and Independent Electricity System Operator's ("IESO") prevailing energy rates and electricity consumed by customers. Distribution revenue attributable to the delivery of electricity is recognized based upon OEB-approved distribution rates and estimated electricity consumed by the customers.

#### (ii) Other revenue

Other revenue includes government grants under Conservation and Demand Management ("CDM") programs, amortization of customer contributions and other general revenue.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all related conditions will be met. Grants are recognized as income on a systematic basis over the period to match to the costs they are intended to compensate. Cost efficiency incentives related to CDM programs are recognized when it is probable that future economic benefits will flow to the Corporation, and the amount can be measured reliably.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

The Corporation receives customer contributions to construct certain items of PP&E. These customer contributions are recorded as deferred contributions and amortized into income over the life of the related asset.

Other general revenues are recognized as the services are rendered.

### i) Deferred debt issue costs

Deferred debt issue costs represent the cost of the issuance of the loans and borrowings. The Corporation's deferred debt issuance costs, net of accumulated amortization, are included in the carrying value of loans and borrowings. All the loans and borrowings are accreted back to their face amount using the effective interest rate method over the remaining period to maturity.

### j) Employee benefits

#### (i) Short-term employee benefits

The Corporation provides short-term employee benefits such as salaries, employment insurance, short-term compensated absences, health and dental care. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided. Short-term employee benefits are recognized as an expense unless they qualify for capitalization as part of an item of PP&E or intangible asset.

#### (ii) Defined benefit pension plan

The Corporation's current pension plan is administered by OMERS and is a multi-employer public sector defined benefit pension plan funded by equal contributions from participating employers and employees as well as by investment earnings of the plan. Pension contributions received from all OMERS employers and members are combined and used jointly to purchase investments. Under OMERS' funding and investment structure, investment and actuarial evaluations are determined on a commingled basis across all employers and as a result, information for individual employers is unavailable.

As the Corporation does not have the information to account for its proportionate share of the defined benefit obligation and plan assets, the Corporation accounts for its participation in OMERS as a defined contribution plan, and all contributions to the plan are recognized as an expense. The Corporation is not responsible for any other contractual obligations other than the contributions.

#### (iii) Post-employment benefits

The Corporation provides post-employment life, health, and dental benefits to its employees. An actuary determines the cost of these benefits as well as measures the plan obligation. The actuary uses the projected unit credit method, prorated on service and based on management's best estimate and assumptions. Under this method, the projected post-employment benefit is deemed to be earned on a pro rata basis over the years of service in the attribution period, and ends at the earliest age the employee could retire and qualify for benefits.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

Remeasurements of the net defined benefit liability, which are comprised of actuarial gains and losses, are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income. Current service costs are recognized in the statement of comprehensive income under employee salaries and benefits and net interest expense on accrued post-employment benefits are presented as a separate line in the statement of comprehensive income. The Corporation accumulates remeasurements of the defined benefit obligation and transfers them to retained earnings upon OEB's review and approval.

### k) Deferred customer contributions

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.

Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions from customers are classified as deferred contributions and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

### l) Income taxes

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada), the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. References in these financial statements to income taxes are with respect to PILs.

The Corporation recognizes deferred tax using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are probable. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. Deferred income tax assets and liabilities are offset since they relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

Current taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Both current and deferred taxes are included as part of income tax expense in the statement of comprehensive income.

### m) Foreign currency translation

Transactions in foreign currencies are translated to Canadian dollars at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing period-end rates. Exchange gains or losses are recognized as income in the period in which they arise.

### n) Leases

Leases are classified as finance leases, whenever terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

Operating leases payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### o) Provisions and contingencies

The Corporation recognizes provisions if, as a result of a past event, there is a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgement by management as to the probability of exposure to potential gain or loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

### p) New standards and interpretations not yet adopted

Certain new or amended standards issued by the IASB do not have to be adopted in the current period. The standards that the Corporation anticipates might have an impact on its financial statements or note disclosures are described below.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 4. Significant Accounting Policies (continued)

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 15 is available for early adoption. The purpose of this standard is to remove inconsistencies and weaknesses in previous revenue requirements, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and to simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The Corporation is currently evaluating the impact of the new standard.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard provides revised guidance on the classification and measurement of financial assets, including impairment, and supplements the new hedge accounting principles published in 2013 as part of IFRS 9. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 9 is available for early adoption. The Corporation is currently evaluating the impact of the new standard.

In December 2014, the IASB issued Amendments to IAS 1 *Presentation of Financial Statements* as part of their Disclosure Initiative. These amendments improve the existing presentation and disclosure requirements and ensure that entities are able to use judgement when applying those requirements. These amendments are effective for annual periods beginning on or after January 1, 2016 and are available for earlier application. The Corporation is currently evaluating the impact of these amendments.

In January 2016, the IASB issued IFRS 16 *Leases*, which replaces the IAS 17 *Leases* and related interpretations. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Earlier application is permitted if IFRS 15 *Revenue from Contracts with Customers* has also been applied. The Corporation is currently evaluating the impact of the new standard.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 5. Accounts Receivable

The components of accounts receivable are as follows:

	December 31, 2015	December 31, 2014
Trade receivables	\$ 50,477	\$ 51,920
Less: allowance for doubtful accounts	(1,678)	(1,856)
Trade receivables, net	\$ 48,799	\$ 50,064
Receivables due from related parties (Note 18)	1,742	2,342
Other receivables	11,127	3,242
Total accounts receivable, net	\$ 61,668	\$ 55,648
Of which:		
Not yet due (less than 16 days)	\$ 46,290	\$ 34,330
Past due 1 day but not more than 14	9,094	15,819
Past due 15 days but not more than 44	5,155	4,475
Past due 45 days but not more than 74	1,288	1,343
Past due 75 days but not more than 104	654	636
Past due more than 104 days	865	901
Less: allowance for doubtful accounts	(1,678)	(1,856)
Total accounts receivable, net	\$ 61,668	\$ 55,648

The allowance for doubtful accounts as at December 31, 2015 was 2.6% (December 31, 2014 – 3.2%) of the total accounts receivable which includes accounts receivable that are not yet due or past due, that the Corporation has deemed to be impaired.

## 6. Inventories

The amount of inventory consumed by the Corporation and recognized as an expense during 2015 was \$1,472 (2014 – \$1,659). The amount of inventory that was written down due to obsolescence in 2015 was \$1 (2014 - \$nil).

## 7. Deposits and Guarantees

The following outlines the deposits and letters of credit/guarantees of the Corporation posted as security. The amounts are comprised of cash and cash equivalents in the form of deposits and letters of credit/letters of guarantee, under which the Corporation is contingently liable.

	December 31, 2015	December 31, 2014
Customer deposits (a)	\$ 25,297	\$ 23,367
Security with the IESO (b)	11,450	11,450
	\$ 36,747	\$ 34,817

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 7. Deposits and Guarantees (continued)

### a) Customer deposits

The Corporation collects cash and cash equivalents as deposits from certain customers to reduce credit risk.

### b) Security with the IESO

Entities that purchase electricity in Ontario through the IESO are required to post security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required by a default notice issued by the IESO. The Corporation has posted a letter of credit as security in the amount of \$11,450 as at December 31, 2015 (December 31, 2014 - \$11,450).

## 8. Property, Plant and Equipment ("PP&E")

PP&E consists of the following as at December 31, 2015:

	December 31, 2014	Additions/ Depreciation	Disposals/ Retirements	December 31, 2015
<b>Cost</b>				
Distribution system	\$ 453,324	\$ 57,633	\$ (1,474)	\$509,483
Distribution station equipment	62,575	5,029	(252)	67,352
Other PP&E	73,070	9,147	(2,277)	79,940
Buildings and fixtures	38,228	2,522	-	40,750
Land	9,879	-	(26)	9,853
Construction in progress	5,504	3,252	-	8,756
Subtotal	\$ 642,580	\$ 77,583	\$ (4,029)	\$716,134
<b>Accumulated depreciation</b>				
Distribution system	\$ (53,081)	\$ (15,242)	\$ 325	\$ (67,998)
Distribution station equipment	(7,130)	(2,030)	33	(9,127)
Other PP&E	(22,566)	(7,042)	2,123	(27,485)
Buildings and fixtures	(3,779)	(1,400)	-	(5,179)
Land	-	-	-	-
Subtotal	\$ (86,556)	\$ (25,714)	\$ 2,481	\$ (109,789)
Carrying amount	\$ 556,024	\$ 51,869	\$ (1,548)	\$ 606,345

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 8. PP&E (continued)

PP&E consists of the following as at December 31, 2014:

	December 31, 2013	Additions/ Depreciation	Disposals/ Retirements	December 31, 2014
<b>Cost</b>				
Distribution system	\$ 417,267	\$ 37,372	\$ (1,315)	\$ 453,324
Distribution station equipment	58,969	3,852	(246)	62,575
Other PP&E	70,645	4,652	(2,227)	73,070
Buildings and fixtures	34,041	4,187	-	38,228
Land	9,879	-	-	9,879
Construction in progress	4,944	560	-	5,504
Subtotal	\$ 595,745	\$ 50,623	\$ (3,788)	\$ 642,580
<b>Accumulated depreciation</b>				
Distribution system	\$ (38,999)	\$ (14,331)	\$ 249	\$ (53,081)
Distribution station equipment	(5,238)	(1,925)	33	(7,130)
Other PP&E	(17,634)	(6,915)	1,983	(22,566)
Buildings and fixtures	(2,525)	(1,254)	-	(3,779)
Land	-	-	-	-
Subtotal	\$ (64,396)	\$ (24,425)	\$ 2,265	\$ (86,556)
Carrying amount	\$ 531,349	\$ 26,198	\$ (1,523)	\$ 556,024

The carrying amount of PP&E, that have been derecognized before the end of their estimated useful lives and have been recorded as depreciation expense in the statement of comprehensive income, was \$1,487 in 2015 (2014 - \$1,449).

As at December 31, 2015, major spare parts included as PP&E were \$8,754 (December 31, 2014 - \$5,018).

During the year, borrowing costs of \$329 (2014 - \$304) were capitalized to PP&E and recorded as an offset to interest expense, with an average capitalization rate of 4.465% (2014 - 5.091%). During the year, the Corporation has included \$3,419 (2014 - \$483) of accrued liabilities in the additions to PP&E.

PP&E purchase commitments outstanding as at December 31, 2015 were \$9,566 (December 31, 2014 - \$9,366).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

## 9. Intangible Assets

Intangible assets consist of the following as at December 31, 2015:

	December 31, 2014	Additions/ Amortization	Disposals/ Retirements	December 31, 2015
<b>Cost</b>				
Computer software	\$ 25,785	\$ 5,699	\$ (456)	\$ 31,028
Easements	583	158	-	741
Capital contributions	-	40,479	-	40,479
Software in development	1,616	(996)	-	620
Subtotal	\$ 27,984	\$ 45,340	\$ (456)	\$ 72,868
<b>Accumulated amortization</b>				
Computer software	\$ (11,675)	\$ (3,795)	\$ 456	\$ (15,014)
Easements	-	-	-	-
Capital contributions	-	(506)	-	(506)
Software in development	-	-	-	-
Subtotal	\$ (11,675)	\$ (4,301)	\$ 456	\$ (15,520)
Carrying amount	\$ 16,309	\$ 41,039	\$ -	\$ 57,348

Intangible assets consist of the following as at December 31, 2014:

	December 31, 2013	Additions/ Amortization	Disposals/ Retirements	December 31, 2014
<b>Cost</b>				
Computer software	\$ 23,717	\$ 2,087	\$ (19)	\$ 25,785
Easements	565	18	-	583
Software in development	1,186	430	-	1,616
Subtotal	\$ 25,468	\$ 2,535	\$ (19)	\$ 27,984
<b>Accumulated amortization</b>				
Computer software	\$ (8,138)	\$ (3,556)	\$ 19	\$ (11,675)
Easements	-	-	-	-
Subtotal	\$ (8,138)	\$ (3,556)	\$ 19	\$ (11,675)
Carrying amount	\$ 17,330	\$ (1,021)	\$ -	\$ 16,309

During the year, borrowing costs of \$82 (2014 - \$44) were capitalized to intangible assets and recorded as an offset to interest expense, with an average capitalization rate of 4.465% (2014 - 5.091%). During 2015, the Corporation has included \$221 (2014 - \$164) of accrued liabilities in the additions to intangible assets.

Intangible asset purchase commitments outstanding as at December 31, 2015 were \$547 (December 31, 2014 - \$710).

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

## 10. Income Taxes

The components of income tax expense for the years ended December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
<i>Current income tax expense (recovery):</i>		
Expense for the year	\$ 1,125	\$ 4,454
Utilization of future timing differences in the current year	(688)	(558)
Total current Income tax expense	437	3,896
<i>Deferred income tax expense (recovery):</i>		
Reversal of temporary differences	5,888	(3,494)
Reduction of future timing differences	651	549
Total deferred Income tax expense (recovery)	6,539	(2,945)
Total income tax expense	\$ 6,976	\$ 951

The provision for income taxes differs from the amount that would have been recorded using the combined federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

	December 31, 2015	December 31, 2014
Federal and Ontario statutory income tax rate	26.50%	26.50%
Profit before provision for income taxes	\$ 26,563	\$ 3,686
Provision for income taxes at statutory rate:	7,039	977
<i>Decrease resulting from:</i>		
Other differences between accounting net income and net income for tax purposes	(63)	(26)
Provision for income taxes	\$ 6,976	\$ 951
Effective income tax rate	26.26%	25.80%

## 11. Deferred Tax Assets

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax asset consists of the following:

	December 31, 2015	December 31, 2014
PP&E and intangible assets	\$ 7,064	\$ 11,436
Energy variances	1,021	2,907
Post-employment benefits	1,744	1,649
Other temporary differences	64	440
Net deferred income tax assets	\$ 9,893	\$ 16,432

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 12. Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities are as follows:

	December 31, 2015	December 31, 2014
Amounts due to the IESO for energy purchases	\$ 76,672	\$ 72,601
Trade payables due to related parties (Note 18)	38	75
Other trade payables	6,286	4,187
Accrued expenses	15,395	16,634
Other non-trade payables	14,541	9,871
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 112,932</b>	<b>\$ 103,368</b>

## 13. Loans and Borrowings

### a) Debentures Payable

	December 31, 2015	December 31, 2014
4.52 % Series A Debentures due April 29, 2021	\$ 110,000	\$ 110,000
Deferred debt issue cost (net of accumulated amortization of \$326) (December 31, 2014 - \$251)	(465)	(540)
5.30 % Series B Debentures due April 29, 2041	210,000	210,000
Deferred debt issue cost (net of accumulated amortization of \$103) (December 31, 2014 - \$79)	(1,299)	(1,323)
<b>Net debentures payable</b>	<b>\$ 318,236</b>	<b>\$ 318,137</b>

Interest expenses, relating to the debentures, for the year ended December 31, 2015 were \$16,097 (December 31, 2014 - \$16,097). The amortization of the debt issue cost for the year ended December 31, 2015 was \$100 (December 31, 2014 - \$95).

At any time prior to the respective maturity dates set out in the table, the debentures are redeemable at the Corporation's option, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of par and the Canada Yield Price (as determined by the terms of the debenture), plus all accrued and unpaid interest up to but excluding the redemption date.

The debentures contain customary covenants and events of default that restrict the ability of the Corporation to create security interests, limit additional indebtedness or dispose of all or substantially all of their assets. The Corporation is limited to not issue, incur or become liable for obligations that exceed 75% of the total consolidated capitalization. As at December 31, 2015 the Corporation is in compliance with all debenture agreement covenants and limitations.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 13. Loans and Borrowings (continued)

### b) Bank Loan

	December 31, 2015	December 31, 2014
Bank loan	\$ 60,000	\$ -
Deferred debt issue cost (net of accumulated amortization of \$33) (December 31, 2014 - \$nil)	(107)	-
Net bank loan	\$ 59,893	\$ -

The Corporation entered into a credit facility agreement with a Canadian chartered bank and utilized the full amount of \$60,000 in the third quarter of 2015. This credit facility bears a variable interest rate based on the Canadian Dollar Offered Rate plus a margin. The weighted average interest rate for the period ended December 31, 2015 was 1.01% (December 31, 2014 - \$nil). As set forth in the credit agreement, this facility will be converted to a fixed rate term loan, with a maturity date no earlier than April 29, 2017.

Interest expenses, relating to this loan, for the year ended December 31, 2015 were \$226 (December 31, 2014 - \$nil). The amortization of the loan issue cost for the year ended December 31, 2015 was \$33 (December 31, 2014 - \$nil).

The credit facility contains customary representations, warranties and covenants, including maintaining at all times a ratio of consolidated debt to total capital of not greater than 0.75:1, calculated at the end of each financial quarter on a rolling four quarter basis. As at December 31, 2015 the Corporation is in compliance with all credit agreement covenants and limitations.

## 14. Deferred Contributions

The continuity of deferred contributions is as follows:

	December 31, 2015	December 31, 2014
Deferred contributions, net, beginning of year	\$ 15,153	\$ 11,333
Additions to deferred contributions	6,358	4,138
Contributions recognized as revenue	(442)	(318)
Deferred contributions, net, end of year	\$ 21,069	\$ 15,153

## 15. Post-employment Benefits

The Corporation's retirement plan is comprised of a defined contribution plan. In addition, the Corporation provides other post-employment benefits such as primarily life insurance, health and dental coverage, on a shared basis.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 15. Post-employment Benefits (continued)

### a) OMERS pension plan

The most recently available OMERS annual report is for the year ended December 31, 2014 which reported that the plan was 90.8% (December 31, 2013 – 88.2%) funded, with a fund deficit of \$7,078,000 and on track to be fully funded by 2025. This fund deficit is likely to result in future payments by the participating employers. The Corporation shares in the actuarial risks of other participants in the plan and therefore its future contributions could increase due to their actuarial losses. In addition, the Corporation's contributions may also increase if other entities withdraw from the plan.

The Corporation expensed contributions to OMERS of \$3,454 (December 31, 2014 – \$3,395) for the year ended December 31, 2015. These amounts are included under employee salaries and benefit in the statement of comprehensive income.

### b) Post-employment benefits other than pension

Post-employment benefits other than pension are subject to annual actuarial valuations. A valuation of the post-employment benefits was performed as of December 31, 2015.

A reconciliation of the defined benefit obligation is as following:

	December 31, 2015	December 31, 2014
Accrued benefit obligation, beginning of year	\$ 5,712	\$ 4,852
Current service cost	318	266
Interest on accrued benefit obligation	236	234
Benefits paid	(197)	(163)
Re-measurements recognized in other comprehensive income	4	523
Accrued benefit obligation, end of year	\$ 6,073	\$ 5,712

	December 31, 2015	December 31, 2014
Total expense recognized in profit or loss		
Current service costs	\$ 318	\$ 266
Interest on obligation	236	234
Total expense for the year	\$ 554	\$ 500

The significant actuarial assumptions used to determine the present value of the obligation are as follows:

Actuarial assumptions	December 31, 2015	December 31, 2014
Discount rate (beginning of year)	4.00%	4.75%
Discount rate (end of year)	4.00%	4.00%
Health care cost increases	8.75%	9.00%
Dental cost increases	4.00%	4.00%
Rate of compensation increase	3.00%	3.00%

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 15. Post-employment Benefits (continued)

Based on the actuarial valuation, the Corporation is expected to contribute \$336 towards post-employment benefits in 2016.

A one percentage point change in the assumed discount rate would have the following effects at December 31, 2015:

	<u>1% higher</u>	<u>1% lower</u>
Increase/(Decrease) on the defined benefit obligation (at 4.00%)	\$ (653)	\$ 809

A one percentage point change in the assumed health and dental cost trend rates would have the following effects at December 31, 2015:

	<u>1% higher</u>	<u>1% lower</u>
Increase/(Decrease) on the total service and interest cost (at 4.00%)	\$ 92	\$ (75)
Increase/(Decrease) on the defined benefit obligation (at 4.00%)	\$ 526	\$ (447)

## 16. Share Capital

	December 31, 2015	December 31, 2014
Authorized:		
Unlimited common shares		
Issued:		
40 common shares	\$ 155,629	\$ 155,629

Dividends may be declared by the Board of Directors through a resolution. In 2015, a dividend of \$15,639 (2014 - \$13,344) was declared and paid to the Shareholder of the Corporation.

## 17. Change in Working Capital

	December 31, 2015	December 31, 2014
Accounts receivable	\$ (5,896)	\$ (1,331)
Unbilled revenue	(5,010)	(2,996)
Inventories	(857)	(989)
Prepaid and deposits	33	687
Amount due to/from related parties, net	16,055	407
Accounts payable	9,564	(3,268)
Advance payments	(720)	1,244
Deferred revenue	(6)	-
Accrued PP&E and intangible assets	(3,640)	647
Increase (decrease) in working capital	\$ 9,523	\$ (5,599)

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 18. Related Party Transactions

The Corporation's operations include the provision of electricity and services to its principal shareholder, the City. Electricity is billed to the City at the prices and terms as any other Enersource Hydro customer not with an electricity retailer. Street lighting maintenance and construction services are provided at an exchange amount, as agreed to by the parties. A summary of amounts charged by the Corporation to the City is as follows:

	December 31, 2015	December 31, 2014
Electrical energy	\$ 11,863	\$ 10,912
Street lighting energy	5,064	5,843
Road projects	484	455

As at December 31, 2015, accounts payable and accrued liabilities include \$38 (December 31, 2014 - \$75) due to the City. Accounts receivable include \$1,742 (December 31, 2014 - \$2,342) due from the City.

During 2015, the Corporation incurred \$1,200 (2014 - \$1,179) for property taxes to the City.

The Corporation charged Borealis \$9 in 2015 (2014 - \$9) for an access agreement. These transactions were recorded at the exchange amount, agreed to by the parties.

Amounts due to related parties include \$15,331 (December 31, 2014 - \$nil) to parent company and other subsidiary under common control.

There was no amount due from the parent company in 2015 (December 31, 2014 - \$724) and other subsidiary under common control.

In 2015, a dividend of \$15,639 (2014 - \$13,344) was declared and paid to Enersource Corporation.

No Director had, during or at the end of the period, any material interest in any contract of significance in relation to the Corporation's business.

The following compensation has been provided to the key management personnel of the Corporation and members of the Board of Directors, who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

	December 31, 2015	December 31, 2014
Salaries and short term employee benefits	\$ 642	\$ 979
Retirement OMERS contributions	70	108
Other compensation	18	21
	\$ 730	\$ 1,108

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

## 19. Contingencies, Provisions, Commitments and Guarantees

### a) Contingencies

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of \$24,000 per occurrence. The Corporation has also obtained additional general liability insurance of \$10,000 per occurrence through Mearie Insurance Services Inc.

The Corporation has been jointly named as a defendant in several actions. No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

### b) Environmental provision

The Corporation is subject to Canadian federal, provincial and municipal environmental regulations. As part of the Corporation's risk mitigation strategy, environmental assessments and remediations are underway at various sites. The Corporation records a liability for the estimated future expenditures associated with testing and remediation of contaminated lands, caused by leaking transformers. Actual environmental expenditures may vary from these estimates. These estimates are reviewed at the end of each reporting period and adjusted to reflect the current best estimate at that point of time. As at December 31, 2015, the Corporation provided \$1,843 (December 31, 2014 - \$2,867) for testing and future site remediation. Based on the latest estimates and the remediation work plan, the entire provision is expected to be settled within twelve months of the reporting date.

	December 31, 2015	December 31, 2014
Environmental provision, beginning of year	\$ 3,042	\$ 2,825
Addition	1,122	1,000
Utilized in the year	(2,259)	(783)
	1,905	3,042
Discount of the provision	(62)	(175)
Environmental provision, end of year	\$ 1,843	\$ 2,867
Environmental provision, current	\$ 1,843	\$ 1,600
Environmental provision, non-current	-	1,267
Environmental provision, end of year	\$ 1,843	\$ 2,867

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 19. Contingencies, Provisions, Commitments and Guarantees (continued)

### c) Commitments

- (i) The Corporation has entered into two commercial lease arrangements which are recognized and reported as part of other costs in the statement of comprehensive income. For the year ended December 31, 2015, the Corporation recognized minimum lease payments of \$164 (December 31, 2014 - \$151) in the statement of comprehensive income.

The first lease has a life of one year with yearly renewal options. There are no restrictions placed upon the Corporation by entering into this lease. As at December 31, 2015, the Corporation's committed future minimum annual lease payments under this operating lease are \$156 for 2016. The future minimum lease commitments would change depending on the decision to renew the agreement.

The second lease has a life of ten years and shall be automatically extended on an annual basis. As at December 31, 2015, the Corporation's committed future minimum annual lease payments under this operating lease are \$24 for 2016.

- (ii) The Corporation has numerous cancellable operating leases which are predominantly in the form of encroachment permits required to place distribution infrastructure assets on a rights-of-way or private property. The lease terms are between one and twenty years, and the amounts of these leases are immaterial and have been included in other costs in the statement of comprehensive income.

### d) Guarantees

In the normal course of operations, the Corporation executes agreements that provide for indemnification to third parties in transactions such as service agreements, leases and purchases of goods. Under these agreements, the Corporation agrees to indemnify the counterparty against loss or liability arising from the acts or omissions of the Corporation in relation to the agreement.

## 20. Financial Instruments and Risk Management

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

Level 1 – inputs are unadjusted quoted prices for identical instruments in active markets,

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly, and

Level 3 – inputs that are not based on observable market data.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 20. Financial Instruments and Risk Management (continued)

The fair values of accounts receivable, unbilled revenue, amounts due to and from related parties, accounts payable and accrued liabilities approximate their carrying values due to the immediate or short maturity of these financial instruments. The fair values of bank loan, customer deposits and deposits payable approximate their carrying values taking into account interest accrued on the outstanding balance.

The Corporation's debentures have a principal amount of \$320,000 as at December 31, 2015 (December 31, 2014 - \$320,000) and have a fair value of \$377,791 (December 31, 2014 - \$382,629). The fair value has been calculated using level 3 inputs. The valuation techniques used took into consideration accrued interest, Government of Canada benchmark yields and statistical data.

Exposure to market risk, credit risk, and liquidity risk arises in the normal course of the Corporation's business.

### a) Market Risk

Market risk refers primarily to risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates.

The Corporation does not have a commodity risk as a result of changes in the market price of electricity, due to the flow through nature of the electricity purchases.

The Corporation's foreign exchange risk is not considered material since the exposure is limited to U.S. dollar cash and cash equivalents holdings of \$25 as at December 31, 2015 (December 31, 2014 - \$138).

The Corporation is exposed to short-term interest rate risk on its bank loan and its net cash and cash equivalent balances. The Corporation is also exposed to fluctuations in interest rates for the valuation of its post-retirement benefit obligations. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

### b) Credit Risk

The Corporation is exposed to credit risk as a result of counterparties failing to discharge an obligation.

The Corporation manages counterparties credit risk through various techniques including, limiting total exposure levels with individual counterparties consistent with the Corporation's policies, assessing and monitoring the credit exposures of counterparties. Short-term investments held as at December 31, 2015, met the credit exposure limits specified under the Corporation's Investment Policy.

The Corporation's distribution revenue is earned on a broad base of customers principally located in Mississauga. As a result, the Corporation did not earn a significant amount of revenue from any individual customer. As at December 31, 2015, there were no significant balances of accounts receivable due from any single customer.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 20. Financial Instruments and Risk Management (continued)

Management believes that the credit risk of accounts receivable is not significant due to the following reasons:

- (i) There is a broad base of customers with no single customer that accounts for revenue or an accounts receivable balance in excess of 10% of the respective balance in either year.
- (ii) The Corporation, as permitted by the OEB's Retail Settlement and Distribution System Code, may obtain a security deposit or letter of credit from customers to mitigate risk of payment default.
- (iii) The percentage of accounts receivable that is past due for more than 75 days is approximately 2.4% (2014 – 2.7%) of the total gross accounts receivable (See note 5).
- (iv) The Corporation included an amount for accounts receivable write-offs within operating expense for rate setting purposes.

### c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established \$50,000 banking line of credit, if required. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

Financial Liabilities	Due within 1 year	Due between 1 and 5 years	Due past 5 years
Bank overdraft	\$ 11,718	\$ -	\$ -
Accounts payable and accrued liabilities	112,932	-	-
Amounts due to related parties	15,331	-	-
Debentures payable (interest and principal)	16,097	190,484	432,474
Bank loan (interest and principal)	1,601	60,660	-
<b>Total</b>	<b>\$ 157,679</b>	<b>\$ 251,144</b>	<b>\$ 432,474</b>

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 21. Regulatory assets and liabilities

IFRS 14 Regulatory Deferral Accounts was issued by the IASB on January 30, 2014 and permits first time adopters of IFRS to use previous Generally Accepted Accounting Principles to account for regulatory deferral account balances. As the Corporation is not a first time adopter, the Corporation does not recognize assets and liabilities arising from rate regulated activities.

Total regulatory balances that have been derecognized under IFRS that will be recovered or refunded through future distribution rates are as follows:

	December 31, 2014	2015 activity	December 31, 2015
Net regulatory assets (liabilities), excluding other comprehensive (income)/loss	\$ 5,109	\$ (1,320)	\$ 3,789
Other comprehensive income (loss)	(573)	5	(568)
<b>Net regulatory assets (liabilities)</b>	<b>\$ 4,536</b>	<b>\$ (1,315)</b>	<b>\$ 3,221</b>

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, as well as members of key management having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This group is determined to be the Chief Operating Decision Maker and it assesses operating performance principally on the basis of earnings adjusted for regulatory items as shown below.

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
<b>2015</b>			
Energy sales	\$ 848,230	\$ -	\$ 848,230
Distribution	125,605	(2,271)	123,334
Other revenue	28,790	-	28,790
	1,002,625	(2,271)	1,000,354
Energy purchases	(848,230)	3,930	(844,300)
Operating expenses	(81,334)	4	(81,330)
Depreciation and amortization	(31,346)	(155)	(31,501)
Interest income	754	(366)	388
Interest expense	(17,226)	178	(17,048)
Profit before income tax expense	25,243	1,320	26,563
Income tax expense	(2,204)	(4,772)	(6,976)
Other comprehensive loss, net of tax	-	(4)	(4)
<b>Comprehensive income (loss) for year ended December 31, 2015</b>	<b>\$ 23,039</b>	<b>\$ (3,456)</b>	<b>\$ 19,583</b>

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements  
(In thousands of Canadian dollars)  
Years ended December 31, 2015 and 2014

## 21. Regulatory assets and liabilities (continued)

2014	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
Energy sales	\$ 786,505	\$ -	\$ 786,505
Distribution	123,629	(11,954)	111,675
Other revenue	19,270	-	19,270
	929,404	(11,954)	917,450
Energy purchases	(786,505)	(15,290)	(801,795)
Operating expenses	(66,560)	(22)	(66,582)
Depreciation and amortization	(29,246)	(183)	(29,429)
Interest income	751	(263)	488
Interest expense	(16,664)	218	(16,446)
Profit (loss) before income tax expense	31,180	(27,494)	3,686
Income tax (expense) recovery	(5,115)	4,164	(951)
Other comprehensive loss, net of tax	-	(440)	(440)
Comprehensive income (loss) for year ended December 31, 2014	\$ 26,065	\$ (23,770)	\$ 2,295

The most significant regulatory activities included in the regulatory adjustments are:

- (i) Retail settlement variances are caused by the difference between the actual price of the electricity commodity throughput and the prices set by the OEB. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, the Corporation would have adjusted energy purchases for these variances. Under IFRS, the Corporation recognizes these differences in future periods as an increase or decrease to distribution revenue.
- (ii) The OEB approved a variance account to record lost revenues associated with the delivery of CDM programs. The variance account tracks the difference between the results of actual, verified impacts of CDM activities and the level of CDM program activities included in the distributor's load forecast. The Corporation may recover or refund this revenue through future distribution rates.
- (iii) The OEB requires the Corporation to track the difference between revenue and costs associated with providing retailers with customer settlement services as retail cost variance account deferrals. Under IFRS, the Corporation recognizes these differences as an increase or decrease to distribution revenue when incurred and will recover or refund these differences through future distribution rates.

# ENERSOURCE HYDRO MISSISSAUGA INC.

Notes to the Financial Statements

(In thousands of Canadian dollars)

Years ended December 31, 2015 and 2014

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## 21. Regulatory assets and liabilities (continued)

- (iv) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses and funding adders approved by the OEB related to the connection of renewable generation or the development of smart grid. Under IFRS, the Corporation capitalizes or expenses these items as incurred and recognizes revenue in accordance with the Corporation's revenue recognition policy.
- (v) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, the Corporation capitalizes or expenses the amounts in the period they were incurred.
- (vi) The OEB requires the Corporation to accrue interest on regulatory assets and liabilities balances. Under IFRS, the Corporation recognizes the net interest on these balances in future periods as an increase or decrease to distribution revenue once approved for recovery or refund by the OEB.
- (vii) The OEB approved a deferral account to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, the Corporation recognizes any re-measurements of the post-employment net defined liability in other comprehensive income.

To the extent that the OEB's future actions are different from the Corporation's expectations, the timing and amount of recovery or settlement of amounts included in the adjustment for regulatory activities could be significantly different from the amounts that are eventually recovered or settled through distribution rates in the future.

## 22. Conservation and Demand Management

The Corporation recognized \$23,985 (2014 - \$14,563) of IESO funding in other revenue for the year ended December 31, 2015. The Corporation recognized \$21,311 (2014 - \$14,546) of IESO costs under operating expenses for the year ended December 31, 2015. The Corporation currently has no unfilled obligations relating to the government grants received by the IESO.

**ATTACHMENT 6  
HORIZON UTILITIES 2016 AUDITED  
FINANCIAL STATEMENTS**

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**Horizon Utilities Corporation**  
**Auditors' Report to the Shareholder**  
**and Consolidated Financial Statements**  
**Year Ended December 31, 2016 and**  
**December 31, 2015**



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Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Horizon Utilities Corporation

We have audited the accompanying consolidated financial statements of Horizon Utilities Corporation, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Horizon Utilities Corporation as at December 31, 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

March 3, 2017  
Hamilton, Canada

# Horizon Utilities Corporation

## Table of Contents to Consolidated Financial Statements

As at and for the year ended December 31, 2016

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Consolidated Statement of Financial Position	1
Consolidated Statement of Income and Comprehensive Income	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	6

# Horizon Utilities Corporation

## Consolidated Statement of Financial Position

As at December 31, 2016

(stated in thousands of Canadian dollars)

	Note	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Accounts receivable		122,086	108,197
Accounts receivable from corporations under common control	20	264	739
Inventory	5	9,412	8,339
Other assets		3,033	2,991
		134,795	120,266
<b>Non-current assets</b>			
Property, plant and equipment	6	465,090	438,446
Deferred payments in lieu of income taxes	9	8,695	14,868
Intangible assets	7	19,922	23,279
Goodwill	8	18,923	18,923
		512,630	495,516
<b>Total assets</b>		<b>647,425</b>	<b>615,782</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness	4	7,085	876
Accounts payable and accrued liabilities		73,247	69,074
Accounts payable to corporations under common control	20	18,361	17,031
Current portion of long term borrowings	11	143	143
Current portion of obligations under capital cost recovery agreements	12	7,101	16,626
Credit support for service delivery	10	22,671	21,454
Reimbursements from Independent Electricity System Operator ("IESO")	22	4,320	4,511
		132,928	129,715
<b>Non-current liabilities</b>			
Long term borrowings	11	189,694	189,753
Employee future benefits	13	29,897	29,760
Deferred revenue		36,453	29,738
		256,044	249,251
<b>Total liabilities</b>		<b>388,972</b>	<b>378,966</b>
<b>Shareholder's equity</b>			
Share capital	15	123,593	123,593
Contributed surplus		15,218	15,218
Accumulated other comprehensive loss		(6,011)	(6,463)
Retained earnings		125,653	104,468
<b>Total shareholder's equity</b>		<b>258,453</b>	<b>236,816</b>
<b>Total liabilities and shareholder's equity</b>		<b>647,425</b>	<b>615,782</b>

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:



Director



Director

# Horizon Utilities Corporation

## Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

	Note	2016	2015
Sale of energy		619,396	563,433
Distribution revenue	16	124,522	110,377
Other income from operations	17	13,560	14,780
<b>Total revenues</b>		<b>757,478</b>	<b>688,590</b>
Expenses:			
Cost of power purchased		612,377	554,983
Operating expenses		66,538	68,297
Depreciation and amortization		25,248	24,354
		<b>704,163</b>	<b>647,634</b>
<b>Income from operating activities</b>		<b>53,315</b>	<b>40,956</b>
Loss on sale and disposal of property, plant and equipment		(2,115)	(1,502)
Finance income	18	147	117
Finance charges	18	(7,385)	(7,141)
Income before payments in lieu of income taxes		43,962	32,430
Provision for payments in lieu of income taxes	9	11,686	7,418
<b>Net income</b>		<b>32,276</b>	<b>25,012</b>
<b>Items that will not be reclassified to net income, net of tax</b>			
Remeasurements of the net employee future benefit liability		452	249
<b>Other comprehensive income</b>		<b>452</b>	<b>249</b>
<b>Total comprehensive income, net of tax</b>		<b>32,728</b>	<b>25,261</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Total
<b>Balance at January 1, 2016</b>	123,593	15,218	104,468	(6,463)	236,816
Net income	—	—	32,276	—	32,276
Other comprehensive income	—	—	—	452	452
Dividends	—	—	(11,091)	—	(11,091)
<b>Balance at December 31, 2016</b>	123,593	15,218	125,653	(6,011)	258,453
<b>Balance at January 1, 2015</b>	123,593	15,218	91,575	(6,712)	223,674
Net income	—	—	25,012	—	25,012
Other comprehensive income	—	—	—	249	249
Dividends	—	—	(12,119)	—	(12,119)
<b>Balance at December 31, 2015</b>	123,593	15,218	104,468	(6,463)	236,816

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Consolidated Statement of Cash Flows

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

	Note	2016	2015
<b>OPERATING ACTIVITIES</b>			
Net income		32,276	25,012
Adjustments to reconcile net income to cash provided by (used in) operations:			
Depreciation and amortization	6,7	25,248	24,354
Loss on sale and disposal of property, plant and equipment		2,115	1,502
Provisions for payments in lieu of income taxes	9	5,680	4,210
Deferred payments in lieu of income taxes	9	6,006	3,208
Amortization of deferred revenue		(933)	(770)
Finance income		(147)	(117)
Finance charges		7,385	7,141
Change in employee future benefits		752	668
Change in other assets and liabilities	19	(9,414)	(10,955)
		68,968	54,253
Finance charges paid		(7,458)	(7,038)
Finance charges received		148	118
Payments in lieu of income taxes paid		(5,201)	(2,606)
<b>Cash from operating activities</b>		<b>56,457</b>	<b>44,727</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment and intangible assets		(51,636)	(44,700)
Proceeds from sale of property, plant and equipment		551	445
<b>Cash used in investing activities</b>		<b>(51,085)</b>	<b>(44,255)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds of credit support for service delivery		1,217	3,309
(Reductions of reimbursements) reimbursements from IESO		(191)	2,474
Contributions received from customers		7,649	5,107
Obligations under capital cost recovery agreements		(9,021)	—
Finance lease payments		(144)	(245)
Dividends paid		(11,091)	(12,119)
<b>Cash used in financing activities</b>		<b>(11,581)</b>	<b>(1,474)</b>
<b>Increase in bank indebtedness</b>		<b>(6,209)</b>	<b>(1,002)</b>
<b>(Bank indebtedness) cash and cash equivalents, beginning of year</b>		<b>(876)</b>	<b>126</b>
<b>Bank indebtedness, end of year</b>		<b>(7,085)</b>	<b>(876)</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Table of Contents to the Consolidated Financial Statement Notes

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

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<b>Note</b>		<b>Page</b>
1	Reporting entity	6
2	Basis of preparation	6
3	Significant accounting policies	10
4	Bank indebtedness	17
5	Inventory	17
6	Property, plant and equipment	18
7	Intangible assets	19
8	Goodwill	19
9	Payments in lieu of income taxes	20
10	Credit support for service delivery	21
11	Long term borrowings	21
12	Obligations under capital cost recovery agreements	22
13	Employee future benefits	23
14	Pension plan	24
15	Share capital	24
16	Distribution revenue	25
17	Other income from operations	25
18	Finance income and charges	25
19	Cash flow information	26
20	Related party transactions	26
21	Financial instruments and risk management	27
22	Commitments and contingencies	29
23	Subsequent event	30

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 1. REPORTING ENTITY

Horizon Utilities Corporation (the "Corporation") is one of Ontario's largest municipally owned electricity distribution companies, delivering electricity and related utility services to more than 245,000 residential and commercial customers in Hamilton and St. Catharines. The address of the Corporation's registered office is 55 John Street North, Hamilton, Ontario, Canada.

The Corporation also has a 99.99% ownership interest in Solar Sunbelt General Partnership ("Solar Sunbelt GP"), which has been established to undertake a solar generation business. The Corporation is also the managing partner of Solar Sunbelt GP.

The Corporation is 100% owned by Horizon Holdings Inc. ("HHI"). HHI is 78.9% owned by Hamilton Utilities Corporation ("HUC") and 21.1% owned by St. Catharines Hydro Inc. ("SCH").

### 2. BASIS OF PREPARATION

#### a. Statement of Compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

#### b. Approval of the financial statements

The financial statements were approved by the Board of Directors on March 3, 2017.

#### c. Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

#### d. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

#### e. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- (i) Note 6 - Property, plant and equipment: estimation of useful lives
- (ii) Note 7 - Intangible assets: estimation of useful lives
- (iii) Note 8 - Goodwill: key assumptions underlying recoverable amount for goodwill impairment testing
- (iv) Note 12 - Obligations under capital cost recovery agreements: estimation of capital contribution shortfalls and corresponding intangible assets
- (v) Note 13 - Employee future benefits: key actuarial assumptions
- (vi) Note 21 - Financial instruments and risk management: estimation of allowance for impairment of accounts receivable

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### e. Use of estimates and judgements (Continued)

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- (i) Note 3 - Revenue: whether the Corporation is a principal or agent for sale of energy
- (ii) Note 11 - Long term borrowings: lease classification
- (iii) Note 22 - Commitments and contingencies: whether a contingency is a liability

#### f. Regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include: approving or fixing rates for the transmission and distribution of electricity; providing continued rate protection for rural and remote residential electricity consumers; and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things: record keeping; regulatory accounting principles; separation of accounts for distinct business; and filing and process requirements for rate setting purposes.

##### Rate setting

The electricity distribution rates and other regulated charges of the Corporation are determined in a manner that provides shareholders with opportunity to earn a regulated Maximum Allowable Return on Equity ("MARE") on the amount of shareholder's equity supporting the business of electricity distribution, which is also determined by regulation.

##### *Rate Applications*

The OEB regulates the electricity distribution rates charged by LDCs, such as the Corporation, through periodic rate applications to the OEB and its ongoing monitoring and reporting requirements. At present, LDCs may apply to the OEB for electricity distribution rates under options specified in its Report of the Board - A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach ("RRFE"). The three rate-setting methods available to LDCs under the RRFE are: Price Cap Incentive Rate-setting ("Price Cap IR"); Custom Incentive Rate-setting ("Custom IR"); or Annual Incentive Rate-setting Index.

On April 16, 2014, the Corporation submitted its 2015 Custom IR application to the OEB to adjust the electricity distribution rates charged to customers in each of the years 2015 to 2019 inclusive. As part of the application, the Corporation submitted a Distribution System Plan providing for the modernization, expansion and maintenance of the distribution system.

On December 11, 2014, the OEB issued its Decision and Order on this application. Based on the Decision and Order, the resulting change to the distribution portion of the bill for a typical residential customer consuming 800 kWh per month will be, approximately: 5.40% increase in 2015; 3.73% increase in 2016; 0.79% increase in 2017; (0.03%) decrease in 2018; and 2.35% increase in 2019. Management expects that the increases to its revenues resulting from this Decision and Order will support sustainable investment and maintenance of the distribution system through the effective period of this application from 2015 to 2019.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### *Rate Applications (Continued)*

On August 11, 2016, the Corporation submitted its second Annual Filing (the "Filing") to its five year Custom IR Application for electricity distribution rates effective January 1, 2017. The Filing incorporated annual adjustments provided in the Decision to the Custom IR Application. In this Filing, the Corporation adopted and implemented the following policy changes issued by the OEB corresponding to: (i) rate design for residential electricity customers; (ii) cost allocation policy for street lighting rate class; and (iii) implemented the Ontario Electricity Support Program ("OESP").

On January 12, 2017, the OEB issued its Decision and Order on the Filing resulting in a change to the distribution portion of the bill for a typical residential customer consuming 750 kWh per month of approximately (1.65%) decrease in 2017.

##### Application for approval to amalgamate

On April 18, 2016, the Corporation, PowerStream Inc., and Enersource Hydro Mississauga Inc. submitted a Mergers, Acquisitions, Amalgamations and Divestitures Application ("MAADs Application") to the OEB requesting approval to amalgamate to form a new corporation. It also sought approval for the new corporation to purchase the shares of and amalgamate with Hydro One Brampton Networks Inc. under section 86 of the *Ontario Energy Board Act, 1998* ("Act"). Section 86 of the Act requires that the OEB review applications for a merger, acquisition of shares, amalgamation or divestiture that result in a change of ownership or control of an electricity transmitter or distributor and approve applications which are in the public interest.

As part of the MAADs Application, approval was requested for: (i) transfer of the distribution licenses and rate orders for each of the applicants and Hydro One Brampton to the new corporation under section 86 of the Act; (ii) an electricity distributor license for the new corporation under section 60 of the Act; and (iii) temporary exemptions from section 2.6.1A of the Distribution Service Code under section 74 of the Act.

In reviewing the MAADs Application, the OEB applied its No Harm Test which considered whether the proposed transaction would have an adverse effect on the attainment of the OEB's statutory objectives as set out in section 1 of the Act. In order to receive OEB approval of the MAADs Application, the proposed transaction must result in a positive or neutral effect on the attainment of these objectives.

On December 8, 2016, the OEB issued its Decision and Order on this application. It found the proposed amalgamation met the No Harm Test and approved the transaction. Additional information relating to the amalgamation is provided in Note 23.

##### Select Energy Policies and Regulation Affecting the Corporation

##### *A New Distribution Rate Design for Residential Electricity Customers*

On April 2, 2015, the OEB issued a policy providing for fully fixed distribution charges for residential electricity customers. The implementation of this New Distribution Rate Design for residential electricity customers will be phased in over a four year period commencing January 2016. This policy is focused on only the distribution rate component of electricity charges. Distribution rates are designed to recover the costs for the poles, wires, meters, transformer stations, trucks and computer systems that convey electricity from the high voltage transmission system to individual homes. Under the new policy, electricity distributors will structure residential rates so that all the costs for distribution service are collected through a fully fixed monthly charge. Current distribution rate design is a combination of a fixed monthly rate and a separate usage (i.e., variable) rate. Electricity charges corresponding to the electricity generation, transmission and system operations are not affected by this policy.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### Select Energy Policies and Regulation Affecting the Corporation (Continued)

###### *Monthly Billing Requirement for Electricity Distributors in Ontario*

On April 15, 2015, the OEB announced that, by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. This policy change incorporates an expectation that distributors will issue bills based on actual meter reads rather than estimates, at least 98% of the time. The amendments regarding estimated billing and billing accuracy came into force on April 15, 2015. The amendment regarding monthly billing came into force on December 31, 2016. As part of the OEB's decision on the MAADs Application, the OEB approved an extension for the Corporation to implement monthly billing on or before June 30, 2017.

###### *New Cost Allocation Policy for Street Lighting Rate Class*

On June 12, 2015, the OEB issued a letter outlining a new cost allocation policy for the Street Lighting customer class: one-device-per-connection (1:1) system; and multiple-device-per-connection (or daisy-chain) systems. The new cost allocation policy for Street Lighting introduces a "Street Lighting adjustment factor" that will be used to allocate costs to the Street Lighting class for the allocation of costs related to primary and line transformer assets. The Street Lighting adjustment factor replaces the "number of connections" allocator in the cost allocation model. Based on the Decision to the Custom IR Application, the OEB directed the Corporation to update the methodology for cost allocation related to Street Lighting pending the outcome of this initiative. The OEB's new cost allocation policy was incorporated into rates in 2016.

###### *Defining Ontario's Typical Electricity Customer*

On April 14, 2016, the OEB announced that the standard used for reporting the monthly electricity consumption of a typical residential customer be updated as 750kWh per month, which is lower than the former standard of 800kWh. Recent review indicates that average residential consumption has declined significantly since the former standard was last established in late 2009.

###### *New 2015-2020 Conservation and Demand Management Framework*

On March 26, 2014, the Minister of Energy issued a directive to the OEB to amend the licences of electricity distributors with new requirements to: deliver Conservation and Demand Management ("CDM") programs available to customers that are designed to achieve energy reductions; meet CDM requirements through either the IESO (formerly the Ontario Power Authority "OPA") programs, LDC programs, or a combination of the two; and make the results of local programs available to other distributors on request. The coordination and integration of CDM and Demand Side Management ("DSM") activities is intended to achieve energy efficiencies and deliver convenient integrated programs for electricity and natural gas customers. The OEB issued the amendments to LDC licenses on December 18, 2014.

On March 31, 2014, the Minister of Energy issued a directive to the IESO to coordinate, support and fund the delivery of CDM programs through electricity distributors to achieve a total of 7 Terawatt Hours ("TWh") of reductions in electricity consumption between January 1, 2015 and December 31, 2020. The IESO has allocated a target of 330,680 MWh savings over the years 2015-2020 to the Corporation. A joint CDM plan with another LDC was prepared outlining the programs to achieve the targeted savings. The IESO approved the joint CDM plan on May 29, 2015.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### Select Energy Policies and Regulation Affecting the Corporation (Continued)

##### *Prior 2011-2014 Conservation and Demand Management Framework*

The Corporation achieved 107.49% of its energy target and 80.85% of its peak demand target. The Corporation qualified for performance incentive payments from the OEB since it exceeded 80% of both its demand reduction and consumption reduction targets.

On April 14, 2016, the OEB, issued its Decision and Order for the Corporation's application for approval of amounts related to the CDM Performance Incentive. The OEB approved the Corporation's application for the performance incentive of \$270,624, the total amount applied for in the application.

##### *Low-Income Assistance Strategy Review*

On March 26, 2015, the Minister of Energy announced the Ontario Electricity Support Program ("OESP"), a support program for low-income electricity consumers in Ontario. The OEB recommended that the program offer ongoing, and on-bill, rate assistance to customers with limited financial resources. The OESP will be funded by all ratepayer classes. On November 19, 2015, the OEB set a rate of \$0.0011 per kWh to fund the OESP, effective January 1, 2016.

##### Other Matters

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect future electricity distribution rates and other permitted regulatory recoveries of the Corporation.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

#### a. Basis of consolidation

These consolidated financial statements include the accounts of Horizon Utilities Corporation and its 99.99% investment in Solar Sunbelt GP.

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it has power over, exposure or rights to investee variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date of which control ceases.

When the Corporation ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any other components of equity. Any resulting gain or loss is recognized in income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All significant inter-company accounts and transactions have been eliminated.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b. Financial instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities.

These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in Note 3(g).

The Corporation does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

#### c. Inventory

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

#### d. Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at historical cost or deemed cost, less accumulated depreciation and accumulated impairment losses, if any. Where an item is transferred from customers, it is measured at fair value at the date of transfer less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation, direct labour, directly attributable overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset using the weighted average cost of debt incurred on the Corporation's external borrowings. Qualifying assets are considered to be those that take more than twelve months to construct.

In circumstances where parts of an item of PP&E have different useful lives, such are accounted for as separate items (major components) of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing part of an item of PP&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PP&E are recognized in net income as incurred.

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E.

Land is not depreciated.

Construction-work-in-progress assets are not amortized until the project is complete and available for use. The estimated useful lives for the current and comparative years are as follows:

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Buildings	30 - 40 years
Distribution system equipment	15 - 70 years
Other PP&E	3 - 15 years
Leasehold improvements	Over lease term

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# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Property, plant and equipment (Continued)

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

Other PP&E includes vehicles, office, and computer equipment.

Gains and losses on disposal of an item of PP&E are recognized in income and determined by the difference between proceeds from disposal and the carrying amount of PP&E.

Depreciation methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted prospectively.

#### e. Intangible assets

Intangible assets include computer software and capital contributions paid under capital cost recovery agreements.

Intangible assets are measured at historical or deemed cost less accumulated amortization.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives of intangible assets are as follows:

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Computer software	2 - 5 years
Capital contributions under capital cost recovery agreements	16 - 25 years

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Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively.

#### f. Goodwill

Goodwill arising on the acquisition of subsidiaries or on amalgamation is measured at cost and is not amortized.

#### g. Impairment

##### i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount.

All impairment losses are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in net income.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g. Impairment (Continued)

##### ii. Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of income taxes assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the recoverable amount of the asset is estimated. The recoverable amount of goodwill is estimated as at December 31.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use and, further, that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, net of tax, that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### h. Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate, net of tax, that corresponds to current market assessments of the time value of money and the risks specific to the liability.

#### i. Employee future benefits

##### i. Pension Plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i. Employee future benefits (Continued)

##### ii. Other than pension

The Corporation provides its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the Plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has incorporated its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting such to determine its present value. Any unrecognized past service costs are deducted. The discount rate is the interest yield, at the reporting date, on high quality debt instruments with duration similar to the duration of the plan.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligation and the current service costs are actuarially determined by applying the projected unit credit method and incorporate management's best estimate of certain underlying assumptions. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, these increases are recognized immediately in net income.

#### j. Credit support for service delivery

Credit support for service delivery represents cash deposits from electricity distribution customers as well as construction deposits.

Deposits from electricity distribution customers are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution service. In accordance with OEB regulations, customer deposits are also refundable to residential electricity distribution customers demonstrating an acceptable level of credit risk, as determined by the Corporation.

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded as credit support for service delivery, a current liability. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to deferred revenue.

#### k. Deferred revenue and assets transferred from customers

Assets received as capital contributions are initially recognized at fair value, with the corresponding value of capital contribution recognized as deferred revenue.

Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis, as a component of other income from operations, over the terms of the agreements with respective customers or the economic useful life of the acquired or contributed assets, which represents the period of ongoing service to customers.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Revenue

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for electricity distribution and therefore has presented the electricity revenues on a gross basis.

Revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges, and any other regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Electricity revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the year. Revenue is measured at the fair value of the consideration received or receivable, net of sales tax.

Customer billings for Ontario debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Performance incentive payments under CDM programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payments will be received.

Water billing revenue is recorded net of the water revenue paid to the City of Hamilton and is recognized in the period the billing services are rendered.

All other revenues are recorded on a gross basis and are recognized when services are rendered.

#### m. Leased assets

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's Statement of Financial Position. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

#### n. Finance income and finance charges

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents.

Finance charges are calculated using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of qualifying assets. Finance charges comprise: interest on borrowings; interest on credit support for service delivery; interest and penalties on income tax payments; and letter of credit and standby fees.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o. Payments in lieu of income taxes

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts").

Pursuant to the Electricity Act, 1998 (Ontario) ("EA"), and as a consequence of its exemption from income taxes under the Tax Acts, the Corporation is required to make payments in lieu of income taxes ("PILs") to the OEFC. These payments are calculated in accordance with the Tax Acts. These amounts are applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC.

PILs comprises current and deferred payments in lieu of income tax. PILs is recognized in income and loss except to the extent that it relates to items recognized directly in either comprehensive income or in equity, in which case, it is recognized in comprehensive income or in equity.

Current PILs is the expected amount of cash taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred PILs comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred PILs assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred PILs assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred PILs asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred PILs assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### p. Set-off and reporting on a net basis

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. Offsetting is permitted for financial assets and financial liabilities when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### q. Future changes in accounting policy and disclosures

The Corporation is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

##### *Revenue Recognition*

In April 2016, the IASB issued amendments to IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), which was originally issued in May 2015. These amendments do not change the underlying principles of the standard but clarify how those principles should be applied. IFRS 15 replaces all existing revenue requirements in IFRS, including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 15 *Agreements for Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Revenue - Barter Transactions* and applies to all revenues arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 *Leases*. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position, and disclosures.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### q. Future changes in accounting policy and disclosures (Continued)

##### *Financial Instruments*

In July 2014, the IASB issued a new standard, IFRS 9 *Financial Instruments* ("IFRS 9"), which will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

##### *Leases*

In January 2016, IASB issued IFRS 16 *Leases* ("IFRS 16"), which replaces IAS 17 *Leases* ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Corporation does not expect a significant impact of IFRS 16 on its results of operations, financial positions, and disclosures.

### 4. BANK INDEBTEDNESS

Bank indebtedness represents an overdraft on the Corporation's bank balances at the year-end.

### 5. INVENTORY

During fiscal year 2016, an amount of \$13 (2015 - \$16) was recorded as an expense for the write-down of obsolete or damaged inventory to net realizable value.

The amount of inventory consumed by the Corporation and recognized as an expense during 2016 was \$491 (2015 - \$539).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Other distribution system equipment	Other PP&E	Construction work-in-progress	Total
<i>Cost or deemed cost</i>					
Balance at January 1, 2016	31,116	454,604	32,829	5,723	524,272
Additions	3,334	46,757	2,005	(861)	51,235
Disposals	—	(3,321)	—	—	(3,321)
Balance at December 31, 2016	34,450	498,040	34,834	4,862	572,186
Balance at January 1, 2015	27,274	424,842	29,633	6,152	487,901
Additions	4,182	35,882	3,196	(429)	42,831
Disposals	(340)	(6,120)	—	—	(6,460)
Balance at December 31, 2015	31,116	454,604	32,829	5,723	524,272
<i>Accumulated amortization</i>					
Balance at January 1, 2016	5,825	61,426	18,575	—	85,826
Additions	1,235	16,957	3,735	—	21,927
Disposals	—	(657)	—	—	(657)
Balance at December 31, 2016	7,060	77,726	22,310	—	107,096
Balance at January 1, 2015	4,873	49,634	14,457	—	68,964
Additions	1,292	15,965	4,118	—	21,375
Disposals	(340)	(4,173)	—	—	(4,513)
Balance at December 31, 2015	5,825	61,426	18,575	—	85,826
<i>Carrying amounts</i>					
December 31, 2016	27,390	420,314	12,524	4,862	465,090
December 31, 2015	25,291	393,178	14,254	5,723	438,446

During the year, borrowing costs of \$69 (2015 - \$88) were capitalized as part of the cost of property, plant and equipment. A capitalization rate of 3.36% (2015 - 3.42%) was used to determine the amount of borrowing costs to be capitalized.

The net carrying amount of leased equipment is \$314 (2015 - \$463).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 7. INTANGIBLE ASSETS

	Capital contributions under CCRA	Computer software	Total
<i>Cost or deemed cost</i>			
Balance at January 1, 2016	19,046	15,651	34,697
Other additions	(504)	468	(36)
Balance at December 31, 2016	18,542	16,119	34,661
Balance at January 1, 2015	12,420	13,694	26,114
Other additions	6,626	1,957	8,583
Balance at December 31, 2015	19,046	15,651	34,697
<i>Accumulated amortization</i>			
Balance at January 1, 2016	2,253	9,165	11,418
Other additions	985	2,336	3,321
Balance at December 31, 2016	3,238	11,501	14,739
Balance at January 1, 2015	1,455	6,984	8,439
Other additions	798	2,181	2,979
Balance at December 31, 2015	2,253	9,165	11,418
<i>Carrying amounts</i>			
December 31, 2016	15,304	4,618	19,922
December 31, 2015	16,793	6,486	23,279

### 8. GOODWILL

Management has determined that the Corporation's rate-regulated operations are one cash-generating unit. As the goodwill corresponds to the rate-regulated operations, the goodwill was allocated to that cash-generating unit. The Corporation performed an impairment test as at December 31, 2016 based on an estimate of the Corporation's fair value less selling costs. Fair value less selling costs was determined using a multiple of regulated rate base approach and was based on the following key assumptions:

- The multiple of rate base approach is a valuation technique used in the industry for purchase and sale transactions. A multiple is applied to the rate base of regulated assets to determine the value of the utility;
- The multiple of rate base is a key assumption in the determination of fair value less selling costs. Management utilized a range of multiples in the analysis to determine the recoverable amount of goodwill;  
The multiple of rate base used ranged from 1.35 to 1.45;
- Management obtained information regarding multiples used for recent purchase and sale transactions within the industry; and
- The fair value estimate is categorized as a Level 2 input.

The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 9. PAYMENTS IN LIEU OF INCOME TAXES

The provision for payments in lieu of income taxes recognized in income is as follows:

	2016	2015
Current PILs:		
Current year	5,680	4,210
Deferred PILs:		
Origination and reversal of temporary differences	6,006	3,208
Provision for payments in lieu of income taxes	11,686	7,418

#### Reconciliation of effective tax rate

PILs varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2016	2015
Basic rate applied to income before payments in lieu of income taxes	26.5%	26.5%
Increase (decrease ) in PILs resulting from:		
Items not deductible for tax purposes and other	0.2%	(3.5%)
Effective rate applied to income before payments in lieu of income taxes	26.7%	23.0%

#### Deferred payments in lieu of income taxes balances

Significant components of the Corporation's deferred payments in lieu of income taxes balances are as follows:

	2016	2015
Deferred PILs assets:		
Property, plant and equipment and intangibles	2,978	4,228
Non-deductible reserves	9,133	9,074
Obligations under capital cost recovery agreement	2,015	2,015
Deferred PILs liabilities:		
Bond issuance costs	(125)	(103)
Regulatory liabilities	(5,306)	(346)
Net deferred PILs assets	8,695	14,868

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 10. CREDIT SUPPORT FOR SERVICE DELIVERY

Credit support for service delivery represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. These customer deposits bear interest at Canada's Prime Business rate less 2.0%, which is 0.7% per annum as of December 31, 2016.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Corporation in compliance with policies set by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

	2016	2015
Customer deposits	13,239	12,429
Construction deposits	9,432	9,025
Total credit support for service delivery	22,671	21,454

### 11. LONG TERM BORROWINGS

Long term borrowings comprise promissory notes and finance lease liability.

	2016	2015
Promissory note payable to Horizon Holdings bearing interest at 4.89% and due July 21, 2020	40,000	40,000
Promissory note payable to Horizon Holdings bearing interest at 3.033% and due July 25, 2022	150,000	150,000
Finance lease liability	315	458
Transaction costs on promissory note payable to Horizon Holdings bearing interest at 3.033% and due July 25, 2022	(857)	(857)
Net long term borrowing	189,458	189,601
Accreted interest	379	295
Total long term borrowings	189,837	189,896
Current	143	143
Non-current	189,694	189,753
	189,837	189,896

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 11. LONG TERM BORROWINGS (Continued)

Long-term borrowings comprise two promissory notes payable to Horizon Holdings Inc.:

- i. \$40,000 (2015 - \$40,000) bearing interest at 4.89% per annum which is payable semi-annually on January 21 and July 21. This promissory note is unsecured and matures on July 21, 2020.
- ii. \$150,000 (2015 - \$150,000) bearing interest at 3.033% per annum which is payable semi-annually on January 25 and July 25. This promissory note is unsecured and matures on July 25, 2022.

The Corporation paid interest in respect of the promissory notes payable of \$6,506 (2015 - \$6,506).

Finance lease liability is payable as follows:

	Future minimum payments	Interest	Present value of minimum payments
Less than one year	146	1	145
Total	316	1	315

### 12. OBLIGATIONS UNDER CAPITAL COST RECOVERY AGREEMENTS

The Corporation is party to connection and cost recovery agreements ("CCRA(s)") with HONI. Such agreements provide for the construction by HONI of transformer stations ("TS(s)") to the distribution system for the purpose of serving the Corporation's customers, including anticipated electricity load growth.

Under the CCRAs, the Corporation is required to provide HONI with an initial capital contribution ("Initial Capital Contribution") based on the difference (the "Difference") between the total capital cost of constructing the TS and a projection of transformation revenue ("HONI Revenue") earned on the conveyance of electricity through such TS. The Difference represents a debt obligation of the Corporation based on the extent that historical actual and forecast HONI Revenue through the CCRA term is less than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution. Conversely, the Corporation is entitled to a rebate of the Initial Capital Contribution based on the extent that historical actual and forecast HONI Revenue through the CCRA term is greater than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution.

Based on a review of two CCRAs with HONI for TS facilities constructed in 2003, the Corporation estimated a shortfall to HONI for TS Revenue relative to that projected as bases for the determination of respective Initial Capital Contributions. As a result of such a shortfall and based on the terms of the CCRAs, the Corporation has recorded Obligations Under Capital Cost Recovery Agreements and a corresponding intangible asset of \$10,000 as at December 31, 2012.

Based on a review of three additional CCRAs with HONI for TS facilities constructed in 2006, 2011, and 2013, the Corporation estimated additional shortfalls to HONI for TS Revenue relative to that projected as bases for the determination of respective Initial Capital Contributions. As a result of such shortfalls and based on the terms of the CCRAs, the Corporation has recorded incremental Obligations Under Capital Cost Recovery Agreements and a corresponding intangible asset of \$6,626 as at August 31, 2015. Total Obligations Under Capital Cost Recovery Agreements amount to \$16,626 as at December 31, 2015.

In 2015 the Corporation received and accepted a settlement proposal from HONI in respect of three of the aforementioned CCRAs in the amount of \$9,022. The related payment of this settlement occurred on February 19, 2016. In 2016, the Corporation received and accepted a settlement proposal from HONI in respect of the remaining two aforementioned CCRAs in the amount of \$7,101. The related payment of this settlement occurred on January 19, 2017. In totality, the settlement amounts for these CCRAs were \$504 lower than the estimated shortfalls recorded as Obligations Under Capital Cost Agreements.

In general terms, investments in regulated electricity distribution assets are recoverable from ratepayers in future rate applications based on the rate-making policies of the OEB.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 13. EMPLOYEE FUTURE BENEFITS

The Corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reported its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements. The accrued benefit liability and the expense for the year ended December 31, 2016 and December 31, 2015 were based on results and assumptions determined by actuarial valuation as at December 31, 2016 and December 31, 2015, respectively.

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

#### Entire Plan

	2016	2015
Defined benefit obligation, beginning of year	29,952	29,628
Current service costs	1,857	1,805
Benefits paid during the year	(1,112)	(1,143)
Actuarial gains recognized in other comprehensive income	(539)	(338)
Defined benefit obligation, end of year	30,158	29,952

#### Corporation

	2016	2015
Defined benefit obligation, beginning of year	29,760	29,430
Current service costs	1,849	1,797
Benefits paid during the year	(1,098)	(1,128)
Actuarial gains recognized in other comprehensive income	(614)	(339)
Defined benefit obligation, end of year	29,897	29,760

The main actuarial assumptions underlying the valuation are as follows:

#### a. General inflation

The health care cost trend for prescription drugs is estimated to increase at a declining rate from 6.33% to 4.00% over four years. Other medical and dental expenses are assumed to increase at 4% per year.

The approximate effect on the accrued benefit obligation ("ABO") and the estimated net benefit expense if the health care trend rate assumption was increased or decreased by 1% is as follows:

	Period benefit cost	ABO
1% increase in health care trend rate	326	3,847
1% decrease in health care trend rate	(256)	(3,110)

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 13. EMPLOYEE FUTURE BENEFITS (Continued)

#### b. Discount (interest) rate

The obligation at the period end and the present value of future liabilities were determined using a discount rate of 3.90% (2015 - 4.10%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

The approximate effect on the ABO if the discount rate assumption was increased or decreased by 1% is as follows:

	2016	2015
1% increase in discount (interest) rate	(4,354)	(4,322)
1% decrease in discount (interest) rate	5,599	5,529

#### c. Salary levels

Future general salary and wage levels were assumed to increase at 2.50% (2015 - 2.50%) per year.

### 14. PENSION PLAN

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the employer and its employees. In 2016, the Corporation made employer contributions of \$3,827 to OMERS (2015 - \$3,919). The Corporation's net benefit expense has been allocated as follows:

- i. \$616 (2015 - \$682) capitalized as part of PP&E; and
- ii. \$3,211 (2015 - \$3,237) charged to net income.

The Corporation estimates a contribution of \$4,077 to OMERS during the next fiscal year.

### 15. SHARE CAPITAL

	2016	2015
Authorized:		
Unlimited Class A Common shares		
Unlimited Class 1 Common shares		
Issued:		
7,890 Class 1 Common shares	91,133	91,133
2,110 Class A Common shares	32,460	32,460
	123,593	123,593

#### Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid aggregate dividends in the year on common shares of \$1.109 per share (2015 - \$1.212), which amount to total dividends paid in the year of \$11,091 (2015 - \$12,119).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 16. DISTRIBUTION REVENUE

	2016	2015
Gross customer billings	736,680	673,809
Less: pass through charges billed by the Corporation		
Electricity charges paid through to generators	(522,243)	(466,739)
Transmission and miscellaneous charges	(67,909)	(68,941)
Market service charges	(22,006)	(27,752)
Distribution revenue	124,522	110,377

### 17. OTHER INCOME FROM OPERATIONS

	2016	2015
Water and waste water billing and customer charges	5,072	4,943
Pole and other rental income	1,529	1,542
Collection and other service charges	1,430	1,376
Miscellaneous	1,418	1,214
Solar PV revenue	1,399	1,383
Late payment charges	967	957
Management and other support services	736	772
Scrap sales	568	558
CDM performance incentive revenue	441	2,035
Other income from operations	13,560	14,780

### 18. FINANCE INCOME AND CHARGES

	2016	2015
Interest income on bank deposits	147	117
Finance income	147	117
Interest expense - intercompany	(6,505)	(6,506)
Interest expense	(880)	(635)
Finance charges	(7,385)	(7,141)
Net finance charges recognized in net income and comprehensive income	(7,238)	(7,024)

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
*(stated in thousands of Canadian dollars)*

### 19. CASH FLOW INFORMATION

The net change in other assets and liabilities comprises:

	2016	2015
Accounts receivable	(14,277)	(10,535)
Accounts receivable under common control	475	(551)
Inventory	(1,073)	(984)
Other assets	(42)	(527)
Accounts payable and accrued liabilities	4,173	941
Accounts payable to corporations under common control	1,330	701
	(9,414)	(10,955)

### 20. RELATED PARTY TRANSACTIONS

#### a. Parent and ultimate controlling party

The parent of the Corporation is HHI. The ultimate parent of the Corporation is HUC; with an effective and indirect 78.9% interest in the share capital of the Corporation. The ultimate controlling party (sole shareholder of the ultimate parent) is the City of Hamilton, which wholly owns HUC. The City of Hamilton produces financial statements that are available for public use.

#### b. Entity with significant influence

The City of St. Catharines exercises significant influence over the Corporation through its indirect 21.1% ownership interest in the Corporation's parent HHI.

#### c. Key management personnel

The key management personnel of the Corporation has been defined as members of its Executive Management team.

Key management compensation

	2016	2015
Salaries and other short-term benefits	2,075	1,939
Bonuses	640	500
Employee future benefits	24	23
Other long-term benefits	531	567
	3,270	3,029

The Corporation provides utility services to certain key management personnel. All energy charges of the Corporation to key management personnel were at prices and under terms approved by the OEB.

#### d. Transactions with parent

During the year the Corporation paid management, and business development services to HHI in the amount of \$539 (2015 - \$589). The Corporations also paid interest to to HHI (see note 11).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 20. RELATED PARTY TRANSACTIONS (Continued)

#### e. Transactions with entity with significant influence

In the ordinary course of business, the Corporation delivers electricity to the City of St. Catharines. Electricity is billed to the City of St. Catharines at prices and under terms approved by the OEB.

#### f. Transactions with shareholder of ultimate parent

In the ordinary course of business, the Corporation delivers electricity to the City of Hamilton. Electricity is billed to the City of Hamilton at prices and under terms approved by the OEB.

The Corporation also provides certain water and waste water billing and customer care services to the City of Hamilton. Other revenue includes \$4,605 (2015 - \$4,496) earned with respect to these services. Accounts payable and accrued liabilities include \$14,480 (2015 - \$13,623), owing to the City of Hamilton for amounts collected on behalf of the City of Hamilton.

#### g. Transactions with corporations under common control of the ultimate parent

Corporations under common control include all entities controlled by HUC.

The Corporation provides certain management, billing and administrative services to HUC, HCE Energy Inc., and Horizon Energy Solutions Inc.; all corporations under common control. Other revenue includes \$81 (2015 - \$162) earned with respect to these agreements.

#### h. Shareholder loans

Pursuant to a Credit Agreement dated June 30, 2013, HHI has made available a revolving line of credit up to \$95,000 to the Corporation to finance general corporate requirements, capital investments, working capital requirements and prudential obligations to its subsidiaries. The Credit Agreement matures on June 30, 2017. Interest rates payable on the Credit Agreement are determined with reference to HHI's debt rating and interest is payable monthly by the 15th day of the following month.

Pursuant to a Credit Agreement dated June 30, 2013, the Corporation has made available a revolving line of credit up to \$5,000 to Solar Sunbelt GP to finance general corporate requirements, working capital requirements, and capital investments. The Credit Agreement between the Corporation and Solar Sunbelt GP matures on June 30, 2017. Interest rates receivable on this Credit Agreement are based on Corporation's Credit Agreement with HHI. Interest is payable monthly by the 15th day of the following month. During the year the Corporation received \$36 (2015 - \$66) interest from Solar Sunbelt GP.

### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Fair value disclosure*

The carrying values of cash and cash equivalents, accounts receivable, bank and bank indebtedness, accounts payable, accrued liabilities, current portion of obligations under cost recovery agreements, credit support for service delivery and reimbursements from IESO approximate respective fair values because of the short maturity of these instruments. The carrying value of the credit support for service delivery approximates fair value because the amounts are payable on demand.

The fair value of the long term borrowing is \$201,000. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Financial risks*

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk as well as related mitigation strategies are discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

i. Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as cash and cash equivalents and accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Hamilton and the City of St. Catharines. One customer, the City of Hamilton, accounts for 3.78% (2015 - 3.74%) of revenue. No other single customer in either year would account for revenue in excess of 1% of the respective reported balances.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously recorded as impaired are credited to net income. The balance of the allowance for impairment as at December 31, 2016 is \$1,750 (2015 - \$1,750). An impairment loss of \$1,058 was recognized during the year (2015 - \$1,330).

The Corporation's credit risk associated with accounts receivable primarily corresponds to payments from distribution customers. At December 31, 2016, approximately \$1,825 is considered 60 days past due. The Corporation has approximately 245,000 customers; the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2016, the Corporation holds security deposits from electricity distribution customers in the amount of \$13,239 (2015 - \$12,429).

ii. Market risk

Market risk primarily refers to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates during the rate application processes previously described in these notes. A decrease in the forecasted long-term Government of Canada bond yield used in determining the Corporation's rate of return would reduce the Distribution business results of operations at the next rate filing or annual rate adjustment if the bond yield reduction continued to that time.

iii. Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to \$95,000 line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The majority of accounts payable, as reported on the Statement of Financial Position, are due within 60 days.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Financial risks (Continued)*

##### iv. Capital disclosures

The main objectives of the Corporation when managing financial capital include:

- ensuring ongoing cost effective access to such to provide adequate investment in support of its regulated electricity distribution and other businesses;
- compliance with covenants within its financial instruments;
- prudently manage its capital structure, with regard for maintaining a high level of creditworthiness;
- recover financing charges permitted by the OEB on its regulated electricity distribution business; and
- deliver reasonable returns on the investments of its shareholders.

The Corporation's definition of capital includes: shareholder's equity; indebtedness under existing credit facilities; and long-term borrowings, which includes the current portion of long term borrowings.

The OEB regulates the amount of interest on debt and MARE that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term borrowings. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term borrowings.

### 22. COMMITMENTS AND CONTINGENCIES

#### **Commitments**

##### *Contractual Obligations*

##### Energy Conservation Agreement

On October 31, 2014, the Corporation entered into an Energy Conservation Agreement ("ECA") with the IESO. In accordance with the ECA, the Corporation was required to submit a 2015-2020 CDM Plan outlining the activities and budget by year in accordance with CDM Plan Submission and Review Criteria Rules by May 1, 2015. The Corporation's CDM Plan was submitted to the IESO on April 14, 2015. On May 29, 2015, the Corporation received approval of its 2015-2020 CDM Conservation First Plan for the period July 1, 2015 to December 31, 2020 from the IESO. The most recent amendment of the CDM Plan was approved by the IESO on October 14, 2016.

The Corporation estimates that the total cost of IESO CDM program delivery ending December 31, 2020 will be approximately \$84,600. Any program costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. The total cost of IESO CDM program delivery in 2016 was approximately \$11,587, of which approximately \$4,852 represents administration costs of the Corporation for program delivery. Additionally, the Corporation receives settlement of monthly expenses within 45 days as per the IESO wholesale settlement business process.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2016  
(stated in thousands of Canadian dollars)

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### 22. COMMITMENTS AND CONTINGENCIES (Continued)

#### Commitments (Continued)

##### *Contractual Obligations (Continued)*

##### Master Customer Demand Management Agreement

On December 16, 2014, the Corporation entered into an extension of the CDM Agreement ("Amending Agreement") with the IESO for the period January 1, 2015 to December 31, 2016 to provide funding for the delivery of CDM programs to its customers for the transition period until its 2015-2020 CDM Plan was approved by the IESO. Subject to the terms of the Amending Agreement, all IESO CDM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the Amending Agreement. Customer projects initiated under the amending agreement framework also received incentive payments from the Amending Agreement framework. An additional \$4,048 in customer incentives were incurred and recovered from the IESO in 2016.

The Corporation is entitled to receive reimbursements of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. All other program costs incurred by the Corporation, (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the Amending Agreement.

#### Contingencies

##### *General*

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

##### *General Liability Insurance*

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool, for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at December 31, 2016, no assessments have been made.

### 23. SUBSEQUENT EVENT

On January 31, 2017, HHI amalgamated with PowerStream Holdings Inc. and Enersource Holdings Inc. to form Alectra Inc. Coincidentally on that date, the Corporation amalgamated with Powerstream Inc. and Enersource Hydro Mississauga Inc. to form Alectra Utilities Corporation. Alectra Utilities Corporation is 100% owned by Alectra Inc. The cities of Hamilton and St. Catharines collectively have an indirect 23% ownership interest in Alectra Utilities Corporation. On February 28, 2017, Alectra Utilities Corporation acquired 100% of the shares of Hydro One Brampton Networks Inc. for proceeds of \$607,000, subject to purchase price adjustments.

The accounting and valuation for the amalgamation and share purchase transaction has not been finalized. Consequently, specific disclosures relating to the final share purchase price and acquired assets and liabilities are not available.

**ATTACHMENT 7**  
**HORIZON UTILITIES 2015 AUDITED**  
**FINANCIAL STATEMENTS**

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**Horizon Utilities Corporation  
Auditors' Report to the Shareholder  
and Consolidated Financial Statements  
Year Ended December 31, 2015 and  
December 31, 2014**



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Hamilton ON L8N 3R1

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www.kpmg.ca

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder of Horizon Utilities Corporation

We have audited the accompanying consolidated financial statements of Horizon Utilities Corporation, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Horizon Utilities Corporation as at December 31, 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
February 26, 2016

# Horizon Utilities Corporation

## Table of Contents to Consolidated Financial Statements

As at and for the year ended December 31, 2015

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Consolidated Statement of Financial Position	1
Consolidated Statement of Income and Comprehensive Income	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	6

# Horizon Utilities Corporation

## Consolidated Statement of Financial Position

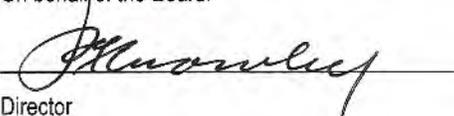
As at December 31, 2015

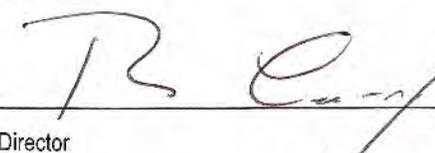
(stated in thousands of Canadian dollars)

	Note	2015	2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	—	126
Accounts receivable		108,197	98,223
Accounts receivable from corporations under common control		739	188
Inventory	5	8,339	7,355
Other assets		2,991	3,127
		120,266	109,019
<b>Non-current assets</b>			
Property, plant and equipment	6	438,446	418,937
Deferred payments in lieu of income taxes	9	14,868	18,077
Intangible assets	7	23,279	17,675
Goodwill	8	18,923	18,923
		495,516	473,612
<b>Total assets</b>		615,782	582,631
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness		876	—
Accounts payable and accrued liabilities		69,074	67,968
Accounts payable to corporations under common control	20	17,031	16,330
Current portion of long term borrowings	11	143	294
Current portion of obligations under capital cost recovery agreements	12	16,626	—
Credit support for service delivery	10	21,454	18,145
Reimbursements from Independent Electricity System Operator ("IESO")	22	4,511	2,037
		129,715	104,774
<b>Non-current liabilities</b>			
Long term borrowings	11	189,753	189,352
Obligations under capital cost recovery agreements	12	—	10,000
Employee future benefits	13	29,760	29,430
Deferred revenue		29,738	25,401
		249,251	254,183
<b>Total liabilities</b>		378,966	358,957
<b>Shareholder's equity</b>			
Share capital	15	123,593	123,593
Contributed surplus		15,218	15,218
Accumulated other comprehensive loss		(6,463)	(6,712)
Retained earnings		104,468	91,575
<b>Total shareholder's equity</b>		236,816	223,674
<b>Total liabilities and shareholder's equity</b>		615,782	582,631

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

  
Director

  
Director

# Horizon Utilities Corporation

## Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

	Note	2015	2014
Sale of energy		563,433	519,225
Distribution revenue	16	110,377	97,381
Other income from operations	17	14,780	12,300
<b>Total revenues</b>		<b>688,590</b>	<b>628,906</b>
Expenses:			
Cost of power purchased		554,983	528,328
Operating expenses		68,297	64,871
Depreciation and amortization		24,354	21,246
		<b>647,634</b>	<b>614,445</b>
<b>Income from operating activities</b>		<b>40,956</b>	<b>14,461</b>
Loss on sale and disposal of property, plant and equipment		(1,502)	(1,498)
Finance income	18	117	112
Finance charges	18	(7,141)	(7,097)
Income before payments in lieu of income taxes		32,430	5,978
Provision for payments in lieu of income taxes	9	7,418	1,838
<b>Net income</b>		<b>25,012</b>	<b>4,140</b>
<b>Items that will not be reclassified to net income, net of tax</b>			
Remeasurements of the future employee net benefit liability		249	(4,682)
<b>Other comprehensive income (loss)</b>		<b>249</b>	<b>(4,682)</b>
<b>Total comprehensive income (loss), net of tax</b>		<b>25,261</b>	<b>(542)</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Total
<b>Balance at January 1, 2015</b>	123,593	15,218	91,575	(6,712)	223,674
Net income	—	—	25,012	—	25,012
Other comprehensive income	—	—	—	249	249
Dividends	—	—	(12,119)	—	(12,119)
<b>Balance at December 31, 2015</b>	123,593	15,218	104,468	(6,463)	236,816
<b>Balance at January 1, 2014</b>	123,593	15,218	100,781	(2,030)	237,562
Net income	—	—	4,140	—	4,140
Other comprehensive loss	—	—	—	(4,682)	(4,682)
Dividends	—	—	(13,346)	—	(13,346)
<b>Balance at December 31, 2014</b>	123,593	15,218	91,575	(6,712)	223,674

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Consolidated Statement of Cash Flows

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

	Note	2015	2014
<b>OPERATING ACTIVITIES</b>			
Net income		25,012	4,140
Adjustments to reconcile net income to cash provided by (used in) operations:			
Depreciation and amortization	6,7	24,354	21,246
Loss on sale and disposal of property, plant and equipment		1,502	1,498
Provisions for payments in lieu of income taxes	9	4,210	4,282
Deferred payments in lieu of income taxes	9	3,208	(2,444)
Amortization of deferred revenue		(770)	(631)
Finance income		(117)	(112)
Finance charges		7,141	7,097
Change in employee future benefits		668	510
Change in other assets and liabilities	19	(10,955)	5,687
		54,253	41,273
Finance charges paid		(7,038)	(7,228)
Finance charges received		118	90
Payments in lieu of income taxes paid		(2,606)	(1,822)
<b>Cash from operating activities</b>		<b>44,727</b>	<b>32,313</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment and intangible assets		(44,700)	(43,849)
Proceeds from sale of property, plant and equipment		445	221
<b>Cash used in investing activities</b>		<b>(44,255)</b>	<b>(43,628)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds (reductions) of credit support for service delivery		3,309	(2,822)
Reimbursements (reductions of reimbursements) from IESO		2,474	(1,635)
Contributions received from customers		5,107	6,112
Finance lease payments		(245)	(292)
Dividends paid		(12,119)	(13,346)
<b>Cash used in financing activities</b>		<b>(1,474)</b>	<b>(11,983)</b>
<b>(Decrease) in cash and cash equivalents</b>		<b>(1,002)</b>	<b>(23,298)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>126</b>	<b>23,424</b>
<b>(Bank indebtedness) cash and cash equivalents, end of year</b>		<b>(876)</b>	<b>126</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Horizon Utilities Corporation

## Table of Contents to the Consolidated Financial Statement Notes

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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<b>Note</b>		<b>Page</b>
1	Reporting entity	6
2	Basis of preparation	6
3	Significant accounting policies	10
4	Cash and cash equivalents	17
5	Inventory	17
6	Property, plant and equipment	18
7	Intangible assets	19
8	Goodwill	19
9	Payments in lieu of income taxes	20
10	Credit support for service delivery	21
11	Long term borrowing	21
12	Obligations under capital cost recovery agreements	22
13	Employee future benefits	23
14	Pension plan	24
15	Share capital	24
16	Distribution revenue	25
17	Other income from operations	25
18	Finance income and charges	25
19	Cash flow information	26
20	Related party transactions	26
21	Financial instruments and risk management	27
22	Commitments and contingencies	29

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 1. REPORTING ENTITY

Horizon Utilities Corporation (the "Corporation") is one of Ontario's largest municipally owned electricity distribution companies, delivering electricity and related utility services to more than 243,000 residential and commercial customers in Hamilton and St. Catharines. The address of the Corporation's registered office is 55 John Street North, Hamilton, Ontario, Canada.

The Corporation also has a 99.99% ownership interest in Solar Sunbelt General Partnership ("Solar Sunbelt GP"), which has been established to undertake a solar generation business. The Corporation is also the managing partner of Solar Sunbelt GP.

The Corporation is 100% owned by Horizon Holdings Inc. ("HHI"). HHI is 78.9% owned by Hamilton Utilities Corporation ("HUC") and 21.1% owned by St. Catharines Hydro Inc. ("SCH").

### 2. BASIS OF PREPARATION

#### a. Statement of Compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

#### b. Approval of the financial statements

The financial statements were approved by the Board of Directors on February 26, 2016.

#### c. Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

#### d. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

#### e. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- (i) Note 6 - Property, plant and equipment: estimation of useful lives
- (ii) Note 7 - Intangible assets: estimation of useful lives
- (iii) Note 8 - Goodwill: key assumptions underlying recoverable amount for goodwill impairment testing
- (iv) Note 12 - Obligations under capital cost recovery agreements: estimation of capital contribution shortfalls and corresponding intangible assets
- (v) Note 13 - Employee future benefits: key actuarial assumptions
- (vi) Note 21 - Financial instruments and risk management: estimation of allowance for impairment of accounts receivable

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### e. Use of estimates and judgements (Continued)

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- (i) Note 3 - Revenue: whether the Corporation is a principal or agent for sale of energy
- (ii) Note 11 - Long term borrowings: lease classification
- (iii) Note 22 - Commitments and contingencies: whether a contingency is a liability

#### f. Regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include: approving or fixing rates for the transmission and distribution of electricity; providing continued rate protection for rural and remote residential electricity consumers; and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things: record keeping; regulatory accounting principles; separation of accounts for distinct business; and filing and process requirements for rate setting purposes.

##### Rate setting

The electricity distribution rates and other regulated charges of the Corporation are determined in a manner that provides shareholders with opportunity to earn a regulated Maximum Allowable Return on Equity ("MARE") on the amount of shareholder's equity supporting the business of electricity distribution, which is also determined by regulation.

##### *Rate Applications*

The OEB regulates the electricity distribution rates charged by LDCs, such as Horizon Utilities through periodic rate applications to the OEB and its ongoing monitoring and reporting requirements. At present, LDCs may apply to the OEB for electricity distribution rates under options specified in its Report of the Board - A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach ("RRFE"). The three rate-setting methods available to LDCs under the RRFE are: 4th Generation Incentive Rate-setting ("4GIRM"); Custom Incentive Rate-setting ("Custom IR"); or Annual Incentive Rate-setting Index.

On April 16, 2014, Horizon Utilities submitted its 2015 Custom IR application to the OEB to adjust the electricity distribution rates charged to customers in each of the years 2015 to 2019 inclusive. As part of the application, Horizon Utilities submitted a Distribution System Plan providing for the modernization, expansion and maintenance of the distribution system.

On December 11, 2014, the OEB issued its Decision and Order on this application. Based on the Decision and Order, the resulting change to the distribution portion of the bill for a typical residential customer consuming 800 kWh per month will be, approximately: 5.40% increase in 2015; 3.73% increase in 2016; 0.79% increase in 2017; (0.03% decrease in 2018; and 2.35% increase in 2019. Management expects that the increases to its revenues resulting from this Decision and Order will support sustainable investment and maintenance of the distribution system through the effective period of this application from 2015 to 2019.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### Rate setting (Continued)

On August 12, 2015, Horizon Utilities submitted its first Annual Filing (the "Filing") to its five year Custom IR Application for electricity distribution rates effective January 1, 2016. The Filing incorporated annual adjustments provided in the Decision to the Custom IR Application. In this Filing, Horizon Utilities adopted and implemented the following policy changes issued by the OEB corresponding to: i) rate design for residential electricity customers; and ii) cost allocation policy for street lighting rate class.

On December 10, 2015, the OEB issued its Decision and Order on the Filing resulting in a change to the distribution portion of the bill for a typical residential customer consuming 800 kWh per month of approximately 1.28% increase in 2016.

##### Select Energy Policies and Regulation Affecting the Corporation

###### *A New Distribution Rate Design for Residential Electricity Customers*

On April 2, 2015, the OEB issued a policy providing for fully fixed distribution charges for residential electricity customers. The implementation of this New Distribution Rate Design for residential electricity customers will be phased in over a four year period commencing January 2016. This policy is focused on only the distribution rate component of electricity charges. Distribution rates are designed to recover the costs for the poles, wires, meters, transformer stations, trucks and computer systems that convey electricity from the high voltage transmission system to individual homes. Under the new policy, electricity distributors will structure residential rates so that all the costs for distribution service are collected through a fully fixed monthly charge. Current distribution rate design is a combination of a fixed monthly rate and a separate usage (i.e., variable) rate. The OEB's general policy for rate design is to increase the amount of revenue collected through the fixed rate, and, ultimately, eliminate the amount of revenue collected through the usage rate. Electricity charges corresponding to the electricity generation, transmission and system operations are not affected by this policy.

###### *Monthly Billing Requirement for Electricity Distributors in Ontario*

On April 15, 2015, the OEB announced that, by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. Included with this policy change is an increased expectation on distributors to issue bills based on actual meter reads rather than estimates, at least 98% of the time. The amendments regarding estimated billing and billing accuracy came into force on April 15, 2015. The amendment regarding monthly billing will come into force on December 31, 2016.

###### *New Cost Allocation Policy for Street Lighting Rate Class*

On June 12, 2015, the OEB issued a letter outlining a new cost allocation policy for the Street Lighting customer class: one-device-per-connection (1:1) system; and multiple-device-per-connection (daisy-chain) systems. The new cost allocation policy for Street Lighting introduces a "Street Lighting adjustment factor" that will be used to allocate costs to the Street Lighting class for the allocation of costs related to primary and line transformer assets. The Street Lighting adjustment factor replaces the "number of connections" allocator in the cost allocation model. Based on the Decision and Order of the OEB in Horizon Utilities' Custom IR application, the OEB directed Horizon Utilities to update the methodology for cost allocation related to Street Lighting pending the outcome of this initiative. The OEB's new cost allocation policy was incorporated into the August 12, 2015 Annual Filing.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### Select Energy Policies and Regulation Affecting the Corporation (Continued)

###### *New 2015-2020 Conservation and Demand Management Framework*

On March 26, 2014, the Minister of Energy issued a directive to the OEB to amend the licences of electricity distributors with new requirements to: deliver Conservation and Demand Management ("CDM") programs available to customers that are designed to achieve energy reductions; meet CDM requirements through either the IESO (formerly the Ontario Power Authority "OPA") programs, LDC programs, or a combination of the two; and make the results of local programs available to other distributors on request. The coordination and integration of CDM and Demand Side Management ("DSM") activities is intended to achieve energy efficiencies and deliver convenient integrated programs for electricity and natural gas customers. The OEB issued the amendments to LDC licenses on December 18, 2014.

On March 31, 2014, the Minister of Energy issued a directive to the IESO to coordinate, support and fund the delivery of CDM programs through electricity distributors to achieve a total of 7 Terawatt Hours ("TWh") of reductions in electricity consumption between January 1, 2015 and December 31, 2020. The IESO has allocated a target of 330,680 MWh savings over the 2015 - 2020 to Horizon Utilities. A joint CDM plan with another LDC was prepared outlining the programs to achieve the targeted savings. The IESO approved the joint CDM plan on May 29, 2015.

###### *Prior 2011-2014 Conservation and Demand Management Framework*

On November 12, 2010, the OEB amended LDC licenses to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Corporation's CDM targets included a demand reduction target of 60.36 megawatts ("MW"), and a consumption reduction target of 281.42 gigawatt-hours ("GWh").

Horizon Utilities achieved 107.49% of its energy target and 80.85% of its peak demand target. Horizon Utilities is eligible for performance incentive payments from the OEB since it exceeded 80% of both its demand reduction and consumption reduction targets. A performance incentive payment application has been filed with the OEB.

On December 17, 2014 the OEB issued a letter which clearly specifies that the OEB will not take compliance actions against (i) distributors who do not reach 100% of their energy targets if they reach at least 80% of the energy targets, or (ii) distributors who do not meet their peak demand targets for the previous CDM framework in effect from January 1, 2011 to December 31, 2014.

###### *Ontario Premier's Advisory Council on Government Assets*

On November 13, 2014, the Ontario Premier's Advisory Council on Government Assets ("the Council") released Retain & Gain: Making Ontario's Assets Work Better for Taxpayers and Consumers, an initial report on key provincial assets, including the Liquor Control Board of Ontario, Hydro One Networks Inc. ("HONI"), and Ontario Power Generation. This report provides initial recommendations on ways to improve customer service and increase efficiencies at these government business enterprises, in order to maximize their value and generate better returns for the people of Ontario.

One of the key recommendations in this report was to use Hydro One Brampton Networks Inc. and the distribution business of HONI as catalysts for consolidation of the distribution sector. The Council issued its final recommendation on April 16, 2015 which included recommendations for the future divestiture of HONI and Hydro One Brampton.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 2. BASIS OF PREPARATION (Continued)

#### f. Regulation (Continued)

##### Select Energy Policies and Regulation Affecting the Corporation (Continued)

##### *Low-Income Assistance Strategy Review*

On March 26, 2015, the Minister of Energy announced the Ontario Electricity Support Program (“OESP”), a support program for low-income electricity consumers in Ontario. The OEB recommended that the program offer ongoing, and on-bill, rate assistance to customers with limited financial resources. The OESP will be funded by all ratepayer classes. On November 19, 2015, the OEB set a rate of \$0.0011 per kWh to fund the OESP, effective January 1, 2016.

##### Other Matters

The continuing restructuring of Ontario’s electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect future electricity distribution rates and other permitted regulatory recoveries of the Corporation.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

#### a. Basis of consolidation

These consolidated financial statements include the accounts of Horizon Utilities Corporation and its 99.99% investment in Solar Sunbelt GP.

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it has power over, exposure or rights to investee variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor’s returns. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date of which control ceases.

When the Corporation ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any other components of equity. Any resulting gain or loss is recognized in income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All significant inter-company accounts and transactions have been eliminated.

#### b. Financial instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities.

These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in Note 3(g).

The Corporation does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

#### c. Inventory

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at historical cost or deemed cost, less accumulated depreciation and accumulated impairment losses, if any. Where an item is transferred from customers, it is measured at fair value at the date of transfer less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation, direct labour, directly attributable overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset using the weighted average cost of debt incurred on the Corporation's external borrowings. Qualifying assets are considered to be those that take more than twelve months to construct.

In circumstances where parts of an item of PP&E have different useful lives, such are accounted for as separate items (major components) of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing part of an item of PP&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PP&E are recognized in net income as incurred.

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E.

Land is not depreciated.

Construction-work-in-progress assets are not amortized until the project is complete and available for use. The estimated useful lives for the current and comparative years are as follows:

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Buildings	30 - 40 years
Distribution system equipment	15 - 70 years
Other PP&E	3 - 15 years
Leasehold improvements	Over lease term

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Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

Other PP&E includes vehicles, office, and computer equipment.

Gains and losses on disposal of an item of PP&E are recognized in income and determined by the difference between proceeds from disposal and the carrying amount of PP&E.

Depreciation methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted prospectively.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e. Intangible assets

Intangible assets include computer software and capital contributions paid under capital cost recovery agreements.

Computer software is measured at historical cost or deemed cost less accumulated amortization. All other computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives of intangible assets are as follows:

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Computer software	2 - 5 years
Capital contributions under capital cost recovery agreements	16 - 25 years

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Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively.

#### f. Goodwill

Goodwill arising on the acquisition of subsidiaries or on amalgamation is measured at cost and is not amortized.

#### g. Impairment

##### i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount.

All impairment losses are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in net income.

##### ii. Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of income taxes assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the recoverable amount of the asset is estimated. The recoverable amount of goodwill is estimated as at December 31.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g. Impairment (Continued)

##### ii. Non-financial assets (Continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use and, further, that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, net of tax, that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### h. Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate, net of tax, that corresponds to current market assessments of the time value of money and the risks specific to the liability.

#### i. Employee future benefits

##### i. Pension Plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i. Employee future benefits (Continued)

##### ii. Other than pension

The Corporation provides its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the Plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has incorporated its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting such to determine its present value. Any unrecognized past service costs are deducted. The discount rate is the interest yield, at the reporting date, on high quality debt instruments with duration similar to the duration of the plan.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligation and the current service costs are actuarially determined by applying the projected unit credit method and incorporate management's best estimate of certain underlying assumptions. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, these increases are recognized immediately in net income.

#### j. Credit support for service delivery

Credit support for service delivery represents cash deposits from electricity distribution customers as well as construction deposits.

Deposits from electricity distribution customers are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution service. In accordance with OEB regulations, customer deposits are also refundable to residential electricity distribution customers demonstrating an acceptable level of credit risk, as determined by the Corporation.

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded as credit support for service delivery, a current liability. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to deferred revenue.

#### k. Deferred revenue and assets transferred from customers

Assets received as capital contributions are initially recognized at fair value, with the corresponding value of capital contribution recognized as deferred revenue.

Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis, as a component of other income from operations, over the terms of the agreements with respective customers or the economic useful life of the acquired or contributed assets, which represents the period of ongoing service to customers.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Revenue

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for electricity distribution and therefore has presented the electricity revenues on a gross basis.

Revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges, and any other regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Electricity revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the year. Revenue is measured at the fair value of the consideration received or receivable, net of sales tax.

Customer billings for Ontario debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Performance incentive payments under CDM programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payments will be received.

Water billing revenue is recorded net of the water revenue paid to the City of Hamilton and is recognized in the period the billing services are rendered.

All other revenues are recorded on a gross basis and are recognized when services are rendered.

#### m. Leased assets

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's Statement of Financial Position. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

#### n. Finance income and finance charges

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents.

Finance charges are calculated using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of qualifying assets. Finance charges comprise: interest on borrowings; interest on credit support for service delivery; interest and penalties on income tax payments; and letter of credit and standby fees.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o. Payments in lieu of income taxes

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts").

Pursuant to the Electricity Act, 1998 (Ontario) ("EA"), and as a consequence of its exemption from income taxes under the Tax Acts, the Corporation is required to make payments in lieu of income taxes ("PILs") to the OEFC. These payments are calculated in accordance with the Tax Acts. These amounts are applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC.

PILs comprises current and deferred payments in lieu of income tax. PILs is recognized in income and loss except to the extent that it relates to items recognized directly in either comprehensive income or in equity, in which case, it is recognized in comprehensive income or in equity.

Current PILs is the expected amount of cash taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred PILs comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred PILs assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred PILs assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred PILs asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred PILs assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### p. Set-off and reporting on a net basis

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. Offsetting is permitted for financial assets and financial liabilities when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### q. Future changes in accounting policy and disclosures

The Corporation is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

##### *Revenue Recognition*

In July 2015, the IASB announced a one-year deferral of the Revenue from Contracts with Customers ("IFRS 15") effective date. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position, and disclosures.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### q. Future changes in accounting policy and disclosures (Continued)

##### *Financial Instruments*

In July 2014, the IASB issued a new standard, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 is part of the first phase of this project. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

##### *Property, Plant, and Equipment and Intangible Assets*

In May 2014, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* and IAS 38 *Intangible Assets*, which are effective for years beginning on or after January 1, 2016. The amendments clarify when revenue-based depreciation methods are permitted. The Corporation is assessing the impact of the amendments on its results of operations, financial positions, and disclosures.

##### *Leases*

In January 2016, IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The Corporation is assessing the impact of IFRS 16 on its results of operations, financial positions, and disclosures.

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of overnight deposits in a Canadian Schedule A bank.

### 5. INVENTORY

During fiscal year 2015, an amount of \$16 (2014 - \$32) was recorded as an expense for the write-down of obsolete or damaged inventory to net realizable value.

The amount of inventory consumed by the Corporation and recognized as an expense during 2015 was \$539 (2014 - \$406).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Other distribution system equipment	Other PP&E	Construction work-in- progress	Total
<i>Cost or deemed cost</i>					
Balance at January 1, 2015	27,274	424,842	29,633	6,152	487,901
Additions	4,182	35,882	3,196	(429)	42,831
Disposals	(340)	(6,120)	—	—	(6,460)
Balance at December 31, 2015	31,116	454,604	32,829	5,723	524,272
Balance at January 1, 2014	22,386	396,561	26,376	5,357	450,680
Additions	4,888	30,181	3,289	795	39,153
Disposals	—	(1,900)	(32)	—	(1,932)
Balance at December 31, 2014	27,274	424,842	29,633	6,152	487,901
<i>Accumulated amortization</i>					
Balance at January 1, 2015	4,873	49,634	14,457	—	68,964
Additions	1,292	15,965	4,118	—	21,375
Disposals	(340)	(4,173)	—	—	(4,513)
Balance at December 31, 2015	5,825	61,426	18,575	—	85,826
Balance at January 1, 2014	3,698	36,120	10,501	—	50,319
Additions	1,175	13,703	3,980	—	18,858
Disposals	—	(189)	(24)	—	(213)
Balance at December 31, 2014	4,873	49,634	14,457	—	68,964
<i>Carrying amounts</i>					
December 31, 2015	25,291	393,178	14,254	5,723	438,446
December 31, 2014	22,401	375,208	15,176	6,152	418,937

During the year, borrowing costs of \$88 (2014 - \$111) were capitalized as part of the cost of property, plant and equipment. A capitalization rate of 3.42% (2014 - 3.42%) was used to determine the amount of borrowing costs to be capitalized.

The net carrying amount of leased equipment is \$463 (2014 - \$343).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 7. INTANGIBLE ASSETS

	Capital contributions under CCRA	Computer software	Total
<i>Cost or deemed cost</i>			
Balance at January 1, 2015	12,420	13,694	26,114
Other additions	6,626	1,957	8,583
Balance at December 31, 2015	19,046	15,651	34,697
Balance at January 1, 2014	12,420	8,998	21,418
Other additions	—	4,696	4,696
Balance at December 31, 2014	12,420	13,694	26,114
<i>Accumulated amortization</i>			
Balance at January 1, 2015	1,455	6,984	8,439
Other additions	798	2,181	2,979
Balance at December 31, 2015	2,253	9,165	11,418
Balance at January 1, 2014	733	5,318	6,051
Other additions	722	1,666	2,388
Balance at December 31, 2014	1,455	6,984	8,439
<i>Carrying amounts</i>			
December 31, 2015	16,793	6,486	23,279
December 31, 2014	10,965	6,710	17,675

### 8. GOODWILL

Management has determined that the Corporation's rate-regulated operations are one cash-generating unit. As the goodwill corresponds to the rate-regulated operations, the goodwill was allocated to that cash-generating unit. The Corporation performed an impairment test as at December 31, 2015 based on an estimate of the Corporation's fair value less selling costs. Fair value selling costs was determined using a multiple of regulated rate base approach and was based on the following key assumptions:

- The multiple of rate base approach is a valuation technique used in the industry for purchase and sale transactions. A multiple is applied to the rate base of regulated assets to determine the value of the utility;
- The multiple of rate base is a key assumption in the determination of fair value less selling costs. Management utilized a range of multiples in the analysis to determine the recoverable amount of goodwill;  
The multiple of rate base used ranged from 1.35 to 1.45;
- Management obtained information regarding multiples used for recent purchase and sale transactions within the industry;
- The fair value estimate is categorized as a Level 2 input.

The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 9. PAYMENTS IN LIEU OF INCOME TAXES

The provision for payments in lieu of income taxes recognized in income is as follows:

	2015	2014
Current PILs:		
Current year	4,210	4,282
Deferred PILs:		
Origination and reversal of temporary differences	3,208	(2,444)
Provision for payments in lieu of income taxes	7,418	1,838

#### Reconciliation of effective tax rate

PILs varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2015	2014
Basic rate applied to income before payments in lieu of income taxes	26.5%	26.5%
(Decrease ) increase in PILs resulting from:		
Items not deductible for tax purposes and other	(3.5%)	4.3%
Effective rate applied to income before payments in lieu of income taxes	23.0%	30.8%

#### Deferred payments in lieu of income taxes balances

Significant components of the Corporation's deferred payments in lieu of income taxes balances are as follows:

	2015	2014
Deferred PILs assets:		
Property, plant and equipment and intangibles	4,228	3,747
Employee benefits	9,074	8,989
Obligations under capital cost recovery agreement	2,015	2,650
Regulatory assets	—	2,771
Deferred PILs liabilities:		
Bond issuance costs	(103)	(80)
Regulatory liabilities	(346)	—
Net deferred PILs assets	14,868	18,077

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 10. CREDIT SUPPORT FOR SERVICE DELIVERY

Credit support for service delivery represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. These customer deposits bear interest at Canada's Prime Business rate less 2.0%, which is 0.7% per annum as of December 31, 2015.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Corporation in compliance with policies set by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

	2015	2014
Customer deposits	12,429	11,698
Construction deposits	9,025	6,447
Total credit support for service delivery	21,454	18,145

### 11. LONG TERM BORROWINGS

Long term borrowings comprise promissory notes and finance lease liability.

	2015	2014
Promissory note payable to Horizon Holdings bearing interest at 4.89% and due July 21, 2020	40,000	40,000
Promissory note payable to Horizon Holdings bearing interest at 3.033% and due July 25, 2022	150,000	150,000
Finance lease liability	458	294
Transaction costs on promissory note payable to Horizon Holdings bearing interest at 3.033% and due July 25, 2022	(857)	(857)
Net long term borrowing	189,601	189,437
Accreted interest	295	209
Total long term borrowings	189,896	189,646
Current	143	294
Non-current	189,753	189,352
	189,896	189,646

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 11. LONG TERM BORROWINGS (Continued)

Long-term borrowings comprise two promissory notes payable to Horizon Holdings Inc.:

- i. \$40,000 (2014 - \$40,000) bearing interest at 4.89% per annum which is payable semi-annually on January 21 and July 21. This promissory note is unsecured and matures on July 21, 2020.
- ii. \$150,000 (2014 - \$150,000) bearing interest at 3.033% per annum which is payable semi-annually on January 25 and July 25. This promissory note is unsecured and matures on July 25, 2022.

The Corporation paid interest in respect of the promissory notes payable of \$6,506 (2014 - \$6,506).

Finance lease liability is payable as follows:

	Future minimum payments	Interest	Present value of minimum payments
Less than one year	144	1	143
Total	458	1	457

### 12. OBLIGATIONS UNDER CAPITAL COST RECOVERY AGREEMENTS

The Corporation is party to connection and cost recovery agreements ("CCRA(s)") with HONI. Such agreements provide for the construction by HONI of transformer stations ("TS(s)") to the distribution system for the purpose of serving the Corporation's customers, including anticipated electricity load growth.

Under the CCRAs, the Corporation is required to provide HONI with an initial capital contribution ("Initial Capital Contribution") based on the difference (the "Difference") between the total capital cost of constructing the TS and a projection of transformation revenue ("HONI Revenue") earned on the conveyance of electricity through such TS. The Difference represents a debt obligation of the Corporation based on the extent that historical actual and forecast HONI Revenue through the CCRA term is less than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution. Conversely, the Corporation is entitled to a rebate of the Initial Capital Contribution based on the extent that historical actual and forecast HONI Revenue through the CCRA term is greater than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution.

Based on a review of two CCRAs with HONI for TS facilities constructed in 2003, the Corporation estimates a shortfall to HONI for TS Revenue relative to that projected as bases for the determination of respective Initial Capital Contributions. As a result of such a shortfall and based on the terms of the CCRAs, the Corporation has recorded Obligations Under Capital Cost Recovery Agreements and a corresponding intangible asset of \$10,000 as at December 31, 2012.

Based on a review of three additional CCRAs with HONI for TS facilities constructed in 2006, 2011, and 2013, the Corporation estimates additional shortfalls to HONI for TS Revenue relative to that projected as bases for the determination of respective Initial Capital Contributions. As a result of such shortfalls and based on the terms of the CCRAs, the Corporation has recorded incremental Obligations Under Capital Cost Recovery Agreements and a corresponding intangible asset of \$6,626 as at August 31, 2015. Total Obligations Under Capital Cost Recovery Agreements amount to \$16,626 as at December 31, 2015.

The Corporation received and accepted a settlement proposal from HONI in respect of three of the aforementioned CCRAs in the amount of \$9,022. In totality, the settlement amounts for these CCRAs equaled the respective estimated shortfalls recorded as Obligations Under Capital Cost Agreements. The related payment of this settlement occurred on February 19, 2016.

In general terms, investments in regulated electricity distribution assets are recoverable from ratepayers in future rate applications based on the rate-making policies of the OEB.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 13. EMPLOYEE FUTURE BENEFITS

The Corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reported its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements. The accrued benefit liability and the expense for the year ended December 31, 2015 and December 31, 2014 were based on results and assumptions determined by actuarial valuation as at December 31, 2015 and December 31, 2014, respectively.

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

#### Entire Plan

	2015	2014
Defined benefit obligation, beginning of year	29,628	22,622
Current service costs	1,805	1,626
Benefits paid during the year	(1,143)	(1,125)
Actuarial (gains) losses recognized in other comprehensive income (loss)	(338)	6,505
Defined benefit obligation, end of year	29,952	29,628

#### Corporation

	2015	2014
Defined benefit obligation, beginning of year	29,430	22,550
Current service costs	1,797	1,622
Benefits paid during the year	(1,128)	(1,111)
Actuarial (gains) losses recognized in other comprehensive income (loss)	(339)	6,369
Defined benefit obligation, end of year	29,760	29,430

The main actuarial assumptions underlying the valuation are as follows:

#### a. General inflation

The health care cost trend for prescription drugs is estimated to increase at a declining rate from 6.79% to 4% over four years. Other medical and dental expenses are assumed to increase at 4% per year.

The approximate effect on the accrued benefit obligation ("ABO") and the estimated net benefit expense if the health care trend rate assumption was increased or decreased by 1% is as follows:

	Period benefit cost	ABO
1% increase in health care trend rate	312	4,268
1% decrease in health care trend rate	(244)	(3,423)

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 13. EMPLOYEE FUTURE BENEFITS (Continued)

#### b. Interest (discount) rate

The obligation at the period end and the present value of future liabilities were determined using a discount rate of 4.10% (2014 - 4.00%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

#### c. Salary levels

Future general salary and wage levels were assumed to increase at 2.50% (2014 - 2.50%) per year.

### 14. PENSION PLAN

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the employer and its employees. In 2015, the Corporation made employer contributions of \$4,121 to OMERS (2014 - \$3,750). The Corporation's net benefit expense has been allocated as follows:

- i. \$682 (2014 - \$707) capitalized as part of PP&E; and
- ii. \$3,237 (2014 - \$3,043) charged to net income.

The Corporation estimates a contribution of \$4,059 to OMERS during the next fiscal year.

### 15. SHARE CAPITAL

	2015	2014
Authorized:		
Unlimited Class A Common shares		
Unlimited Class 1 Common shares		
Issued:		
7,890 Class 1 Common shares	91,133	91,133
2,110 Class A Common shares	32,460	32,460
	123,593	123,593

#### Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid aggregate dividends in the year on common shares of \$1.212 per share (2014 - \$1.335), which amount to total dividends paid in the year of \$12,119 (2014 - \$13,346).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 16. DISTRIBUTION REVENUE

	2015	2014
Gross customer billings	673,809	616,606
Less: pass through charges billed by the Corporation		
Electricity charges paid through to generators	(466,739)	(429,171)
Transmission and miscellaneous charges	(68,941)	(62,030)
Market service charges	(27,752)	(28,024)
Distribution revenue	110,377	97,381

### 17. OTHER INCOME FROM OPERATIONS

	2015	2014
Water and waste water billing and customer charges	4,943	4,733
CDM performance incentive revenue	2,035	250
Pole and other rental income	1,542	1,423
Solar PV revenue	1,383	1,352
Collection and other service charges	1,376	1,305
Miscellaneous	1,214	984
Late payment charges	957	901
Management and other support services	772	726
Scrap sales	558	626
Other income from operations	14,780	12,300

### 18. FINANCE INCOME AND CHARGES

	2015	2014
Interest income on bank deposits	117	112
Finance income	117	112
Interest expense - intercompany	(6,506)	(6,505)
Interest expense	(635)	(592)
Finance charges	(7,141)	(7,097)
Net finance charges recognized in net income and comprehensive income	(7,024)	(6,985)

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
*(stated in thousands of Canadian dollars)*

### 19. CASH FLOW INFORMATION

The net change in other assets and liabilities comprises:

	2015	2014
Accounts receivable	(10,535)	(1,731)
Accounts receivable under common control	(551)	94
Inventory	(984)	(1,094)
Other assets	(527)	683
Accounts payable and accrued liabilities	941	6,336
Accounts payable to corporations under common control	701	1,399
	<u>(10,955)</u>	<u>5,687</u>

### 20. RELATED PARTY TRANSACTIONS

#### a. Parent and ultimate controlling party

The parent of the Corporation is HHI. The ultimate parent of the Corporation is HUC; with an effective and indirect 78.9% interest in the share capital of the Corporation. The ultimate controlling party (sole shareholder of the ultimate parent) is the City of Hamilton, which wholly owns HUC. The City of Hamilton produces financial statements that are available for public use.

#### b. Entity with significant influence

The City of St. Catharines exercises significant influence over the Corporation through its indirect 21.1% ownership interest in the Corporation's parent HHI.

#### c. Key management personnel

The key management personnel of the Corporation has been defined as members of its Executive Management team.

Key management compensation

	2015	2014
Salaries and other short-term benefits	1,939	1,691
Bonuses	500	429
Employee future benefits	23	25
Other long-term benefits	567	475
	<u>3,029</u>	<u>2,620</u>

The Corporation provides utility services to certain key management personnel. All energy charges of the Corporation to key management personnel were at prices and under terms approved by the OEB.

#### d. Transactions with parent

During the year the Corporation paid management, and business development services to HHI in the amount of \$589 (2014 - \$732).

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 20. RELATED PARTY TRANSACTIONS (Continued)

#### e. Transactions with entity with significant influence

In the ordinary course of business, the Corporation delivers electricity to the City of St. Catharines. Electricity is billed to the City of St. Catharines at prices and under terms approved by the OEB.

#### f. Transactions with shareholder of ultimate parent

In the ordinary course of business, the Corporation delivers electricity to the City of Hamilton. Electricity is billed to the City of Hamilton at prices and under terms approved by the OEB.

The Corporation also provides certain water and waste water billing and customer care services to the City of Hamilton. Other revenue includes \$4,496 (2014 - \$4,354) earned with respect to these services. Accounts payable and accrued liabilities include \$13,623 (2014 - \$13,657), owing to the City of Hamilton for amounts collected on behalf of the City of Hamilton.

#### g. Transactions with corporations under common control of the ultimate parent

Corporations under common control include all entities controlled by HUC.

The Corporation provides certain management, billing and administrative services to HUC, HCE Energy Inc., and Horizon Energy Solutions Inc.; all corporations under common control. Other revenue includes \$162 (2014 - \$149) earned with respect to these agreements.

#### h. Shareholder loans

Pursuant to a Credit Agreement dated June 30, 2013, HHI has made available a revolving line of credit up to \$95,000 to the Corporation to finance general corporate requirements, capital investments, working capital requirements and prudential obligations to its subsidiaries. The Credit Agreement matures on June 30, 2017. Interest rates payable on the Credit Agreement are determined with reference to HHI's debt rating and interest is payable monthly by the 15th day of the following month.

Pursuant to a Credit Agreement dated June 30, 2013, the Corporation has made available a revolving line of credit up to \$5,000 to Solar Sunbelt GP to finance general corporate requirements, working capital requirements, and capital investments. The Credit Agreement between the Corporation and Solar Sunbelt GP matures on June 30, 2017. Interest rates receivable on this Credit Agreement are based on Corporation's Credit Agreement with HHI. Interest is payable monthly by the 15th day of the following month.

### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Fair value disclosure*

The carrying values of cash and cash equivalents, accounts receivable, bank and bank indebtedness, accounts payable, accrued liabilities, current portion of obligations under cost recovery agreements and reimbursements from IESO approximate respective fair values because of the short maturity of these instruments. The carrying value of the credit support for service delivery approximates fair value because the amounts are payable on demand.

The fair value of the long term borrowing is \$204,000. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date.

#### *Financial risks*

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk as well as related mitigation strategies are discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Financial risks (Continued)*

i. Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as cash and cash equivalents and accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Hamilton and the City of St. Catharines. One customer, the City of Hamilton, accounts for 3.74% (2014 - 3.10%) of revenue. No other single customer in either year would account for revenue in excess of 1% of the respective reported balances.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously recorded as impaired are credited to net income. The balance of the allowance for impairment as at December 31, 2015 is \$1,750 (2014 - \$1,750). An impairment loss of \$1,330 was recognized during the year (2014 - \$2,857).

The Corporation's credit risk associated with accounts receivable primarily corresponds to payments from distribution customers. At December 31, 2015, approximately \$960 is considered 60 days past due. The Corporation has approximately 243,000 customers; the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2015, The Corporation holds security deposits from electricity distribution customers in the amount of \$12,429 (2014 - \$11,698).

ii. Market risk

Market risk primarily refers to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates during the rate application processes previously described in these notes. A decrease in the forecasted long-term Government of Canada bond yield used in determining the Corporation's rate of return would reduce the Distribution business results of operations at the next rate filing or annual rate adjustment if the bond yield reduction continued to that time.

iii. Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to \$95,000 line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The majority of accounts payable, as reported on the Statement of Financial Position, are due within 60 days.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Financial risks (Continued)*

##### iv. Capital disclosures

The main objectives of the Corporation when managing financial capital include:

- ensuring ongoing cost effective access to such to provide adequate investment in support of its regulated electricity distribution and other businesses;
- compliance with covenants within its financial instruments;
- prudently manage its capital structure, with regard for maintaining a high level of creditworthiness;
- recover financing charges permitted by the OEB on its regulated electricity distribution business; and
- deliver reasonable returns on the investments of its shareholders.

The Corporation's definition of capital includes: shareholder's equity; indebtedness under existing credit facilities; and long-term borrowings, which includes the current portion of long term borrowings.

The OEB regulates the amount of interest on debt and MARE that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term borrowings. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term borrowings.

### 22. COMMITMENTS AND CONTINGENCIES

#### **Commitments**

##### *Contractual Obligations*

##### Energy Conservation Agreement

On October 31, 2014, the Corporation entered into an Energy Conservation Agreement ("ECA") with the IESO. In accordance with the ECA, the Corporation was required to submit a 2015-2020 CDM Plan outlining the activities and budget by year in accordance with CDM Plan Submission and Review Criteria Rules by May 1, 2015. The Corporation's CDM Plan was submitted to the IESO on April 14, 2015. On May 29, 2015, the Corporation received approval of its 2015-2020 CDM Conservation First Plan for the period July 1, 2015 to December 31, 2020 from the IESO.

The Corporation estimates that the total cost of IESO CDM program delivery ending December 31, 2020 will be approximately \$84,600. Any program costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. The total cost of IESO CDM program delivery in 2015 was approximately \$1,900, of which approximately \$1,000 represents administration costs of the Corporation for program delivery. The Corporation received a one-time payment of \$4,300, along with a \$200 payment to cover all Conservation First Funding Program planning expenditures from the IESO. Additionally, the Corporation received, on a monthly basis, all costs associated with the prior month's expenditures for the Conservation First Funding Program from the IESO.

# Horizon Utilities Corporation

## Notes to Consolidated Financial Statements

For the year ended December 31, 2015  
(stated in thousands of Canadian dollars)

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### 22. COMMITMENTS AND CONTINGENCIES (Continued)

#### Commitments (Continued)

##### *Contractual Obligations (Continued)*

##### Master Customer Demand Management Agreement

On December 16, 2014, the Corporation entered into an extension of the CDM Agreement (“Amending Agreement”) with the IESO for the period January 1, 2015 to December 31, 2015 to provide funding for the delivery of CDM programs to its customers for the transition period until its 2015-2020 CDM Plan was approved by the IESO. Subject to the terms of the Amending Agreement, all IESO CDM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the Amending Agreement.

The Corporation is entitled to receive reimbursements of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. All other program costs incurred by the Corporation, (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the Amending Agreement. The Corporation received advanced program administration budget reimbursement of approximately \$3,100. The total administration costs of the IESO CDM program participation in 2015 was approximately \$2,500.

#### Contingencies

##### *General*

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

##### *General Liability Insurance*

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool, for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at December 31, 2015, no assessments have been made.