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File No. 014186.000035

May 6, 2024

BY EMAIL & RESS
registrar@oeb.ca

Ms. Nancy Marconi

Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: Hydro Ottawa Holding Inc. Internal Reorganization – Application for Leave under Section 86(2)(b) of the *Ontario Energy Board Act*.

We are legal counsel to Hydro Ottawa Holding Inc., Hydro Ottawa Capital Corporation and Hydro Ottawa Limited (the “**Applicants**”) in respect of the above noted matter. Hydro Ottawa Holding Inc. is proposing to complete an internal corporate reorganization, in which a new wholly owned corporation, Hydro Ottawa Capital Corporation, will enter the chain of ownership of Hydro Ottawa Limited, a licensed electricity distributor with licence ED-2002-0556. This internal reorganization will have no impact on Hydro Ottawa Limited’s ownership structure besides a change in its parent company shareholder. Please see the Section 86(2)(b) application and supporting information attached hereto, which follows the Filing Requirements contained in the Ontario Energy Board’s January 19, 2016 *Handbook to Electricity Distributor and Transmitter Consolidations*.

Given that the proposed reorganization is in the nature of an administrative corporate change and will not have any material adverse effects on Hydro Ottawa Limited, we ask that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B (the “**Act**” or the “**OEB Act**”).

Yours truly,

BORDEN LADNER GERVAIS LLP

A handwritten signature in blue ink, appearing to read 'Mark Rodger', is positioned above the printed name.

J. Mark Rodger
MR/HC

1.

	Filing Requirements	References
1. The Index		1
2. Administrative		2
	Legal name of the applicants.	2.1
	Details of the authorized representative of the applicants, including the name, phone and fax numbers, and email and delivery addresses.	2.1
	Legal name of the other party or parties to the transaction, if not an applicant.	2.1
	Details of the authorized representative of the other party or parties to the transaction, including the name, phone and fax numbers, and email and delivery addresses.	2.1
	Brief description of the application.	2.2
	Brief description of the nature of the transaction for which approval of the OEB is sought by the applicants.	2.3
3. Description of the Business of the Parties to the Transaction		3
	Describe the business of each of the parties to the proposed transaction, including each of their electricity sector affiliates engaged in, or providing goods or services to anyone engaged in, the generation, transmission, distribution or retailing of electricity.	3.1
	Describe the geographic territory served by each of the parties to the proposed transaction, including each of their affiliates. If applicable, noting whether service area boundaries are contiguous or if not the relative distance between service boundaries.	3.2
	Describe the customers, including the number of customers in each class, served by each of the parties to the proposed transaction.	3.3
	Describe the proposed geographic service area of each of the parties after completion of the proposed transaction.	3.4
	Provide a corporate chart describing the relationship between each of the parties to the proposed transaction and each of their respective affiliates.	3.5
	If the proposed transaction involves the consolidation of two or more distributors, please indicate the current net metering thresholds of the utilities involved in the proposed transaction.	3.6
4. Description of the Proposed Transaction		4
	Provide a detailed description of the proposed transaction.	4.1
	Provide a clear statement on the leave being sought by the applicant, referencing the particular section or sections of the Ontario Energy Board Act, 1998.	4.2
	Provide details of the consideration (e.g., cash, assets, shares) to be given and received by each of the parties to the proposed transaction.	4.3

	Filing Requirements	References
	Provide all final legal documents to be used to implement the proposed transaction.	4.4
	Provide a copy of appropriate resolutions by parties such as parent companies, municipal councils, or any other entities that are required to approve a proposed transaction confirming that all these parties have approved the proposed transaction.	4.5
5. Impact of the Proposed Transaction		5
<i>Objective 1 – Protect consumers with respect to prices and the adequacy, reliability, and quality of electricity service</i>		
	Indicate the impact the proposed transaction will have on consumers with respect to prices and the adequacy, reliability, and quality of electricity service.	5.1
	Provide a year over year comparative cost structure analysis for the proposed transaction, comparing the costs of the utilities post transaction and in the absence of the transaction.	5.2
	Provide a comparison of the OM&A cost per customer per year between the consolidating distributors.	5.3
	Confirm whether the proposed transaction will cause a change of control of any of the transmission or distribution system assets, at any time, during or by the end of the transaction.	5.4
	Describe how the distribution or transmission systems within the service areas will be operated.	5.5
<i>Objective 2 – Promote economic efficiency and cost effectiveness and to facilitate the maintenance of a financially viable electricity industry</i>		
	Indicate the impact that the proposed transaction will have on economic efficiency and cost effectiveness (in the distribution or transmission of electricity); identifying the various aspect of utility operations where the applicant expects sustained operation efficiencies (both quantitative and qualitative).	5.6
	Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g., legal, regulatory), incremental merged costs (e.g., employee severances), and incremental on-going costs (e.g., purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs.	5.7
	Provide a valuation of any assets or shares that will be transferred in the proposed transaction. Describe how this value was determined.	5.8
	If the price paid as part of the proposed transaction is more than the book value of the assets of the selling utility, provide details as	5.9

	Filing Requirements	References
	to why this price will not have an adverse effect on the financial viability of the acquiring utility.	
	Provide details of the financing of the proposed transaction.	5.10
	Provide financial statements (including balance sheet, income statement, and cash flow statement) of the parties to the proposed transaction for the past two most recent years.	5.11
	Provide pro forma financial statements for each of the parties (or if an amalgamation, the consolidated entity) for the first full year following the completion of the proposed transaction.	5.12
6. Rate considerations for consolidation applications		6
	Indicate a specific deferred rate rebasing period that has been chosen.	6.1
	For deferred rebasing periods greater than five years, confirm that the ESM will be as required by the 2015 Report and the Handbook. If the applicants proposed ESM a different from the ESM set out in the 2015 Report, the applicant must provide evidence to demonstrate the benefit to the customers of the acquired distributor.	6.2
7. Other Related Matters		7
	Implementation of new of the extension of existing rate riders.	7.1
	Transfer of rate order and licence.	7.2
	Licence amendment and cancellation.	7.3
	Approval to continue to track costs to the deferral and variance accounts currently approved by the OEB.	7.4
	Confirmation re no change in accounting standards for financial reporting following the closing of the proposed transaction.	7.5

2.1. Identification of the applicants

Name: Hydro Ottawa Capital Corporation	File No: (Board Use Only)
Address of Head Office 2711 Hunt Club Rd, Ottawa, Ontario, Canada, K1G 5Z9	Telephone Number: 613-738-6400 Facsimile Number: 613-738-6403 Email Address: generalcounsel@hydroottawa.com
Name of authorized representative: Geoffrey Simpson, Chief Financial Officer	Telephone Number: 613-321-3924 ext. 3924 Facsimile Number: N/A Email Address: geoffsimpson@hydroottawa.com
Name: Hydro Ottawa Holding Inc.	File No: (Board Use Only)
Address of Head Office 2711 Hunt Club Rd, Ottawa, Ontario, Canada, K1G 5Z9	Telephone Number: 613-738-6400 Facsimile Number: 613-738-6403 Email Address: generalcounsel@hydroottawa.com
Name of authorized representative: Geoffrey Simpson, Chief Financial Officer	Telephone Number: 613-321-3924 ext. 3924 Facsimile Number: N/A Email Address: geoffsimpson@hydroottawa.com
Name: Hydro Ottawa Limited	File No: (Board Use Only)
Address of Head Office 2711 Hunt Club Rd, Ottawa, Ontario, Canada, K1G 5Z9	Telephone Number: 613-738-6400 Facsimile Number: 613-738-6403 Email Address: generalcounsel@hydroottawa.com
Name of authorized representative: Geoffrey Simpson, Chief Financial Officer	Telephone Number: 613-321-3924 ext. 3924 Facsimile Number: N/A Email Address: geoffsimpson@hydroottawa.com

2.2. Application

And in the matter of an application, Hydro Ottawa Holding Inc., Hydro Ottawa Capital Corporation and Hydro Ottawa Limited pursuant to s. 86(2)(b) of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B for the Order or Orders granting leave for Hydro Ottawa Holding Inc. to transfer 100% of the shares in the issued and outstanding capital of Hydro Ottawa Limited to Hydro Ottawa Capital Corporation.

2.3. Description of Nature of Transaction

Hydro Ottawa Holding Inc. (“**HOHI**”) is a corporation incorporated under the laws of the Province of Ontario and is currently the parent company to Hydro Ottawa Limited (“**HOL**”), a corporation incorporated under the laws of the Province of Ontario and a licensed distributor of electricity (ED-2002-0556). HOHI is wholly owned by the Corporation of the City of Ottawa (“**City**”). HOHI has various other unregulated subsidiaries that are not relevant to this Section 86(2)(b) application. Hydro Ottawa Capital Corporation (“**HOCC**”) is a corporation incorporated under the laws of the Province of Ontario and is wholly owned by HOHI. We attach two corporate organizational charts to indicate the current corporate structure, as well as the changes that will occur under the internal reorganization, which have been filed as Schedule A and Schedule B in response to section 3.5 below.

The purpose of this Application is to obtain Ontario Energy Board (“**OEB**” or the “**Board**”) approvals to implement an internal reorganization, in which HOHI will transfer 100% of the shares in the issued and outstanding capital of HOL to HOCC. As a result of the completion of the internal reorganization, HOCC will acquire 100% ownership and control of the share capital in HOL (the “**Reorganization**”).

3. Description of the Business of the Parties to the Transaction

3.1. Description of Business of the Parties

HOCC and HOHI are both Business Corporations Act (Ontario) corporations that have been incorporated as holding corporations, in which the shares of HOL and HOL’s affiliates will be held. Both prior to and following the completion of the Reorganization, HOHI will remain wholly owned by the City, and HOCC will remain wholly owned by HOHI. Following the completion of the Reorganization HOL will be wholly owned by HOCC.

HOL is engaged in the business of electricity distribution and is currently wholly owned by HOHI. HOL is a Business Corporations Act (Ontario) Corporation that owns and operates an electricity distribution system that provides electricity distribution service in the City of Ottawa and in the Village of Casselman, in accordance with its distribution licence. HOL has an affiliate, Energy Ottawa Inc., which is a licensed generator, that has been issued licence EB-2023-0165. While not relevant to this application, HOHI will transfer its shares in Energy Ottawa Inc. to another wholly owned holding company as part of the Reorganization. For additional clarity, neither HOCC or HOHI will be the shareholder of Energy Ottawa Inc. following the conclusion of the Reorganization.

A simplified corporate ownership chart which shows the relationship between HOL and HOHI prior to the Reorganization is attached hereto as Schedule A. A simplified corporate ownership chart which shows the relationship between HOL, HOCC and HOHI after the completion of the Reorganization is attached hereto as Schedule B.

3.2. Geographic Territory

A geographic map of HOL's service area is attached hereto at Schedule C. For additional clarity, the Reorganization will have no effect on HOL's service area.

3.3. Customers

The Reorganization will have no effect on HOL's customer base.

3.4. Geographic Service Area

The Reorganization will have no effect on HOL's geographic service area.

3.5. Corporate Chart

See Schedule A and Schedule B appended hereto.

3.6. Consolidation

The Reorganization does not involve the consolidation of distributors.

4. Description of the Proposed Transaction

4.1. Detailed Description of the Proposed Transaction

The Reorganization has been approved by the City by way of council resolution dated February 21, 2024, which is attached hereto as Schedule D. The Reorganization involves the creation of two wholly owned entities under HOHI, HOCC, and Hydro Ottawa Energy Services Inc. ("HOESI"). The creation of HOESI and its wholly owned subsidiaries are not relevant to this application, as HOHI's ownership interest of HOESI and its respective subsidiaries following the completion of the Reorganization are entirely segregated from the chain of ownership of HOL, as demonstrated in Schedule B.

HOCC was incorporated under the Business Corporations Act (Ontario) on March 7, 2024, and HOHI is the sole shareholder of HOCC.

To effect the Reorganization, HOHI will terminate HOL's existing shareholder declaration, and trigger a share rollover from HOHI to HOCC with respect to the HOL shares held by HOHI, as authorized by the board of directors of HOHI, HOL and HOCC respectively. The share rollover will be effected by way of a purchase and assumption of liabilities agreement in which HOHI will transfer the shares in HOL to HOCC in exchange for consideration that will be determined at the date of closing of the Reorganization. HOHI is indebted to various third-party lenders. HOHI has advanced, from the proceeds received by way of the third party debt, by way of loan, a sum of inter company debt to HOL on the terms and conditions of inter company promissory notes. Due to the ongoing day to day operations of HOHI and HOL, the aggregate values of such liabilities that will be assumed by HOCC, and the assignment of HOHI's right to receive the principal and interest in respect of HOL's inter company debt to HOCC, cannot be finalized until the set date of closing of the Reorganization.

Following the share rollover, HOHI and HOCC wish to elect under section 85 Income Tax Act (Canada) so as to defer tax arising on the share transfer from HOHI to HOCC.

The Reorganization, which is targeted to close on August 30, 2024, will have no impact on HOL or its ratepayers.

4.2. Leave Sought

The Applicants hereby apply to the Board for the following approval under Section 86(2)(b) of the OEB Act:

- HOHI, HOCC and HOL are applying to the Board pursuant to Section 86(2)(b) of the OEB Act seeking leave for HOCC to acquire 100% of the issued and outstanding shares of HOL from HOHI.

4.3. Consideration

The Reorganization will be based on a share rollover in accordance with the terms of section 85(1) of the *Income Tax Act* (Canada). The consideration for the share rollover will be determined as at the date of closing of the Reorganization, but is anticipated to include HOCC issuing shares to HOHI and HOCC assuming HOHI's existing debt and HOHI assigning its right to receive principal and interest in respect of HOL's inter company debt to HOCC, in accordance with the purchase and assumption of liabilities agreement.

4.4. Legal Documents

The Reorganization will be structured by way of internal board resolutions, and a purchase and assumption of liabilities agreement between HOHI and HOCC. The City of Ottawa as the sole shareholder of HOHI has authorized the reorganization, as set out in Schedule D, and the draft purchase and assumption of liabilities agreement is set out in Schedule H. The purchase and assumption of liabilities agreement has not been finalized due to the tax and financial implications surrounding the calculation of the consideration surrounding HOCC's assumption of HOHI's liabilities. We will file with the Board the final purchase and assumption of liabilities agreement immediately post closing once the values of the consideration have been determined.

4.5. Authorizing Resolutions

See Schedule D for the City of Ottawa approval, Schedule E for the HOHI authorizing board resolution, Schedule F for the HOCC authorizing board resolution, and Schedule G for the HOL authorizing board resolution.

5. Impact of the Proposed Transaction

Objective 1 – Protect consumers with respect to prices and the adequacy, reliability and quality of electrical service

5.1. Impact on Consumers

The 'No Harm Test' is not applicable to the Reorganization. The Reorganization is an internal corporate reorganization which will have no impact on consumers with respect to the price, adequacy, reliability and quality of electrical service. For additional clarity, the operations of HOL will not be impacted by the Reorganization.

5.2. Comparative Cost Structure

See Section 5.1 above.

5.3. OM&A

See Section 5.1 above.

5.4. Change of Control

See Section 5.1 above.

5.5. Operation of Distribution System

See Section 5.1 above.

Objective 2 – Promote economic efficiency and cost effectiveness and to facilitate the maintenance of a financially viable electricity industry.

5.6. Economic Efficiency and Cost Effectiveness

The 'No Harm Test' is not applicable to the Reorganization. The Reorganization is an internal corporate reorganization which will have no impact on consumers with respect to economic efficiency, cost effectiveness and the facilitation of maintaining a financially viable electricity industry. In short, HOL's customers will not be affected by the Reorganization.

5.7. Incremental Costs

See Section 5.6 above. For additional clarity, HOL will not incur costs as a result of the Reorganization.

5.8. Valuation of Assets

See Section 5.6 above.

5.9. Price Paid

See Section 5.6 above.

5.10. Financing

See Section 5.6 above.

5.11. Financial Statements

See Section 5.6 above.

5.12. Pro Forma Financial Statements

See Section 5.6 above.

6. Rate Considerations

6.1. Deferral Rate Rebasing

The Reorganization will not have any impact on HOL's rates.

6.2. Deferred Rebasing Periods Greater than Five Years

See Section 6.1 above.

7. Other Related Matters

7.1. Rate Riders

The Reorganization will not implement or extend any existing rate riders.

7.2. Transfer of Rate Order and Licence

The Reorganization does not involve the transfer of any rate order or licence.

7.3. Licence Amendment and Cancellation

The Reorganization does not require any licence amendments or cancellations.

7.4. Deferral and Variance Accounts

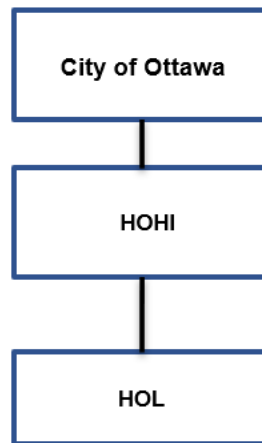
The Reorganization does not trigger any changes to approved deferral and variance accounts.

7.5. Accounting Standards

The Reorganization will not result in any changes to accounting standards for financial reporting.

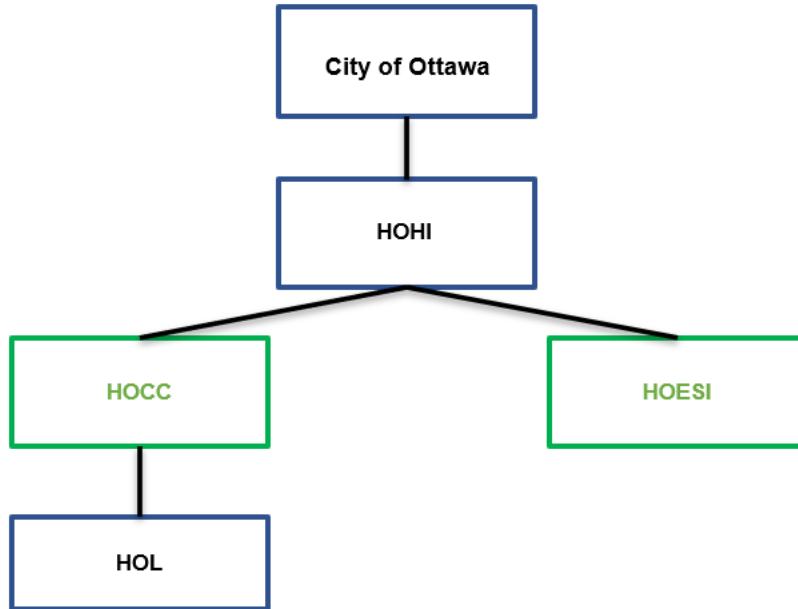
Schedule A

Current Simplified Ownership Structure:



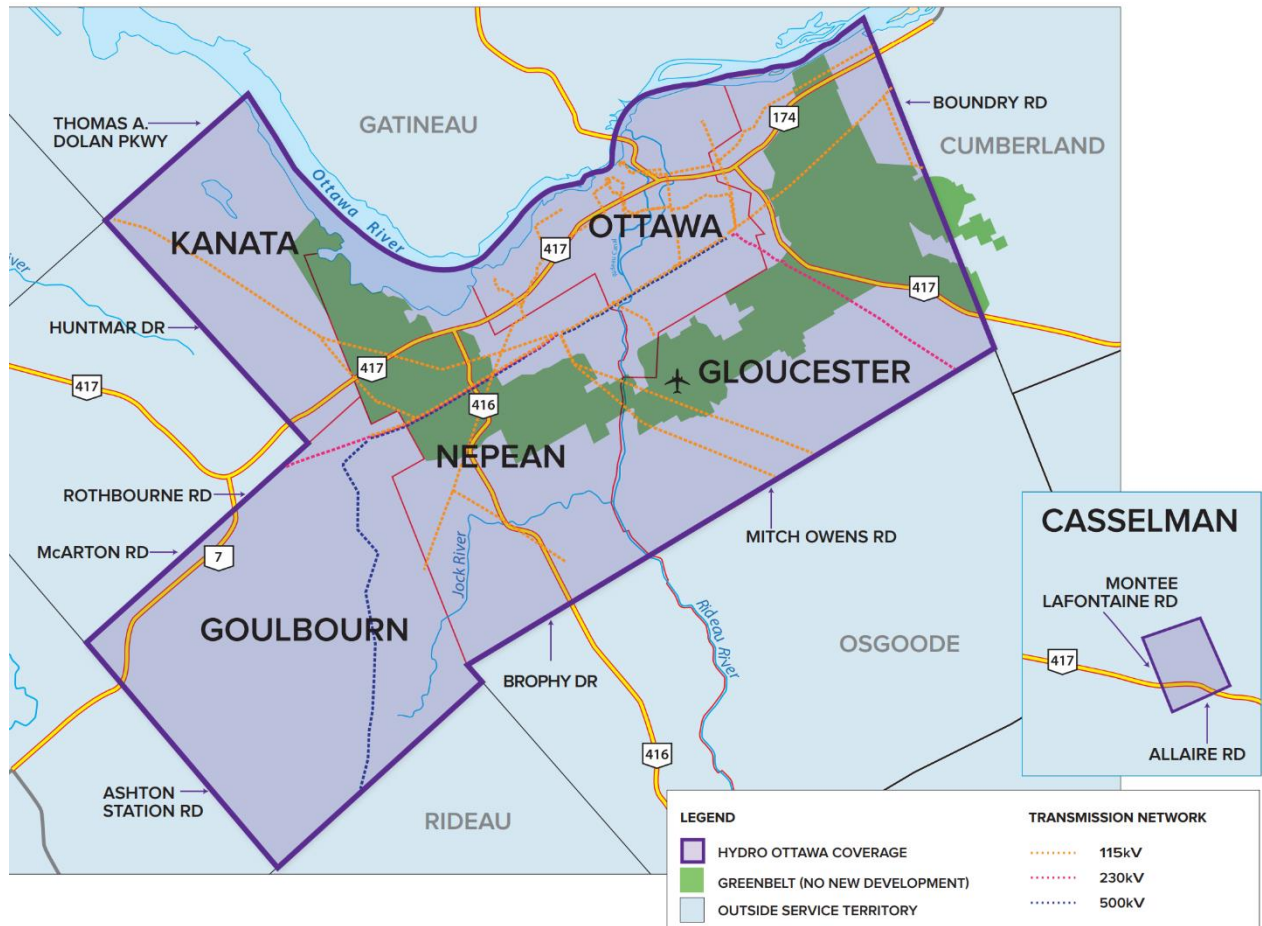
- City of Ottawa: Corporation of the City of Ottawa
- HOHI: Hydro Ottawa Holding Inc.
- HOL: Hydro Ottawa Limited

Schedule B
Post Reorganization Simplified Structure



City of Ottawa: Corporation of the City of Ottawa
HOHI: Hydro Ottawa Holding Inc.
HOCC: Hydro Ottawa Capital Corporation
HOESI: Hydro Ottawa Energy Services Inc.
HOL: Hydro Ottawa Limited

Schedule C
HOL Service Territory



Schedule D

City of Ottawa Authorizing Resolution

[see attached]

March 12, 2024

Mr. Bryce Conrad
President and Chief Executive Officer
Hydro Ottawa Holding Inc.
2711 Hunt Club Road
P.O. Box 8700
Ottawa, Ontario K1G 3S4

By e-mail

Dear Mr. Conrad

Re: Hydro Ottawa Holding Inc. Corporate Restructuring Motion

Please be advised that the Council of the City of Ottawa, at its meeting of February 21, 2024, considered and approved the following motion:

Motion (2024 – 31-06)

Moved by / Motion de: **Councillor C. Curry**
Seconded by / Appuyée par: **Councillor L. Dudas**

WHEREAS Hydro Ottawa Holding Inc. (HOHI) is incorporated under the Ontario Business Corporations Act (OBCA) and pursuant to the OBCA, the Board of Directors of HOHI has requested a special meeting of the sole shareholder, being the City of Ottawa;

WHEREAS in response to Hydro Ottawa's growth and business diversification, the Board of Directors of HOHI recommends approval of a corporate restructuring to create two wholly owned entities under HOHI for the purpose of reducing borrowing costs, increasing financial capacity, and supporting future growth;

WHEREAS the Shareholder Declaration for HOHI requires shareholder approval for this corporate restructuring;

THEREFORE BE IT RESOLVED that Council, as sole shareholder of HOHI:

- 1. Approves the recommendation of the Board of Directors of Hydro Ottawa Holding Inc., as outlined in the report, to create two wholly owned entities under HOHI, including holding company "A" (to be named) and having one or more subsidiaries, being Energy Ottawa Inc. o/a Portage Power, etc., and a second holding company "B" (to be named) having the remaining subsidiary companies (Hydro Ottawa Limited, Enviro Holding Inc., etc.);**
- 2. Authorize the Mayor and City Clerk to approve amendments to the constating documents of HOHI on behalf of the shareholder to give effect to this restructuring; and**
- 3. Authorize the President and Chief Executive Officer of Hydro Ottawa Holding Inc. (HOHI) to determine the representatives from HOHI, or one of its wholly owned affiliates, to be appointed to the initial Board of Directors of the newly created corporations.**

This letter is provided for your records.

Should you have any questions or require any additional documentation in this regard, please do not hesitate to contact the undersigned.

Yours truly,



Caitlin Salter MacDonald
Deputy City Clerk
Manager, Council and Committee Services

Schedule E

HOHI Authorizing Board Resolution

[see attached]

RESOLUTION NO. 39/23

BE IT RESOLVED:

That the Board of Directors:

- a. approve the implementation of the corporate restructuring as outlined in the report of the Chief Financial Officer and the General Counsel and Corporate Secretary dated November 27, 2023;
- b. approve the creation, amendment, repeal, or change of any kind to the constating documents (shareholder agreements, by-laws, articles, or any other similar instrument) of Hydro Ottawa Holding Inc. and its subsidiaries in order to effect the transaction contemplated under subsection (a) of this resolution;
- c. approve the creation of any wholly-owned subsidiaries whose purpose is to effect the transaction contemplated under subsection (a) of this resolution and authorize the President and Chief Executive Officer of Hydro Ottawa Holding Inc. to determine the representatives of Hydro Ottawa Holding Inc. (or one of its wholly-owned affiliates) to be appointed to the Board of Directors of any new legal entities created;
- d. approve the changes in the issued capital of Hydro Ottawa Holding Inc. subsidiaries in order to effect the transaction contemplated under subsection (a) of this resolution; and
- e. authorize any two of the President and Chief Executive Officer, the Chief Financial Officer, and the General Counsel and Corporate Secretary to take such steps as may be reasonable, ancillary or necessary to give effect to these resolutions, including the authority to execute such agreements, certificates, instruments or other documents as they may deem reasonable for these purposes;

subject to City Council's approval as required in accordance with contractual commitments and applicable law.

CARRIED

Schedule F

HOCC Authorizing Board Resolution

[see attached]

**RESOLUTIONS OF THE SOLE DIRECTOR
OF
HYDRO OTTAWA CAPITAL CORPORATION
(the “Corporation”)**

Dated as of the 3rd day of May, 2024.

PURCHASE AND ASSUMPTION OF LIABILITIES AGREEMENT

RECITALS:

- A. Hydro Ottawa Holding Inc. (“**HOHI**”) is the registered owner of 154,789,001 Class A Common Shares in the capital of the Hydro Ottawa Limited (“**HOL**”) (the “**Purchased Shares**”).
- B. HOHI is indebted to: (i) in respect of amounts due pursuant to the Commitment Letter, The Bank of Nova Scotia; and (ii) in respect of the Trust Indenture, the Supplemental Indentures and the Debentures, BNY Trust Company of Canada in its capacity of trustee under the Trust Indenture.
- C. HOHI has advanced, from the proceeds received by HOHI under the Commitment Letter and the Debentures, to HOL by way of loan, the principal amounts as set out in Schedule A hereto (as at April 30, 2024) (the “**Inter Company Debt**”) on the terms and conditions of the promissory notes described in Schedule A hereto (the “**Inter Company Promissory Notes**”).
- D. The Corporation intends to enter into a purchase and assumption of liabilities agreement (the “**Purchase and Assumption of Liabilities Agreement**”) to be dated as of the date of closing of the transactions contemplated thereby (the “**Closing Date**”), between HOHI, as vendor, and the Corporation, as purchaser, pursuant to which, *inter alia*: (i) the Corporation will purchase (and HOHI will sell) legal and beneficial title to the Purchased Shares in consideration of the issuance by the Corporation of up to 200,000,000 Class A Common Shares in the capital of the Corporation to HOHI; (ii) HOHI will assign to the Corporation (and the Corporation will assume) the obligations of HOHI in respect of the Commitment Letter, the Trust Indenture, the Supplemental Indentures and the Debentures (the “**Assumed Debt**”); and (iii) HOHI will assign to the Corporation (and the Corporation will assume) HOHI’s obligations for, and right to receive the principal and interest in respect of, the Inter Company Debt under the Inter Company Promissory Notes, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement.
- E. HOHI and the Corporation wish to elect under subsection 85(1) of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the corresponding applicable provisions of provincial legislation in respect of the transfer of the Purchased Shares by HOHI to the Corporation.
- F. The foregoing is subject to the approval of the Ontario Energy Board (the “**OEB**”) pursuant to Section 86(2) of the *Ontario Energy Board Act, 1998* as amended, and the OEB’s requirement for Mergers, Amalgamations, Acquisitions and Divestitures in the Ontario Electricity Transmission and Distribution Section (the “**MAADs**”) necessitating an application to the OEB (the “**MAADs Application**”).
- G. A copy of the Purchase and Assumption of Liabilities Agreement has been provided to the directors of the Corporation and the directors of the Corporation are of the opinion that it is in the best interests of the Corporation to enter into the Purchase and Assumption of Liabilities Agreement.

- H. All terms used herein but not otherwise defined shall have the meaning given to them in the Purchase and Assumption of Liabilities Agreement.

RESOLVED that:

1. subject to the OEB's approval of the MAADs Application, the Corporation be and is hereby authorized and directed to acquire the Purchased Shares from HOHI, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement;
2. once, the Corporation has received the Purchased Shares, the Corporation is hereby authorized to issue to HOHI up to 200,000,000 Class A Common Shares, or such lesser number of Class A Common Shares as may be agreed by the Corporation and HOHI (the "**Consideration Shares**"), as fully paid and non-assessable shares in the capital of the Corporation, and the directors of the Corporation expressly determine that the fair value of the Purchased Shares is not less than the amount of money that the Corporation would have received if the shares had been issued for money;
3. the Corporation is authorized and directed to issue and register share certificate AC-2 in the name of HOHI evidencing the Class A Common Shares in the capital of the Corporation representing the Consideration Shares, and any one director or officer of the Corporation is authorized and directed to execute such share certificate, to affix the seal of the Corporation, if required, and to deliver such share certificate to HOHI;
4. the Corporation is authorized and directed to elect under section 85(1) of the Tax Act and under any, and all equivalent provisions under any other applicable provincial legislation in respect of the Purchased Shares as contemplated in the Purchase and Assumption of Liabilities Agreement;
5. that under the provisions of section 24(3) of the *Business Corporations Act* (the "**Act**"), the Corporation, having received the Purchased Shares from HOHI, which is a person with whom the Corporation does not deal at arm's length within the meaning of the Tax Act, the Corporation shall add to the stated capital account maintained in respect of the Class A Common Shares in the capital of the Corporation an amount determined in accordance with the Purchase and Assumption of Liabilities Agreement;
6. the Corporation be and is hereby authorized and directed to assume HOHI's obligations in respect of the Assumed Debt outstanding on the Closing Date of the transaction contemplated by the Purchase and Assumption of Liabilities Agreement, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement;
7. in connection with the assumption of HOHI's obligations in respect of the Assumed Debt by the Corporation, the Corporation be and is hereby authorized to execute and deliver the following agreements:
 - a. a supplemental trust indenture reflecting amendments to the Trust Indenture and Supplemental Trust Indentures to be approved by the Chief Financial Officer of the Corporation to give effect to the assumption of the Debentures by the Corporation and such other changes as are permitted under the Trust Indenture;
 - b. an amended and restated trust indenture in respect of the Trust Indenture;
 - c. an amended and restated supplemental indenture in respect of each Supplemental Indenture; and
 - d. an agreement amending, amending and restating, or replacing the Commitment Letter.
8. the Corporation be and is hereby authorized and directed to assume HOHI's obligations for, and right to receive the principal and interest in respect of, the Inter Company Debt under the Inter

Company Promissory Notes, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement;

9. the execution and delivery of the Purchase and Assumption of Liabilities Agreement is authorized, ratified and approved, and the execution and delivery of all other agreements, certificates, instruments and other documents required to be executed and delivered by the Corporation in connection with the transactions contemplated by the Purchase and Assumption of Liabilities Agreement including, without limitation, the agreements set out in the resolution in paragraph 7 above and the preparation and submission of the MAADs Application to the OEB (collectively with the Purchase and Assumption of Liabilities Agreement, the “**Transaction Documents**”), is authorized, confirmed and approved;
10. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such further agreements, instruments, amendments, certificates and other documents and to do all such other acts or things as such director or officer may determine necessary or advisable in connection with the transactions contemplated by the foregoing resolutions, the execution of any such document or the doing of any such other act or thing by such director or officer being conclusive evidence of such determination;
11. all agreements, documents, acts or things connected with or pertaining to the transactions contemplated by the Purchase and Assumption of Liabilities Agreement, which may heretofore have been executed, made, done, or performed by the Corporation or by any one director or officer of the Corporation are hereby authorized, confirmed and approved; and
12. these resolutions may be executed and delivered in any number of separate counterparts, each of which may be executed and delivered by facsimile transmission or electronically in PDF, DocuSign or other similar secure format. The Corporation shall be entitled to rely on delivery of such facsimile or electronically delivered counterparts and all such executed counterparts will be deemed an original and when taken together such counterparts will constitute one and the same document.

[Signature page immediately follows]

THESE RESOLUTIONS are consented to in writing by the undersigned, being the sole director of the Corporation, in accordance with the *Business Corporations Act* (Ontario).

DocuSigned by:

Bryce Conrad

8EDB4595749C4ES...

Bryce Conrad

SCHEDULE "A"
INTER COMPANY DEBT

[To be attached]

SCHEDULE A

As at April 30, 2024

LIST OF PROMISSORY NOTES

Co.	Debtor	Co.	Creditor	Agreement	Issued on	Maturity	Type	Ccy	Limit/Issue	Balance	Ccy	Balance	Current	Notes
									Amount		Rate	CAD	Appl. rate	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN01-1020	9/Feb/15	3/Feb/25	Promissory Note	CAD	138,667,000	138,667,000	1.000	138,667,000	2.614%	[2]
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN02-1020	9/Feb/15	2/Feb/45	Promissory Note	CAD	121,333,000	121,333,000	1.000	121,333,000	3.639%	[3]
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN03-1020	14/May/13	14/May/43	Promissory Note	CAD	107,185,000	107,185,000	1.000	107,185,000	3.991%	[1]
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN04-1020	14/May/13	19/Dec/36	Promissory Note	CAD	50,000,000	50,000,000	1.000	50,000,000	4.968%	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN05-1020	25/Jun/15	25/Jun/25	Promissory Note	CAD	15,999,000	15,999,000	1.000	15,999,000	2.614%	[4]
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN06-1020	25/Jun/15	25/Jun/45	Promissory Note	CAD	14,001,000	14,001,000	1.000	14,001,000	3.639%	[5]
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN07-1020	16/Oct/19	16/Oct/29	Promissory Note	CAD	87,500,000	87,500,000	1.000	87,500,000	2.660%	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	PN08-1020	16/Oct/19	16/Oct/49	Promissory Note	CAD	162,500,000	162,500,000	1.000	162,500,000	3.210%	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	GN01-1020	5/Jul/21	on demand	Grid Note	CAD	80,000,000	80,000,000	1.000	80,000,000	3.570%	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	GN01-1020	9/Aug/22	on demand	Grid Note	CAD	30,000,000	30,000,000	1.000	30,000,000	4.940%	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	GN01-1020	7/Jul/23	on demand	Grid Note	CAD	30,000,000	30,000,000	1.000	30,000,000	4.560%	
									837,185,000	837,185,000				

As at Apr 30, 2024 long-term notes outstanding for Hydro Ottawa Limited totalled \$837,185,000 with a weighted average rate of 3.462%

LIST OF SHORT TERM CREDIT AGREEMENTS

Co.	Debtor	Co.	Creditor	Agreement	Issued on	Maturity	Type	Ccy	Limit/Issue	Balance		Balance	Current	Notes
									Amount	Ccy	Rate	CAD	Appl. rate	
20	Hydro Ottawa Limited	10	Hydro Ottawa Holding Inc.	CA01-1020	1/Jan/09	Revolving	Revolving Line (BA Loan)	CAD	90,000,000	64,000,000	1.00	64,000,000	5.826%	[6]
									90,000,000	64,000,000				

Notes:

- [1] Interest rate changed to 3.9910% eff. 14/05/2018
- [2] Interest rate change to 2.6140% eff. 4/02/2020
- [3] Interest rate change to 3.6390% eff. 3/02/2020
- [4] Interest rate change to 2.6140% eff. 26/06/2020
- [5] Interest rate change to 3.6390% eff. 26/06/2020
- [6] Applicable rate is the effective rate on outstanding Scotiabank BA or BoC Canada BA rate plus 0.80% stamping fee

Schedule G

HOL Authorizing Board Resolution

[see attached]

RESOLUTIONS OF THE DIRECTORS
OF
HYDRO OTTAWA LIMITED
(the “Corporation”)

Dated as of the 3rd day of May, 2024.

TRANSFER OF SHARES AND INTER COMPANY PROMISSORY NOTES

RECITALS:

- A. Hydro Ottawa Holding Inc. (“**HOHI**”) is the registered owner of 154,789,001 Class A Common Shares in the capital of the Corporation (the “**Purchased Shares**”).
- B. HOHI has advanced to the Corporation, by way of loans, the principal amount set out in Schedule A hereto (as at April 30, 2024) (the “**Inter Company Debt**”) on the terms and conditions of the promissory notes described in Schedule A hereto (the “**Inter Company Promissory Notes**”).
- C. HOHI intends to enter into a purchase and assumption of liabilities agreement (the “**Purchase and Assumption of Liabilities Agreement**”) to be dated as of the date of closing of the transactions contemplated thereby (the “**Closing Date**”) between HOHI, as vendor, and Hydro Ottawa Capital Corporation (“**HOCC**”), as purchaser, pursuant to which, *inter alia*: (i) HOCC will purchase (and HOHI will sell) legal and beneficial title to the Purchased Shares; and (ii) HOHI will assign to HOCC (and HOCC will assume) HOHI’s obligations for, and right to receive the principal and interest in respect of, the Inter Company Debt outstanding on the Closing Date under the Inter Company Promissory Notes, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement.
- D. The foregoing is subject to the approval of the Ontario Energy Board (the “**OEB**”) pursuant to Section 86(2) of the *Ontario Energy Board Act, 1998* as amended, and the OEB’s requirement for Mergers, Amalgamations, Acquisitions and Divestitures in the Ontario Electricity Transmission and Distribution Section (the “**MAADs**”) necessitating an application to the OEB (the “**MAADs Application**”).
- E. A copy of the Purchase and Assumption of Liabilities Agreement has been provided to the directors of the Corporation and the directors of the Corporation are of the opinion that it is in the best interests of the Corporation to approve the transfer of the Purchased Shares from HOHI to HOCC and the assumption by HOCC of HOHI’s obligations for, and right to receive the principal and interest in respect of, the Inter Company Debt under the Inter Company Promissory Notes.
- F. All terms used herein but not otherwise defined shall have the meaning given to them in the Purchase and Assumption of Liabilities Agreement.


RESOLVED that:


- 1. subject to the OEB’s approval of the MAADs Application, the Corporation be and is hereby authorized and directed to transfer the Purchased Shares in the capital of the Corporation from HOHI to HOCC, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement;
- 2. Share certificate 7-AC registered in the name of HOHI be cancelled;

3. the Corporation, having received the share transfer instrument, is hereby authorized and directed to issue and register share certificate 8-AC in the name of HOCC evidencing 154,789,001 Class A Common Shares in the capital of the Corporation, and any one director or officer of the Corporation is authorized and directed to execute such share certificate, to affix the seal of the Corporation, if required, and to deliver such share certificate to HOCC;
4. the assignment by HOHI to HOCC (and assumption by HOCC) of HOHI's obligations for, and its right to receive the principal and interest in respect of, the Inter Company Debt under the Inter Company Promissory Notes to the Corporation, upon the terms and subject to the conditions set forth in the Purchase and Assumption of Liabilities Agreement is authorized and approved;
5. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such further agreements, instruments, amendments, certificates and other documents and to do all such other acts or things as such director or officer may determine necessary or advisable in connection with the transactions contemplated by the foregoing resolutions, including, without limitation, the preparation and submission of the MAADs Application to the OEB, the execution of any such document or the doing of any such other act or thing by such director or officer being conclusive evidence of such determination;
6. all agreements, documents, acts or things connected with or pertaining to the transfer of the Purchased Shares in the capital of the Corporation from HOHI to HOCC and the assignment by HOHI of its right to receive the principal and interest in respect of the Inter Company Debt under the Inter Company Promissory Notes to the Corporation, which may heretofore have been executed, made, done, or performed by the Corporation or by any one director or officer of the Corporation are hereby authorized, confirmed and approved; and
7. these resolutions may be executed and delivered in any number of separate counterparts, each of which may be executed and delivered by facsimile transmission or electronically in PDF, DocuSign or other similar secure format. The Corporation shall be entitled to rely on delivery of such facsimile or electronically delivered counterparts and all such executed counterparts will be deemed an original and when taken together such counterparts will constitute one and the same document.

[Signature page immediately follows]

THESE RESOLUTIONS are consented to in writing by the undersigned, being all of the directors of the Corporation, in accordance with the *Business Corporations Act* (Ontario).


DocuSigned by:

4370BDA251BC492...
Bernie Ashe

DocuSigned by:

8EDB4595749C4E3...
Bryce Conrad

DocuSigned by:

2E5C3D4504A04F1...
Brent Fletcher

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DocuSigned by:

4370BDA251BC492...

Bernie Ashe

Bryce Conrad

Brent Fletcher

SCHEDULE "A"
INTER COMPANY DEBT

[To be attached]

SCHEDULE A

As at April 30, 2024

LIST OF PROMISSORY NOTES

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- [6] Applicable rate is the effective rate on outstanding Scotiabank BA or BoC Canada BA rate plus 0.80% stamping fee

Schedule H

Draft Purchase and Assumption of Liabilities Agreement

[see attached]

PURCHASE AND ASSUMPTION OF LIABILITIES AGREEMENT

THIS AGREEMENT is made as at the [●] day of [●], 2024,

B E T W E E N:

HYDRO OTTAWA HOLDING INC, a corporation incorporated under the laws of Ontario and having its registered office at 2711 Hunt Club Road, Ottawa, Ontario, K1G 5Z9,

(the “**Vendor**”)

- and -

HYDRO OTTAWA CAPITAL CORPORATION, a corporation incorporated under the laws of Ontario and having its registered office at 2711 Hunt Club Road, Ottawa, Ontario, K1G 5Z9,

(the “**Purchaser**”)

WHEREAS, the Vendor is the legal and beneficial owner of the Purchased Shares (as defined herein);

AND, WHEREAS, the Vendor is indebted to the Lenders (as defined herein) for the aggregate principal amount and accrued but unpaid interest outstanding under the Commitment Letter (as defined herein) and the Debentures (as defined herein) as set out in Schedule A hereto as at [the date hereof];

AND, WHEREAS, the Vendor has advanced, from the proceeds received by the Vendor under the Commitment Letter and the Debentures, to Hydro Ottawa Limited by way of loan the aggregate principal amount of the Inter Company Debt (as defined) as at [the date hereof] on the terms and conditions of the Inter Company Promissory Notes;

AND, WHEREAS, upon and subject to the terms of this Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase all of the Purchased Shares in consideration of the issuance by the Purchaser of the Issued Shares (as defined herein);

AND, WHEREAS, upon and subject to the terms of this Agreement, the Purchaser has agreed to assume all of the Vendor’s obligations in respect of the Assumed Debt (as defined herein) in consideration of the assignment of the Inter Company Debt and of the issuance of the Vendor Note (as defined herein) to the Purchaser;

AND, WHEREAS the Parties wish to complete this transaction in a manner which does not give rise to any income tax liability for the Vendor;

NOW THEREFORE in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties (as defined herein) covenant and agree as follows:

Article 1 INTERPRETATION

1.1 Definitions.

- (a) “**Act**” means the *Income Tax Act* (Canada) and the regulations thereto as amended from time to time.
- (b) “**Adjusted Cost Base**” has the same meaning as is given to such phrase in the Act.
- (c) “**Assumed Debt**” means the principal, interest and other obligations of the Vendor under and in connection with the Commitment Letter, the Trust Indenture, the Supplemental Indentures and the Debentures.
- (d) “**Commitment Letter**” means the commitment letter dated June 28, 2023 from The Bank of Nova Scotia to the Vendor pursuant to which The Bank of Nova Scotia agreed to make available to the Vendor financing for the day-to-day general operating requirements of the Vendor, as amended, restated, supplemented or otherwise modified from time to time.
- (e) “**Debentures**” means the Series 2015-1, Series 2015-2, Series 2013-1, Series 2006-1 Debentures issued by the Vendor under the terms of the Trust Indenture and the Supplemental Indentures.
- (f) “**Effective Date**” means August 30, 2024.
- (g) “**Effective Time**” means [12:00am] on the Effective Date.
- (h) “**Elected Amount**” has the meaning ascribed thereto in Section 2.3.
- (i) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, prior claim, adverse claim, exception, reservation, restrictive covenant, agreement, easement (whether or not registered against title), lease, licence, right of occupation, option, right of use, right of first refusal, right of pre-emption, privilege or any matter capable of registration against title or any contract to create any of the foregoing.
- (j) “**Excess Assumed Debt**” has the meaning ascribed thereto in Section 3.3 hereof.
- (k) “**Fair Market Value**” means, with respect to the Purchased Shares, the value thereof as of the Effective Time, determined by applying generally accepted valuation principles with a view to determining the highest price available in an open and unrestricted market between prudent parties acting at arm's length and under no compulsion to act, and expressed in terms of money or money's worth.
- (l) “**Inter Company Debt**” means the principal amount, together with accrued but unpaid interest and interest amounts due by Hydro Ottawa Limited to the Vendor under the terms of the Inter Company Promissory Notes as set out in Schedule B hereto as at [the date hereof].
- (m) “**Inter Company Promissory Notes**” means the promissory notes made by Hydro Ottawa Limited in favour of the Vendor and in respect of which the principal and accrued and unpaid interest amounts are set out in Schedule B hereto as at [the date hereof].
- (n) “**Issued Shares**” means, collectively, [200,000,000] Class A Common shares in the capital of the Purchaser.

- (o) **“Lenders”** means (i) in respect of amounts due pursuant to the Commitment Letter, The Bank of Nova Scotia and (ii) in respect of the Debentures, BNY Trust Company of Canada in its capacity of trustee under the Trust Indenture.
- (p) **“Parties”** means the Purchaser and the Vendor, and **“Party”** means either one of them.
- (q) **“Purchase Price”** means the purchase price payable by the Purchaser to the Vendor for the Purchased Shares and it is equal to the Fair Market Value of the Purchased Shares as of the date hereof, which the Parties reasonably estimate in good faith to be \$[] in the aggregate.
- (r) **“Purchased Shares”** means 154,789,001 Class A Common Shares in the capital of Hydro Ottawa Limited.
- (s) **“Supplemental Indentures”** means, collectively, the series 2006-1 supplemental indenture dated December 20, 2006, the series 2013-1 supplemental indenture dated May 14, 2013, and the series 2015-1 and 2015-2 supplemental indenture dated February 2, 2015, in each case, between the Vendor and BNY Trust Company of Canada, as trustee.
- (t) **“Trust Indenture”** means the Trust Indenture dated February 4, 2005 made between the Vendor and BNY Trust Company of Canada, as trustee, and each of the supplemental indentures thereto.
- (u) **“Vendor Note”** means the non-interest bearing demand promissory note in the form attached as Schedule D hereto in the principal amount equal to the Excess Assumed Debt.

1.2 Currency. All references in this Agreement to dollars or to \$ are expressed in Canadian currency.

1.3 Gender and Number. Words expressed in the singular include the plural and vice-versa and words in one gender include all genders.

1.4 Headings. The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The Section headings in this Agreement are not intended to be full or precise descriptions of the text to which they refer and shall not be considered part of this Agreement.

Article 2

PURCHASE AND SALE OF THE PURCHASED SHARES

2.1 Purchase and Sale of the Purchased Shares. Upon the terms and subject to the conditions set forth in this Agreement and upon receipt of the consideration set out in Section 2.2 herein, effective as of the Effective Time, the Vendor hereby sells, transfers and assigns to the Purchaser, and the Purchaser hereby purchases from the Vendor, all of the Vendor’s right, title and interest in and to the Purchased Shares free and clear of all Encumbrances.

2.2 Issuance of the Issued Shares. Upon the terms and subject to the conditions set forth in this Agreement and upon receipt of the Purchased Shares, effective as of the Effective Time, the Purchaser shall allot and issue the Issued Shares to the Vendor as fully paid and non-assessable shares of Purchaser free and clear of all Encumbrances in full satisfaction of the Purchase Price.

2.3 Elected Amount. For the purposes of this Agreement, **“Elected Amount”** means an amount as determined by the Vendor, provided that such amount is within the limits provided under subsection 85(1) of the Act, and which amount shall be the agreed amount for the purposes of subsection 85(1) of the Act and the corresponding provisions of the provincial legislation.

2.4 Filing of Elections under the *Income Tax Act* (Canada). The Parties hereby agree that, at the election of the Vendor (in the Vendor's sole discretion), then the Purchaser and the Vendor shall jointly make, execute and file with the appropriate government bodies the elections required under subsection 85(1) of the Act and the applicable provisions of corresponding provincial legislation, in prescribed form and within the prescribed time. In such event, the Purchaser and the Vendor covenant and agree that for taxation purposes the acquisition cost to the Purchaser and the proceeds of disposition to the Vendor of the Purchased Shares shall be deemed to be the Elected Amount.

2.5 Adjustments. It being the intention of the Purchaser and the Vendor that the Purchase Price shall be the Fair Market Value of the Purchased Shares being purchased and sold under this Agreement as of the Effective Time, the Purchaser and the Vendor agree that if a different value is determined or assumed, upon assessment or reassessment of either the Purchaser or the Vendor under the Act or upon agreement with officials of any governmental authority or upon agreement between the Purchaser and the Vendor (with or without agreement of officials of any applicable governmental authority), then the value so determined or agreed shall be deemed to be the Fair Market Value under this Agreement, and the Purchase Price shall be adjusted accordingly and retroactively, *nunc pro tunc*, as of the Effective Time on the assumption that those adjustments were known to the Purchaser and the Vendor at the time of signing this Agreement. If any of the Issued Shares have been redeemed or purchased by the Purchaser for cancellation and the aggregate redemption amount thereof is subsequently determined, pursuant to the procedure set out in this Section 2.5, to be greater or less than the Purchase Price, the Purchaser and the Vendor shall forthwith make all necessary payments to one another (without interest) in order to rectify such underpayment or overpayment. The provisions of this Section 2.5 shall also apply to the Issued Shares.

2.6 Addition to Stated Capital Account. The Purchaser agrees that, notwithstanding the Purchase Price and in accordance with Section 24(3) of the *Business Corporations Act* (Ontario), it will add an amount equal to the stated capital attributable to the Purchased Shares to its stated capital in respect of the Issued Shares in accordance with Schedule A.

2.7 Allocation of Purchase Price. The Issued Shares shall be allocated among the Purchased Shares so as to ensure that the consideration received by the Vendor for each of the Purchased Shares includes at least one of the Issued Shares or a fraction thereof of the Purchaser for purposes of subsection 85(1) of the Act.

Article 3 ASSUMED DEBT AND INTER COMPANY DEBT

3.1 Assumption of Assumed Debt. Subject to the terms and conditions of this Agreement, effective as of the Effective Time, the Vendor hereby transfers, conveys and assigns to the Purchaser the Assumed Debt and the Purchaser hereby accepts and assumes, the Assumed Debt, and the Purchaser hereby covenants and agrees with the Vendor that the Purchaser shall be bound by and be liable under, as an obligation of the Purchaser, each and every covenant, agreement, liability, condition and obligation of the Vendor in connection with the Assumed Debt required to be observed or performed on or after the Effective Time to the same extent and with the same force and effect as if the Purchaser had been the obligor of the Assumed Debt in the place and instead of the Vendor.

3.2 Assignment of Inter Company Debt. Subject to the terms and conditions of this Agreement, and in consideration for the assignment of the Assumed Debt to the Purchaser, effective as of the Effective Time, the Vendor hereby sells, transfers, conveys and assigns to the Purchaser and the Purchaser hereby purchases and acquires from the Vendor, free and clear of all Encumbrances, all of the Vendor's right, title and interest in and to the Inter Company Debt as at and from the Effective Time and with full power and authority to exercise and enforce any right of the Vendor in respect thereof. The Vendor agrees and covenants to direct Hydro Ottawa Limited to remit to the Purchaser all amounts payable in respect of the

Inter Company Debt and the Vendor shall remit forthwith to the Purchaser any amount received from Hydro Ottawa Limited in respect of the Inter Company Debt from and after the Effective Time.

3.3 Vendor Note. If and to the extent the amount of the Assumed Debt assumed by the Purchaser exceeds the amount transferred to the Purchaser in respect of the Inter Company Debt (such excess referred to as the “**Excess Assumed Debt**”), the Vendor shall issue to the Purchaser on the Effective Date the Vendor Note.

3.4 Share Issuance Arising from Assignment of Inter Company Debt. If and to the extent the amount of the Assumed Debt assumed by the Purchaser is less than the lesser of (i) the amount of the Inter Company Debt and (ii) the tax cost of the Inter-Company Debt (such difference referred to as the “**Excess Transferred Receivable**”), the Vendor shall issue to the Purchaser on the Effective Date the Additional Shares with a value equal to the Excess Transferred Receivable. The provisions of sections 2.3, 2.4, 2.5, 2.6 and 2.7 shall apply with necessary modification to the issue of the Additional Shares.

Article 4

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor. The Vendor represents and warrants as follows and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the purchase by it of the Purchased Shares and assumption of the Assumed Debt herein provided:

- (a) the Vendor is duly incorporated and organized and is validly subsisting under the laws of Ontario;
- (b) the Vendor is the registered and beneficial owner of the Purchased Shares with a good and marketable title thereto free and clear of any and all Encumbrances and any and all rights and privileges capable of becoming Encumbrances, and as such, has the exclusive right and full power to sell, transfer and assign the Purchased Shares to the Purchaser free and clear of any such Encumbrances;
- (c) the Vendor holds all right, title and interest to amounts payable by Hydro Ottawa Limited in respect of the Inter Company Debt free and clear of any and all Encumbrances and any and all rights and privileges capable of becoming Encumbrances, and as such, has the exclusive right and full power to sell, transfer and assign the Inter Company Debt to the Purchaser free and clear of any such Encumbrances;
- (d) no person has any agreement, option or any right capable of becoming an agreement for the purchase of the Purchased Shares or the Inter Company Debt;
- (e) the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) there are no material actions, suits, claims, or legal, administrative, arbitration or similar proceedings, governmental investigations, or other proceedings pending or threatened against or affecting the Vendor at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. There are no material judgments, orders, awards, decrees or executions outstanding against the Vendor;
- (g) the Vendor is not insolvent, has not committed an act of bankruptcy, proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt, taken any proceeding to have a receiver appointed over any part of its assets, had any encumbrancer take possession of any of its property, or had any execution or distress become enforceable or become levied upon any of its property;
- (h) the execution and delivery of this Agreement by the Vendor, the sale of the Purchased Shares, the assignment of the Inter Company Debt and the issuance of the Vendor Note herein provided have been duly

authorized by all necessary corporate action, and the Vendor has all requisite power and authority to enter into this Agreement and carry out the transactions contemplated herein; and

(i) this Agreement constitutes a valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, provided that enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other laws, whether or not similar, generally affecting the enforceability of creditors' rights and that equitable remedies such as specific performance and injunctive relief are in the discretion of the court from which they are sought.

4.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants as follows and acknowledges that the Vendor is relying upon such representations and warranties in connection with the transactions herein provided:

(a) the Purchaser is duly incorporated and organized and is validly subsisting under the laws of Ontario;

(b) the execution and delivery of this Agreement by the Purchaser, the assumption of the Assumed Debt and the issuance of the Issued Shares herein provided have been duly authorized by all necessary corporate action, and the Purchaser has all requisite power and authority to enter into this Agreement and carry out the transactions contemplated herein;

(c) this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, provided that enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other laws, whether or not similar, generally affecting the enforceability of creditors' rights and that equitable remedies such as specific performance and injunctive relief are in the discretion of the court from which they are sought; and

(d) the Purchaser is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

4.3 Survival. The Parties acknowledge and agree that all of the representations, warranties and covenants made in this Agreement shall survive the closing of the transactions contemplated by this Agreement and shall continue in full force and effect without limitation of time.

Article 5 COVENANTS

5.1 Covenants of the Vendor. The Vendor covenants and agrees that upon the execution of this Agreement, the Vendor will do or cause to be done the following:

(a) cause all necessary steps and proceedings to be taken to permit the Purchased Shares to be duly and regularly transferred to the Purchaser effective as of the Effective Time;

(b) cause all necessary steps and proceedings to be taken to permit the Inter Company Debt to be duly and regularly assigned to the Purchaser effective as of the Effective Time;

(c) obtain all consents and approvals required to permit the transactions provided by this Agreement;

(d) deliver certificates, if any, representing the Purchased Shares duly endorsed for transfer to the Purchaser and cause the said Purchased Shares to be duly and regularly recorded in the name of the Purchaser;

(e) deliver instruments, if any, in writing evidencing the Inter Company Promissory Notes to the Purchaser and cause the Inter Company Promissory Notes to be reissued or recorded in the name of the Purchaser; and

(f) deliver the Vendor Note if and to the extent required pursuant to Section 3.3 hereof.

5.2 Covenants of the Purchaser. The Purchaser covenants and agrees to:

- (a) take all necessary steps to issue and allot the Issued Shares to the Vendor;
- (b) take all necessary steps to assume the Assumed Debt effective as of the Effective Time;
- (c) use commercially reasonable efforts to obtain a full and final release and discharge from the Lenders and Trustee of all of the obligations of the Vendor in respect to the Assumed Debt arising from and after the Effective Date; and
- (d) reimburse the Vendor for any payment made by the Vendor in satisfaction of obligations which have accrued on or after the Effective Date in respect of the Assumed Debt.

**Article 6
GENERAL**

6.1 Time is of the Essence. Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

6.2 Further Assurances. The Parties shall sign such further and other papers and documents, cause such meetings to be held, votes cast, resolutions passed, by-laws enacted and other acts and things done and performed as may be necessary and desirable to give full force and effect to this Agreement and every part thereof.

6.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in that province, excluding the choice of law rules of that province.

6.4 Entire Agreement. This Agreement and the provisions hereof shall constitute the entire agreement between the Parties. No subsequent variation or amendment hereof shall have any effect unless made in writing and signed by the Parties.

6.5 Counterparts. This Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same agreement.

6.6 Severability. If any provision of this Agreement is determined to be unenforceable or invalid for any reason whatsoever, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid provision shall be severable from the remainder of this Agreement.

6.7 Successors and Assigns. No Party may assign this Agreement or any part hereof without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

[signature page immediately follows]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

HYDRO OTTAWA HOLDING INC.

By: _____
Title: Geoffrey Simpson
Chief Financial Officer

By: _____
Title: John Bryce Conrad
President & Chief Executive Officer

**HYDRO OTTAWA CAPITAL
CORPORATION**

By: _____
Title: Geoffrey Simpson
Chief Financial Officer

By: _____
Title: John Bryce Conrad
President & Chief Executive Officer

Schedule A
ASSUMED DEBT

[see attached]

Schedule B
INTER COMPANY DEBT

[see attached]

Schedule C

Purchased Shares:

Description	Fair Market Value	Vendor's Amount	Cost	Paid Up Capital	Elected Amounts
154,789,001 Class A Common Shares	\$[●]	\$[●]		\$[●]	\$[●]
<u>Total</u>	\$[●]	\$[●]		\$[●]	\$[●]

Issued Shares:

Description	Adjusted Cost Base	Fair Market Value	Amount Added to Purchaser's Stated Capital
[●]	\$[●]	\$[●]	\$[●]
[●]	\$[●]	\$[●]	\$[●]
<u>Total</u>	\$[●]	\$[●]	\$[●]

Schedule D
VENDOR NOTE

DEMAND PROMISSORY NOTE

(the “**Promissory Note**”)

_____, 2024

Principal Sum: \$[●]

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in his promissory note, Hydro Ottawa Holding Inc., its successors and assigns (the “**Borrower**”) hereby unconditionally promises to pay on demand to or to the order of Hydro Ottawa Capital Corp. (the “**Lender**”) the principal sum of [●] in lawful money of Canada at such place as the Lender may designate by notice in writing to the Borrower (the “**Principal Sum**”). No interest shall accrue or be payable on the said Principal Sum, either before or after default or judgment.

The Borrower may prepay the Principal Sum outstanding under this Promissory Note in whole or in part at any time, without notice, penalty or bonus.

The Borrower hereby waives presentment, notice of dishonour, protest and notice of protest.

This Promissory Note shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower hereby irrevocably attorns to and accepts the exclusive jurisdiction of the courts of the Province of Ontario.

This Promissory Note and the obligations hereunder shall be binding upon the Borrower and the Lender and their successors and permitted assigns and may not be assigned by the Borrower in whole or any part without the Lender's written consent.

The Borrower acknowledges, confirms and agrees with the Lender that the Lender is hereby authorized to record the date, amounts and aggregate unpaid balance of or in respect of amounts owing under this Promissory Note, and that in the absence of conclusive evidence to the contrary, all amounts recorded by the Lender will be valid and binding upon the Borrower and will be conclusive evidence of the unpaid principal balance and of advances outstanding owing by the Borrower from time to time.

IN WITNESS WHEREOF, the undersigned has caused this Promissory Note to be duly executed and delivered on the date first above written.

HYDRO OTTAWA CAPITAL CORP.

Name: Geoffrey Simpson
Title: Chief Financial Officer

Name: John Bryce Conrad
Title: President & Chief Executive Officer