

**IN THE MATTER OF the Ontario Energy Board Act 1998,  
S.O. 1998, c. 15, (Schedule B);**

**AND IN THE MATTER OF an Application by Innisfil  
Hydro Distribution Systems Limited for an Order or  
Orders approving or fixing just and reasonable rates  
and other charges for the distribution of electricity  
commencing May 1, 2009.**

**INTERROGATORIES  
OF THE  
SCHOOL ENERGY COALITION**

**General: Transition to International Financial Reporting Standards (IFRS)**

1. IFRS will replace Canadian GAAP for all publicly accountable enterprises effective January 1, 2011.

- (a) Please describe any processes and procedures taken by IHDSL to date to facilitate the transition.
- (b) please advise whether IHDSL has conducted or is planning to conduct any study to identify and assess the potential impact on its regulatory accounting and reporting systems upon transitioning to IFRS reporting standards.
- (c) Upon transition from Canadian GAAP to IFRS, the utility has the one-time opportunity to evaluate its current general-purpose financial reporting and make accounting policy decisions that could have a material impact on its future financial reporting. It implies that the utility could start anew even if its currently applied accounting policy is deemed to be appropriate under IFRS. It also implies that the choice of accounting policy and presentation of financial statements in conformity with IFRS will require management to make judgments and justify certain assumptions. Please advise whether this applies to IHDSL. If yes, please explain.

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## Response #1

- a) Innisfil Hydro's CFO/Treasurer has attended an IFRS course through the Certified Management Accountants Society to gain an understanding of IFRS and how it will potentially impact Innisfil Hydro. Innisfil Hydro is working within the Cornerstone Hydro Electric Concepts (CHEC) group to utilize synergies between 17 small to medium size LDC's in relation to the IFRS cutover deadline of 2011. Innisfil Hydro has had its external auditors present IFRS to the Board of Directors to provide insight as to the requirements and how it may impact the LDC.
- b) Innisfil Hydro is planning to conduct a study to identify and assess the potential impact on its reporting systems to transition to the IFRS reporting standards. Innisfil Hydro has not factored this cost within the 2009 rate application. Innisfil Hydro is estimating the cost to transition to IFRS will be \$100k and is further requesting this amount be spread over 4 years for recovery to its customer base or \$25k per year. When final rates are determined this item should be reflected in those rates as deemed by the board.
- c) Innisfil Hydro is still investigating the management judgements and assumptions required for the IFRS implementation and are unable to provide a yes or no response to this question at this time.

### **General: Revenue Requirement**

- 2. Please provide the approved revenue requirement for 2006, 2007, & 2008.

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## Response #2

The following is the approved service revenue requirement for 2006 to 2008 based on the approved IRM %:

### **Approved Service Revenue Requirement**

	<b>2006</b>	<b>2007*</b>	<b>2008*</b>
Service Revenue Requirement	6,991,981	7,054,909	7,031,123
*Approved IRM %		0.009	-0.003

- 3. 2007 Financial Statements, pg. 8 (Note 3, Rate Regulated Operations): please set out all increases in current expenses in the revenue requirement that are due to changes in accounting resulting from changes to the CICA Handbook.

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Response #3

The changes in accounting resulting from the changes to the CICA Handbook on Note 3 relate to deferred income taxes and the recognition of regulatory assets and liabilities. These items are not part of the service revenue requirement and therefore will have no impact on the service revenue requirement.

4. 2006 and 2007 Financial Statements: the 2006 Financial Statements showed a note due from Innisfil Energy Services Ltd. in the amount of \$996,000 and bearing interest at a rate of prime rate less 0.25% per annum. This note has apparently been repaid as the balance as at December 31, 2007 is zero. Please explain when this debt obligation was repaid and what the terms of repayment were. Please advise also whether the funds returned were invested in some other interest-bearing instrument.

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Response #4

The debt was repaid in March 2007 to Innisfil Hydro from Innisfil Energy Services Ltd. Innisfil Energy sold its investment in SCBN (fibre optic investment) and the proceeds were given to Innisfil Hydro for repayment of the note. Innisfil Hydro placed the funds in the bank earning prime so the funds would readily be available for the planned smart meter implementation.

**Capital Expenditures**

5. Exhibit 2, Tab 3, Schedule 2, pg. 8: the evidence states that the voltage conversion project, which came into service in 2007, "would save the company losses based on the operating efficiency of the higher Voltage".

- (a) Please explain what "losses" are being referred to.
- (b) If the reference is to line losses, please explain why the 2009 line losses use a simple average of the past six years rather than taking into account the new equipment designed to reduce losses.

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Response #5

- a) The losses being referred to are 'line losses' that occur when current flows through a conductor due to the conductor's resistance. The benefit of higher voltages are affected by the formula  $W = I^2R$ . When increasing the line voltage from 8.32 kV to 27.6 kV, the line losses are reduced by 91%.
- b) It assumed in responding to this interrogatory that the reference to the "simple average of the past six years" relates to the loss factor used in the load forecast outlined in Exhibit 3, Tab 2, Schedule 3, pg. 5. The simple average of the past six years was used to determine the loss factor in the load forecast as this was consistent with the period of time used in the regression analysis which supports the load forecast.

6. Exhibit 3, Tab 2, Schedule 3, pg. 5- Line losses:

- (a) The line losses for 2002, at 10.9%, appear to be an anomaly as it is far above line losses experienced in any other year (more than twice the average of the other five years, 4.8%). Please explain why IHDSL does not remove 2002 and use the average of the remaining five years, 4.8%, to determine its line losses for 2009.

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Response #6

- a) In preparing the response to this interrogatory Innisfil Hydro believes it would be more reasonable to determine the loss factor for the load forecast using a 3 year average consistent with the calculation of the distribution loss factor in Exhibit 4, Tab, Schedule 9. In response to the Energy Probe interrogatory 1 b) the resulting load forecast assuming a three average loss factor of 4.77% has been provided. When the final rates are determined this item will be reflected in those rates.

**Capital Structure and Rate of Return**

7. Ref: Ex 6/1/3/pg2 of 3 – Cost of Debt:

- (a) please provide copies of the Note Payable and Debenture issued to the Town of Innisfil on December 31, 2007 and April 1, 1995, respectively.
- (b) Exhibit 6, Tab 1, Schedule 3, pg. 2 shows the Debentures payable to the Town of Innisfil bear interest at the rate of 9.75%. However, the 2007 Financial Statements, at pg. 12 (note 9) state that the debentures "bear interest at various rates ranging from 8% to 9.75%. Please explain.
- (c) Why is the April 1, 1995 Debenture issued to the Town of Innisfil not listed as affiliate debt?
- (d) Please provide the basis for the projected interest rate, 5.08% for the new debt to be issued May 1, 2009 and whether IHDSL plans on updating that rate prior to rate implementation.

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Response #7

- a) Attached are files Appendix C Debentures SEC IR 7a) and Appendix D Note Payable SEC IR 7a).

- b) When the debentures were issued in 1995 each debenture had a maturing rate. The rates ranged from 8% to 9.75%. Please see page 19 in the Appendix C Debenture file in question 7a). The maturing rate for the debentures from 2009 to 2015 is 9.75%.
- c) The loan is not considered to be a loan from an affiliate because the debentures were issued to various bond holders for the Hydro expansion. These debentures are not considered part of the Municipality's debt covenants per the Power Corporation Act Chapter P.18.
- d) Innisfil Hydro has registered in the pre-application process with Infrastructure Ontario, IO. IO is a Crown corporation dedicated to building and renewing public infrastructure. IO provides the following benefits:
  - a) affordable borrowing rates
  - b) all capital expenditures are eligible for financing
  - c) long terms up to 40 years
  - d) no extra fees or need to refinance
  - e) hassle-free access to capital market financing if necessary

Innisfil Hydro requested a quote on a 25 year serial loan for \$3,950,000 and IO supplied a rate of 5.08% as of May 16, 2008. Attached is the web based calculator schedule supplied by IO, detailing the principle and interest payments in the file Appendix E SEC IR Q 7d) Infrastructure Ontario debt 2009. Innisfil Hydro utilized this calculation within its rate application based on the reasonableness of the estimate as of the end of May 2008. As of October 31, 2008 the 25 year rate for a serial loan is 6.17% per the Infrastructure Ontario web site quotes for LDCs'.

At the time final rates are determined, Innisfil Hydro proposes the debt rate to be used for the 25 year serial loan would be set based on the debt rate quoted by Infrastructure Ontario when the OEB sets the deemed long term debt rate, the deemed short term debt rate and the rate of return of equity for 2009 cost of service/rebased applicants.

### Working Capital Calculation

8. Ref: Ex 2/4/1

- (a) IHDSL's working capital allowance is based on the 15% of specific OM&A accounts formula approach. Please advise whether IHDSL has any plans in the near future to conduct a company specific lead-lag study.

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Response #8

- a) At the present time Innisfil Hydro does not have any plans in the near future to conduct a company specific lead-lag study. However, Innisfil Hydro will monitor this issue and consider the need for such a study at time of its next rebasing/cost of service rate application

9. Ref: Ex 2/3/1/pg8

The following data was extracted from the Capital Expenditures by Key Category Table from Ex 2/3/1/pg 8.

(\$)	2005	2006	2007	2008 Bridge	2009 Test
Customer Demand Capex	488,649	1,256,003	853,455	1,700,055	2,041,560
Contributions	248,034	1,020,015	642,594	505,000	571,900
# Customers [Ex. 3/2/3, pg.1-2]	n/a	16,593	16,896	17,194	17,499

In 2008 & 2009, capital expenditures related to customer demand is projected to increase by 35% and 63% respectively compared to 2006 actual. It appears, based on the review of the list of IHDSL's distribution plant expenditures tables on pages 6 and 7, that the increase is mainly due to road widening, connection of new customer services, and other miscellaneous customer demand in 2008 & 2009.

- (a) The amount of customer contributions for 2008 & 2009 is not increasing proportionately. Please explain.
- (b) The table above shows the number of customers has been growing by a rate of about 1.8% per year since 2006. Please then explain the four-fold increase in customer demand capital expenditures since 2005.

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#### Response #9

- a) Please note that the reference to the number of customers [Ex. 3/2/3, pg.1-2] is actually the number of customers for residential, general services <> 50 kW and connections are street lighting, sentinel lighting and unmetered scattered loads.

The issue here is in regard to the classifications of the Distribution Plant Expenditures. There has been a shift in classifications over the years as is evident in the Capital Expenditures by General Ledger Account Tables 2005 to 2009 from ex. 2/3/1/pages 3-7. What has been included in the 'Customer Demand' category in 2008 & 2009 which is

different than 2005-2007 is 'Utility relocates' and 'Road Widening'. Utility relocates and road widening does not correlate to new customer demand. These two classifications relate to Innisfil Hydro's obligations under the Public service Works on Highways Act, RSO 1990, Chapter P49. By removing Utility Relocates and Road Widening from the Customer Demand category, the revised data from the Capital Expenditures by Key Category Table looks as follows:

(\$)	2005	2006	2007	2008 Bridge	2009 Test
Customer Demand Capex	488,649	1,256,003	853,455	1,700,055 -750,000 = 950,055	2,041,560 -1,055,700 = 985,860
Contributions	248,034	1,020,015	642,594	505,000	571,900
# Customers [Ex. 3/2/3, pg.1-2]	n/a	16,593	16,896	17,194	17,499

In 2008 & 2009, capital expenditures related to customer demand is therefore projected to increase by 11.3% and 3.8% and not 35% and 63% respectively compared to 2006 actual. The main drivers for the cost increase can be contributed to:

- The price increases in line hardware above inflation attributed to an increase in the cost of raw materials such as copper, aluminum and steel
- The increase in line crew rates above inflation by going from a non-union contractor to a unionized contractor through a public tender process
- Increased costs of compliance required by O. REG 22/04 from the Electrical Safety Authority

b) Please see the response in question 9a).

10. Ref a: Ex 2/3/2/pg3 of 24  
 Ref b: Ex 2/3/2/pg 5 of 24  
 Ref c: Ex 2/3/2/pg 12  
 Ref d: Ex 2/3/2/pg 18

	2005	2006	2007	2008	2009
Ref	Ref a	Ref b		Ref c	Ref d

Poles Replaced	45	65	57	60	60
\$	\$166K	\$183K	179k	\$237K	\$272K
Unit cost of pole replacement (\$/pole)	\$3700	\$2815	\$3140	\$3950	\$4533
Yr over Yr % Change		-24%	12%	26%	15%

- a. Please complete the table above.
- b. Please explain in detail the year over year variance of unit replacement cost.

#### Response #10

- a) Please see the above noted table.
- b) The year over year variance of the unit replacement cost can be attributed to a number of things. The first of which can be the height and class of the poles needed, being installed in live line or isolated line, the number of circuits on the pole, the amount of switching or hold offs required, and work practices on specific installations can raise or lower the average unit cost. A more stable explanation of increasing unit costs is due to the increasing cost of materials and contract labour Innisfil Hydro utilizes.

11. Exhibit 2/3/2, pg. 7: there are five customer connection projects listed on Table 4 on pg. 7 that refer to "u/g primary service" for individual customers such as "Subaru car dealership", "Mercedez (sic) car dealership", etc. Please advise:

- (a) Whether there were any contributions made to those projects by the affected customers, the amount of those contributions, and how the amount of the contributions were determined;
- (b) If no contributions were made, what was the justification for not requiring a contribution.

#### Response #11

- a) Contributions were received for the full amount on these projects from the affected customer. The amount of contribution received is as defined by Innisfil Hydro's conditions of service and estimated on a sophisticated electronic estimating program with a live connection to the inventory pricing and hourly labour rates.
- b) This is not applicable since contributions were made.



12. Exhibit 2/3/2, pg. 8: please provide a copy of the business case for the voltage conversion project for the Town of Alcona.

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Response #12

Attached is Appendix A Voltage Conversion project Town of Alcona file.

13. Ref a: Ex 2/1/1/Appendix A – Outsourcing of Line and Substation Work, Tree Trimming Activity

Ref b: Ex 4/2/3/pg5 of 9

Ref a: On page 3, 6 & 7 of the “Asset Management Plan” conducted by IHDSL in 2008, IHDSL states that the following work has been contracted out to an independent contractor at market rates: line and substation, tree trimming, infra-red scanning.

In Ref b, IHDSL states that the contract for its overhead and underground utility line works was awarded to K Line, an independent contractor, in March 2007. IHDSL also anticipated that the overall costs of line crew work will increase in excess of 20% in 2008 & 2009.

**Questions:**

- (a) Why did the sale of IHDSL's non-union contractor ('McG') to 'K Line' necessitate a new RFP?
  - (b) Given the increase in line crew costs as a result of the takeover by K Line, did IHDSL consider possibility of performing its line crew work in-house?
  - (c) Please file a copy of the contract between IHDSL and K Line.
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Response #13

- a) The sale of IHDSL's non-union contractor to 'K Line' did not necessitate a new RFP. The McG contract expired on June 30, 2008.
- b) Yes, IHDSL did consider the possibility of performing its line crew work in-house. It would require between one to two years lead time to establish a line crew from scratch including the hiring and training of staff with the purchase of tools, equipment, trucks, trailers and equipment.
- c) Attached is Appendix B 2008 – Line Tender Agreement K Line.

## **OM&A Costs**

14. Please provide IHDSL's OM&A costs per customer from 2005 to 2009.

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### Response #14

The following are the OM&A costs per customer from 2005 to 2009 excluding Street and Sentinel Lights connections:

#### **OM&A costs per customer**

	2005	2006	2007	2008	2009
Total OM&A Costs	2,706,543	2,906,371	3,183,319	3,522,825	3,931,720
Total Customers (excluding Street & Sentinel Lights)	13,793	13,832	14,120	14,307	14,496
OM&A Per customer	\$ 196	\$ 210	\$ 225	\$ 246	\$ 271

15. Ref.: Exhibit 4, Tab 2: all of the variance analyses have a line showing an increase due to "inflationary increases". Please:

- (a) explain what these are and how they are calculated;
- (b) provide the total amount of increase in Operations, Maintenance, Billing and Collection, and Administrative and General Expenses, for each of 2006, 2007, 2008 and 2009, that are due to inflationary increases.
- (c) Provide the assumed increase in 2009 budgets due to inflationary increases and the basis for that assumption.

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### Response #15

- a) Inflationary increases are cost of living increases that are passed on to Innisfil Hydro by its vendors. Payroll inflationary increases are the portion of negotiated increases that reflect the average cost of living increases as per government and banking agencies.
- b) The following table are the inflationary amounts and percentage increases for Innisfil Hydro from 2006 to 2009

#### **Inflationary increases**

	2006	2007	2008	2009
Inflationary amounts	126,446	97,948	110,506	103,895
Inflationary increases %	4.3%	3.4%	3.5%	2.9%

- c) Innisfil Hydro has assumed a 2.9% inflationary increase for 2009. The basis for that assumption was based on forecasted inflationary increase by the banking institutions and the forecasted cost of living being communicated by government agencies via newspapers and business journals.

16. Ref: Ex 4/2/2/pg1

- (a) Using the “Analysis increased wages & benefits 2006 EDR to 2009” and “Analysis increased non-payroll expenses 2006 EDR to 2009” table as an example, please provide data for each of the years 2006 – 2009.

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Response #16

- a) The following table identifies the key cost drivers from the 2006 EDR to 2009 Test Year:

	2006	2007	2008	2009
Opening Balances	2,992,925	2,906,371	3,183,319	3,522,825
OEB reclassification	(351,000)	32,000	-	-
Payroll changes	161,000	35,000	168,000	151,000
Change in cost of service providers	17,000	41,000	(13,000)	82,000
Change in cost of contractors	(40,000)	71,000	74,000	72,000
Inflation	126,446	97,948	110,506	103,895
Closing Balances	2,906,371	3,183,319	3,522,825	3,931,720

Here are the details by year for each of the identified drivers:

**2006 Cost Drivers**

- a) OEB reclassification (\$351,000) –

- i. LV charges of (\$314k) are reclassified to Cost of Power from account 5665.
- ii. Innisfil Hydro OMER’s cost from Jan-Apr 2006 was reclassified to regulatory account 1508 from account 5645 resulting in a total variance of (\$49k) to the 2006 EDR in account 5645.
- iii. Innisfil Hydro recorded (\$33k) of collection revenue to account 5310. This was allocated to Other Distribution in the 2006 EDR filing.
- iv. Innisfil Hydro is showing increased costs in account 5415 for CDM educational activities that were funded through 3<sup>rd</sup> tranche distribution revenue costing \$45k. The offsetting revenue is recorded within the Distribution Revenue.

- b) Payroll Changes \$161,000 –

- i. Innisfil Hydro hired a Operations Supervisor \$70k to manage the outside contracted line crews, management of SCADA system with backup and succession planning of the Director of Operations & Engineering.
- ii. A part time Customer Service Clerk was changed to a full time position \$27k due to increased demands of billing, collecting and settlements.
- iii. An accounting student, \$10k, was hired to assist with yearend rather than utilize outside services.
- iv. An IT student, \$9k, was hired to assist with Innisfil’s network, hardware, software and communication demands.

- v. Two staff positions were partially vacant in 2004, Engineering Tech and General Accountant. The positions were fully staffed in 2006 \$45k.
- c) Change in cost of service providers \$17,000 –
  - i. Innisfil Hydro reduced outside services costs by utilizing an accounting student for yearend work (\$24k) in account 5630
  - ii. Injury and damages insurance premiums were reduced (\$10k) due to reduced claims and is reflected in account 5640.
  - iii. A reserve of \$25k for estimated cost awards for interveners' costs was established and recorded to regulatory expense account 5655.
  - iv. Additionally increased software maintenance fees due to upgrading of software modules such as accounting and file imaging software and new engineering job estimating and tracking software \$26k in account 5675.
- d) Change in cost of contractors (\$40,000) –
 

Innisfil Hydro outside line crew costs decreased due to reduced trouble call costs and the elimination of PCB removal costs compared to 2002-2004 average costs (\$40k).
- e) Inflation \$126,446 –
 

Inflation for 2005 and 2006 is 4.2%.

## **2007 Cost Drivers**

- a) OEB reclassification \$32,000 -
 

Innisfil Hydro OMER's cost from Jan-Apr 2006 totalling \$32k were reclassified to regulatory account 1508. There was no reduction for the OMERs costs in 2007.
- b) Payroll Changes \$35,000 –
  - i. The Director of Operations and Engineering retired in 2007 which resulted in vacation and overtime payout of \$24k.
  - ii. Additional overtime costs for the New Director of Operations \$11k.
- c) Change in cost of service providers \$41,000 –
  - i. Innisfil Hydro property insurance premiums were increased \$35k due to updating the distribution station assets to 2006 values and the addition of the Bob Deugo Station in account 5635.
  - ii. Innisfil Hydro bad debts expenses increased \$36k in account 5335 due to the bankruptcy of a GS>50 kW customer and an increase of bad debt reserve due to the timing of outstanding customer accounts. The bad debt reserve increase is a timing issue and reverses in 2008.
  - iii. Innisfil Hydro outside services account 5630 costs reduced by (\$30k) due to wind up of union legal case with Innisfil Energy Services and no cost allocation study costs as done in 2006.

d) Change in cost of contractors \$71,000 –

- i. Innisfil Hydro began contracted pole inspections in 2007 for an increase cost of \$23k to account 5120.
- ii. Innisfil Hydro's tree trimming schedule was changed to cycle the tree trimming within the distribution area every 3 years instead of 4 years due to the rural nature of the distribution territory to improve system reliability and keep repair costs minimal when storms occur. This has resulted in an increased cost of \$48k to account 5135.

e) Inflation \$97,948 –

Inflation is 3.4% due to increasing contractor contract costs and payroll.

## **2008 Cost Drivers**

a) OEB reclassification \$0 –

- i. Innisfil Hydro did not incur any CDM expenditures relating to the 3<sup>rd</sup> tranche which results in reduced costs of (\$37k) in account 5415.
- ii. Innisfil Hydro reallocated collection revenue from account 5310 to other distribution revenue account 4235 per Exhibit 3 Tab 3 Schedule 1 which results in increased costs of \$37k.

b) Payroll Changes \$168,000 –

- i. Innisfil Hydro hired an Information Technologist late February 2008 resulting increased costs of \$65k. This position was added to assist with the increasing demands of the SCADA, GIS, network security, hardware and software support.
- ii. Effective 2008 the President of Innisfil Hydro is no longer carrying out the duties of the Director of Community Services for the Town of Innisfil. Due to the increasing demands of both of these positions, it was determined the Town would hire a full time position and the President would dedicate 100% of his time to Innisfil Hydro. This resulted in increased cost of \$78k.
- iii. Additional on call and training costs incurred for the Operations Management staff totalling \$10k.
- iv. Additional management payroll costs totalling \$32k for 6 management staff positions spread over two years for salary adjustments or \$16k of additional costs in 2008. The salary adjustments were done to bring the management salaries in line with the average salaries published by the EDA and in line with the Town of Innisfil comparable management positions.

c) Change in cost of service providers (\$13,000) –

- i. Innisfil Hydro will be incurring increased costs, \$27k, for the upgrading of the GIS systems. Innisfil Hydro will be integrating the GIS mapping with the Town of Innisfil and the increased costs are Innisfil Hydro's portion of

developing the GIS system. This will assist with locates and trouble calls relating to response time and accuracy.

- ii. Innisfil Hydro will incurring increased costs of \$11k for additional meter repairs and staff attending a meter apprentice program in account 5065.
- iii. Innisfil Hydro has obtained General Service customer insurance to help mitigate bad debts going forward for a cost of \$6k.
- iv. Innisfil Hydro will have reduced cost due to the reversal of a 2006 cost awards reserve of (\$18k) in account 5655.
- v. Innisfil Hydro will have reduced cost of (\$4k) in account 5630 due to reduced audit fees via an RFP process with the Chec group.
- vi. Innisfil Hydro bad debts expenses have decreased (\$35k) in account 5335 a reversal of a reserve made in 2007 and no unusual bankruptcies as in 2007.

d) Change in cost of contractors \$74,000 –

Innisfil Hydro was informed in January 2008 the non union line contractor that had been utilized for the past several years (McG) was being sold to K Line. In March 2008 a Tender for Overhead and Underground Hydro Utility Line works was requested by Innisfil Hydro for any interested contractors. The contract was awarded to K Line, as the lowest price increase. The cost overall of the line crew work is expected to increase in excess of 20% in 2008 and 2009. This is reflected in the maintenance and capital addition costs. This is estimated to cause an increase of \$74k in the various operations and maintenance accounts.

e) Inflation \$110,506 –

Inflation is 3.5% due to increasing contractor contract costs and payroll.

## **2009 Cost Drivers**

a) Payroll Changes \$151,000 –

- i. Innisfil Hydro plans to hire a regulatory analyst to assist with the increasing demands and regulatory interpretations and requirements of the OEB reporting for projects such as rate filings, cost allocations, regulatory accounting, economic evaluations, the regulatory agencies monthly, quarterly and annual filings, and distribution generation for an estimated cost of \$70k.
- ii. Innisfil Hydro will incur a shift of payroll costs due to the sale of the water heaters within Innisfil Energy Services totalling \$29k. Management will no longer be providing services to Innisfil Energy Services.
- iii. Innisfil Hydro will be providing post retirement benefits effective January 2009. An estimate for these benefits were provided by an actuary totalling \$23k spread over 3 years recovery plus an estimated annual cost of \$2k equalling \$9k for 2009 in account 5645.

- iv. Innisfil Hydro negotiated the union contract in 2007 that resulted in wage adjustments for engineering and customer service due to job evaluations totalling \$14k
- v. Innisfil Hydro hired an Information Technologist late February 2008 resulting increased costs of \$7k for 2009 due to a full year of salary.
- vi. Additional management payroll costs totalling \$32k for 6 management staff positions spread over two years for salary adjustments or \$16k of additional costs in 2009. The salary adjustments were done to bring the management salaries in line with the average salaries published by the EDA and in line with the Town of Innisfil comparable management positions.
- vii. The President of Innisfil Hydro full year payroll costs will be reflected in Innisfil Hydro's OM&A expenses \$6k.

b) Change in cost of service providers \$82,000 –

- i. Innisfil Hydro will be incurring increased costs, \$63k in account 5655 due the estimated cost for the 2009 cost of service filing spread over 4 years for \$37k and the effect of 2008 costs award reversal compared to the 2009 reserve of \$4k resulting in an increase cost of 2009 over 2008 equalling \$26k.
- ii. Additional cost in account 5065 for \$5k due to the costs of reverification of meters as required by Measurement Canada.
- iii. Additional cost in account 5620 for \$7k due to internet bandwidth upgrading for efficiencies
- iv. Additional cost in account 5310 meter reading for the addition of two wholesale meters and 6 retail interval meters totalling \$7k.

c) Change in cost of contractors \$72,000 –

Innisfil Hydro was informed in January 2008 the non union line contractor that had been utilized for the past several years (McG) was being sold to K Line. In March 2008 a Tender for Overhead and Underground Hydro Utility Line works was requested by Innisfil Hydro for any interested contractors. The contract was awarded to K Line, as the lowest price increase. The cost overall of the line crew work is expected to increase in excess of 20% in 2008 and 2009. This is reflected in the maintenance and capital addition costs. This is estimated to cause an increase of \$72k in the various operations and maintenance accounts.

d) Inflation \$103,895 –

Inflation is 2.9% due to increasing contractor contract costs and payroll.



17. Ref. Exhibit 4/2/3, pg. 9: please provide a breakdown of the actual and anticipated regulatory expenses for the 2009 rate application.

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Response #17

**2009 rate application costs**

Description	Estimated	Ytd Actual
Preparation and review of rate application	\$ 45,000	\$ 41,121
Preparation and review of interrogatories	30,000	
Intervenor costs	30,000	
Legal costs	43,000	
Total estimated rate application costs	<u>\$ 148,000</u>	<u>\$ 41,121</u>

**Load Forecast**

18. Ref: Ex 3/2/3/pg6, Table 7: IHDSL has stated that for applicable classes, the geometric mean is applied to its 2007 customer/connection numbers to determine the forecast of customer / connections in 2008 & 2009. The GS< 50KW, GS>50KW, and Sentinel Lights rate classes show negative growth in 2006 & 2007.

- (a) As geometric mean only applies to positive numbers, please advise what methodology IHDSL has used to calculate the “geometric mean” for the above 3 customer classes. Please also comment on the validity of the calculation.
- (b) Alternatively, it appears that what has been called the "geometric mean" is in fact a straight arithmetical mean- i.e. an average of the annual rate of growth for each class from 2002 to 2007. Please confirm.
- (c) There appear to be significant outliers in the annual growth rates for both number of customers and usage per customer (for example, the annual growth rate for the number of customers in the GS>50kW class was -18.29% in 2006, and the annual growth rate in usage per customer was 21.35% for that same class in 2006). How did IHDSL account for these outliers in its forecast?

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Response #18

- a) The table below outlines the positive numbers that were used in the geometric mean calculation to support the growth rates in the referenced Table 7. The geometric mean shown in the table is the average compounding growth rate for the period 2002 to 2007 which in Innisfil Hydro is a reasonable growth rate to be used to forecast customers/connections by rate class for 2008 and 2009.

	Residential	General Service < 50 kW	General Service > 50 kW	Streetlights	Sentinel Lights	Unmetered Loads
Growth Rate in Customer/Connection						
2002						
2003	1.0149	1.0464	1.0000	1.0422	1.0226	0
2004	1.0210	1.0091	1.0137	1.0515	1.0110	0
2005	1.0119	1.0023	1.1081	1.0269	1.0328	0
2006	1.0100	1.0146	0.8171	1.0502	0.9735	0
2007	1.0141	0.9203	1.0746	1.0394	1.0217	0
Geometric Mean	1.0144	0.9976	0.9972	1.0420	1.0121	N/A

- b) Please see response in Question 18 a)
- c) It is IHDSL view that the geometric mean approach addresses these outliers appropriately. In order to address the outliers the number of 2006 customers for GS>50kW class would most likely need to be adjusted. Under the geometric mean method the growth rate used in the forecast would not be impacted when such as adjustment would be made.

### **Cost Allocation**

19. Exhibit 8, Tab 1, Schedule 2, pg. 2:

- (a) please confirm the following is correct:

#### **Current vs. Proposed R/C Ratios and Over/(Under) Contributing**

Rate Class	Existing		Proposed	
	R/C Ratio	\$ (being subsidized)/\$ over-contributing	R/C Ratio	\$ (being subsidized)/\$ over-contributing
Residential	101.62%	\$84,662	101.60%	\$74,793.00
GS<50kW	130.98%	\$150,608	116.20%	\$97,140.00
GS>50kW	146.58%	\$202,554	135.80%	\$191,517.00
Street Lighting	9.45%	(\$395,408)	40.00%	(\$323,353.00)
Sentinel Lighting	16.97%	(\$29,507)	43.00%	(\$24,995.00)
Unmetered Scattered Loads	78.89%	(\$12,909)	80.00%	(\$15,103.00)

- (b) The table above shows that the GS<50 and GS>50kW rate classes will continue to over-contribute to IHDSL's revenue requirement by \$288,657 in 2009 while the Streetlighting class will continue to under-contribute by \$323,353. The total bill impact for this application on the Streetlighting class, including cost allocation

changes, is 5.82% (see Exhibit 9, Tab 1, Schedule 9), well below the Board's threshold level of 10% for when rate mitigation efforts should be considered. Given all of the above, please explain why IHDSL has not taken greater steps to reduce the subsidization of the Streetlighting class and the over-contribution of the other rate classes.

- (c) Please explain whether and when IHDSL plans to move all rate classes to 100% revenue to cost ratios.
- 

#### Response #19

- a) Innisfil Hydro confirms the Existing R/C Ratio and amounts in the above table were those determined within its 2006 Cost Allocation Filing sheet O1. Innisfil Hydro confirms the proposed R/C ratio in the above provided table were filed in the 2009 cost of service application.
- b) The total bill impact for Innisfil Hydro's Street Lighting customers in Exhibit 9/Tab 1/Schedule 9 Appendix A page 10 of 12 is actually 85.53% and not 5.82% as quoted above. The \$5.82 is the change \$ for the total bill impact. Innisfil Hydro is following the recent cost of service applications decisions made by the OEB by moving the Street Lighting customers to the 70% revenue to cost ratio over the next three years as noted in Exhibit 8/Tab 1/Schedule 2.
- c) At the time of its next rebasing/cost of service rate application, Innisfil Hydro plans to consider updating the cost allocation and the movement of rate classes to 100% revenue to cost ratios at that time.

A REPORT ON THE STUDY TO  
DETERMINE LINE LOSS MITIGATION BY CONVERTING  
ALCONA DS, 4.8/8.32 KV LOADS TO 16/27.6 KV

For

*Innisfil Hydro distribution Systems*

August 10, 2005

Prepared by:  
Debu Kundu, M.Sc., P.Eng.  
Engineer on contract

C: BOB.  
ALCONA DS  
FUSE CO-ORD.

## Back ground

On June 7, 2005, Innisfil Hydro requested to carryout a line loss mitigation study to convert Alcona DS from 4.8/8.32 kV distribution to 16/27.6 kV system. Presently the DS is supplied by a 44 kV, 9M4 circuit with a step down transformer of 5000 kVA, 44-4.8/8.32 kV and 2-feeders. It is an old DS, located in a smaller lot. Due to road widening by the town, the DS needs to be relocated. Therefore, a study was initiated to determine the loss mitigation and voltage conversion.

This analysis is being made in support of Innisfil Hydro line loss mitigation program which is part of their Conservation and Demand Management Plan.

## Study assumptions

Alcona DS is a 44-4.8/8.32 kV, 2-feeders distributing station. The transformer bank impedance is assumed as 5.5 % on rating. The secondary feeders are 3 km long, conductor size is #3/0 ACSR. Load used for the study is 4500 kVA or 2250 kVA per feeder.

16/27.6 kV will be supplied by Brian Wilson DS, F3 feeder which is about 3 km away from this location. The conductor size used for the study is #3/0 ACSR.

Power factor used for the study is 90%.

## Study results

The study results are as follows:

Alcona DS – total calculated line loss in 4.8/8.32 kV system is 78.8 kW.

Total line loss calculated in 16/27.6 kV system to supply the above load is 13.6 kW.

## Assumptions for loss cost calculation

- Network charges \$2.83 /kW/Month
- Connection charges \$0.82/kW/Month
- Transformation charges \$1.50/kW/Month
- Cost of energy 5.5 cents /kWh

Loss Factor (L.F.) =  $(0.3 \times \text{load factor}) + 0.7 (\text{load factor})^2$

Load Factor = Average load / Peak demand for the year

It was calculated before for the Innisfil Customer Service as 50 %.

## Cost of loss calculation

### Alcona DS

### Cost of kilowatt-hour loss calculation

Therefore, L.F. = 0.325

$$\begin{aligned} \text{kWh loss} &= \text{kW} \times \text{LF} \times 8760 \text{ hrs.} \\ &= 78.8 \times 0.325 \times 8760 \\ &= 224343.6 / \text{yr.} \end{aligned}$$

$$\begin{aligned} \text{Or Cost} &= \text{kWh loss} \times 5.5 \text{ cents} \\ &= \$12,338.90/\text{yr} \end{aligned}$$

### Cost of network charges

- Network charges = \$2,676.00
- Connection charges = 775.40
- Transformation charges = \$1,418.40
- Total network charges = \$4,869.40/yr

$$\begin{aligned} \text{Total cost of losses} &= \text{kWh loss cost} + \text{Network charges} \\ &= \underline{\underline{\$17,208.30/\text{yr}}} \end{aligned}$$

**16/27.6 kV Supply from Brian Wilson DS**

Similarly, kWh loss =  $13.6 \times 0.325 \times 8760/\text{yr}$ .

Or, Cost = kWh loss  $\times$  5.5 cents = **\$2,129.60/yr**

-Network charges = \$461.86

-Connection charges = \$133.82

-Transformation charges = \$244.80

Total network charges = **\$840.48/yr**

**Total cost of losses = \$2,129.60 + \$840.48 = \$2,970.08/yr**

**Cost savings due to Alcona DS load voltage conversion from 4.8/8.32 to 16/27.6 kV is**

**= \$ (17,208.30 - \$2,970.08) = \$ 14,238.22/yr**

**Conclusions**

- By converting Alcona DS load from 4.8/8.32 kV to 16/27.6 kV, there will be a yearly savings of \$14,238.22 in line loss mitigation.
- By supplying the customers at 16 kV, much better voltage will be maintained at customers with less voltage complain.
- By adopting voltage conversion, the 4.8 kV voltage equipment inventory will be reduced.

**DS relocation cost and line cost implication**

The economic analysis concludes that voltage conversion is the most economic alternative. Other cost impact for this alternative is as follows;

**16/27.6 kV line to supply Alcona DS loads**

To extend the 16 kV circuit from Brian Wilson DS by 3 km, some poles are need to be replaced and some conductors will require replacement by #3/0 ACSR conductor. The estimated cost for the line extension will be \$150 k.

There is a conversion cost of the existing 4.8 kV customers and estimated cost to be \$50k.

**Relocate Alcona DS at a new location**

As it was noted before that the town wants to widen the present road encroaching DS property. This is a old DS located in a smaller property. The present DS could not stay at the existing location due to safety reasons. Therefore, it needs to be relocated somewhere else at an estimated cost of \$600k or more. Innisfil Hydro will get some funds by selling the existing property.

Comparing the above costs it is concluded that it will be economic to convert Alcona DS load to 16 kV supply system.

**Recommendation**

- Convert Alcona DS from 4.8 kV to 16 kV systems for a line loss cost savings of \$14, 238.22 per year.
- Extend the F3, 16 /27.6 kV circuit from Brian Wilson DS to Alcona to pickup the existing loads.



**LINE LOSS SAVINGS STUDIES FOR INNISFIL HYDRO**

October 12, 2000

**1.0 Cost of conductors**

1/0 ACSR	- \$0.64/ meter
3/0 ACSR	- 1.10/m
336 kcmil AL	- 1.73/m
556 kcmil AL	- 2.89/m

**2.0 Cost of Power****Summer**

Demand Charge - \$9.02/ kW peak  
 Energy costs - 5.03 Cents/kilowatt- hours (Peak)  
                   2.3 Cents/kwhr (Off -peak)  
**Mean energy cost –  $(5.03 + 2.3)/2 = 3.67$  Cents /kwhr.**

**Winter**

Demand Charge - \$12.05/ kW peak  
 Energy costs - 6.09 Cents /kwhr (Peak)  
                   3.35 Cents /kwhr (Off -peak)  
**Mean energy cost –  $(6.09 + 3.35)/2 = 4.724$  Cents/kwhr.**



**Calculation of loss savings on 13M3 using 556 kemil AL conductor in lieu of 3/0 SR**

**1.0 Cost of losses using 3/0 SR**

Total calculated loss-using IFAP run - 107.1 kW

**Cost of line losses during summer months:**

Demand charges –  $107.1 \times 6 \text{ (months)} \times \$9.02 = \$5,796.25$

Energy kwhr cost-  $107.1 \times 365/2 \text{ (six months)} \times \$0.0367 = \$717.33$

**Cost of line losses during winter months:**

Demand charges –  $107.1 \times 6 \times \$12.05 = \$7,743.33$

Energy kwhr cost –  $107.1 \times 365/2 \times \$0.0472 = \$922.56$

**Total cost for losses - \$15,179.47/yr**

**2.0 Cost of losses using 556 kemil AL**

Total calculated losses using IFAP - 31.2 kW

**Cost of line losses during summer months:**

Demand charges –  $31.2 \times 6 \times \$9.02 = \$1,688.54$

Energy kwhr costs –  $31.2 \times 365/2 \times \$0.0367 = \$208.97$

**Cost of line losses during winter months:**

Demand charges –  $31.2 \times 6 \times \$12.05 = \$2,255.76$

Energy kwhr cost –  $31.2 \times 365/2 \times \$0.0472 = \$268.75$

**Total cost for losses - \$4,422.03/yr**

Therefore, difference in cost of losses or cost of loss savings using 556 kemil AL conductor in lieu of 3/0 SR is –  $\$ (15,179.47 - 4,422.03) = \$10,757.44$

Additional cost of conductor is –  $2.77 \text{ km} \times 1000 \times \$1.79 \text{ (cost difference of conductors)} = \$4,958.30$

**Note:** Using 556 kemil AL conductor there will be loss savings and also there will be a general improvement of line voltages, and the voltage improvement at the end of the circuit will be 0.25 kV. This voltage improvement in the circuit will increase revenue for the utility and that will pay back the conductor replacement cost.

**Comparison with the actual cost of losses used in the billing:**

January 2000 – For a peak demand of 12,840 kW, losses allowed 140.4 kW  
Therefore, percentage loss was –  $140.4/12,840 = 1.09\%$

February 2000 – For a peak demand of 9,576 kW, losses allowed 78.1 kW  
Therefore, percentage loss was –  $78.1/9,576 = 0.8\%$

June 2000 – For a peak demand of 6,600, losses allowed 37.1 kW  
Therefore, percentage loss was –  $37.1/6,600 = 0.56\%$

**9M1, 44 kV Circuit – A section of the circuit relocation on 8<sup>th</sup> Line / Study for Re-stringing**

**1.0 Existing circuit with 1/0 SR**

Calculated line loss using IFAP run – 7.6 kW peak

**Cost of line losses during summer months:**

Demand charges –  $7.6 \times 6 \text{ (months)} \times \$9.02 = \$411.31$

Energy kwhr cost –  $7.6 \times 365/2 \times \$0.0367 = \$50.90$

**Cost of line losses during winter months:**

Demand charges –  $7.6 \times 6 \times \$12.05 = \$548.11$

Energy kwhr cost –  $7.6 \times 365/2 \times \$0.0472 = \$65.47$

**Total cost of losses using 1/0 SR conductor - \$1,075.80**

**2.0 Using 3/0 SR conductor**

Calculated line loss using IFAP run – 4.8 kW peak

**Cost of line losses during summer months:**

Demand charges –  $4.8 \times 6 \times \$9.02 = \$259.78$

Energy kwhr cost –  $4.8 \times 365/2 \times \$0.0367 = \$32.15$

**Cost of line losses during winter months:**

Demand charges –  $4.8 \times 6 \times \$12.05 = \$347.04$

Energy kwhr cost –  $4.8 \times 365/2 \times \$0.0472 = \$41.34$

**Total cost of losses using 3/0 SR conductor - \$680.21**

**3.0 Using 336 kemil AL**

Calculated line loss using IFAP run – 2.3 kW

**Cost of line losses during summer months:**

Demand charges –  $2.3 \times 6 \times \$9.02 = \$124.48$

Energy kwhr cost –  $2.3 \times 365/2 \times \$0.0367 = \$15.40$

**Cost of line losses during winter months:**

Demand charges -  $2.3 \times 6 \times \$12.05 = \$166.29$

Energy kwhr cost –  $2.3 \times 365/2 \times \$0.0472 = \$19.81$

**Total cost of losses using 336 kemil AL conductor - \$325.98**

**4.0 Cost Comparison**

**Cost difference of conductors:**

1/0 SR and 3/0 SR -  $\$0.51/\text{m} \times 1.8 \text{ km} \times 1000 = \$918$

Therefore, using 3/0 SR in lieu of 1/0 SR, the conductor pay back cost will be  $\$918 / (\$1075.80 - 680.21) = 2.32$  years.

1/0 SR and 336 kcmil AL -  $\$1.14 \times 1.8 \times 1000 = \$2,052.00$

Therefore, using 336 kcmil AL in lieu of 1/0 SR, the conductor pay back cost will be  $\$2,052 / (\$1075.80 - 325.98) = 2.73$  years.

The recommendation is to use 336 kcmil AL for restringing and it will improve the 44 kV line voltage profile.

## UTILITY LINE WORKS AGREEMENT

THIS SERVICE PROVIDER AGREEMENT is made as of this 1<sup>st</sup> day of June, 2008.

BETWEEN:

**K-LINE MAINTENANCE & CONSTRUCTION LIMITED**, a corporation incorporated under the laws of the Province of Ontario, (hereinafter called "Successful Tender")

AND:

**INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED**, a corporation incorporated under the laws of Ontario (hereinafter called "Innisfil Hydro")

WHEREAS:

1. Innisfil Hydro requires services to be provided in connection to the supply of labour, equipment and tools necessary to perform all regular and emergency utility line work, as set out in this Agreement;
2. Innisfil Hydro currently has approximately 110 kilometres of 44KV circuits, 176 kilometres of three-phase distribution, 200 kilometres of single-phase circuits, 116 kilometres of primary underground cable, 9 distribution stations, 2 shared distribution stations and 4 private stations with distribution voltages of 16/27.6kv and 4.8/8.32kv;
3. Innisfil Hydro desires to have Successful Tender provide the services set forth in this Agreement and Successful Tender desires to provide such services in accordance with the terms of this Agreement; and
4. Innisfil Hydro agrees to pay for such services in accordance with the terms of this Agreement.

NOW THEREFORE, in consideration of mutual premises and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto mutually covenant and agree as follows:

### ARTICLE 1: Definitions

#### 1.01 DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings unless the context otherwise requires:

1. "Agreement" means this agreement as amended from time to time in accordance with the provisions hereof and includes the following schedules, which form part of this Agreement:
  - a. Schedule "A" - Services to be Performed;
  - b. Schedule "B" - K-Line Proposal Letter dated April 22, 2008;
  - c. Schedule "C" - Accepted Tender Document with Pricing, Labour and Equipment costs.
2. "Confidential Information" means information designated by either Party as being confidential and, further, includes any other information not in the public domain, supplied by one Party to the other in confidence, implicitly or explicitly, where disclosure could reasonably be expected to prejudice the competitive position of the disclosing Party and/or interfere with the contractual or other negotiations of the disclosing Party or other person and/or result in loss or gain to the disclosing Party or to another person.
3. "Effective Date" means July 1, 2008, the date upon which Successful Tender will assume responsibility to provide the Services set forth in this Agreement.
4. "ESA" means the Electric Safety Authority.
5. "Force Majeure" means an occurrence beyond the control and without the fault or negligence of the Party affected and which is due wholly or in part to a cause beyond its reasonable control, including but not limited to: acts of God or the public enemy, expropriation or confiscation of facilities, changes in applicable law, war, rebellion, civil disturbances, sabotage, riots, floods, storms, fires, explosions or other catastrophes, strikes or any other concerted acts of workers and other similar occurrences.
6. "IESO" means the Independent Electricity System Operator for Ontario.
7. "MOL" means Ministry of Labour.
8. "OEB" means the Ontario Energy Board.
9. "Party" means a party to this Agreement and "Parties" means every Party.
10. "Renewal Term" means any subsequent one (1) year term following the Term.
11. "Services" means those Services listed in Schedule "A" of this Agreement..
12. "Substantial Completion" shall have been reached when the Services provided render the object or subject matter ready for use or is being used for the purpose intended.
13. "Term" means two (2) years commencing from the Effective Date.

## **ARTICLE 2: Innisfil Hydro's Responsibilities**

### **2.01 RESPONSIBILITIES**

1. Innisfil Hydro shall cooperate with Successful Tender and provide access to any utility lines, property or information as may be required, during such hours as may be necessary for the proper performance of Successful Tender's obligations hereunder.
2. Innisfil Hydro shall provide all materials that are reasonably necessary in the completion of the Services. Materials will not be delivered but shall be available for pickup at the Innisfil Hydro designated work centre.

## **ARTICLE 3: Successful Tender's Responsibilities**

### **3.01 SERVICES**

1. Successful Tender shall provide the Services as specifically set forth in Schedule "A" to Innisfil Hydro, during normal working hours of between 7:00 a.m. to 5:30 p.m., or as otherwise agreed by the Parties, non inclusive of provision of Emergency Services, in accordance with this Agreement.
2. All Services provided in accordance with this Agreement shall only be provided when authorized by Innisfil Hydro.

### **3.02 CONFIDENTIALITY**

1. Successful Tender acknowledges that it may become privy to information regarding customers of Innisfil Hydro which is confidential. This information includes, but is not limited to, billing and payments, consumption and metering data and general account information. Successful Tender will not disclose, publish or disseminate this confidential information and agrees to take reasonable precautions to prevent its unauthorized use, disclosure, publication or dissemination. Successful Tender agrees to accept and use this confidential information for the sole purpose of performing the Services set forth under the terms of this Agreement.
2. Successful Tender acknowledges that it may become privy to information regarding Innisfil Hydro which is confidential. This information includes, but is not limited to, statistical and reporting data to the Ontario Energy Board, accounts receivable, banking information and general information relating to the financial affairs of Innisfil Hydro. Successful Tender will not disclose, publish or disseminate this confidential information and agrees to take reasonable precautions to prevent its unauthorized use, disclosure, publication or dissemination. Successful Tender agrees to accept and use this

confidential information for the sole purpose of performing the Services set forth under the terms of this Agreement.

### **3.03 REGISTRATION**

Successful Tender agrees that it will keep any and all required registrations and licences required in the performance of its obligations under this Agreement in force for so long as it is performing the Services under this Agreement.

### **3.04 RESOURCES and SAFETY**

1. Successful Tender will utilize its own resources, including labour and equipment, vehicles, tools and machinery, specialized equipment and necessary safety equipment required in the performance of the Services.
2. Successful Tender shall be required to attend at the Innisfil Hydro designated work centre to obtain the materials that are reasonably necessary to perform the Services and shall be required to deliver the materials to the requisite work site.
3. All vehicles employed by Successful Tender shall be in a good state of repair, with proof of certification, ownership and testing reports, and of a respectable appearance, fully equipped to provide the services in which they are intended, and clearly marked with the identifier "Contracted by Innisfil Hydro" in a manner approved by Innisfil Hydro.
4. All work sites to which Successful Tender is providing Services shall be kept in as neat and tidy condition as is reasonably possible. Upon completion of the work related to the Services provided to any work site, Successful Tender shall restore the site to a suitable condition as reasonably close to its original condition as possible.
5. All personnel of Successful Tender providing any Services shall be experienced and qualified to provide the Services being performed. All personnel shall be experienced in, without limitation, overhead and underground lines, voltages up to and including 44kv. Innisfil Hydro reserves the right to reject personnel.
6. Successful Tender is solely responsible for site supervision and providing the Services safely, including, without limitation, Emergency Services, work site safety, excavations, equipment, structures, personnel and public safety, and vehicular safety. All Services must be provided under supervision of a foreman of Successful Tender and in accordance and compliance with this Agreement, the *Electricity Act, 1998*, including all regulations thereto, the Electrical & Utilities Safety Association Rule Book and Safe Practice Guide, and any other safety standards or guidelines imposed by any legislative authority or Innisfil Hydro at its discretion. Upon inspection, any work or Services provided in a manner that is deemed unsafe by Innisfil Hydro may be stopped at its discretion.

## **ARTICLE 4: Term**

### **4.01 TERM**

This Agreement shall become effective on the Effective Date and shall continue in effect for the Term, unless terminated by either Party in accordance with the provisions of *Article 6* (Termination) or *Article 11.01* (Force Majeure) of this Agreement.

### **4.02 RENEWALS**

1. This Agreement may be renewed for up to two (2) additional terms by Innisfil Hydro upon the expiration of the Term, or a subsequent renewal term, for a period of one (1) year from the date of expiration of the Term or subsequent Renewal Term.
2. The renewal agreement in force during any renewal period shall be the same as set forth in this Agreement, but for the remuneration for the provision of the Services, which shall be negotiated at the time of renewal by the parties hereto and but for the renewal provisions which shall be amended in any subsequent renewal agreement to reflect and give effect to the renewal provisions as set forth in this Agreement.
3. In the event that the parties are unable to agree upon remuneration or compensation to be paid to Successful Tender during any renewal period, then Innisfil Hydro may elect not to renew this Agreement at its sole and absolute discretion.

## **ARTICLE 5: Service Charges**

### **5.01 SERVICES CHARGES**

Innisfil Hydro shall pay Successful Tender the rates and amounts set forth in Schedule "C" to this Agreement.

### **5.02 INVOICES**

Successful Tender shall invoice Innisfil Hydro Weekly for the charges incurred as set forth in *section 5.01*. All amounts invoiced shall be in accordance with Schedule "C", shall include full supporting details and shall be due and payable within thirty (30) days of Innisfil Hydro's receipt of an invoice.



### 5.03 INTEREST

Innisfil Hydro agrees to pay interest on any and all overdue amounts at the rate of twelve percent (12%) per annum, payable and compounded monthly or the maximum allowed by applicable law, if less.

### 5.04 NON-PAYMENT

Successful Tender may, but is under no obligation to provide Services if any amount owing from Innisfil Hydro for payment for any service is overdue for a period of ninety (90) days unless the amount owing is the subject of a *bona fide* dispute and the Parties are attempting to resolve such dispute in which case Successful Tender shall be obligated to provide the Services.

### 5.05 DUTIES AND TAXES

All fees and other charges specified in this Agreement are exclusive of all applicable taxes.

## ARTICLE 6: Termination

### 6.01 FOR CAUSE

The occurrence of any of the following acts or events shall constitute a material breach of this Agreement and shall constitute grounds for the non-breaching Party to terminate this Agreement prior to the expiry of the Term or any Renewal Term:

- 1 Successful Tender ceases to be fully registered, licenced and qualified to provide any of the Services in accordance with this Agreement, or fails to provide the Services, in accordance with the *Electricity Act, 1998* or any amendment or regulation thereof, including all current and applicable forms, policies, guidelines and other documents adopted by the IESO, OEB or ESA and fails to cure such breach within thirty (30) days of written notification of the same from the Innisfil Hydro;
- 2 Successful Tender fails to maintain the insurance required under *Article 9* and fails to cure such breach within thirty (30) days of written notification of the same from the Innisfil Hydro;
- 3 A Party fails to abide by the terms and requirements of this Agreement, including, without limitation, fails to provide the Services in accordance with the terms of this Agreement;
- 4 Successful Tender is unable to provide Services without fault, defect or nonconformity arising solely and directly from its workmanship or its provision of the Services;

5. A Party fails to substantially perform any of its obligations under this Agreement and fails to cure such failure within thirty (30) days of written notification of the same from the other Party;
6. Innisfil Hydro fails to pay any fees or charges pursuant to this Agreement, which default payment remains uncured for a period of thirty (30) days after receipt of written notice of such uncured default, unless there is a *bona fide* dispute with respect to such unpaid fees and the Parties are attempting in good faith to resolve such dispute; or
7. A Party becomes insolvent, admits in writing its inability to pay its debts as they fall due, files an involuntary petition of bankruptcy, makes an assignment for the benefit of creditors or has a petition under any bankruptcy laws filed against it and such petition is not dismissed within thirty (30) days.
8. This Agreement may be terminated 120 days after receipt of notice in writing by either party.

## **6.02 RIGHTS**

Termination of this Agreement shall not affect the rights and obligations of the Parties accrued prior to the effective date of termination.

## **ARTICLE 7: Warranty on Services Provided**

### **7.01 WARRANTY**

Successful Tender warrants:

1. That Services provided by Successful Tender pursuant to this Agreement shall be promptly performed in a professional and workmanlike manner using only qualified personnel; and
2. That immediately upon discovery by Successful Tender or notification by Innisfil Hydro of any fault, defect or nonconformity arising solely and directly from its workmanship or its provision of the Services, Successful Tender shall take commercially reasonable measures to make good any defect in the said workmanship at no cost to Innisfil Hydro, during the warranty period set forth in subsection 7.02.

## **7.02 WARRANTY PERIOD**

For the purposes of the above warranty and in respect of Successful Tender workmanship, the warranty period shall extend to a defect or failure occurring within one (1) year of Substantial Completion of the original Services provided.

## **ARTICLE 8: Indemnity**

### **8.01 INDEMNIFICATION**

1. Successful Tender shall indemnify, defend and hold harmless Innisfil Hydro, its officers, directors and employees (each a "Innisfil Hydro Indemnitee") from and against any and all claims, demands, suits, losses, liabilities, damages, obligations, payments, costs and expenses and accrued interest thereon including the costs and expenses of, and accrued interest in respect of any and all actions, suits, proceedings, assessments, judgments, awards, settlements and compromises relating thereto and reasonable lawyers' fees and reasonable disbursements in connection therewith (each, an "Indemnifiable Loss"), asserted against or suffered by any Innisfil Hydro Indemnitee relating to, or in connection with, or resulting from or arising out of and to the extent of any negligence or wilful misconduct of Successful Tender, its employees or any authorized representatives, including any of its Subcontractors, consultants, agents or advisors in performing Successful Tender's obligations under this Agreement except to the extent that such Indemnifiable Loss was caused by the negligence or wilful misconduct of an Innisfil Hydro Indemnitee.
2. Successful Tender shall be responsible for any sanctions, fines, penalties or similar obligations imposed by the IESO, OEB, ESA, MOL or any other agency on Innisfil Hydro, if the sanctions, fines or penalties are the direct and sole result of Successful Tender's actions or omissions.

## **ARTICLE 9: Insurance**

### **9.01 INSURANCE COVERAGE**

1. Successful Tender agrees to provide and maintain in full force and effect the insurance coverage specified below, which shall take effect as of the Effective Date and shall remain in effect during the term hereof or any renewal thereof.
2. If Successful Tender fails to maintain the insurance, Innisfil Hydro will have the right, but not the obligation, to purchase said insurance at Successful Tender's expense or alternatively will have the option to terminate this Agreement.

3. Successful Tender shall provide Innisfil Hydro with certified copies of insurance policies upon request.
4. Successful Tender, at its own cost, agrees to provide and maintain in full force and effect with financially responsible insurance carriers, the following insurance which shall take effect as of the Effective Date of this Agreement and shall remain in effect during the Term and any Renewal Term of this Agreement or any extension thereof or as otherwise specified herein:
  - a. Automobile Liability Insurance: Automobile liability insurance coverage and policy limits covering owned, non-owned, hired, leased and rented automobiles and automotive equipment providing a combined inclusive limit of not less than Two Million Dollars (\$2,000,000.00) coverage for injury, death or property damage.
  - b. Commercial General Liability Insurance: normal and customary general liability insurance coverage with a limit of at least Ten Million Dollars (\$10,000,000.00) in the aggregate, covering bodily injury, death, personal injury, and damage to property and including Innisfil Hydro as an additional named insured.
  - c. Workers' Compensation: Successful Tender shall ensure and be solely responsible for providing the necessary workplace insurance as required under the Ontario Workplace Safety and Insurance Act, for the employees and agents.

## **ARTICLE 10: Mediation and Arbitration**

### **10.01 DISPUTES SUBJECT TO MEDIATION**

1. The parties to this agreement state and expressly agree that if any dispute arises out of, or relates to, this agreement, or the breach, termination, validity or subject-matter thereof, they will endeavour, in good faith, to settle the dispute by mediation before having recourse to arbitration in accordance with this agreement.
2. A party claiming that a dispute has arisen, must give written notice to the other party to the dispute specifying the nature of the dispute, the relief sought and the basis for the relief sought.
3. If the dispute is not resolved within seven days, or within such further period as the parties mutually agree to, then the dispute is to be referred to a private mediator, who meets or exceeds the criteria for mediators named in the list of mediators for the purposes of Rule 24.1 of the *Rules of Civil Procedure*.

4. The mediation shall be conducted in accordance with the procedures as agreed to by the parties and the mediator. Failing consensus, the mediation shall be conducted in accordance with the procedures as set out by the mediator.
5. All costs associated with the mediation are, unless otherwise agreed, to be shared equally between the parties.
6. This clause shall not merge upon completion.
7. The laws governing the mediation shall be the laws of the Province of Ontario.

#### **10.02 DISPUTES SUBJECT TO ARBITRATION**

1. In the event that mediation is not successful at resolving any dispute arising between the Parties with regard to this Agreement, then the dispute shall be resolved by arbitration in accordance with this section.
2. Arbitration proceedings shall be commenced by the party desiring arbitration (the "Initiating Party") giving notice to the other party (the "Responding Party") specifying the matter in dispute and requesting that it be resolved. The parties shall attempt to agree upon an arbitration procedure. If the parties cannot agree upon an arbitration procedure, the Initiating Party shall, by written notice to the Responding Party, designate an arbitrator. The Responding Party shall, within fifteen (15) days thereafter, be entitled to appoint an arbitrator by written notice to the Initiating Party, and the two (2) arbitrators so appointed shall meet and select a third arbitrator acceptable to both of them. If the Responding Party fails to appoint an arbitrator within the fifteen (15) day period, then the arbitration will proceed before the arbitrator appointed by the Initiating Party who will act as a sole arbitrator. If the two (2) arbitrators so appointed are unable to agree upon a third arbitrator, then the Initiating Party shall make an application to the appropriate court pursuant to the *Arbitration Act, 1991* (Ontario) for the selection of a third arbitrator, and the provisions of the *Arbitration Act, 1991* (Ontario) shall govern such selection.
3. The resulting arbitration panel shall thereupon proceed to hear the submissions of the parties and shall render a decision within thirty (30) days after the appointment of the third arbitrator, if applicable. The decision of a majority of the arbitration panel shall be deemed to be the decision of the arbitration panel, and that decision shall be final and binding upon the parties and not subject to appeal. The arbitration panel shall have the authority to assess the costs of the arbitration panel against either or both of the parties; however, each party shall bear its own witness and counsel fees.

## **ARTICLE 11: General Provisions**

### **11.01 FORCE MAJEURE**

- 1 Neither Successful Tender nor Innisfil Hydro shall be liable for any delay in rendering any service if the delay is due wholly or in part to a cause beyond its reasonable control, including but not limited to: acts of God, fire, flood, earthquake, explosion, terrorist act, strikes or labour disputes affecting Successful Tender, Innisfil Hydro or their suppliers, concerted acts of workers, sabotage, war, riot or other civil commotion, transportation delay, or government act.
- 2 The Party affected by the Force Majeure shall provide notice to the non-affected Party as soon as possible. Upon providing notification, the affected Party will be relieved of its obligations to the extent and the duration of the event of Force Majeure. The affected Party will make reasonable efforts to minimize the impacts of the Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.
- 3 An event of Force Majeure shall not include a lack of financial resources or available funds or economic hardship.
- 4 The Party claiming Force Majeure shall not be relieved of its obligations hereunder if the occurrence of, proximate cause of, or subsistence of an event giving rise to Force Majeure was due to the negligent act or omission, breach of agreement, violation of law, violation of the terms of a regulatory approval of the affected Party or if the affected Party fails to promptly take reasonable steps to remedy the situation and remove the cause of the event with due diligence.
- 5 It is expressly understood that during any Force Majeure event, all of Successful Tender's and Innisfil Hydro's obligations continue to exist pursuant to the terms of this Agreement. In the event of a Force Majeure by Innisfil Hydro, payment obligations continue to exist pursuant to the terms of this Agreement.
- 6 In the event of a Force Majeure affecting Successful Tender that extends for at least thirty (30) days, then Innisfil Hydro may terminate this Agreement upon delivery of a notice to this effect to the affected party or Innisfil Hydro may substitute any of the Services provided by Successful Tender for another service provider only until such time that the Force Majeure is cured and will not be obligated to pay for Successful Tender's Services during that period.

### **11.02 WAIVERS**

Any consent or waiver by any Party to or of a breach by the other, whether express or implied, shall not constitute a consent to, or a waiver of any other, different or subsequent breach.

**11.03 SUBCONTRACTING**

Successful Tender does not have the right to subcontract the performance of any work required under this Agreement to a qualified subcontractor(s) without advance consent from Innisfil Hydro. Notwithstanding the foregoing, all subcontractor(s) shall be required to comply with Innisfil Hydro's requirements as set out in this Agreement.

**11.04 ASSIGNMENT**

Successful Tender may not assign this Agreement, or any portion thereof, without the prior written consent of Innisfil Hydro, such consent will not be unreasonably withheld.

**11.05 ENUREMENT**

The provisions of this Agreement shall enure to the benefit of and be binding upon the Parties and their respective personal representatives, successors and permitted assigns.

**11.06 GOVERNING LAW**

This Agreement shall be governed by the laws of the Province of Ontario, Canada. The courts of the Province of Ontario shall have exclusive jurisdiction over all matters arising hereunder, and the Parties agree to attorn to their jurisdiction.

**11.07 NOTICES**

1. Any notice required to be sent or given to the Innisfil Hydro or Successful Tender shall be sent by courier, personal delivery, facsimile confirmed by regular mail or by certified or registered mail, return receipt requested, addressed as follows:

Successful Tenderer:

K-Line Maintenance & Construction Limited  
 12371 Highway #48  
 Stouffville, Ontario  
 L4A 7X5  
 Phone: 905.640.2002  
 Fax: 905.640.4984  
 Attention :

**Innisfil Hydro:**

2073 Commerce Park Drive  
Innisfil, Ontario  
L9S 4A2  
Phone: 705-431-4321  
Fax: 705-431-5901  
Attention:

2. Any notice sent by personal delivery or by courier shall be deemed received on the date delivered to the receiving Party's offices, if sent by facsimile notice shall be deemed to have been received on the first business day following the day on which the facsimile was sent and confirmation of receipt was received at the sender's facsimile and if sent by certified or registered mail on the fifth business day following the date on which it was sent.
3. Change in Business Circumstance - Either Party shall immediately notify the other Party by registered delivery upon the occurrence of any change in address, contact information, business circumstance, a registration, or a license having a material effect on its ability or qualification to meet the requirements of this Agreement or otherwise perform the Services hereunder, or permit the Services to be performed hereunder.
4. Emergency Contacts - In the event of an emergency that relates to the performance of this Agreement, a Party may contact the other Party's emergency contact person(s) as set forth in Schedule "C".

#### **11.08 CONFIDENTIALITY AND PROPERTY RIGHTS**

Other than as required by law or as permitted by this Agreement, the Parties shall hold in confidence and not disclose to others or use, except as required by the proper performance of the Services, any Confidential Information disclosed by one Party to the other, its successors, assigns, agents, employees or affiliates pursuant hereto, or acquired or generated by a Party in the course of performance of the Services. Each Party shall obtain the same obligation from its agents and vendors. This provision shall become effective on the Effective Date and survive the termination of this Agreement for a period of two (2) years.

#### **11.09 AUTHORITY**

Each Party represents that it has full authority to enter into this Agreement.

#### **11.10 SEVERABILITY**

The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unenforceable or illegal by any court of competent jurisdiction, it shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.



#### **11.11 AMENDMENTS**

This Agreement shall not be amended or modified except in writing and signed by the Parties hereto. No course of dealing or usage of trade by or between the Parties shall be deemed to effect any such amendment or modification.

#### **11.12 ENTIRE AGREEMENT**

This Agreement, together with the Schedules hereto, constitute the sole and entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior negotiations, dealings, agreements and understandings of the Parties in connection therewith.

#### **11.13 TIME OF THE ESSENCE**

Time shall be of the essence in this Agreement.

#### **11.14 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 be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the Parties adopt any signatures received by a receiving fax machine as original signatures of the Parties; provided, however, that either Party providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed.

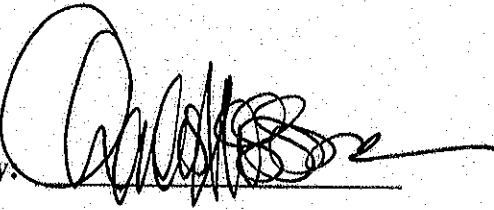
**IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.**

**SUCCESSFUL TENDER LIMITED**

By: 

**Name: Allan Kellett  
Title: President**

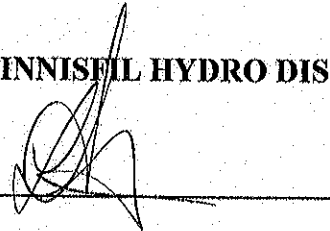
**(I have authority to bind the corporation)**

By: 

**Name: Charles Mossman  
Title: Vice President, Sales & Marketing**

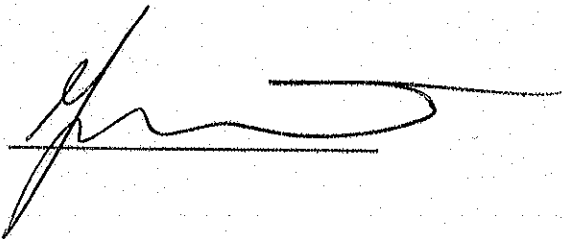
**(I have authority to bind the corporation)**

**INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED**

By: 

**Name: Larry Allison  
Title: Chairman**

**(I have authority to bind the corporation)**

By: 

**Name: George Shaparew  
Title: President**

**(I have authority to bind the corporation)**

### **Schedule A – Services to be Performed**

Supply and all labour and equipment necessary to perform all necessary utility line work including, without limitation:

- Maintenance work – including, without limitation, air break switches, load interrupter switches, reclosers, remove and install regulators, transformer rehab, oil testing, voltage and current survey, insulator replacement, primary and secondary fault locating and repair, switch and arrester replacement
- New underground and overhead connections
- Utility line upgrades
- Remedial work arising from responding to trouble calls twenty-four hours a day, seven days a week
- All works required to complete Energy Services requests including, but not limited to, installation of sentinel lights and all associated work to provide a complete installation
- All Emergency Response in accordance with the Agreement and Schedule “C”
- Reconstruction and rebuilding of existing circuits – single phase and three phase, including primary and secondary, overhead and/or underground, changing or replacing transformers with customer notification
- All services required to provide service to residential, commercial and industrial customers, including, but not limited to; pulling in underground cables in duct, erecting cables on poles, installing padmount or polemount transformers and all associated work to provide a complete installation
- Warehouse duties or other utility work as requested
- All work to be provided in a safe and efficient manner with no or as minimal interruption of services to customers of Innisfil Hydro as possible.

\*\*\*NOTE: Innisfil Hydro reserves the right to require that any Service to be performed at a cost greater than \$75,000.00, as estimated by Innisfil Hydro, be put to tender process. Nothing in this Agreement shall prevent Successful Tender from bidding on any tenders required by Innisfil hydro in accordance with this Schedule.

## **SCHEDULE "B" K-Line Proposal Letter dated April 22, 2008**

**K-Line Maintenance & Construction Limited**

12371 Highway #48  
Stouffville, Ontario  
L4A 7X5  
Phone: 905.640.2002  
Fax: 905.640.4984

April 22, 2008

**Innisfil Hydro Distribution Systems Ltd.**  
2073 Commerce Park Drive  
Innisfil, Ontario  
L9S 4A2

**Attention: Mr. Wade Morris C. Tech**  
***Director of Operations***

**Reference: Overhead Line Construction Alliance Agreement**  
**Innisfil, Ontario**  
**Our Proposal No.: 2008-187-OHLR2**

Dear Mr. Morris:

In response to your recent inquiry, we are pleased to provide our Proposal for the Supply of Labour & Equipment for Overhead and Underground Hydro Utility Line Works including Servicing, Connections and Emergency Work for 2 years on behalf of Innisfil Hydro Distribution Systems Ltd. ("IHDSL") throughout your service area. This agreement may be extended for 2 additional 1 year terms upon mutual consent.

Without a doubt, the electrical utility industry has been in a major state of flux for several years now. Uncertainty over electricity rates and government policy have over time, fuelled a pent-up demand for Line Construction Services.

Due to the lack of apprenticeship enrolment, and the ever-increasing average worker age, the supply of skilled labour has not kept pace with the overwhelming demand for these services.

In response to this market condition, the K-Line Group has developed an Alliance/Partnership concept to take the Utility/Contractor relationship to an even higher level. Some of the key benefits of the Alliance relationship are;

### **FINANCIAL RESOURCES**

The K-Line Group's sales volume exceeded \$50 million in 2007, and should be well above that for 2008. Our aggregate bonding capacity is currently \$80 million, and we have never defaulted on a project bond.

Privately owned and in business since 1967, K-Line is committed to long-term, mutually beneficial Client relationships.

### **RESOURCE SECURITY**

As you are well aware, K-Line has recently negotiated the purchase of McG Poleline, which gives us the greatest labour and equipment resource depth in the industry; all available to IHDSL whenever the need arises. Moreover, Alliance crews presently situated with Barrie Hydro Distribution are only a phone call away in the event of a major resource requirement.

We would envision committing the same core McG staff to your project and augmenting with additional resources on an "As-Needed" basis. This ensures that IHDSL sees no reduction in the level or quality of service that you have become accustomed to. Moreover, staffing the project in this manner means that IHDSL will not have to "retrain" a new contractor so additional management and administration costs (which could easily amount to several hundred thousand dollars over the life of this Agreement) will be eliminated, along with the associated headaches and growing pains as well.

### **EQUIPMENT**

Multi-circuit poles have increased pole class and height dramatically. K-Line has responded by acquiring a number of new elevator-style bucket trucks (55-85 Feet), complete with material handlers to allow us to work safely in these environments. The demands imposed on conventional single axle RBD's are simply too great in terms of payload and towing capability. We have undertaken a program to refurbish and remount our existing RBD fleet on brand-new tandem axle chassis to satisfy these enhanced requirements. Additional specialized off-road equipment (Timberjacks and Nodwells) have also been added to our fleet to ensure that we have the best tools available for the job to be done safely, cost effectively and with the least impact to your customers.

With the recent installation of GPS devices in the vast majority of our fleet, we are able to provide comprehensive reporting on our equipment utilization, which will furnish you with additional information for benchmarking and productivity analysis.

## **EMERGENCY RESPONSE**

Our services are available to IHDSL 24/7. Alliance partners get first priority over non-Alliance customers in the event of an emergency requiring a significant resource response. Moreover, we are able to offer our partners the opportunity to participate with us on external response activities, thereby creating a potential revenue stream.

As an added benefit, it should be noted that a large number of our line staff live in and around the IHDSL service area ensuring prompt response to your Emergency requirements

## **SAFETY**

The safety and training programs at K-Line are second to none.

K-Line will ensure that safety is an integral part of every project that we are involved with, and to that, end *"We are relentlessly pursuing the paths to Zero"*. We are a recent recipient of the E&USA Silver (Effort Level) Safety Achievement Award, and anticipate that we will become the first contractor to receive the Gold (Outcomes Level) Award in June 2008. What this means to IHDSL is that we protect our personnel, public & private property and limit your level of risk and liability through our managed safety program.

## **ISO CERTIFICATION**

The K-Line Group will be ISO 9001 & OHSAS 18001 certified by July 2008, and well on our way to ISO 14001, which will further demonstrate our commitment to excellence and overall customer satisfaction through adherence to standardized processes.

## **PEER TO PEER NETWORKING**

A true partnership benefits all of the participants. Through the E&USA Area 5 committee, and E&USA's CEO Health & Safety Charter, we endeavour to learn from others and share best practices wherever possible. Mentoring and knowledge transfer becomes a value added benefit to the Alliance relationship.

## **K-LINE GROUP**

The Alliance Agreement can be expanded to include any or all of the offerings of the K-Line Group;

- Engineering
  - Distribution Design
  - Substation Design & Modernization
  - Distribution Generation Connections
- Field Services
  - Commissioning

- Retrofits/Upgrades
- Infra Red Inspection
- Maintenance
- Construction
  - Substations
  - Renewable Energy Projects
  - Temporary Construction Power
- Power Services
  - Water Washing
  - Vault cleaning/inspection
  - Core Cleaning
  - Sylkote/Silicone Grease application
  - Painting live apparatus
- Fleet Services
  - Full equipment remounting and upgrading
  - Hydraulic repairs
  - Fibreglass boom and bucket refinishing
  - Paint and bodywork
  - Major & minor mechanical repairs
  - Rental equipment (subject to availability)
  - Purchase of surplus or underutilized assets

### **PROJECT SPECIFICS:**

Provide the necessary manpower and equipment necessary to perform line work, such as new underground and overhead service connections and upgrades, responding to trouble calls 24 hours/day, 7 days/week, maintenance work and any other line work that is necessary and will all be completed in accordance with current ESA regulations 22/04. Utility Line Construction Services starting July 1, 2008 through until June 30, 2010.

1. 3 -- Man Line Crew -- Start July 1, 2008 (or sooner) - Complete June 30, 2010
  - a. Labour
    - i. One (1) Foreman (Kim Kinsman or Approved Substitute)
    - ii. One (1) Journeyman Lineman
    - iii. One (1) Third Year Apprentice Lineman
  - b. Equipment
    - i. 55 Foot Single Bucket
    - ii. Radial Boom Derrick
    - iii. Combination Trailer
    - iv. Foreman's Half-Ton
    - v. Other Specialized Equipment on an "As Required" basis
2. Crew and equipment requirements for construction projects are to be reviewed and adjusted on a per job basis to ensure optimum selection and deployment

3. Option for substation maintenance crews with a minimum of two weeks' notice to the Manager of Field services (K-Tek). Work routines as per IHDSL established standards.
4. First response for 24 hour Emergency Service and Power Services work

### **COMPANY CONTACTS**

- |                                    |  |
|------------------------------------|--|
| 1. Corporate and Commercial Issues | Chuck Mossman C.E.T., V.P. Sales & Marketing                     |
| 2. Manpower & Equipment            | Ron Haldane, Manager of Operations<br>John Wood, General Foreman |
| 3. Engineering & Field Services    | Ken Ramnarine, P.Eng, V.P. K-Tek                                 |

### **COMMERCIAL TERMS**

1. Contract Changes/Increases
  - 1.1 We reserve the right to discuss mutually acceptable surcharges in the event of major cost increases, i.e. fuel, insurance, market adjustments, etc.
    - 1.1.1 Fuel (Diesel) costs would be benchmarked at the start of the year based on current GTA (\$1.10/L) market prices. A plus/minus 10% tolerable bandwidth would be established, with anything outside this range triggering a price adjustment.

Item	Description	Weighting Factor as a percentage of Equipment Rate
1	Vehicle Own/Lease	15%
2	Fuel	30%
3	Parts & Repair	45%
4	Insurance	7.5%
5	Licenses	2.5%

*Table 1 – Equipment Rate Breakdown*

EXAMPLE: Suppose that GTA fuel rates increase to \$1.35/L. This would translate to a 23% increase which is outside of the +/- 10% bandwidth by 13%. From Table 1, above, with fuel being 30% of the equipment rate, then the overall increase in the equipment rate relative to fuel escalation would be 30% x 13%, or 3.9%

- 1.1.2 After the expiration of the two year contract term, K-Line would reserve the right to negotiate mutually acceptable increases to Labour & Equipment Rates for any subsequent contract extensions
2. Bonding
  - 2.1 Bonding has not been included in our proposal, and can be provided at an additional cost if required



3. Insurance
  - 3.1 The K-Line Group carries the following levels of Insurance
    - 3.1.1 \$5 million Professional Liability Errors and Omissions (E & O)
    - 3.1.2 \$2 million Comprehensive General Liability (CGL)
    - 3.1.3 \$8 million Umbrella Coverage
    - 3.1.4 \$5 million Automobile Insurance
    - 3.1.5 \$2 million Forest Fire & Fire Suppression Liability
  - 3.2 The K-Line Group does not carry the following coverage;
    - 3.2.1 Aircraft and Watercraft Liability Insurance
    - 3.2.2 Contractor's Environmental Liability Insurance
    - 3.2.3 Comprehensive Pollution Liability
4. Commercial Agreement(s)
  - 4.1 Defined Scope Project (Optional)
    - 4.1.1 Provide lump sum cost, based on hourly rates highlighted above. Changes will be handled using Contemplated Change Order and Contract Change Order
  - 4.2 Incomplete Scope Project
    - 4.2.1 Execute project on a Time and Materials basis using hourly rates highlighted above to an agreed upon maximum upset level
5. Hours of Work
  - 5.1 K-Line proposes a Five (5) x Eight (8) hour day schedule
    - 5.1.1 Work Monday to Friday, off Saturday through Sunday.
  - 5.2 K-Line agrees to work with IHDL to provide a margin of flexibility in this regard to account for vacations, workload, etc.
6. Travel Time
  - 6.1 IHDL will pay travel for mobilization at the start of the project and for demobilization at the end of the project. Our Stouffville Operations Center will be considered as the point of departure and return
7. Board and Lodging
  - 7.1 Included
8. Standby/Inclement Weather Charges
  - 8.1 Personnel to get paid four (4) hours per day
9. Billing
  - 9.1 Billing would be done on a weekly basis to ensure optimum cash flow and to reduce additional administration requirements
    - 9.1.1 All billing will be sent to :  
Wade Morris, Director of Operations  
Innisfil Hydro Distribution Systems Ltd.
    - 9.1.2 Supporting Documentation will accompany each invoice submission including :
      - 9.1.2.1 Signed Timesheets
      - 9.1.2.2 Equipment Utilization
  - 9.2 All invoices are on a net 30 days basis
  - 9.3 No holdbacks shall be taken

- 9.4 GST shall be charged in addition to all rates
- 10. Non-Solicitation
  - 10.1 IHDL and K-Line agree to not directly solicit any employees engaged under the terms of this Agreement without the mutual consent of the each party
- 11. Termination
  - 11.1 This Agreement may be terminated 120 days after receipt of notice by either party provided that;
    - 11.1.1 In the event that IHDL terminates without the proper notice period, K-Line shall be entitled to the difference between the 120 days timeframe and the actual notice period at the prevailing crew rate

### **PROJECT CLARIFICATIONS**

1. At the time of this Bid Response, K-Line has endeavoured to provide the best levels of pricing given the resource requirement and duration of commitment requested by IHDL. We reserve the right to have a certain level of flexibility in determining pricing structures when dealing with Other LDC customers; and pre-existing contracts shall in no-way be utilized for benchmarking purposes
2. We have based our offer on the combined supply of labour and equipment. K-Line will not subscribe to a "rental lineman" approach to doing business. Moreover, none of the staff proposed for this contract will be employed in a subcontract arrangement.
3. All staff proposed for this project will eventually become members of IBEW local 353, and as such, shall be deemed as full-time employees of K-Line
4. We are responsible for equipment downtime or dispatching suitable replacement equipment as and when required.
5. Special use equipment (tension machines, skidders, Nodwells, etc.) will be charged from time out of our shop until time returned. Rates for off-road equipment do not include freight to or from the project site
6. Where K-Line requires additional equipment, and whereas IHDL may have unused assets available, we will endeavour to ensure that a satisfactory balance is achieved
7. Traffic Control Services (if required) may be subcontracted
8. Attendance at IHDL Safety & Orientation Meetings will be charged at prevailing hourly rates
9. IHDL shall provide adequate space to park our vehicles at a designated secured facility
10. Easement (if required) negotiation and payment are by Others
11. ESA inspection, or project sign off as per Rule 22/04, if required, is not included
12. We would propose that key staff members from either party be appointed to attend quarterly review meetings. These meetings will be an open forum designed to discuss expectations versus actual measured deliverables:
  - 12.1 Safety
  - 12.2 Crew Performance
  - 12.3 Administrative/Billing
  - 12.4 New Business

Our Standard Terms and Conditions are attached and form a part of this quotation.

We thank you for your request and hope that you will consider the K-Line team to provide your high voltage service requirements.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned. We look forward to having an opportunity to work with you on this project.

Yours truly,

**K-Line Maintenance and Construction Limited**

*Charles Mossman*

Charles C. Mossman, C.E.T  
Vice President Sales & Marketing

CM/tm

Enclosure

Quotes: 2008-187-OHLR1

## **Schedule "C" – Accepted Tender Document with Pricing, Labour and Equipment costs**



**Innisfil Hydro Distribution  
Systems Limited**

2073 Commerce Park Drive  
Innisfil, Ontario  
L9S 4A2

(705) 431-4321

Fax (705) 431-5901

2008

**CONTRACT AND SPECIFICATIONS  
FOR THE SUPPLY OF LABOUR AND EQUIPMENT  
FOR OVERHEAD AND UNDERGROUND  
HYDRO UTILITY LINE WORKS, INCLUDING  
SERVICING, CONNECTIONS  
AND EMERGENCY WORK**

THIS TENDER IS SUBMITTED BY:

K-Line Maintenance & Construction Ltd.  
Bidder

12731 Hwy 48  
Address  
Stouffville, Ontario

L4A 7X5

905-640-2002  
Telephone

Doc: J/Tenders/2008 - Line Tender

## INNISFIL HYDRO

### 1. Information to Bidders

The LDC currently contracts out all line work and has no "in-house" line staff or equipment. Innisfil Hydro Distribution Systems Limited (LDC) has 110 km of 44KV circuits, 176 km of three-phase distribution, 200 km of single-phase circuits, 77 km of primary underground cable, 9 distribution stations, 2 shared distribution stations and 4 private stations with distribution voltages of 16/27.6kv and 4.8/8.32kv.

#### 1.1 Scope of Work

The LDC has the need of a contractor to supply labour and work equipment necessary to perform line work, such as new underground and overhead service connections and upgrades, responding to trouble calls 24 hours/day, 7 days/week, maintenance work and any other line work that is necessary. All works must be completed in accordance with current ESA Regulation 22/04.

Prices for labour and equipment for the various aspects of the work for this approximately 14,000 customer LDC are requested.

The contractor will be directed concerning the work they are to perform by this document and they will be expected to carry out the work efficiently, in a safe and workman like manner. Services are more fully explained in Part 6, Services to be Performed.

#### 1.2 Pricing Requirements

Prices shall be in accordance with the price schedule in Part 11, Form of Tender.

The prices tendered for all work performed solely by the contractor's crews shall include all work equipment, labour wages, standby fees, Workers' Safety and Insurance, Insurance, travel and all other charges of every kind attributed to the work, overheads, administration costs and profit.

The prices offered shall be firm for the duration of the agreement unless otherwise agreed.

The contractor shall agree to leave this offer open for acceptance for a period of thirty (30) days from the closing date of the tender.

### 1.3 Receipt and Consideration of Tenders

The following form of tender must be completed in full including all appendices and be received at the LDC office, located at 2073 Commerce Park Drive, Innisfil, ON L9S 4A2, no later than 2:00 p.m., Friday, April 4, 2008.

Tendering will be provided to invited contractors and posted in the Tenders/Notices section of the EDA website.

Tenders or revisions to tenders received orally, by telephone, facsimile, or e-mail, after the specified closing time, will not be considered. Tenders shall be submitted on the Form of Tender shown in Part 11 of this document and must be sealed with the completed Innisfil Hydro tender seal.

All requirements and conditions imposed by the tendering documents are for the benefit of the LDC. They are not to be construed as undertakings or obligations on the part of the LDC with respect to their enforcement.

The LDC hereby reserves the right, privilege, entitlement and absolute discretion, and for any reason whatsoever to:

- I. Accept a tender which is not the lowest tender submission, or reject a tender that is the lowest tender even if it is the only tender received;
- II. Cancel this Call for tenders at any time, either before or after the Closing Date and Time;
- III. Accept the tender deemed most favourable to the interests of the LDC or that may provide the greatest value advantage and benefit to the LDC based upon and not limited to:
  - Tender price
  - Availability of resource personnel and equipment
  - Qualifications and performance of personnel
  - Safety record
  - Response time
  - Performance of equivalent contracts (Production & Quality reference)
  - Familiarity with LDC area and location of staff
  - On-call staffing capability

# **1. Information to Bidders, Continued,....**

- iv. Accept or reject any and all tenders, whether in whole or in part;

The LDC reserves the right to consider, during the evaluation of Tenders:

- i. Information provided in the Tender itself;
- ii. Information provided in response to enquiries of credit, experience and industry references set out in the Tender;
- iii. Information received in response to enquiries made by the LDC of third parties apart from those disclosed in the Tender in relation to the reputation, reliability, experience and capabilities of the Contractor;
- iv. The manner in which the Contractor provides services to others;
- v. The experience and qualification of the Contractor's senior management, and project management;
- vi. The compliance of the Contractor with the LDC's requirements and specifications; or
- vii. The Contractor acknowledges that the LDC may rely upon criteria, which the LDC deems relevant, even though such criteria may not have been disclosed to the Contractor. By submitting a tender, the Contractor acknowledges the LDC's rights under this Section and absolutely waives any right, or cause of action against the LDC.

## **1.4 Assignment or Subletting**

The contractor shall not assign or sublet the contract or any portion thereof without the prior written consent of the LDC.

## **1.5 Interpretation of Contract**

The contract shall be governed by and interpreted in accordance with the laws of the Province of Ontario.

## **1.6 Default by Contractors**

If the contractor fails to provide the necessary labour, tools and work equipment for the performance of the work; fails to comply with or persistently disregards statutes, regulations, codes or by-laws of relevant authorities relating to the work; assigns or sublets the contract or any part thereof without the consent of the LDC; fails to meet assignment times; refuses or fails to correct defective work; commits any act of insolvency or bankruptcy; or is otherwise in default of carrying out its part of any of the terms, conditions and obligations of the contract, then, in any such case, the LDC may, upon written notice to the contractor, terminate the LDC's utilisation of the contractor to perform the contract.

## **1. Information to Bidders, Continued,....**

### **1.7 Contractor's Liability**

The contractor shall be fully liable for loss or damage to property of others and of the LDC which may arise from the contractor's operations, and for injury (fatal or otherwise) to persons arising therefrom or connected therewith. The contractor shall at all times indemnify and save harmless the LDC from and against all such loss, damage, or injury, and all actions, suits, proceedings, costs, charges, expenses, claims, or demands arising therefrom or connected therewith, the contractor shall perform same as an independent contractor and not as an employee of the LDC.

The contractor shall at all times during the term of the contract maintain and pay for property damage and public liability insurance with limits of at least \$10,000,000.00 inclusive, naming the LDC as being indemnified. The contractor shall submit evidence of such insurance to the LDC before the contract commences, and maintain coverage throughout the term of the contract.

### **1.8 Execution of Agreement**

The successful contractor shall, within fourteen (14) days of notice from the LDC, enter into an agreement with the LDC for the work, and furnish all necessary insurance policies and required documentation. Failure to execute the agreement as specified herein shall be just cause for annulment of the contract award.

### **1.9 Period of Contract**

The period of the contract will commence on or about **July 1, 2008** and it will be completed on **June 30, 2010**. This agreement may be extended by the LDC for up to 2 -1 year periods, upon terms agreeable to both parties.

## **2. Tools and Equipment**

The contractor shall provide all vehicles, equipment, tools and machinery for the proper performance of any and all work to be carried out, including specialised equipment and all necessary personal protective equipment. Vehicles must be fully equipped, in good working condition, of respectable appearance, and clearly marked identifying the contractor as "Contracted by Innisfil Hydro" with proof of certification, ownership and testing reports.

## **3. Personnel**

The contractor shall supply experienced, qualified working personnel for all works performed. Such personnel shall be experienced with; but not limited to, overhead and underground; voltages up to and including 44kv, and qualified for the position they are being expected to occupy.



### 3. Personnel Continued,...

The LDC shall have the right of refusal for working personnel.

All workers must be neatly dressed, courteous and at all times act in the best interests of the LDC and public.

### 4. Materials

All materials shall be supplied by the LDC, with the exception of miscellaneous items such as fill, sod, asphalt, etc., which will be arranged, as required, by the LDC, to be delivered and/or provided from an outside source. Material will be picked up at the LDC work centre, in a manner consistent with the LDC practice, and delivered to the work site by the contractor.

### 5. Safety

All works must be in accordance with the E.U.S.A. Rule Book and Safe Practices Guides, MTO Current Book 7 Road Traffic Manual, and Occupational Health and Safety Act, for the safety of contractor personnel, LDC personnel and the public. The aforementioned shall represent the minimum of safety related standards as established by various legislated bodies and safety organizations. The LDC reserves the right to request the contractor to establish standards beyond the minimums at its discretion should circumstances deem it necessary.

Weekly documented site visits by the LDC shall be conducted. Work performed in a manner deemed unsafe by the LDC will be stopped and the contractor could be subject to corrective action.

### 6. Services to be Performed

#### 6.1 Reconstruction

All services included, but not limited to, rebuilding existing circuits, single phase and three (3) phase, including primary and/or secondary, overhead and/or underground, changing out of transformers and all associated works to provide a complete job with no, or minimum outages to customers. The LDC reserves the option to put out for public tender all projects greater than \$75,000.00.

#### 6.2 Maintenance Work

All services required to maintain LDC equipment, including but not limited to, air break switches, load interrupter switches, reclosers, regulators (remove & install only), transformer rehab, oil testing, voltage and current survey, insulator replacement, secondary fault locating & repair, switch & arrester replacement.

## 6. Services to be Performed Continued,...

### 6.3 Services

All services required to provide service to residential, commercial and industrial customers, including, but not limited to; pulling in underground cables in duct, erecting cables on poles, installing padmount or polemount transformers and all associated work to provide a complete installation.

### 6.4 Emergency Response

Contractor agrees to provide a minimum of:

- Four (4) -- Two (2) man crews with aerial devices
- One (1) -- Four (4) man crew with foreman, aerial device and digger,

for all works required to restore and make safe hydro service due to unplanned outages and emergency situations during and after storms / severe weather. (Also see Appendix "D").

### 6.5 On-Call/Stand-By

Make available two (2) qualified staff, 24 hours per day 7 days per week, to respond to all trouble and emergency call out situations in the LDC. Contractor shall provide a minimum of eight (8) personnel -- four (4) pairs, of on-call personnel. As per appendix "A"

### 6.6 Energy Services

All works required to complete energy services requests including, but not limited to, installation of sentinel lights and all associated work to provide a complete installation.

## 7. Responsibility of Contractor

The contractor must be able to demonstrate their ability to provide this type of service, and has the qualified personnel, supervisors and the appropriate equipment. The following points provide some specifics for contractor's responsibilities. These are not conclusive, and all requirements stated elsewhere in this document also apply.

### 7.1 Safety

Public and employee safety are of the utmost importance. The contractor shall be solely responsible for all aspects of safety, including, but not limited to, safety of the site, excavations, equipment, structures, personnel, public, traffic, and vehicles as it relates to the work. Safety rules as stated in Part 5 will apply.

## **7. Responsibility of Contractor Continued.....**

### **7.2 Quality**

All work is expected to be performed in a professional manner, and within the time requirements of the LDC. Should it be determined by the LDC that the works are not acceptable, it shall be rectified at the contractor's expense and if the contractor is deemed not capable by reason of inefficiency or poor workmanship, their services may be terminated.

### **7.3 Workplace Safety & Insurance Board**

The contractor must be covered by and in good standing with the Workplace Safety & Insurance Board and must furnish a statement from the Board to this effect.

### **7.4 Fair Wages**

The contractor shall pay fair wages to all workers employed by them in the execution of work for the LDC.

### **7.5 Site Tidiness**

The contractor during the performance of the work shall keep the site and work area in as neat and tidy a condition as practical. Upon completion of the work, the contractor shall ensure the work site is restored to suitable grade and/or condition.

### **7.6 Hours of Work**

All work shall be performed during normal working hours of the LDC (07:00 – 17:30), except in emergency situations. The contractor shall obtain permission from the LDC to work outside these hours. The LDC shall determine the normal working hours between 07:00 – 17:30.

## **8. Direction**

The work to be performed by the contractor shall be under the direction of the Contractor's Foreman, or their appointed representative, at all times. No work will be commenced or services rendered without authorisation from the LDC.

## **9. Rate Structure**

Charges for services supplied will be made in accordance with the accompanying schedule and includes all applicable governmental charges and taxes relative to the item, except GST. All hand tools, test equipment, safety equipment and miscellaneous items required to perform the work are included in the fees on labour, or truck and equipment rentals. Rates for all works will be on a fee per hourly basis as outlined in 11.1.

**10. Invoicing and Payment**

The invoice, statement and queries regarding payment are to be directed to Accounts Payable. Full supporting details must be provided with the job invoice. Payment for invoices are requested twice per month.

**11. Form of Tender**

We, the contractor, hereby agree to supply all labour, tools, equipment, and safety devices necessary to complete all the work specified in this Tender Document for the prices shown in 11.1, GST extra.

**11.1 Hourly Rates - Personnel**

PERSONNEL	JULY 1-08 to JAN. 1-09		JAN. 1-09 to JAN. 1-10		JAN. 1-10 to JUN.30-10	
	HOURLY	OVERTIME RATE	HOURLY	OVERTIME RATE	HOURLY	OVERTIME RATE
Foreman	\$65.00	\$126.00	\$68.00	\$131.00	\$72.00	\$139.00
Journeyman Lineman	\$58.00	\$112.00	\$61.00	\$118.00	\$64.00	\$124.00
4 <sup>th</sup> Year Apprentice	\$44.00	\$85.00	\$46.00	\$89.00	\$48.00	\$93.00
3 <sup>rd</sup> Year Apprentice	\$41.00	\$79.00	\$43.00	\$83.00	\$45.00	\$87.00
2 <sup>nd</sup> Year Apprentice	\$36.00	\$70.00	\$38.00	\$74.00	\$40.00	\$78.00
1 <sup>st</sup> Year Apprentice	\$31.00	\$60.00	\$33.00	\$64.00	\$35.00	\$68.00
Driver/Labourer	\$36.00	\$70.00	\$38.00	\$74.00	\$40.00	\$78.00
Equipment Operator	\$52.00	\$101.00	\$55.00	\$106.00	\$58.00	\$112.00
On-Call Standby Fee	\$275.00/week		\$300.00/week		\$325.00/week	
Statutory Holiday	\$25.00/stat		\$35.00/stat		\$50.00/stat	

**11. Form of Tender Continued.....**

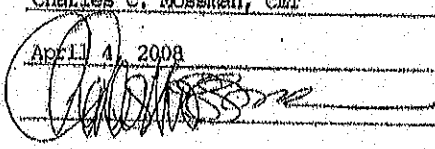
Overtime shall be defined as work conducted outside of normal working hours as per 7.6, i.e.

- If a crew is working 5-8 hour days (07:30-16:00), they will be entitled to overtime rates prior to 07:30 and after 16:00, Monday to Friday and on weekends and statutory holidays.
- If a construction crew is working 4-10 hour days (07:00-17:30), they will be entitled to overtime rates, prior to 07:00 and after 17:30, Monday to Thursday and Friday and on weekends and statutory holidays.
- If a person takes a day off, during regular rate hours, the contractor must provide a replacement personnel at regular hourly rates.

**Equipment**

EQUIPMENT	July 1-08 to Jan 1-09 HOURLY	Jan 1-09 to Jan 1-10 HOURLY	Jan 1-10 to Jan 30-10 HOURLY
Single Bucket Truck -- Up to 50 ft.	\$36.00	\$36.00	\$36.00
Single Bucket Truck -- Over 50 ft.	\$40.00	\$40.00	\$40.00
Double Bucket Truck -- Up to 55 ft.	\$45.00	\$45.00	\$45.00
Double Bucket Truck -- 60 - 65 ft.	\$50.00	\$50.00	\$50.00
Double Bucket Truck -- Over 65 ft.	\$55.00	\$55.00	\$55.00
Senior RBD	\$40.00	\$40.00	\$40.00
Commander Type RBD	\$45.00	\$45.00	\$45.00
Half Ton Truck	\$14.00	\$14.00	\$14.00
Pole Trailer (Haul up to 60' pole)	\$12.00	\$12.00	\$12.00
Reel Trailer	\$12.00	\$12.00	\$12.00
Float/Material Trailer	\$12.00	\$12.00	\$12.00
Hydraulic Tension Machine	\$40.00	\$40.00	\$40.00
Nodwell Type RBD	\$150.00	\$150.00	\$150.00

## 11. Form of Tender Continued,...

COMPANY: K-Line Maintenance & Construction Ltd.  
 ADDRESS: 12731 Hwy #40 Stouffville, Ontario L4A 7X5  
 TELEPHONE: 905-640-2002 FAX: 905-640-4984 E-MAIL: cmossman@k-line.ca  
 CONTACT: Charles C. Mossman, CEO  
 DATE: April 4, 2008  
 SIGNATURE:   
 POSITION: Vice President of Sales and Marketing

## 11.2 Declarations

The undersigned declares that they have read and understood all terms and conditions of this contract document.

The contractor agrees that any request by the LDC is not and shall not be deemed to be a counter-offer by the LDC.

This tender is subject to a formal agreement being prepared and executed.

The undersigned declares that no person, firm or corporation other than the contractor has any interest in this contract or in the proposed work for which this contract is made.

The undersigned declares that this contract is made without any connection, comparison of figures or arrangements with, or knowledge of, any other corporation, firm or person, for the same work and is in all respects fair and without collusion or fraud.

The undersigned declares that no member, officer or employee of the LDC is or will become interested directly or indirectly as a contracting party, partner, surety or otherwise in or in the performance of the project or in the supplies, work or business to which it relates, or in any portion of the profits thereof, or in any of the monies to be derived therefrom.

11. Form of Tender Continued...

11.3 Authorization

This contract is submitted by:

K Line Maintenance and Consturction Ltd.

Name of Firm

[Signature]  
Authorized Signature

April 4, 2008

Date

12. Experience, References and Qualifications

The contractor shall list experience and references per Appendix "B", "C", "E" & "G". Copies of accreditation certificates will be required to be submitted by the successful bidder.

## APPENDIX "A"

### ON-CALL / STAND-BY SPECIFICATIONS CONTRACTOR QUALIFICATIONS

#### **1.0 On-Call Personnel**

Contractor shall provide 2 qualified personnel to respond to LDC trouble and emergency situations, outside of normal LDC staff hours of work, 24 hours per day 7 days per week (statutory holidays included).

##### **1.0.1 Number of On-Call Personnel**

Contractor shall provide a minimum of 8(eight) personnel -- 4(four) pairs, of on-call personnel to ensure an adequate rotation of on-call personnel.

##### **1.1 Rotation of On-Call Personnel**

The on-call week shall begin Friday at 4:00 pm and end the following Friday at 7:30 am. In the event a statutory holiday falls on a Friday, the affected on-call personnel shall ensure that the oncoming on-call personnel commence on-call coverage at 7:30 am on the Friday.

##### **1.2 Response Time**

On-call personnel must arrive at the Inuits Hydro work centre within 30 minutes from time of dispatch. On-call personnel must arrive on site of trouble or emergency location, not later than 60 minutes from time of dispatch.

##### **1.3 Qualifications Of On-Call Personnel**

All on-call personnel shall be approved by the LDC Operations Director and/or Operations Supervisor and/or their designate, prior commencing on-call duties for the LDC. Such approval shall consist of, but not be limited to, an interview process.

Each on-call pair must consist of at least 1(one) Certified Journeyman Power Lineman and the second person must have completed a minimum of Level 2 MBARIE Technical Training (or equivalent).

##### **1.4 On-Call Scheduling**

The on-call schedule shall be coordinated by the LDC Operations Supervisor or designate on an annual basis.



**Appendix "A"**

**1. On-Call Personnel Continued....**

**1.5 Changes to On-Call Schedule**

Any changes to the on-call schedule shall be approved by the Operations Supervisor or designee. Such changes shall be limited to the following:

- Exchange of on-call duties will only be permitted for a weekend or weekly basis.
- No exchanges or substitutions will be permitted on a day-to-day or on an evening basis, except for special situations.
- The person who is originally scheduled to be on-call, must notify the message centre of the change and ensure that the message centre has the complete information of the person who will be taking the on-call, including, but not limited to, specific time information for the duration of the substitution.
- The person originally on-call shall be responsible for notifying the contractor to ensure any compensation issues are resolved.

**1.6 On-Call Communication**

On-call personnel shall carry the LDC pager and trouble phone with them at all times while on-call and follow the LDC on-call protocol procedure.

**APPENDIX "B"**  
**INNISFIL HYDRO LINE TENDER 2008**

**QUALIFICATIONS OF PERSONNEL**

<b>NAME OF PERSONNEL:</b> * Please refer for attached Staff Competency List	
<b>QUALIFICATIONS</b>	<b>DATE OF CERTIFICATION (Years of Experience If Required)</b>
FOREMAN/ JOURNEYMAN APPRENTICE (Years as Foreman & Years of Experience)	
RED SEAL # (if applicable)	
WHMIS	
REFRESHER CPR	
BUCKET EVACUATION	
POLE TOP RESCUE	
WORK AREA PROTECTION/BOOK 7	
FALL ARREST TRAINING	
LADDER TRAINING	
CLASS 4 RUBBER GLOVE TRAINING	
BARE HAND LIVE LINE TRAINING	
ELECTRICAL AWARENESS TRAINING	
MEA/PROVINCIAL APPRENTICE LEVEL	
HOISTING/Crane	
PROPANE SAFETY	
CONFINED SPACE	
CHAIN SAW	
DRIVER'S LICENSE	CLASS: VALID LICENSE: YES <input type="checkbox"/> NO <input type="checkbox"/>
FIRE EXTINGUISHER TRAINING	
SPILLS MANAGEMENT TRAINING	
TRAFFIC CONTROL PERSON TRAINING	
CPR/FIRST AID	
TRANSPORT HAZARDOUS GOODS	
TRANSPORTATION OF PCB'S	
NOTE: Copies of all certification for each personnel and driver's abstract will be a requirement of the successful bidder.	

APPENDIX "C"  
INNISFIL HYDRO LINE TENDER 2008  
EQUIPMENT LIST

[illegible]

**APPENDIX "D"**  
**EMERGENCY RESPONSE CLAUSE**

Contractor shall be contacted to provide emergency response, when additional resources are required, in the event of major storms or other emergency situations.

Contractor agrees to respond with a crew or crews on site at the Innisfil Hydro office no later than one and one half (1 1/2) hours from initial contact (including message left on Contractor's answering machine).

In the event the Contractor cannot respond within one and one half (1 1/2 ) hours of request for emergency response or if the LDC deems that more crews are needed, the LDC reserves the right to contact other Power Line Contractors or Utilities to respond to an emergency request.

## APPENDIX "E"

CONTRACTOR EXPERIENCE & REFERENCES

Contractor must submit the following:

<b>NUMBER OF YEARS IN THE BUSINESS:</b>	41
---	----

<b>REFERENCES FROM FOUR (4) LDC'S WORKED IN DURING THE PAST THREE (3) YEARS</b>		
<b>LDC</b>	<b>CONTACT PERSON</b>	<b>CONTRACT INFO.</b>
Barrie Hydro Distribution	John Hamilton	3-Year Alliance
Burlington Hydro	Brad Cumming	3-Year Alliance
Oakville Hydro	Bruce Evans	2-Year Alliance (option to extend)
Powerstream	Phil Hoover/ Leo McGinty	2-Year Alliance (option to extend)

<b>LIST OF LDC'S WORKED IN DURING PAST FIVE (5) YEARS</b>
In addition to the above list;
Great Lakes Power, Norfolk Power, London Hydro, Guelph Hydro
Penwest Utilities, Horizon Utilities, Grimsby Power, Veridian Connections
North Bay Hydro, Brwin Utilities, Kitchener-Willmot Hydro
Waterloo North Hydro, ATCO Electric, SaskPower, Bluewater Power
Lakeland Utilities, Brantford Power, Canadian Niagara Power
Oshawa PUC Networks, Toronto Hydro, Whitby Hydro, Milton Hydro

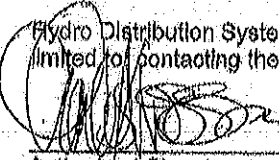
**APPENDIX "E"**  
**CONTRACTOR EXPERIENCE & REFERENCES Con'd.....**

Contractor authorization for LDC to conduct background check:

I Charles C. Mosman as Vice-President Sales & Marketing  
(Position)

of K-Line Maintenance & Construction Ltd. do hereby give consent to Innisfil

Hydro Distribution Systems Limited to conduct a background check, including but not  
limited to contacting the LDC's listed herein.

  
Authorized Signature

Charles C. Mosman, CMT  
Print Name

April 4, 2008  
Date

## APPENDIX "T"

### MINIMUM RESOURCE REQUIREMENTS

Contractor shall ensure that the following personnel and equipment will be available on site at the LDC work centre, Monday to Friday from 07:30 to 16:00 one (1) regular crew consisting of:

- One (1) Foreman with pick-up truck
- One (1) Journeyman
- One (1) 3<sup>rd</sup> year apprentice (Completion of 2<sup>nd</sup> year technical training at MEARIE) or equivalent
- One (1) 55 foot bucket single
- One (1) senior RBD
- One (1) pole trailer
- One (1) wire/float trailer

All after hours and weekends the following must be available at the LDC work centre:

- On call staff (see Appendix "A")
- One (1) 55 foot single bucket
- One (1) senior RBD
- One (1) pole trailer
- One (1) wire/float trailer

**Note:**

Past work history indicates staffing levels above the stated minimums from Monday to Friday. The LDC anticipates a five (5) man crew consisting of, one (1) foreman, two (2) Journeymen, One (1) third year and One (1) second year (successfully completed first year MEARIE or equivalent) is the more likely staff requirement to be expected. Work load being the determining factor. These staffing requirements are for the LDC's service work only. Staffing requirements for LDC's construction projects shall be determined on an as needed basis.





## APPENDIX "H"

APPENDIX SUMMARY CHECKLIST

<b>Appendix "A"</b>	On-Call/Stand-by Specifications, Contractor Qualifications
	Reviewed: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "B"</b>	Qualifications of Personnel
	Completed for each person on staff: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "C"</b>	Equipment List
	Completed for each vehicle: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "D"</b>	Emergency Response Clause
	Reviewed: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "E"</b>	Contractor References
	Completed: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "F"</b>	Minimum resource requirements
	Reviewed: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Appendix "G"</b>	List of all Line Personnel Working as Sub-Contractors
	Completed: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

COPY

A By-Law of the Corporation of the Town of Innisfil to describe additional areas of the Town of Innisfil to be served with hydro-electric power by the Town of Innisfil's Hydro-Electric Commission.

WHEREAS an Act respecting the Amalgamation of certain Municipalities in the County of Simcoe c.16.S.O 1990 (the "County of Simcoe Act") established a hydro-electric power commission for the Town of Innisfil (the "Commission");

AND WHEREAS the Commission provides hydro-electric power to the area of the Town previously known as the Village of Cookstown;

AND WHEREAS Ontario Hydro continues to distribute and supply power in those parts of the Town that Ontario Hydro served before the establishment of the Commission;

AND WHEREAS the County of Simcoe Act provides that the Town may pass by-laws describing additional areas of the Town to be served by the Commission;

AND WHEREAS a proposal (the "proposal") has been made to the Council of the Corporation of the Town of Innisfil by the Commission, which the Proposal recommends the expansion of the area served by the Commission to include the whole of the Town;

AND WHEREAS the Town has deemed it in the best interest of the Town to expand the service area of the Commission to include the whole of the Town.


NOW THEREFORE BE IT RESOLVED THAT Council of the Corporation of the Town of Innisfil hereby enacts as follows:

1. The area to be provided with hydro-electric power by the Commission is hereby expanded pursuant to Section 24 of the County of Simcoe Act to include the whole of the Town of Innisfil.
2. This By-Law shall come into force on July 1, 1993.

READ a first and second time this 9th day of October, 1991.

  
G.N. Andrade,

Mayor

  
R. I. Groh

Clerk

READ a third time and finally passed this 27th day of November, 1991.

  
G.N. Andrade,

Mayor

  
R. I. Groh,

Clerk

**DUPLICATE ORIGINAL**

E06

**THE CORPORATION OF THE TOWN OF INNISFIL**

**BY-LAW NO. 17-92**

A By-Law of the Corporation of the Town of Innisfil to amend By-Law 91-91, being a by-law to describe additional areas of the Town of Innisfil to be served with hydro-electric power by the Town of Innisfil's Hydro-Electric Commission.

**WHEREAS** the Council of the Corporation of the Town of Innisfil has enacted By-Law 91-91 which provides that the area to be provided with hydro electric power by the Hydro Electric Power Commission for the Town of Innisfil (the "Commission") is expanded to included the whole of the Town of Innisfil;

**AND WHEREAS** the Council wishes to provide for the exclusion of the Police Village of Thornton from the area into which the Commission shall provide service.

**NOW THEREFORE BE IT RESOLVED THAT** the Council of the Corporation of the Town of Innisfil hereby enacts as follows:

1. Section 1 of By-Law No. 91-91 of the Corporation of the Town of Innisfil is hereby repealed and replaced as follows:

1. a) The area to be provided with hydro electric power by the Commission shall be expanded pursuant to Section 24 of the County of Simcoe Act to include the whole of the Town of Innisfil, subject to subsection 1(b), 1(c) and 1(d) below.

b) For so long as the boundary between the Town of Innisfil and the Township of Essa bisects the Police Village of Thornton then the area to be provided with hydro electric power by the Commission shall include the whole of the Town of Innisfil, with the exception of the area serviced by the Thornton Hydro System.

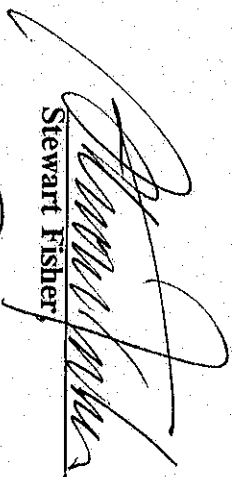
c) In the event that the boundary between the Town of Innisfil and the Township of Essa is restructured so as to remove the Police Village of Thornton and certain adjacent lands including all of Lot 1, Concession 7 of the Town of Innisfil (hereinafter collectively call the "Thornton Lands") from the Town of Innisfil and include them in the Township of Essa pursuant to the recommendation of the Final Report of the County of Simcoe Study Committee submitted to the Minister of Municipal Affairs (the "Minister") in June, 1991 then the area to be provided with hydro electric power by the Commission shall include the whole of the Town of Innisfil, with the exception of the Thornton Lands.

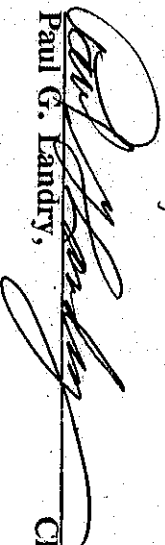
PAGE 2 OF 2

OF BY-LAW NO. 17-92

- d) In the event that a determination has been made by the Minister to restructure the boundary between the Town of Innisfil and the Township of Essa, as set forth above, but that restructuring has not come into force by the time of the coming into force of this by-law, then the area to be provided with hydro electric power by the Commission shall be (and it is hereby expanded to include) the whole of the Town of Innisfil with the exception of the Thornton Lands.

READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED THIS 29TH DAY OF JANUARY, 1992.

  
\_\_\_\_\_  
Stewart Fisher, Mayor

  
\_\_\_\_\_  
Paul G. Landry, Clerk

DUPLICATE ORIGINAL

THE CORPORATION OF THE TOWN OF INNISFIL

BY-LAW NO. 48-93

"HYDRO EXPANSION DEBENTURE BY-LAW"

A By-Law to authorize the improvement, enlargement, or extension of capital works and expenditures relating to The Hydro Electric Commission of the Corporation of the Town of Innisfil and the issuance of a debenture in connection with the financing of same.

WHEREAS the Municipal Act R.S.O. 1990, C. M.45, section 58 provides, inter alia, that by-laws may be passed by the Councils of local municipalities for authorizing the completion, improvement, alteration, enlargement or extension of any public utility undertaking, or any part or parts thereof, owned by the Corporation and controlled and managed by the Council or a Public Utility Commission and for issuing debentures therefor;

AND WHEREAS the municipal Council of the Corporation of the Town of Innisfil consents and the Hydro Electric Commission of the Corporation of the Town of Innisfil "the Commission" deems it necessary to undertake certain capital works expansions (hereinafter referred to as "the works") regarding the supply of hydro-electricity and to make certain capital expenditures (hereinafter referred to as "the expenditures");

AND WHEREAS it may be necessary for the Corporation of The Town of Innisfil to provide for part of the cost of the said works and expenditures by the issue of a debenture by the municipality;

AND WHEREAS the Ontario Municipal Board Act, R.S.O. 1990, C. 0.28, section 65(1) provides that, notwithstanding the provisions of any general or special act, a municipality shall not authorize or exercise any of its powers to proceed with or provide any money for any undertaking, work, project, scheme, act, matter or thing, the cost or any portion of the cost of which is to be raised in a subsequent year or years or provided by the issues of debentures, until the approval of the Board has first been obtained.

NOW THEREFORE the Council of the Corporation of the Town of Innisfil enacts as follows:

- I. The Corporation of the Town of Innisfil authorizes the works and expenditures to be made by the Commission as follows:
    - buy-out of Ontario Hydro Assets
    - Ontario Hydro separation costs
    - Commission costs
- Capital Expenditures for 1993 and 1994 are in the total amount of \$14,276,185.00

Page 2 of 2

of By-Law No. 48-93

2. The Commission is hereby authorized to enter into any necessary agreements with a bank or other financial institution on behalf of the Corporation of The Town of Innisfil for temporary advances of money to meet the cost of the works and expenditures pending the completion of the said debenture issue.
3. A debenture and borrowing by other means is hereby authorized to be issued to secure the funds necessary to effect the said works and the said expenditures by the Commission. The debenture shall be for such amount not to exceed \$14,123,100.00 over a period not to exceed twenty (20) years.
4. The cost of financing the said works and expenditures including cost of issue, sale and repayment of the debenture shall be paid through the hydro rate charged by the Commission to its customers.
5. This by-law shall come into effect upon approval by the Ontario Municipal Board.

READ A FIRST, AND TAKEN AS READ A SECOND AND THIRD TIME AND FINALLY  
PASSED THIS 28th, DAY OF APRIL, 1993.

  
Stewart Fisher Mayor  
Paul Laidry, Clerk



# TOWN OF INNISFIL

Appendix C Debentures SEC IR 7a)

Moved:

Date: April 28, 1993

Seconded:

Resolution No.: CR-246.93

[Item No. 8.1]

BE IT RESOLVED THAT:

Council of the Corporation of the Town of Innisfil hereby requests assent from Ontario Hydro to issue debentures or borrow by other means \$14,096,200.00 for the purpose of the extension of works by the Hydro Electric Commission of the Town of Innisfil to be repaid over time out of the Commission's operating revenue.

*Carroll*

APPLICATION TO THE ONTARIO MUNICIPAL  
BOARD FOR CAPITAL EXPENDITURE

(PLEASE TYPE OR PRINT)

FOR BOARD USE ONLY  
DATE APPLICATION  
FILE NO.  
ACKNOWLEDGED:

FOR BOARD USE ONLY  
DATE OF APPLICATION  
MAY 6, 1993

APPLICANT THE CORPORATION OF THE TOWN OF INNISFIL  
e.g. Municipality, School Board, Conservation Authority, Ministry of the Environment  
TYPE OF UNDERTAKING  
EXPANSION OF HYDRO SERVICE

OWNERSHIP OF LANDS INVOLVED  
e.g. Local Improvements, Municipal Drains, O.W.R., Roads, Schools, Sewers, Tie Drains, Watermains, Agreements, Additional Expenditures, Amendment  
THE HYDRO ELECTRIC COMMISSION OF THE CORPORATION OF THE TOWN OF INNISFIL

STATUTORY AUTHORITY FOR THE APPLICANT TO PROCEED WITH THE UNDERTAKING  
BILL 177 - SIMCOE COUNTY ACT 1990  
STATUTORY AUTHORITY FOR THE ONTARIO MUNICIPAL BOARD APPROVAL  
section (41(4) PUBLIC UTILITY ACT 1990; OMB ACT RSO 1980 SECTION 4  
PARAGRAPH 58 SECTION 21 MUNICIPAL ACT  
INDICATE OTHER MUNICIPALITIES OR BODIES (IF ANY) PARTICIPATING IN THIS APPLICATION  
THE HYDRO-ELECTRIC COMMISSION OF THE TOWN OF INNISFIL  
IF OTHER APPLICATIONS ARE INVOLVED, QUOTE RELATED FILE(S) NUMBER(S)  
NOT APPLICABLE

DETAILS	ESTIMATED COST	AMOUNT OF DEBENTURES/ LONG TERM LIABILITIES
	\$	\$
DESCRIPTION OF UNDERTAKING	14,276,185.00	14,123,100.00
	TOTAL \$14,276,185.00	TOTAL \$14,123,100.00

FUNDING			
METHODS OF RECOVERY	DEBENTURES	\$ 14,123,100.00	TERM 20 YEARS
	CURRENT REVENUE	\$	TERM YEARS @ \$ IN
	SUBSIDIES	\$	SOURCE
	OTHER	\$	SOURCE
	ALL OR PART BY IMPOSING SPECIAL RATE OR LEVY ON A DEFINED AREA	AMOUNT \$	STATUTORY AUTHORITY
RECOVERY	BY - LAW NO.	AMOUNT \$	
	BY MILL RATE ON ALL RATEABLE PROPERTY	AMOUNT \$	
	FRONTAGE RATE	AMOUNT \$	
	UTILITY RATE	AMOUNT \$14,123,100.00	

I DECLARE THAT I HAVE CHECKED THE FOREGOING, ALL RELATED REQUIRED DOCUMENTS AND I SUBMIT THIS APPLICATION ON BEHALF OF THE APPLICANT.  
SIGNATURE POSITION TREASURER



June 11, 1993

Corporation of the Town of Innisfil  
P.O. Box 5000  
STROUD, Ontario  
L0L 2M0

Attn: P. Landry  
Clerk

Dear Sir or Madam:

I wish to inform you that Ontario Hydro gave assent on June 8, 1993, pursuant to Section 112 of the Power Corporation Act, R.S.O. 1990, for the Corporation of the Town of Innisfil to issue debentures or borrow by other means an amount of \$14,096,200 to provide funds required by the Town of Innisfil Hydro-Electric Commission for the construction and extension of works during 1993, provided such borrowing occurs within three years of the date of this assent.

Yours truly

INFORMATION COPY  
ORIGINAL SIGNED BY  
L. E. LEONOFF

L. E. Leonoff  
Secretary

**RECEIVED**

JUN 16 1993

Ans'd

Lawrence E. Leonoff, Vice-President General Counsel and Secretary  
Telephone (416) 592-2755

Appendix C Debentures SEC IR 7a)

June 11, 1993

Town of Innisfil Hydro-Electric Commission  
P.O. Box 1000  
THORNTON, Ontario  
L0L 2N0

Attn: Mrs. M. Stewart  
Secretary-Treasurer

Dear Sir or Madam:

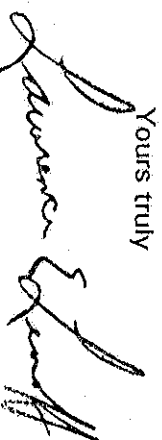
I wish to inform you that, pursuant to Section 120 of the Power Corporation Act, R.S.O. 1990, the request of the Town of Innisfil Hydro-Electric Commission to utilize funds over and above current operating requirements for the construction and extension of works in the amount of \$1,435,085 during 1993 was approved by the Corporation on June 8, 1993.

At the same time, approval was given for the purchase during 1993 of securities authorized under Section 120 of the said Act, with terms up to one year, such that the total amount of securities held at any one time does not exceed \$200,000.

Attached is a copy of a letter dated June 11, 1993 to the Corporation of the Town of Innisfil giving Ontario Hydro's decision, pursuant to Section 112 of the Power Corporation Act, R.S.O. 1990, for the Corporation of the Town of Innisfil to issue debentures or borrow by other means an amount of \$14,096,200 to provide the funds required by the Town of Innisfil Hydro-Electric Commission for the construction and extension of works during 1993, provided such borrowing occurs within three years of the date of this assent. This assent to borrowing and utilization of funds, together with an amount of \$29,900 previously approved, comprise a total capital expenditure during 1993 of \$15,561,185, although it is expected that approximately \$800,000 of this work plus associated borrowing will be completed in 1994.

Approval was also given pursuant to Section 113 of the Power Corporation Act, R.S.O. 1990, for the Town of Innisfil Hydro-Electric Commission to adopt the attached Schedule of Rates and Charges to be effective as indicated on the schedule and to supersede the existing schedule.

Yours truly



L.E. Leonoff  
Secretary

Enc.

FILED	1993-72	FILED
OPEN	ISSUE DATE	
JUN 29 1993		
	287	



Ontario

Ontario Municipal Board

Commission des affaires municipales de l'Ontario

IN THE MATTER OF Section 65 of the  
Ontario Municipal Board Act, (R.S.O.  
1990, c. O.28)

- and -

IN THE MATTER OF an application by  
The Corporation of the Town of  
Innisfil for an order approving:

- (a) the undertaking by the hydro  
electric commission of the said  
corporation of the improvement  
enlargement or extension of  
hydro service at an estimated  
cost of \$14,276,185.00, and the  
borrowing of money by way of  
temporary advances not exceeding  
in the aggregate such estimated  
cost pending the sale of  
debentures, and
- (b) the issuance of the necessary  
debentures to a maximum of  
\$14,123,100.00, for a term not  
to exceed twenty years

B E F O R E :  
P.G. WILKES  
Vice-Chair

} Tuesday, the 22nd day  
} of June, 1993  
}

THE BOARD ORDERS that this application be granted and that the  
hydro-electric commission of the applicant corporation may proceed  
with the undertaking and the applicant corporation may issue  
debentures therefor for a sum not exceeding the lesser of  
\$14,123,100.00 or the net cost of such undertaking for a term not  
exceeding twenty years, provided that the Council of the applicant  
corporation in exercising any power approved by this order shall  
comply and conform with all statutory and other legal requirements  
related thereto and the provisions of the assent of Ontario Hydro

- 2 -

E 930138

given under Section 94 of the Power Corporation Act, (R.S.O. 1980,  
c. 384) for the borrowing of money and the issuance of debentures.

A handwritten signature in cursive script, appearing to read "Diana Macvic".

SECRETARY

# McMILLAN BINCH

BARRISTERS & SOLICITORS

SUITE 3800 • SOUTH TOWER • ROYAL BANK PLAZA • TORONTO • ONTARIO • CANADA M5J 2J7  
FAX (416) 865-7048 • TELEX 06-22317 • TELEPHONE (416) 865-7000

Reply Attention of **Heather R. Douglas**  
Direct Line **865-7120**  
Our File No.  
Date **October 29, 1993**

Mr. Andrew Cowan  
The Town of Innisfil  
2147 Innisfil Beach Road  
P.O. Box 5000  
Stroud, Ontario  
L0L 2M0

Dear Mr. Cowan:

Re: The Corporation of the Town of Innisfil  
1993 Debenture Issue

I enclose our firm's account in connection with the above referenced debenture issue.

I am not certain that the enclosed account records all of our firm's disbursements in connection with the above referenced debenture issue. Should additional disbursements be submitted to our firm in connection with the debenture issue we will send to you an additional account for such additional disbursements.

I trust that this is satisfactory.

Yours truly,

*Heather Douglas (for TH)*  
Heather R. Douglas

HRD/ta  
Encl.

v:\hrd\jac21\ind.1tt

A Member Of  
McMILLAN BULL CASGRAIN

VANCOUVER      MONTREAL      MISSISSAUGA      HONG KONG      TAIPEI

SEP 8 '93 11:17 FROM MCMILLAN BINCH

PAGE.002

Appendix C Debentures SEC IN

MEMORANDUM

TO: Heather Douglas

FROM: Brian Barron

DATE: September 8, 1993

RE: Town of Innisfil  
Re: Debenture Issue by Hydro Utility

ISSUE:

own name? Can a municipal hydro utility issue debentures in its

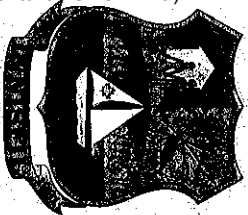
CONCLUSIONS:

There are no provisions in the *Public Utilities Act* R.S.O. 1990, c. P.52, as amended, which permit municipal hydro utilities to issue debentures in their own name. Section 35 of the Act expressly refers to "debentures issued by the municipality" and to a "debenture by-law of the municipality" with respect to financing the construction and improvement of a utility. The Act, therefore, appears to contemplate that debentures will only be issued by the municipality for the purposes of the municipal utility.

In addition to the *Public Utilities Act*, I reviewed the provisions of: (1) the *Municipal Act* R.S.O. 1990, c. M.45, as amended; (2) the *Local Improvement Act* R.S.O. 1990, c. L.26; and the *Public Utilities Corporations Act* R.S.O. 1990, c. P.53. None of these Acts contained provisions relating to or permitting the issue of debentures by a municipal hydro utility in its own name.

c:\bbs\user\lamin\sef11

# TOWN OF INNISFILL



Appendix C Debentures SEC IR 7a)

PRESENTED TO H.E.C.  
ON Dec 12/94  
ITEM # 80

November 28, 1994

Toronto Dominion Bank  
66 Dunlop Street East  
P.O. Box 220  
Barrie, Ontario  
L4M 4T3

Attention: Mr. Gary Charters

Dear Sir:


## Hydro Debentures Issue

In October your firm had responded to our request for a proposal regarding above pending issue.

In accordance with Council Resolution CR 362.94 (copy attached) of November 23, 1994 this is to advise this particular issue is to be handled by T.D. Bank.

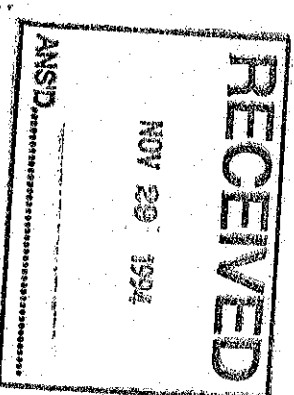
Innisfil Hydro will be in contact with you regarding timing, amount and any other particulars relative to this transaction.

Yours truly,

  
Andrew Cowan, CMA  
Treasurer

AC/ca

c.c. Innisfil Hydro  
Attention: M. Stewart ✓



2147 INNISFILL BEACH ROAD  
P.O. BOX 5000  
STROUD, ONTARIO  
L0L 2M0  
(705) 436-3710  
(705) 456-3353  
FAX: (705) 436-7120

File: F0802



# TOWN OF INNISFIL

Appendix C Debentures SEC IR 7a)

Moved:

Seconded:

Date: November 23, 1994

Resolution No.: CR-362.94

[Item No. 6.4]

## BE IT RESOLVED THAT:

the report be approved as printed, being that as the T.D. bank proposal is equal to any other bid, they be given the opportunity to market Innisfil Hydro Debentures as stipulated in Committee of the Whole, Recommendation CW-259.93, of August 3, 1993. Further that RBC Dominion Securities be requested to release <sup>the Town</sup> ~~us~~ from the fiscal agency agreement for this one issue.



**ORIGINAL**

THE CORPORATION OF THE TOWN OF INNISFIL

BY-LAW NO. 019-95

A by-law to amend By-law No. 48-93 which by-law authorized the improvement, enlargement or extension of capital works and expenditures relating to The Hydro-Electric Commission of the Corporation of the Town of Innisfil ("Innisfil Hydro") and the issuance of a debenture in connection with the financing of same

WHEREAS Innisfil Hydro has become concerned about the specificity of the description of the works and expenditures of Innisfil Hydro set forth in paragraph number 1 of By-law No. 48-93;

AND WHEREAS Innisfil Hydro has requested that By-law No. 48-93 be amended to delete paragraph number 1 and to substitute therefor descriptions of the capital works and expenditures as they are set forth in the Order of the Ontario Municipal Board given on June 22, 1993 under file Number E930138 and in the Ontario Hydro assent given on June 8, 1993;

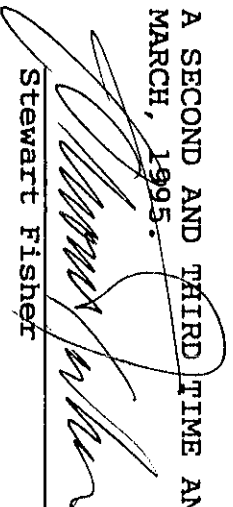
NOW THEREFORE, THE COUNCIL OF THE CORPORATION OF THE TOWN OF INNISFIL ENACTS AS FOLLOWS:

1. That By-law No. 48-93 be amended by deleting paragraph number 1 in its entirety and substituting therefor the following:

The Corporation of the Town of Innisfil authorizes the improvement, enlargement or extension of hydro service by Innisfil Hydro which involve the construction and extension of capital works during 1993.

2. The provisions of By-law No. 48-93 shall continue in full force and effect, unamended, save and except for the amendment thereto authorized under this by-law.

READ A FIRST, AND TAKEN AS READ A SECOND AND THIRD TIME AND FINALLY PASSED THIS 15TH DAY OF MARCH, 1995.

  
Stewart Fisher Mayor

  
Paul Landry Clerk

IN THE MATTER OF an issue of debentures of The Corporation of the Town of Innisfil in the amount of \$9,800,000 authorized by Debenture By-law No. 021-95

I, Paul G. Landry of the City of Barrie in the Province of Ontario, DO SOLEMNLY DECLARE THAT:

1. I am the Clerk of The Corporation of the Town of Innisfil (the "Corporation") and as such have a personal knowledge of the matters herein declared to.
2. The above-mentioned By-law (the "Debenture By-law") was finally passed and enacted by the Council of the Corporation (the "Council") on the 15th day of March, 1995. Forthwith after passage of the Debenture By-law, the same was signed by the Mayor and the Clerk and sealed with the corporate seal.
3. Authorizing By-law No. 48-93 (the "Authorizing By-law") was finally passed and enacted by the Council on the 28th day of April, 1993. Forthwith after passage of the Authorizing By-law, the same was signed by the Mayor and the Clerk and sealed with the corporate seal.
4. By-law No. 019-95 which amends the Authorizing By-law (the "Amending By-law") was finally passed and enacted by the Council on the 15th day of March 1995 before the Debenture By-law was finally passed and enacted. Forthwith after the passage of the Amending By-law, the same was signed by the Mayor and the Clerk and sealed with the corporate seal.
5. Prior to exercising any of its powers under By-law No. 48-93 (amended by No. 019-95) the Ontario Municipal Board by its Order dated the 22nd day of June, 1993 under its file number E 930138 duly approved the purpose of the borrowing referred to in the Debenture By-law as required by section 65 of the Ontario Municipal Board Act (as it then was). The said Order has not been appealed, rescinded, changed, altered or amended.
6. Prior to authorizing its powers under By-law No. 48-93 (amended by No. 019-95), Council of the Corporation caused its Treasurer to calculate an updated limit using the most recent debt and financial obligation limit determined by the Ministry of Municipal Affairs and the Treasurer determined that the estimated annual amount payable in respect of such undertaking would not cause the Corporation to reach or exceed its updated limit.
7. No application has been made or action brought to quash, set aside or declare invalid the Debenture By-law, the Authorizing By-law or the Amending By-law nor have the same been in any way repealed, altered or amended except insofar as the Authorizing By-law was amended by the Amending By-law and the Debenture By-law, the Authorizing By-law and the Amending By-law are now in full force and effect.
8. All of the recitals contained in the Debenture By-law, the Authorizing By-law (amended by No. 019-95) and the Amending By-law are true in substance and fact.
9. None of the debentures authorized to be issued by the said Order of the Ontario Municipal Board or the Authorizing By-law (amended by No. 019-95) have been issued except debentures of \$9,800,000 which are now being issued pursuant to the Debenture By-law through Midland Walwyn Capital Inc. as fiscal agents.
10. The Corporation, in exercising any of its powers approved by the aforementioned Ontario Municipal Board Order, complied and conformed with all statutory and other legal requirements related thereto as ordered by the said Board.

COPY

MAR 22 1995

FROM THE FILES OF  
THE TOWN OF INNISFIL

11. Before the Debenture By-law was passed, the assent of Ontario Hydro was obtained for the issue of debentures in the amount and for the purpose set out in the Authorizing By-law (amended by No. 019-95).

12. Each of the debentures authorized under the Debenture By-law has been signed by Stewart Fisher being the Mayor who is head of the Council and by Andrew Cowan being the Treasurer of the Corporation who were authorized pursuant to the Debenture By-law to execute the said debentures in the manner aforesaid. The said debentures are in all respects in accordance with the Debenture By-law and in issuing the said debentures the Corporation is not exceeding its borrowing powers.

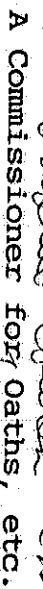
13. I certify that no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the debentures authorized under the Debenture By-law, or in any manner questioning the proceedings and the authority under which the same are issued, or the capacity of the said head of Council (Mayor) or of the said Treasurer of the Corporation, and no authority or proceedings for the issuance of the said debentures or any part of them have been repealed, revoked or rescinded in whole or in part.

14. A duplicate original or certified true copy of the Debenture By-law was registered in the Land Registry Office for the Registry Division of Simcoe (#51) in the City of Barrie on the day of March, 1995 as instrument No. 01279669.

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

DECLARED BEFORE ME at the )  
Town of Innisfil in the )  
Province of Ontario, this )  
24 day of March, 1995 )

  
PAUL G. LANDRY

 c.m.A.  
A Commissioner for Oaths, etc.

K:\BANK\HRD\SD\INSFTL.SD

Year	Interest Rate	Maturity Date	Principal Amount	Interest March 31	Interest September 30	Total Cash Flow
		1995			469,300 ✓	469,300 ✓
1	8.000%	1996	177,000 ✓	469,300 ✓	462,220 ✓	1,108,520 ✓
2	8.250%	1997	192,000 ✓	482,220 ✓	454,300 ✓	1,108,520 ✓
3	8.500%	1998	209,000	454,300	445,418	1,108,718
4	8.750%	1999	228,000	445,418	435,443	1,108,860
5	9.000%	2000	249,000	435,443	424,238	1,108,880
6	9.500%	2001	273,000	424,238	411,270	1,108,508
7	9.500%	2002	300,000	411,270	397,020	1,108,290
8	9.500%	2003	330,000	397,020	381,345	1,108,365
9	9.500%	2004	363,000	381,345	364,103	1,108,448
10	9.500%	2005	399,000	364,103	345,150	1,108,253
11	9.750%	2006	440,000	345,150	323,700	1,108,850
12	9.750%	2007	485,000	323,700	300,056	1,108,756
13	9.750%	2008	534,000	300,056	274,024	1,108,080
14	9.750%	2009	589,000	274,024	245,310	1,108,334
15	9.750%	2010	650,000	245,310	213,623	1,108,933
16	9.750%	2011	716,000	213,623	178,718	1,108,340
17	9.750%	2012	790,000	178,718	140,205	1,108,923
18	9.750%	2013	871,000	140,205	97,744	1,108,948
19	9.750%	2014	960,000	97,744	50,944	1,108,688
20	9.750%	2015	1,045,000	50,944		1,095,944
			9,800,000	6,414,128	6,414,128	22,628,255
	9.585%					

THE CORPORATION OF THE TOWN OF INNISFILL

Schedule "A" to By-law No. 021-95

# CERTIFICATE

IN THE MATTER OF an issue of debentures of The Corporation of the Town of Innisfil (the "Corporation") in the amount of \$9,800,000 authorized by debenture By-law No. 021-95

I, Andrew Cowan, Treasurer of the Corporation, **DO HEREBY CERTIFY**

## THAT:

1. The Corporation has received from the Ministry of Municipal Affairs its annual debt and financial obligation limit for the year 1993 (the "1993 Limit") and for the year 1995 (the "1995 Limit").
2. I have calculated an updated 1993 Limit in accordance with Ontario Regulation 710/92, as amended (the "Regulations") (effective January 1995 the Regulations were replaced by Ontario Regulation 799/94) prior to the authorization of the undertaking of the Corporation authorized in By-law No. 48-93 (amended by By-law No. 019-95) and I have calculated an updated 1993 Limit in accordance with the Regulations and determined that the estimated annual amount payable in each year in respect of such undertaking would not cause the Corporation to reach or exceed its updated 1993 Limit and that as at the date of Corporation Council's authorization of such undertaking the approval of the Ontario Municipal Board was not required.
3. I have calculated an updated 1995 Limit in accordance with Ontario Regulation 799/94 as at the date hereof and determined that the Corporation has not reached or exceeded its updated Limit.
4. In updating the 1993 Limit and the 1995 Limit, the estimated annual amount payable described in paragraph 4(2)2 of the Regulations and of Ontario Regulation 799/94 respectively was determined based on current interest rates and amortization periods which do not exceed the lifetime of any of the undertakings of the Corporation described in such paragraphs, all in accordance with generally accepted accounting principles.
5. The term within which the debentures to be issued for the Corporation pursuant to the Debenture By-law are made payable does not exceed the lifetime of the undertaking of the Corporation described in the Debenture By-law.

**DATED** at the Town of Innisfil as at the 31st day of March, 1995.

*Andrew Cowan*  
Treasurer

**COPY**

V:\HRD\CERTINSE.CER

MAR 22 1995

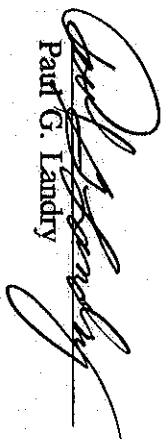
FROM THE FILES OF  
THE TOWN OF INNISFIL

## CERTIFICATE

IN THE MATTER OF an issue of debentures of The Corporation  
of the Town of Innisfil in the amount of \$9,800,000 authorized by  
debenture By-law No. 021-95

I, Paul G. Landry refer to my declaration in respect of the above referenced matter  
declared on March 24, 1995. I hereby certify that all statements contained in such declaration  
are true and correct as at the date hereof.

Dated as at the 31st day of March, 1995.



Paul G. Landry

V:\HRD\CERTS\IO



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
200 Bay Street  
Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 273,000. INNISFIL TOWN OF – 31/03/2001 9.5000

CUSIP : 45766LBG6

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 273,000.	BRANT INVESTMENTS LIMITED FR 006

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
---	--

If you have any questions, please contact the undersigned. If for any reason these instructions cannot be completed and the certificates have to be returned, please return to the sender.

Yours truly,

*Per: Joyce DeSoto*

FINS: T720

June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

CDS Contact:  
Transfer Operations  
(416)365-8748



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
200 Bay Street  
Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 300,000. INNISFIL TOWN OF – 31/03/2002 9.5000

CUSIP : 45766LBH4

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 300,000.	BRANT INVESTMENTS LIMITED FR 007

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
---	--

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Yours truly,

FINS: T720

June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

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Transfer Operations  
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# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 330,000. INNISFIL TOWN OF – 31/03/2003 9.5000

CUSIP : 45766LBJ0

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 330,000.	BRANT INVESTMENTS LIMITED FR 008

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
---	--

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Yours truly,

FINS: T720

June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

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# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 363,000. INNISFIL TOWN OF – 31/03/2004 9.5000

CUSIP : 45766LBK7

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 363,000.	BRANT INVESTMENTS LIMITED FR 009

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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Yours truly,

June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

FINS: T720

CDS Contact:  
Transfer Operations  
(416)365-8748



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 399,000. INNISFIL TOWN OF – 31/03/2005 9.5000

CUSIP : 45766LBL5

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 399,000.	BRANT INVESTMENTS LIMITED FR 010

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

FINS: T720

CDS Contact:  
Transfer Operations  
(416)365-8748



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
200 Bay Street  
Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 440,000. INNISFIL TOWN OF – 31/03/2006 9.7500

CUSIP : 45766LBM3

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 440,000.	BRANT INVESTMENTS LIMITED FR 011

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 485,000. INNISFIL TOWN OF – 31/03/2007 9.7500

CUSIP : 45766LBN1

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 485,000.	BRANT INVESTMENTS LIMITED FR 012

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
---	--

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Yours truly,

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Fax: (416)955-2115  
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CDS Contact:  
Transfer Operations  
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# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
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Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 534,000. INNISFIL TOWN OF – 31/03/2008 9.7500

CUSIP : 45766LBP6

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 534,000.	BRANT INVESTMENTS LIMITED FR 013

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
---	---

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Yours truly,

*Per: Joyce B. Schen*

FINS: T720

June John  
Tel: (416)955-3191  
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Toronto, Ontario  
M5J 2J5

October 20, 2000

## BY BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

T901

Attention: Mr Andrew Cowan

Please find the following enclosed:

\$ 589,000. INNISFIL TOWN OF – 31/03/2009 9.7500

CUSIP : 45766LBQ4

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 589,000.	BRANT INVESTMENTS LIMITED FR 014

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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CDS Contact:  
Transfer Operations  
(416)365-8748



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
200 Bay Street  
Toronto, Ontario  
M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON. Canada  
L0L 2M0

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

\$650,000.00 INNISFIL TOWN OF – 31/03/2010 9.7500 CUSIP: 45766LBW1

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 650,000.	BRANT INVESTMENTS LTD 015

<b>Please re-register the certificates in the following name:</b>  <b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b>	<b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b>  <b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b>
---	---

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June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

FINS: T720

CDS Contact:  
Transfer Operations  
(416)365-8748

-/JP





# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
200 Bay Street  
Toronto, Ontario  
M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON, Canada  
L0L 2M0

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

\$716,000.00 INNISFIL TOWN OF – 31/03/2011 9.7500

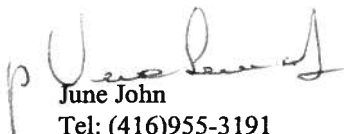
CUSIP: 45766LBV3

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 716,000.	BRANT INVESTMENTS LTD 016

<p><b>Please re-register the certificates in the following name:</b></p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

FINS: T720

CDS Contact:  
Transfer Operations  
(416)365-8748

-/JP



# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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Toronto, Ontario  
M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON. Canada  
L0L 2M0

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

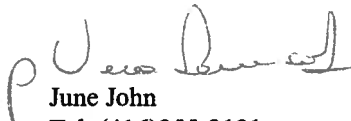
\$790,000.00 INNISFIL TOWN OF - 31/03/2012 9.7500 CUSIP: 45766LBU5

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 790,000.	BRANT INVESTMENTS LTD 017

<b>Please re-register the certificates in the following name:</b>  <b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b>	<b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b>  <b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor - Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b>
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Toronto Securities Centre  
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M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON. Canada  
L0L 2M0

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

\$871,000.00 INNISFIL TOWN OF – 31/03/2013 9.7500

CUSIP: 45766LBT8

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 871,000.	BRANT INVESTMENTS LTD 018

<p><b>Please re-register the certificates in the following name:</b></p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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Toronto Securities Centre  
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Toronto, Ontario  
M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON. Canada  
L0L 2M0

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

\$960,000.00 INNISFIL TOWN OF – 31/03/2014 9.7500

CUSIP: 45766LBS0

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 960,000.	BRANT INVESTMENTS LTD 019

<p><b>Please re-register the certificates in the following name:</b></p> <p><b>CDS &amp; CO.</b> <b>P.O. Box 1038</b> <b>Station A</b> <b>25 The Esplanade</b> <b>Toronto, Ontario M2W 1E0</b></p>	<p><b>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</b></p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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CDS Contact:  
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# ROYAL TRUST Corporation of Canada

Toronto Securities Centre  
Royal Bank Plaza, S. Tower, SL Level  
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Toronto, Ontario  
M5J 2J5

November 21, 2000

## VIA BRINKS

The Town of Innisfil  
2147 Innisfil Beach Road  
Post Office Box 5000  
Stroud, ON. Canada  
L0L 2M0

*Then Done  
Nov 29 100*

Attention: Mr Andrew Cowan, Treasurer  
(Tel: 705-436-3710)

T901

Please find the following enclosed:

\$1,045,000.00 INNISFIL TOWN OF – 31/03/2015 9.7500 CUSIP: 45766LBR2

SPLIT(S)	CERTIFICATE NUMBER AND REGISTRATION
1 X 1,045,000.	BRANT INVESTMENTS LTD 020

<p>Please re-register the certificates in the following name:</p> <p><b>CDS &amp; CO.</b> P.O. Box 1038 Station A 25 The Esplanade Toronto, Ontario M2W 1E0</p>	<p>PLEASE RETURN THE NEW CERTIFICATE(S) AND A COPY OF THIS LETTER BY REGISTERED MAIL TO:</p> <p><b>Transfer Operations</b> <b>The Canadian Depository for Securities Ltd</b> <b>2<sup>nd</sup> Floor – Mezzanine Level</b> <b>85 Richmond Street West</b> <b>Toronto, Ontario M5H 2C9</b></p>
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If you have any questions, please contact the undersigned. If for any reason these instructions cannot be completed and the certificates have to be returned, please return to the sender.

Yours truly,

*June John*

June John  
Tel: (416)955-3191  
Fax: (416)955-2115  
e-mail: [June.John@RoyalBank.com](mailto:June.John@RoyalBank.com)

FINS: T720

CDS Contact:  
Transfer Operations  
(416)365-8748

-/JP

2073 Commerce Park Drive  
Innisfil ON L9S 4A2  
(S/E Corner Hwy 400 & Innisfil Beach Road)



Tel (705) 431-4321  
Fax (705) 431-5901  
Tel (705) 458-4329  
Toll Free From 775 Exchange

### PROMISSORY NOTE

**Borrower:** Innisfil Hydro Distribution Systems Limited

**Lender:** The Corporation of the Town of Innisfil

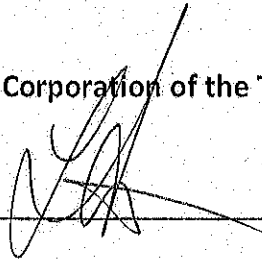
**Principal Amount:** \$2,107,444.00      **Due:** October 31, 2010

1. **FOR VALUE RECEIVED**, Innisfil Hydro Distribution Systems Limited ("Borrower"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Innisfil, Ontario, **PROMISES TO PAY** to The Corporation of the Town of Innisfil ("Lender") at its offices at Innisfil, Ontario, or at such address as the Lender may designate in writing to the Borrower, the principal sum of two million one hundred seven thousand four hundred forty-four dollars (\$2,107,444.00) in lawful money of Canada, with interest payable on the unpaid principal at the OEB prescribed quarterly rate, calculated monthly not in advance.
2. This promissory note will be repaid in full on October 31, 2010, together with all interest accrued and unpaid thereon to that date. If the note is repaid prior to October 31, 2010, all interest due and payable will be paid by the Borrower on the date the promissory note is paid.
3. Interest will be payable monthly in arrears on the last day of the month. The first interest payment date will be January 31, 2008 for the period from and including January 1, 2008. Interest will be payable in respect of each period after as well as before maturity, default and judgement, with interest on overdue interest at the same rate. Interest on this promissory note will be computed based on the basis of a year of 365 days, for the actual number of days elapsed and will accrue from January 1, 2008 until this promissory note is repaid in full.
4. This promissory note is not transferable or negotiable without the prior written consent of the Borrower.
5. This promissory note will be construed in accordance with and governed by the laws of the Province of Ontario.
6. This promissory note will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Borrower and the Lender. The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest.

7. The Lender has the option of rendering this note due and payable with 60 days' written notice.

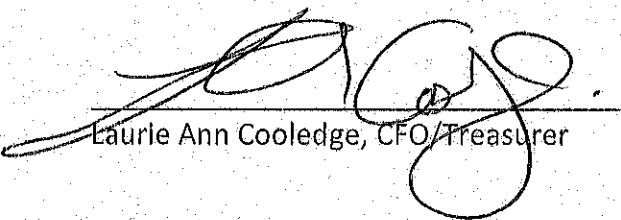
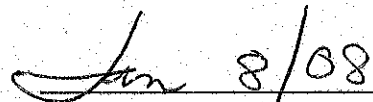
IN WITNESS WHEREOF the Borrower has executed this promissory note of the 17<sup>th</sup> day of December, 2007.

The Corporation of the Town of Innisfil

  
\_\_\_\_\_

\_\_\_\_\_  
Date

Innisfil Hydro Distribution Systems Limited

  
\_\_\_\_\_  
Laurie Ann Cooledge, CFO/Treasurer  
\_\_\_\_\_  
Date



## Serial Debenture Schedule

**INFRASTRUCTURE  
ONTARIO**

Organization Name	Innisfil Hydro Distribution Systems Limited
Principal Amount	\$3,950,000.00
Annual Interest Rate	5.08%
Loan Term (Year)	25
Debenture Date (m/d/yyyy)	5/1/2009
Maturity Date (m/d/yyyy)	5/1/2034
Payment Frequency	Semi Annual
Loan Type	Serial

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
11/2/2009	\$180,704.38	\$79,000.00	\$101,704.38	\$3,871,000.00
5/3/2010	\$177,054.02	\$79,000.00	\$98,054.02	\$3,792,000.00
11/1/2010	\$175,052.92	\$79,000.00	\$96,052.92	\$3,713,000.00
5/2/2011	\$173,051.82	\$79,000.00	\$94,051.82	\$3,634,000.00
11/1/2011	\$171,556.49	\$79,000.00	\$92,556.49	\$3,555,000.00
5/1/2012	\$169,049.61	\$79,000.00	\$90,049.61	\$3,476,000.00
11/1/2012	\$168,016.07	\$79,000.00	\$89,016.07	\$3,397,000.00
5/1/2013	\$164,574.62	\$79,000.00	\$85,574.62	\$3,318,000.00
11/1/2013	\$163,969.89	\$79,000.00	\$84,969.89	\$3,239,000.00
5/1/2014	\$160,594.40	\$79,000.00	\$81,594.40	\$3,160,000.00
11/3/2014	\$160,803.31	\$79,000.00	\$81,803.31	\$3,081,000.00
5/1/2015	\$155,756.57	\$79,000.00	\$76,756.57	\$3,002,000.00
11/2/2015	\$156,295.33	\$79,000.00	\$77,295.33	\$2,923,000.00
5/2/2016	\$153,040.79	\$79,000.00	\$74,040.79	\$2,844,000.00
11/1/2016	\$151,435.51	\$79,000.00	\$72,435.51	\$2,765,000.00
5/1/2017	\$148,653.76	\$79,000.00	\$69,653.76	\$2,686,000.00
11/1/2017	\$147,785.15	\$79,000.00	\$68,785.15	\$2,607,000.00
5/1/2018	\$144,673.54	\$79,000.00	\$65,673.54	\$2,528,000.00
11/1/2018	\$143,738.96	\$79,000.00	\$64,738.96	\$2,449,000.00
5/1/2019	\$140,693.33	\$79,000.00	\$61,693.33	\$2,370,000.00
11/1/2019	\$139,692.78	\$79,000.00	\$60,692.78	\$2,291,000.00