

Oct 1/2001  
Revised after  
Board meeting/  
Commission

## SERVICES AGREEMENT

THIS AGREEMENT made as of the 1<sup>st</sup> day of November, 2000.

### BETWEEN:

**NORTHERN ONTARIO WIRES INC.,**  
a business corporation governed by  
the laws of the Province of Ontario

("NOW")

### OF THE FIRST PART

- and -

**NORTHERN ONTARIO ENERGY INC.,**  
a business corporation governed by  
the laws of the Province of Ontario

("NOE")

### OF THE SECOND PART

- and -

**THE COCHRANE PUBLIC UTILITIES COMMISSION,**  
a public utilities commission governed by  
the laws of the Province of Ontario

("PUC")

### OF THE THIRD PART

### RECITALS:

- A. The Corporation of the Town of Cochrane and the Corporation of the Town of Iroquois Falls entered into a Merger Agreement dated October 27, 2000, pursuant to which they established the terms and conditions upon which each Town would merge the businesses of the electricity portion of the Cochrane Public Utilities Commission and the Iroquois Falls Hydro-Electric Commission.
- B. The Town of Cochrane and the Town of Iroquois Falls created NOW and NOE (collectively the "Corporations") and transferred to the Corporations pursuant to transfer by-laws substantially all of the assets and liabilities of each Town, the Iroquois Falls Hydro-Electric Commission and the electricity portion of the



Cochrane Public Utilities Commission associated with the generation, distribution, transmission and retailing of electricity and associated businesses.

- C. Section 6 of the said Merger Agreement provides that NOW and NOE will enter into a services agreement with the Cochrane Public Utilities Commission, pursuant to which the Cochrane Public Utilities Commission will agree to carry out substantially all of the day-to-day activities of NOW and NOE, including the operations, administration and operational support of NOW and NOE.
- D. NOW and NOE require the services of a contractor to provide certain management services to NOW and NOE;
- E. NOW and NOE wish to appoint PUC to provide certain management services to NOW and NOE, and PUC wishes to accept such appointment, upon and subject to the terms and conditions set forth in this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the fees, other payments and mutual covenants provided for in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the Parties, the Parties covenant and agree as follows:

## 1. **INTERPRETATION**

Words or phrases defined in Schedule "A" to this Agreement shall have the meaning ascribed to them in that Schedule unless the context expressly or by necessary implication otherwise requires. In this Agreement, where the context so admits, words importing the singular include the plural and vice-versa and words importing gender include all genders.

## 2. **APPOINTMENT OF PUC**

### 2.1. **Appointment by NOW and NOE**

NOW and NOE appoint PUC to provide certain management services to NOW and NOE upon and subject to the terms and conditions of this Agreement.

### 2.2. **Acceptance by PUC**

PUC accepts its appointment to provide certain management services to NOW and NOE upon and subject to the terms and conditions of this Agreement.

### 2.3. **PUC an Independent Contractor**

Nothing in this Agreement shall be construed as or shall constitute a partnership or joint venture between PUC and the Corporations and each Party expressly disclaims any intention to create a partnership or joint venture. Except as otherwise expressly provided in this Agreement, the duties to be performed and the obligations assumed by



PUC under this Agreement shall be performed and assumed by PUC as an independent contractor and not as the agent or otherwise as the representative of the Corporations. The Corporations acknowledge and agree that the business of PUC includes the management of the business affairs of PUC and that this Agreement shall not be construed as in any way restricting the business of PUC.

### **3. REPRESENTATION AND WARRANTY BY PUC**

PUC represents and warrants that it has, and throughout the Term will continue to have, the required expertise, skill, personnel and experience to fulfil its obligations and duties under this Agreement. PUC acknowledges and agrees that the Corporations are relying on the truthfulness and accuracy of this representation and warranty in entering into this Agreement.

### **4. TERM**

#### **4.1. Initial Term**

This Agreement, and the appointment of PUC, shall commence on the 1<sup>st</sup> day of November, 2000 and, subject to early termination in accordance with the provisions of Article 9, shall continue for a term of ten (10) years until the 31<sup>st</sup> day of October, 2010 (the "Term").

#### **4.2. Renewal**

This Agreement may be renewed by NOW and/or NOE after the initial ten (10) year term for successive renewal terms of ten (10) years upon NOW and NOE giving written notice to PUC to that effect at least 1 year prior to the termination of the initial term or renewal term, as the case may be. The Management Fees payable hereunder for any renewal term shall be negotiated and agreed to by the Corporations and PUC prior to the commencement of such renewal term, failing which the matter shall be referred to arbitration in accordance with the provisions of section 10 hereof.

### **5. DUTIES OF PUC**

#### **5.1. Standard of Performance of PUC**

PUC shall perform and carry out all its obligations and duties under this Agreement honestly, in good faith, competently, efficiently, with due care and attention and in a business-like manner. PUC shall make appropriate employees of PUC available to the Corporations from time to time as is necessary to discharge PUC's management and administration responsibilities under this Agreement. The services may be performed at or from such locations as PUC considers best suited for their effective discharge, provided, however, that there shall be no change in the existing locations in Cochrane or Iroquois Falls without the prior written approval of NOW or NOE, as applicable. PUC shall select those of its employees it is satisfied are suitable to perform the acts or



provide the services for which they are appointed or retained by PUC and PUC shall properly supervise all such employees, provided that NOW or NOE shall have the right to notify PUC that any such employee selected by PUC and providing senior management services is not acceptable to NOW or NOE, in which case PUC shall not utilize such employee in providing services to NOW or NOE pursuant to this Agreement and shall provide alternate personnel to perform such services.

## 5.2. General Duties and Obligations of PUC

### 5.2.1. Management and Administration

Upon and subject to the terms of this Agreement and, in particular, but without limitation, Section 5.1 and Article 6, PUC shall administer and manage all aspects of the day-to-day operations of NOW and NOE.

### 5.2.2. Value Enhancement Strategies

PUC shall develop for review and consideration by the Corporations and advise the Corporations with respect to strategies, opportunities, policies and programs for the development and improvement of the operations of the Corporations. Such advice will be submitted by PUC to the Boards of Directors of NOW and NOE, as applicable.

## 5.3. Specific Duties and Obligations of PUC

The specific duties and obligations of PUC, under this Agreement shall include, without limiting Section 5.2, the following:

### 5.3.1. Administrative Services

Provide budgetary, accounting, billing, collecting, payroll and financial services, including assisting the Corporations in their financial planning by preparing and submitting to the Corporations for their approval capital budgets and monthly financial reports;

### 5.3.2. Management Services

Prepare and submit to the Corporations for their approval an annual business and operating plan; carry out invoicing and collection of accounts for customers of the Corporations; respond to customer concerns and complaints; conduct electricity meter reading for the customers of NOW; provide such marketing services, as are deemed advantageous by the Corporations; provide management of the human resources activities of the Corporations; provide information systems and system analysis services; ensure that payments in lieu of taxes are properly calculated and paid on time. A detailed description of these services is set forth in Schedule "B" hereto.



5.3.3. Partial Collections

It is agreed that, to the extent the PUC receives partial payments on customer accounts of NOW, NOW directs the PUC and the PUC agrees to apply such partial payments first to the PUC and NOW portions of such customer accounts, pro rata to the amounts noted in the applicable accounts, prior to payment of any third party portions of such customer accounts.

5.4. Personnel

5.4.1. Required Personnel

PUC shall engage as employees and properly instruct all personnel as may be required for the satisfactory performance of PUC's responsibilities under this Agreement.

5.4.2. Responsibility for Personnel

All of the personnel required to provide management services hereunder shall be employees of PUC. The remuneration of all of PUC's personnel shall be solely for the account of PUC.

5.4.3. Compliance With Laws

PUC shall at all times comply with all applicable collective agreements and other applicable employment standards, occupational health and safety, Highway Traffic Act, workers' compensation and human rights legislation relating to employees and personnel working at the Corporations.

5.4.4. Disclosure

At the request of NOW or NOE, PUC shall provide the Corporations with any and all information and documentation relating to the employees of PUC working at NOW or NOE.

5.4.5. Utilization of Others

For greater certainty, the parties hereby expressly agree that in providing the Management Services hereunder PUC may utilize the advice and assistance and may engage the services of such other firms, professionals, persons or third parties, as it may reasonably determine necessary or appropriate and the costs and expenses of such services shall, without duplication, be recoverable from the Corporations in accordance with the provisions of this Agreement, provided, however, that PUC shall be liable for the acts and omissions of such third parties.



5.4.6. Identification

PUC shall ensure that all personnel providing services to NOW or NOE hereunder shall carry appropriate NOW or NOE identification, as applicable, when providing services to NOW or NOE, as applicable.

5.5. Conduct of Work

5.5.1. PUC agrees that when performing its services in connection with this Agreement, that it shall ensure:

- (a) that its services to the Corporations are in compliance with all of the applicable requirements of the Energy Competition Act, 1998, the Independent Market Operator ("IMO") and of the OEB, including the Affiliate Relationship Code for Electricity Distributors and Transmitters issued by the OEB and any amendments or additions thereto;
- (b) that sharing personnel and information between NOW and NOE will not disadvantage potential or actual competitors of NOW, thereby placing NOW at risk of violation the OEB's Affiliate Relationship Code for Electricity Distributors and Transmitters;
- (c) that its employees, contractors and subcontractors are Qualified;
- (d) that safe working practices are used in carrying out the services; and
- (e) that any and all of its employees, workers, agents, contractors and subcontractors and servants, at all times, comply with Applicable Laws including applicable rules of the Electric Utilities Safety Association (EUSA), the Workplace Safety and Insurance Act, 1997 and the Occupational Health and Safety Act and any amendments or additions thereto.

5.5.2. All services shall comply with Applicable Law and be in accordance with Good Utility Practice.

5.6. Changes

NOW or NOE may from time to time request changes in the scope of the services to be performed hereunder by PUC, and such requests are subject to the following procedure:

5.6.1. NOW or NOE shall advise PUC in writing of the desired change or modification;



- 5.6.2. PUC will assess the impact of the desired changes or modifications on the total cost of the services, the time frame for completion and any further areas which, in the opinion of PUC, is likely to be affected by the desired changes;
- 5.6.3. PUC shall notify NOW or NOE, as applicable, in writing of its estimates and shall await instructions from NOW or NOE on whether or not to proceed with the changes or modifications;
- 5.6.4. any changes or modifications which increase the fee to be charged to NOW or NOE hereunder shall be implemented only with the prior written approval of the Board of Directors of NOW or NOE;
- 5.6.5. any increased fee caused by the desired changes or modifications shall be billed to NOW or NOE, as applicable, and are recoverable outside any limit of maximum fees under this Agreement.

## 6. CONTROL BY THE CORPORATIONS

### 6.1. General Control by the Corporations

PUC shall not take any action unless that action:

- 6.1.1. is authorized by the terms of this Agreement; or
- 6.1.2. has been approved by NOW or NOE, as applicable,

provided that in the event of an emergency, where NOW or NOE, as applicable, or their duly authorized representatives cannot be reasonably located for the purpose of giving its approval, PUC may take such actions as it reasonably determines if in PUC's opinion the failure to act could:

- (a) result in a hazardous situation which could cause personal injury or damage to property, or
- (b) impair the value of NOW or NOE's investment, as applicable, or
- (c) expose any of PUC, NOW or NOE, as applicable, to the imposition of penalties, fines, imprisonment or any other liability,

and shall notify the Corporations in writing of any such actions as soon as practicable thereafter.

### 6.2. The Corporations' Right to Issue Directives

NOW or NOE may, from time to time, at PUC's request or at NOW or NOE's own initiative, issue written directives and instructions and establish written policies and procedures governing the duties and obligations of PUC and the performance by PUC



of its duties and obligations under this Agreement and shall provide those directives, instructions, policies and procedures to PUC. PUC shall at all times act in accordance with such directives, instructions, policies and procedures provided that such directives, instructions and policies shall not oblige PUC to perform any duty or obligation not provided for in this Agreement and shall not have the effect of putting PUC into default under this Agreement.

### 6.3. Approval of the Corporations

Notwithstanding, and without limiting, any other provisions in this Agreement, PUC in its capacity as manager shall not undertake any of the following matters without the prior approval of NOW or NOE:

- 6.3.1. any financing or borrowing with respect to the Corporations;
- 6.3.2. those matters specifically identified in this Agreement as requiring the approval of either of the Corporations.
- 6.3.3. those matters requiring the approval of the IMO or the OEB

### 6.4. Approval and Response Time

In the event that approval of NOW or NOE is required pursuant to this Agreement, PUC shall deliver written notice in the manner set forth in section 11.6 setting forth particulars of the matter and requesting approval of NOW or NOE. NOW or NOE shall endeavour to respond to any request by PUC for the approval of NOW or NOE or for the directions or instructions of NOW or NOE within five (5) Business Days, or such other period as is expressly provided for in this Agreement.

## 7. **MANAGEMENT FEES**

### 7.1. Level of Management Fees

- (a) It is acknowledged that NOW is regulated by the OEB and that the management fees payable by NOW will be calculated and paid in accordance with the OEB's regulatory requirements in force from time to time. Currently, such fees must be calculated, at the PUC's long run incremental cost, plus a reasonable mark-up for fixed common costs (the "Mark-up"). The fees that NOE pays the PUC for its services are unregulated, but, because NOE must also make payments in lieu of taxes, management fees must be reasonable for such tax purposes.
- (b) NOW and NOE, as applicable, will pay PUC the cost of the services (as hereinafter defined) and a fee of 20% on items (i), (iv) and (v) of the cost of the services, being a reasonable Mark-up for fixed common costs.



- (c) The cost of the services shall include cost recoveries for:
- (i) expenditures for wages and for salaries and a reasonable portion of employee future liabilities of outdoor workers, clerks and other personnel of the PUC while engaged in providing services to the Corporations;
  - (ii) expenditures for material used in or required in connection with the performance of the services hereunder;
  - (iii) the cost of all expendable materials, supplies and tools;
  - (iv) the cost of office and other commercial space utilized in the operations of NOW and NOE; and
  - (v) such other expenditures in connection with the services hereunder as may be approved by NOW or NOE as applicable.
- (d) It is acknowledged by the parties hereto that the reduction of costs by the PUC is a direct benefit to the Corporations because these reductions will be passed through to NOW and NOE. Accordingly, the Corporations and the PUC agree to negotiate in good faith within the six month period after the execution of this Agreement to agree upon a bonus to be earned by PUC as an incentive to the PUC, out of the cost savings passed through to NOW and NOE, for reducing the cost of the services.

## 7.2. Payment

### 7.2.1. Estimate

Prior to the commencement of each Fiscal Year, the Corporations and PUC shall discuss the anticipated services required by the Corporations from PUC for the next Fiscal Year. Each annual budget of the Corporations shall contain an estimate of the Management Fees payable to PUC for the ensuing Fiscal Year based upon the anticipated time to be expended by PUC's personnel in rendering the services hereunder. The Management Fees for any Fiscal Year (or portion thereof, if such is the case) shall be paid to PUC monthly, in advance, in equal monthly instalments, on the basis of the estimate referred to above.

### 7.2.2. Time Sheets or Estimates

PUC shall cause its personnel providing services to NOW to maintain daily time sheets or estimates describing the time expended by such personnel of the PUC in rendering the management services and detailing the actual services provided.



7.2.3. Actual Fees

The actual Management Fees for any Fiscal Year shall be calculated by the PUC utilizing the time sheets maintained pursuant to Section 7.2.2. PUC time charged shall not exceed by more than 10% in any Fiscal Year the Management Fees payable under Section 7.1.1 estimated in the applicable annual budget of the Corporations, without obtaining the prior written approval of the Corporations. Within thirty (30) days after the completion of each Fiscal Year, PUC shall submit a final statement to the Corporations which shall present the management services provided during the prior Fiscal Year, a summary of the time expended by the personnel of PUC, the other items forming part of the cost of the services, the Mark-up charged on the cost of the services and applicable taxes, and state the actual Management Fee payable.

7.2.4. Adjustment

If the amount which has been paid on account of the estimated Management Fees for any Fiscal Year differs from the actual Management Fees, the necessary adjusting payment shall be made by the Corporations or PUC, as the case may be, within thirty (30) days after the actual Management Fees payable have been determined in accordance with Section 7.2.3.

7.2.5. Records and Audit

- (a) The PUC shall keep complete and accurate documentation supporting the final annual statements sent to the Corporations. The Corporations, through their representatives, employees, auditors and authorized persons, shall have the right, at the Corporations' expense, to inspect and audit the documentation at any time during the Term and for one (1) year thereafter during reasonable business hours, for the purpose of determining the sufficiency and accuracy thereof and the final annual statements.
- (b) The PUC shall maintain NOW's books in conformity with the OEB's Uniform System of Accounts. These accounts will be summarized and reported to the OEB in accordance with the OEB's requirements, and to NOW for use for its planning activities. If the OEB's requirements for NOW also requires the PUC to keep its books in accordance with the OEB's Uniform System of Accounts, the PUC will comply.

7.2.6. Determination by Auditors

If required, the auditors of the Corporations shall determine the amount paid on account of Management Fees and the actual Management Fees payable by the Corporations. If the Corporations and PUC do not agree with the determination of the auditors of the Corporations, the issue shall be submitted to final and binding arbitration as provided for in the last paragraph of section 10 hereof.



### 7.3. Expenses

#### 7.3.1. General

Except as otherwise expressly approved by NOW or NOE, PUC shall pay all of its own costs and expenses incurred in fulfilling its obligations under this Agreement.

#### 7.3.2. Travel and Lodging

PUC shall be entitled to be reimbursed, in accordance with its policy, for the travel and lodging expenses it has incurred in the course of providing services under this Agreement.

#### 7.3.3. Invoices for Permitted Expenses

PUC shall provide invoices for all out-of-pocket costs and expenses in respect of which PUC is entitled to be reimbursed together with such supporting materials as may be appropriate.

### 7.4. Hardship

If, during the Term of this Agreement, a situation arises which is beyond the reasonable anticipation or control of either party and which results in a material disadvantage to one party, the Parties will endeavor in good faith to renegotiate the terms of this Agreement to the end that this Agreement shall operate between the Parties with fairness. The party disadvantaged shall make a request for revision within a reasonable time from the moment it becomes aware of the event and of its effect on the economy of this Agreement. The request shall indicate the grounds on which it is based. The Parties shall then consult one another with a view to revising this Agreement on an equitable basis in order to ensure that neither party suffers excessive prejudice. The request for revision does not of itself suspend performance of this Agreement. If the Parties are unable to agree on the revision to this Agreement within sixty (60) days of the request, the matter shall be referred to binding arbitration pursuant to Section 10.3 of this Agreement.

## 8. **REPORTS BY PUC**

8.1. In furtherance of its obligation to provide management services to the Corporations, PUC shall do the following:

8.1.1. assist the Corporations in their financial planning, prepare and submit to the Corporations for the approval of the Corporations not less than sixty (60) days prior to the commencement of each Fiscal Year an annual business, capital and operating plan for the Corporations for such Fiscal Year and an annual budget;



- 8.1.2. prepare and present quarterly reports on payments in lieu of taxes and on service quality and reliability in comparison with other municipal utilities of comparable number of customers and geographic area, and with OEB benchmarking standards
- 8.1.3. prepare and present quarterly reports to the Board of Directors of NOW or NOE on PUC's activities under this Agreement;
- 8.1.3. maintain appropriate books of account and records to be maintained at the offices of NOW, with respect to all activities undertaken by PUC in performance of this Agreement.

## 8.2. Availability of Personnel

PUC agrees to cause its personnel to be available for meetings with the Board of Directors of NOW or NOE from time to time as may reasonably be required by NOW or NOE and to provide such information with respect to this Agreement as may be reasonably requested by NOW or NOE.

## 9. TERMINATION OF PUC'S APPOINTMENT

### 9.1. Event of Default

#### 9.1.1. Notice of Default

If an Event of Default occurs, NOW or NOE, as applicable, may provide a notice to PUC (the "Default Notice") of such Event of Default which shall specify in reasonable detail the Event of Default.

#### 9.1.2. Return Notice

Within five (5) Business Days after delivery by NOW or NOE of the Default Notice, PUC shall provide a notice to NOW or NOE which shall specify whether or not PUC believes that it will be reasonably able to cure the Event of Default within thirty (30) days and a proposed timetable and course of action for curing the Event of Default.

#### 9.1.3. Right of Termination

NOW or NOE, as applicable, shall have the right to terminate this Agreement by notice to PUC stating that this Agreement is terminated and the reason for termination if PUC fails to:

- (a) commence diligent efforts to rectify the Event of Default within ten (10) days after the date of receipt by PUC of the Default Notice; or
- (b) either,



- (i) rectify the Event of Default within thirty (30) days after the date of receipt by PUC of the Default Notice; or
- (ii) if PUC is not able to rectify the Event of Default within such thirty (30) day period, notwithstanding its diligent efforts to do so, and PUC requests by notice in writing to NOW or NOE, as applicable, prior to the expiry of the thirty (30) day period a longer period to rectify the Event of Default, such longer period to which NOW or NOE may consent in writing prior to the end of the thirty (30) day period, such consent not be unreasonably or arbitrarily withheld.

Such termination shall be effective as of the last day of the month following the month in which the notice of termination is delivered by NOW or NOE to PUC.

#### 9.1.4. Liquidated Damages

If NOW terminates this Agreement pursuant to this section 9.1.1, upon the effective date of such termination, PUC shall pay to NOW or NOE, as applicable, as liquidated damages and not as a penalty an amount equal to the management fees payable by NOW to PUC pursuant to this Agreement for the previous six completed calendar months. The parties acknowledge that in terminating this Agreement by virtue of an Event of Default, NOW or NOE will suffer significant business losses and cost and expenses in searching for and retaining new management services for its business operations. The parties accordingly acknowledge that the amount of the liquidated damages set forth above is a bona fide and reasonable estimate of the damages, costs and expenses which would be incurred by NOW or NOE upon such a termination.

#### 9.2. Termination for Insolvency

PUC shall forthwith provide written notice to NOW or NOE, as applicable, in the event that an Event of Insolvency occurs, whereupon NOW or NOE, as applicable, may elect, in its sole and unfettered discretion, to terminate this Agreement by notice to PUC stating that this Agreement is terminated. In the event that PUC receives a notice of a petition in bankruptcy, it shall forthwith deliver a copy thereof to NOW or NOE and provide such information with respect thereto as may be required by NOW or NOE, so that NOW or NOE may decide if an Event of Insolvency has occurred.

#### 9.3. Termination by PUC

If NOW or NOE fails to:

##### 9.3.1. Payments

make any payment which it is obliged to make or provide under this Agreement;  
or



9.3.2. Directions

give such directions as were properly requested by PUC for the performance of its obligations under this Agreement in the time provided to give such directions,

PUC may give written notice to NOW or NOE, as applicable, specifying in reasonable detail the matter complained of. If, in the case of a monetary default, within ten (10) days after receipt of such notice NOW fails to cure the matter complained of, or, in the case of a non-monetary default, if NOW fails to begin to cure such failure within thirty (30) days after receipt of such notice PUC may terminate this Agreement upon providing written notice to NOW and NOE and the termination of this Agreement shall be effective as of the date which is thirty (30) days after the date on which the notice of termination is given by PUC.

9.4. Obligations on Termination

9.4.1. If this Agreement is terminated, by expiration or otherwise, PUC shall, upon the termination becoming effective:

(a) Deliver Books and Records

deliver to NOW and NOE all records and documents relating to NOW and NOE which are then in the possession or control of PUC;

(b) Vacate

peacefully leave and cause its personnel to peacefully leave any sites of the Corporations and return and cause its personnel to return all keys to the Corporations;

(c) Computer Records

deliver to NOW and NOE a hard copy and an electronic copy of all files and records maintained by PUC with respect to NOW and NOE and that are stored electronically and return to NOW and NOE all records, books, papers, data, notes, memoranda, reports, proposals, software, discs and other electronic or computer data, improvements, drawings, storage, media, manuals, lists, correspondence, specifications, materials or any other documents properly belonging to NOW and NOE, together with any copies or reproductions which have come into PUC's possession prior to or during the term of this Agreement (collectively, the "Computer Records"). PUC shall use its reasonable best efforts to provide the electronic copy in a format which is compatible with NOW's and NOE's electronic data maintenance system. PUC shall ensure that it does not give NOE any information that is the property of NOW and that is not also available to actual or potential competitors of now.



(d) Otherwise Assist

otherwise instruct its personnel to promptly provide all reasonable assistance and information requested by NOW and NOE, in order to settle all matters outstanding under this Agreement, and to enable the smooth transition of management of NOW and NOE from PUC to the Corporations or any other PUC appointed by NOW.

9.4.2. If this Agreement is terminated by expiration or otherwise, NOW shall, unless otherwise agreed to by PUC, upon the termination becoming effective:

- (a) offer employment to those employees of PUC who have provided substantial services hereunder to NOW (the "Employees") as determined by PUC acting reasonably on substantially the same terms of employment as enjoyed by the Employees on the effective date of termination of this Agreement; or
- (b) designate to PUC those Employees which NOW does not wish to employ, whereupon PUC shall terminate the employment of such designated Employees and NOW shall be responsible for and immediately pay to PUC all termination and other severance costs incurred by PUC in relation to any such terminations of employment.

9.5. Rights on Termination

Any termination of this Agreement shall terminate all rights and obligations of the Parties to this Agreement except:

9.5.1. rights and obligations with respect to amounts owing or to remedies, if either PUC or the Corporations shall be entitled to an accounting as to the fees or other monies payable to PUC or by PUC;

9.5.2. rights and obligations with respect to any event which occurred prior to the effective date of the termination of this Agreement;

9.5.3. Sections 9.4, 9.5, 9.6, 9.7, 11.1 and 11.2 of this Agreement,

which shall survive any termination of this Agreement and shall remain in full force and effect thereafter.

9.6. Confidentiality

9.6.1. PUC acknowledges that it has and will have access to confidential and proprietary information relating to each of the Corporations and



their operations and agrees that such confidential and proprietary information shall not be used by it for any purpose other than the purposes of this Agreement and shall not be disclosed by PUC to any third party without the prior written consent of NOW or NOE, as applicable, except to employees or the Commissioners of PUC who have entered into an agreement with PUC to ensure the confidentiality and security of the Confidential Information. PUC agrees that it will not provide any confidential and proprietary information of NOW to NOE without NOW's prior written consent. PUC further acknowledges that it is aware of the provisions of the Shareholders Agreement relating to the Corporations and agrees to be bound by the confidential provisions of such Shareholders Agreement. All confidential and proprietary information that PUC has access to or acquires in the course of providing the services hereunder shall be used by PUC only for the benefit of the Corporations. PUC will promptly notify the Corporations in the event any unauthorized person obtains access to the Confidential Information. If any of the provisions of this Section 9.6 are violated in any material respect by PUC or its agents or employees, the Corporations shall have the right, in addition to any other right hereunder, to terminate this Agreement immediately upon notice thereof to PUC. The parties agree that injunctive relief in addition to any other right or remedy is an appropriate remedy to enforce the provisions of this Section 9.6 and the Corporations' proprietary rights, should the need arise.

- 9.6.2. Upon termination of this Agreement, PUC will deliver to the Corporations the Computer Records referred to in Section 9.4.3 of this Agreement.
- 9.6.3. PUC's obligations under this Section 9.6 shall survive the termination of the Agreement.

#### 9.7. **Non Solicitation**

During the term of this Agreement and for a period of one (1) year from the date of termination of this Agreement, PUC agrees that it will not, without the prior written consent of the Corporations, which consent may be unreasonably or arbitrarily withheld, directly or indirectly through any of its affiliates or associates (as such terms are defined in the Business Corporations Act (Ontario)), solicit, offer employment to or employ any of the employees of the Corporations.

#### 10. **DISPUTE RESOLUTION**

Except as otherwise provided in this Agreement, the Corporations and PUC will act reasonably in exercising their rights and discharging their duties pursuant to this Agreement. At any time while this Agreement and any of its provisions are in force,



should any dispute, difference of opinion, computation, or question arise between any of the parties hereto (the "Disputing Parties") touching this Agreement or any part thereof (other than the provisions of sections 9.6 and 9.7 hereof) which cannot be resolved by the provisions hereof or by the agreement of the parties, then such dispute, difference of opinion, computation, or question (collectively a "Dispute") shall be arrived at and settled as herein provided:

- 10.1. within two (2) Business Days of written notice by any party hereto of a Dispute, each party shall designate in writing to the other a Representative. The Representatives shall meet as often as necessary during a twenty (20) Business Day period following notice of the Dispute (or such other time period as the Representatives may agree) to gather and furnish to the other all information with respect to the Dispute which is appropriate and germane to its resolution. The Representatives shall negotiate in good faith in an effort to resolve the Dispute without the necessity of any proceedings. The specific format for such discussions will be left to the discretion of the Representatives;
- 10.2. if the Representatives cannot resolve the Dispute within that twenty (20) Business Day period, the Dispute will be immediately referred by the Representatives to the following individuals (or their designated representatives) for a period of ten (10) Business Days for further good faith efforts to resolve the Dispute: for NOW or NOE, the Chairman of the Board and, for PUC, a member of senior management of PUC (who is not on the Board of either NOW or NOE);
- 10.3. if the Dispute is not resolved by those individuals within a ten (10) Business Day period, then either of the parties may initiate proceedings as set forth below; provided, however, that such proceedings for resolution of any Dispute may not be commenced until the earlier of thirty (30) Business Days after the initial notice of the Dispute or thirty (30) Business Days before the statute of limitations governing any cause of action or relating to the Dispute would expire, unless preliminary or temporary relief of an emergency nature is sought by one of the parties.

If the parties are not successful in resolving the Dispute informally, they agree to submit the matter to final and binding arbitration in accordance with the provisions of the Arbitration Act, 1991 (Ontario), as amended. Arbitration hereunder shall be held in Cochrane, Ontario or such other place in Ontario as the parties may agree. The substantive and procedural law of the Province of Ontario shall apply to the proceedings. Equitable remedies shall be available in any arbitration. Neither punitive damages nor trebled or otherwise escalated damages shall be awarded. Judgment upon the award rendered in any arbitration may be entered in any court having jurisdiction thereof, or application may be to such court for a judicial acceptance of the award and enforcement thereof, as the law of such jurisdiction may require or allow. Nothing contained herein shall prejudice the right of any party to apply to any court of appropriate jurisdiction for temporary or preliminary injunctive or other equitable relief. The costs of the arbitration will be determined by the arbitrator in his sole discretion.



## 11. GENERAL

### 11.1. Indemnity by NOW and NOE

Both during and after the termination of this Agreement, NOW and NOE shall indemnify and save PUC and its employees, officers and directors harmless from any action, cause of action, suit, debt, cost, expense, liability, claim or demand whatsoever at law or in equity, in connection with the performance by PUC of any and all of its obligations under this Agreement or pursuant to the policies, instructions and procedures of NOW and NOE including, without limitation, any damage or injury whatsoever to any employee or other Person or property arising out of the administration of NOW and NOE, or any assets of NOW and NOE during the Term of this Agreement, provided the indemnity provided under this Section 11.1 shall not extend to any negligence or malfeasance of PUC or its employees, officers, directors, agents or any other Person for whom it is responsible at law other than those caused by a peril or event against which NOW and NOE is liable to insure, in which event the indemnity is limited to the portion of the cost, damage or loss not recovered pursuant to insurance.

### 11.2. Indemnity by PUC

Both during and after the termination of this Agreement, PUC shall indemnify and save NOW and NOE and their employees, officers and directors harmless in respect of any action, cause of action, suit, debt, cost, expense, liability, claim or demand whatsoever, at law or in equity, arising by reason of any,

11.2.1. negligence or malfeasance of PUC or its employees, officers, directors, agents or any other Person for whom it is responsible at law; or

11.2.2. breach by PUC of any provision under this Agreement.

other than those caused by a peril or event against which NOW and NOE is liable to insure, in which event the indemnity is limited to the portion of the cost, damage or loss not recovered pursuant to insurance.

### 11.3. Insurance

NOW and NOE will maintain, at their expense, insurance on its real and personal property and public liability insurance and carry PUC as an additional insured. The insurance policy shall contain a waiver of any subrogation rights which the Corporations' insurers may have against PUC whether any such damage is caused by the act, omission or negligence of PUC.

PUC will maintain, at its expense, fidelity bond insurance covering its employees who handle or are responsible for handling the Corporations' funds, insuring against loss, theft, embezzlement, or other fraudulent acts on the part of employees. PUC will carry the Corporations as an additional insured and loss payee on such policy. PUC shall



provide the Corporations with copies of all such insurance policies. PUC will also maintain at all times throughout the term of this Agreement, public liability and property damage insurance with respect to PUC's operations at the sites of the Corporations in such reasonable amounts and with such reasonable deductibles as determined from time to time by the Corporations. The insurance policy shall contain a waiver of any subrogation rights which PUC's insurers may have against the Corporations, whether any such damage is caused by the act, omission or negligence of the Corporations.

#### 11.4. Environment

11.4.1. The Corporations shall in respect of the assets and operations which are the subject of this Agreement be responsible for all environmental liability which results from:

- (a) the operations of the Corporations; or
- (b) any products, goods or materials brought onto property or used by the Corporations.

11.4.2. PUC shall in respect of the assets and operations which are the subject of this Agreement be responsible for all environmental liability which results from:

- (a) PUC's operations; or
- (b) any products, goods or materials brought onto property or used by PUC or by a person with the express or implied consent of PUC.

#### 11.5. Regulatory Matters

11.5.1. Nothing in this Agreement shall derogate from, restrict or limit the rights and obligations of the parties under applicable law including, without limitation, the Electricity Act, 1998 (Ontario) and the Telecommunications Act (Canada) and any conflict or inconsistency shall be resolved in favour of applicable law.

11.5.2. The parties acknowledge that the subject matter of this Agreement may be subject to ruling of one or more governmental bodies including the OEB, the IMO and CRTC from time to time. The parties agree to consult and negotiate in good faith, in the event that any term of this Agreement is affected by such ruling.

#### 11.6. Notice

Any notice or other communication required or permitted to be given under or for the purposes of this Agreement shall be in writing and shall be sufficiently given if delivered personally to the Party to whom the notice or other communication is to be given, or if



transmitted by telecopier or other form of recorded communication during the transmission of which no indication of failure of receipt is communicated to the sender;

11.6.1. in the case of a notice to the Corporations:

153 Sixth Avenue  
P.O. Box 640  
COCHRANE ON P0L 1C0

11.6.2. in the case of a notice to PUC at:

Cochrane Public Utilities Commission  
153 Sixth Avenue  
P.O. Box 640  
COCHRANE ON P0L 1C0

or at such other address as the Party to whom such notice is to be given shall have last notified to the Party giving the same in the manner provided in this Section. Any notice delivered to a Party in accordance with this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice transmitted by telecopier or other form of recorded communication to a Party in accordance with this Section shall be deemed to be given and received on the day of its transmission if such day is a Business Day and the transmission is completed before 6:00 p.m. and, if not, on the next following Business Day.

#### 11.7. Further Assurances

Each of the Parties hereto shall promptly do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to its full extent the provisions of this Agreement.

#### 11.8. Assignment

11.8.1. By PUC

This Agreement and all rights, entitlements, duties and obligations arising from it shall not be assigned in whole or in part by PUC unless the assignment is approved by NOW and NOE, which approval may be arbitrarily withheld.



11.8.2. By the Corporations

This Agreement and all rights, entitlements, duties and obligations arising from it shall not be assigned in whole or in part by NOW or NOE without the prior written consent of PUC, which consent shall not be arbitrarily or unreasonably withheld.

11.8.3. Transfer of Utility or Dissolution of PUC

Without the prior written consent of NOW, which consent shall not be arbitrarily or unreasonably withheld, there shall be no transfer of any utility from PUC to the Corporation of the Town of Cochrane, and no dissolution of PUC.

11.8.4. Change of Control of NOW or NOE

Without the prior written consent of PUC, which consent shall not be arbitrarily or unreasonably withheld, there shall be no effective change in the voting control of NOW or NOE.

11.9. Extended Meanings

Words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organization and corporations.

11.10. Time of Essence

Time is of the essence in this Agreement.

11.11. Severability

Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any jurisdiction.

11.12. Force Majeure

Notwithstanding anything to the contrary contained herein, if any Party hereto is bona fide delayed or hindered in or prevented from the performance of any work, term, covenant or act required hereunder by reason of strikes, labour disputes, lock outs, power failures, riots, insurrections, sabotage, rebellions, war, acts of God, or any other cause beyond the reasonable control of the Party delayed in the performance of any work, term, covenant, or act required hereunder, then performance of the same is excused for the period of the delay and the Party so delayed shall be entitled to perform such work, term, covenant or act within a reasonable time period after the expiration of the period of such delay; provided however that the Party so delayed is acting and continues at all times to act in good faith and in a reasonable manner with respect to such condition or cause and provided that, if the delay exceeds thirty (30) days and the cause of the delay is personal to PUC, then at any time after the expiry of such period,



the Party in whose favour the work, term, covenant or act was to be performed may terminate this Agreement forthwith by notice in writing.

The Party delayed will notify the other Party as soon as practicable after becoming aware of an event giving rise to a delay under this Section and will, from time to time, notify the other Party of the expected duration of the period of the delay.

The financial condition of a Party or any lack of funds on the part of a Party shall be deemed not to be a condition or cause beyond the reasonable control of that Party unless the lack of funds is on the part of PUC and is caused by the failure of NOW or NOE to pay PUC any sums to be provided by NOW or NOE hereunder.

#### **11.13. Change in Laws**

The rights and obligations of the Parties hereto under this Agreement shall be subject to all Applicable Law having jurisdiction over the Parties hereto. In the event, however, that any Applicable Law shall change and, in the judgment of either party hereto such change substantially alters the relationship between the Parties under this Agreement, or the advantages derived from such relationship, either party may request the other party hereto to modify this Agreement, and if, within thirty (30) days subsequent to making such requests, the Parties hereto are unable to agree upon a mutually satisfactory modification hereof, then the adversely affected party may either refer the matter to binding arbitration pursuant to Section 10.3 hereof or terminate this Agreement on 30 days prior written notice to the other party.

#### **11.14. No Waiver**

No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party hereunder. Failure on the part of a Party to complain of any act or failure to act by the other or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

#### **11.15. Governing Law**

This Agreement is made pursuant to and shall be governed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

#### **11.16. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties respecting the subject matter herein and supersedes all prior agreements, undertakings, negotiations and discussions between the Parties, whether oral or written, and there are no warranties, representations or other agreements between the Parties in connection with



the subject matter hereof except as specifically set forth herein. All amendments to this Agreement shall be made in writing and executed by the Parties hereto.

**11.17. Accounting Principles**

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in Canada.

**11.18. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

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

**NORTHERN ONTARIO WIRES INC.**

Per: \_\_\_\_\_

Name: Denis Clement

Title: Chair

Per: \_\_\_\_\_

Name: Janet Schreck

Title: CFO

**NORTHERN ONTARIO ENERGY INC.**

Per: \_\_\_\_\_

Name: James Maciejko

Title: Chair

Per: \_\_\_\_\_

Name: Leon Luc Drousean

Title: Director

**THE COCHRANE PUBLIC UTILITIES COMMISSION**

Per: \_\_\_\_\_

Name: Dan Beliste

Title: Commission Chair

Per: \_\_\_\_\_

Name:

Title:



## SCHEDULE "A"

### DEFINITIONS

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the respective meanings ascribed to them as follows:

1. **"Affiliate"** of any party hereto means any corporation which is an affiliate of the applicable party within the meaning of the Business Corporations Act, R.S.O. 1990, c. B.16.
2. **"Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder"** and similar expressions mean or refer to this Agreement, as amended or supplemented from time to time in writing by the Parties.
3. **"Applicable Law"** means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws (of general application), orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or governmental department, commission board, court authority or agency and includes the standards of the Town and codes, licenses and rulings issued by the OEB, the IMO and the CRTC.
4. **"Business Day"** means any day which is not a Saturday, Sunday or statutory holiday under the laws of the Province of Ontario or the laws of Canada applicable therein.
5. **"Corporations"** means NOW and NOE collectively.
6. **"Event of Default"** means any default under this Agreement including, without limitation, either of the following:
  - 6.1. any failure by PUC to perform or comply with its duties and obligations under this Agreement; and
  - 6.2. a situation in which the personnel of PUC who are providing services hereunder do not have the requisite skills or experience to provide management services to the Corporations.



7. "Event of Insolvency" means the occurrence of any one of the following events:

7.1. if any Party:

- 7.1.1. other than in connection with a bona fide corporate reorganization which does not otherwise contravene this Agreement, is wound up, dissolved, liquidated or has its existence terminated or has any resolution passed therefor or makes a general assignment for the benefit of its creditors or a proposal under the Bankruptcy and Insolvency Act, as amended or re-enacted from time to time;
- 7.1.2. makes an application to the applicable court for a compromise or arrangement under the Companies' Creditors Arrangement Act (Canada), as amended or re-enacted from time to time; or
- 7.1.3. files any written request, application, answer or other document seeking or consenting to any re-organization, arrangement, composition, re-adjustment, liquidation or similar relief for itself under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally including, without limitation, any notice of intention to make a proposal pursuant to the Bankruptcy and Insolvency Act;
- 7.1.4. if a court of competent jurisdiction enters an order, judgment or decree against such Party which approves or provides for any reorganization, arrangement, composition, re-adjustment, liquidation, dissolution, winding-up, termination of existence, declaration of bankruptcy or insolvency or similar relief with respect to such Party, under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally and such order, judgment or decree remains unvacated and unstayed for an aggregate period of thirty (30) days (whether or not consecutive) from the date it is made;
- 7.1.5. if any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers is appointed for or with respect to such Party and that appointment remains in effect for an aggregate period of thirty (30) days (whether or not consecutive) from the date of the appointment; or
- 7.1.6. if an encumbrancer or anyone acting on behalf of an encumbrancer takes possession of all or substantially all of



the property of PUC and remains in possession for an aggregate period of thirty (30) days (whether or not consecutive) from the first date of the taking of possession.

8. **"Fiscal Year"** means a period of twelve (12) consecutive months ending on December 31, or such other date as is designated in writing by the Corporations, or such other period as may be designated in writing from time to time by the Corporations, provided that any such other period shall not be effective unless PUC receives written notice of such period at least ninety (90) days prior to the first day of such period; provided that the initial Fiscal Year shall be the period commencing on the date of this Agreement and ending on December 31, 2001.
9. **"Good Utility Practice"** means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utilities of comparable numbers of customers and geographic area in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to optimum practices or methods, or act to the exclusion of all others, but rather to include all practices, methods or acts generally accepted in North America.
10. **"IMO"** has the same meaning as in subsection 2 (1) of the Electricity Act, 1998.
11. **"Management Fees"** means the aggregate of all net fees payable to PUC pursuant to Sections 7.1.1 and 7.1.2.
12. **"OEB"** means the Ontario Energy Board and any successor or other governmental regulatory authority in respect of the electricity industry in Ontario.
13. **"Parties"** means PUC, NOW and NOE and their respective permitted successors and assigns.
14. **"Person"** means an individual, partnership, corporation, government or any department or agency thereof, trustee, or unincorporated organization and the heirs, executors, administrators or legal representatives or an individual.
15. **"Qualified"** means the worker or workers in question are duly qualified under Applicable Law (including the requirements of the Occupational Health & Safety Act, with respect to working near electrical hazards) or the entity uses only such qualified workers, to carry on the work in question, as applicable.
16. **"Term"** has the meaning ascribed to it in Section 4.



## SCHEDULE "B"

**Description of Services.** The Management Services provided by PUC to the Corporations pursuant to Section 5.3.2 shall consist of the following categories:

- (a) **General Corporate.** PUC shall provide to the Corporations general office, corporate and other management services including, without limitation, the following services (collectively, the "General Corporate Services"):
  - (i) Corporate accounting, including, without limitation, review, preparation and consolidation of budgets, fixed asset accounting, maintenance of accounting books and records, review, preparation and consolidation of corporate financial information, including financial information of all subsidiaries and preparation of monthly, quarterly and annual financial reports and the review, analysis, consultation and recommendation concerning special projects;
  - (ii) Finance, including, without limitation, treasury and cash management services (including reconciliation of bank accounts and administration of loans and debt and sale-lease back arrangements), monitoring and preparation for payment of accounts payable, maintenance of bank relationships and debt availability reporting, general cash flow reporting and negotiation of banking facilities;
  - (iii) Transportation, including, without limitation, fleet maintenance, fleet replacement management, analysis of inbound and outbound freight costs, verification of payment of freight and warehousing charges, damage prevention activities, monitoring of warehousing/distribution operations;
  - (iv) Taxation, including, without limitation, tax planning advice, minimization of tax costs, assistance in negotiations with government auditors, compliance with federal and provincial tax requirements, computations of tax payments and filings of required declarations and vouchers, preparation and filing of any applicable federal and provincial tax or payment in lieu of tax returns, preparation of monthly sales tax returns, advising purchasing department personnel regarding proper sales tax procedures, auditing of accounts payable, listing invoices to ensure proper tax liability, monitoring progress on outstanding tax audits, preparation and filing of any compliance reporting to regulators, and monitoring of evolving regulatory requirements to ensure continuing compliance;
  - (v) Management information systems services such as implementation, maintenance and servicing of various information



systems and programs related to payroll matters, human resources, management reporting, roll outs, ordering and shipping, statistical quality control, statistic process control, order fulfillment system, and periodic review of the effectiveness of the information systems;

- (vi) Internal audit services, including, without limitation, evaluation of the adequacy, application and effectiveness of internal financial controls, internal controls relating to computer operations, systems and security, monitoring and preservation of corporate assets, monitoring of compliance with corporate policies, guidelines and procedures, co-ordination with external auditors, and reporting of audit findings and follow-up;
  - (vii) Risk management and insurance, including, without limitation, ensuring the adequacy of, provision and maintenance of insurance coverage for property, business interruption, automobile, general liability, employee fidelity, bonds and other types of exposures as are required and/or standard in the industry, assistance in the filing and negotiations of claims and their follow-up, and administrative services in relation to the foregoing;
  - (viii) Legal services including, without limitation, advice and assistance relating to litigation matters, regulatory and legal compliance issues and negotiation and review of transactions, bank or other commercial financing arrangements, review of contracts and other such legal matters as may involve or affect the Corporations;
  - (ix) Administrative services, including, without limitation, communications and public relations, commercial property leases, filing, records and archive services, management of the Corporations' real and immoveable property, wherever situated, whether such real and immoveable property is owned or leased;
  - (x) Such other general management services as are ancillary to the provision of any of the above or upon which the Parties may from time to time agree.
- (b) **Human Resources.** PUC shall provide to the Corporations general human resources services, including, without limitation, the following (collectively, the "Human Resources Services"): corporate employee relations, labour relations services including negotiation and management of collective agreements and grievances and co-ordination of related legal matters, management of employee /pension and benefits plans, including payroll services for non-unionized employees and coordination of employee health and safety plans and the PUC shall report on a regular basis to the Operations, Health, Safety and Environmental Committee in connection with such services.



- (c) **Distribution Facilities Operations.** PUC shall provide to the Corporations general services required to ensure the continued operations of the Corporations' facilities (the "**Facilities**"), at levels of service quality and reliability that are the higher of OEB prescribed levels and Good Utility Practice, such operations to include, without limitation, the following (collectively the "**Facilities Operation Services**"): general management and maintenance of the Facilities, purchasing and procurement services including supply chain management, the negotiation of supply contracts and management of computerized purchasing, inventory and invoice matching systems, technical support and testing services, general administration and personnel services including the use and operation of computer programs, including monitoring of information systems, system engineering and planning services and technical services.
- (d) **Environmental.** PUC shall provide to the Corporations environmental management services, including, without limitation, the following (the "**Environmental Services**"): consultation and planning regarding environmental matters and monitoring of compliance with environmental regulations, and process control and planning at the Facilities, maintain a licensed PCB site and dispose of PCB waste, environmental auditing, and liaison and negotiations with regulatory bodies and agencies.

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