

Message

From: Herhalt, John M [/O=KPMG/OU=CA/CN=RECIPIENTS/CN=CA17803]
Sent: 11/22/2011 11:25:47 PM
To: Rockx, John [/O=KPMG/OU=CA/CN=RECIPIENTS/CN=CA17786]
Subject: Re: Collus proposals

I have done that based on our collective comments but not all that easy as we all agreed

I will be on that call in the morning

John

----- Original Message -----

From: Rockx, John
Sent: Tuesday, November 22, 2011 09:09 PM
To: Herhalt, John M; Erling, Jonathan M
Subject: Re: Collus proposals

The Collingwood Town Hall went reasonably well. Presentation of about 40 minutes to approximately 40 to 50 people followed by a couple of questions from the audience. Collus will open the financial offers tomorrow morning.

People in the audience included someone from Horizon Utilities and the GMs of several other LDCs (Innisfil, Midland, Wellington Centre).

Ed would like a ranking of the proposals as received to date to compare to the rankings prepared by other Steering Committee members.

----- Original Message -----

From: Herhalt, John M
Sent: Monday, November 21, 2011 11:56 PM
To: Rockx, John
Subject: Re: Collus proposals

Send me an email about how the Collus town hall meeting goes

Thanks
 John

----- Original Message -----

From: Rockx, John
Sent: Monday, November 21, 2011 10:50 AM
To: Erling, Jonathan M; Herhalt, John M
Subject: RE: Collus proposals

I agree with Jonathan. Difficult to rank parties as significantly better or worse. All parties have their pros and cons as a partner for Collus.

Horizon

- + Appears to have lowest operating costs (OMA etc) per customer
- + Will require ongoing local presence for linemen etc.
- Far away from Collingwood; employee transfers / relocation difficult
- wants to include Collus solutions in the deal and likely provide a lot of management services outside of Collingwood

Veridian

- + softer solution of providing Shared Services Evaluation Team to track shared services
- second furthest geographically from Collus

Hydro One

- + relocation of 20 jobs to Collingwood
- + contiguous with Collus territories
- Hydro One stigma

PowerStream

- + somewhat adjacent with Barrie and Midland presence
- + employees could relocate to Barrie offices (close enough)
- + \$25K Collingwood Fund
- wants 4 of 7 directors on Board (control issue)
- perceived as highest cost operator

All Offers

- Difficult to harmonize rates (and realize lower costs) without a 100% acquisition of Collus
- May be difficult for Collus to participate in further local acquisitions without infusing equity support (unless Town leaves some excess debt in company)
- + all bidders can provide services support / management expertise and support due to larger size
- +/- all bidders are creeping takeover parties

-----Original Message-----

From: Erling, Jonathan M
 Sent: Monday, November 21, 2011 9:49 AM
 To: Herhalt, John M; Rockx, John
 Subject: RE: Collus proposals

I actually thought Hydro One's was the most professional looking, and one of the most specific in terms of detail.

Jonathan Erling, P.Eng.
 Managing Director
 Global Infrastructure Advisory

KPMG LLP
 Bay Adelaide Centre
 Suite 4600, 333 Bay Street
 Toronto, ON, Canada M5H 2S5

T +1 416 777 3206
 F +1 416 777 3515

jerling@kpmg.ca

-----Original Message-----

From: Herhalt, John M
 Sent: Saturday, November 19, 2011 5:02 AM
 To: Erling, Jonathan M; Rockx, John
 Subject: Re: Collus proposals

I think we will only get pricing information after next week's meeting to discuss the qualitative parts of the proposal

If you were to rank the proposals in the none price categories noted in the RFP how would you see it as of now (it sounds like it will be tough)?

John

----- Original Message -----

From: Erling, Jonathan M
 Sent: Friday, November 18, 2011 06:48 PM
 To: Herhalt, John M; Rockx, John
 Subject: RE: Collus proposals

John:

I've looked at the documents, but there is not much to react to. We don't appear to have the financial offers, and there is not much in the way of specific details on anything else. The documents just speak to how good each of the proponents are.

Only the following things have jumped out to me as significant so far:

- PowerStream proposes a 7 member Board, with PowerStream getting 4 members and Collingwood getting three.
- Veridian notes that it provides HR and business systems from within its LDC ("VCI"), and that this may result in regulatory impediments in terms of VCI providing services to COLLUS. However, it also discusses some potential ways around this.
- Hydro One will move 20 line service jobs into the Town of Collingwood.
- Horizon compares itself to the other bidders, and highlights some metrics that prove have much more cost-effective it is than the others.

If I see anything else, I will let you know but I think I have skimmed through most of it, if not all.

Jonathan

Jonathan Erling, P.Eng.
Managing Director
Global Infrastructure Advisory

KPMG LLP
Bay Adelaide Centre
Suite 4600, 333 Bay Street
Toronto, ON, Canada M5H 2S5

T +1 416 777 3206
F +1 416 777 3515

jerling@kpmg.ca

-----Original Message-----

From: Herhalt, John M
Sent: Thursday, November 17, 2011 12:20 AM
To: Rockx, John; Erling, Jonathan M
Subject: Collus proposals

Hi guys

I have flipped you scanned copies of the Collus proponent proposals without attachments at this point.

Could you give them a read and send me your comments about them by first thing Monday morning if at all possible

Thanks
John

Sent from my iPad