


B BENTZ NOTES

1002810

Collus Power & PowerStream
A Strategic Partnership

A presentation by PowerStream
to the Collus Power Task Team

September 19, 2011



①

Agenda

- Introductions
- Overview of PowerStream
- Financial Summary
- Future of the Industry in Ontario
- Retained Presence in Collingwood
- Employees
- Rates
- Safety
- Unions
- Vision for Future Rationalization
- Governance
- Aspirations



*What is being done
to improve the
company's performance*

②

Our Vision and Mission Statements

Vision

We will be a socially responsible company, committed to the environment and sustainable growth, leading the way into the future with boldness, innovation and best in class performance.

Mission

To deliver reliable power and related services safely and efficiently to support our customers' quality of life and to provide value to our shareholders and the communities we serve.

© 2010 Power Stream

Power Stream

1) Together we will grow / prosper opportunities

2) Energy for success & support of life

3) Independent Spirit

4) Customer Excellence

5) Sustainability
Cost of Energy
Innovation

- Choosing the vision
- Defining who you are
- Mission
- Vision
- What you want and what you need

You might have found they were adopted simultaneously

Hansen's view foundation of the relationships
- You are who you are
- what you believe in
- that's what makes work in the world partnerships

3

Some Facts About Us

- 2nd largest municipally-owned distribution company in Ontario
- Provides service to over 330,000 customers
- 500 employees
- \$1 billion in assets
- Jointly owned by the municipalities of Barrie, Markham and Vaughan

US is not adopted partnership

Highly growth rates in the province - a little slower lately - add 2,000

Power Stream

Hydro One 1.3
 To Hy 2.0
 PIS 3.30
 H/O 2.85
 Hy

Highly growth rates in the province - a little slower lately - add 2,000

2000-2001

2000-2001

2000-2001

2000-2001

I

What big enough to be small & small enough to be big

We believe we have a level of resources in our organization that allows us to specialize in certain areas

(for example - VP of Customer Service)

II

but have not become so big because that we lose the connection to the communities we serve.

We go out of our way to stay focused & connected to the customers & the communities we serve.

- Seasonal Working Mechanism
- Regulatory Affairs & Public Affairs
- Regulatory Department
- U.S. Dept. of Energy
- 3 U.S. off. corp
- ~~24 Hour Dispatch~~
- ~~4 Staff~~
- Protection & Control Dept
- System Planning/Engineering
- Cont. Specialists
- 24 x 7 Helpdesk

5

Our Service Territory

- 807 square kilometres encompassing a population of approximately 1,000,000.



Power Stream

Collingwood
Creemore
Stagers

In Simcoe County - go from - Baden Township
through Barby in South
through to Barre & Penelungosheen in North

So we share the same Geography - as you do
in Collingwood / Creemore / Thirsk / Stagers

Especially for example because I live in Barre
for 20 years - probably every weekend. It is under my
family + I see a Blue Mountain - go through Stagers

Home Base - Stagers Creemore Collingwood
Barby's Clatter Court

we understand
the importance
of this
area

ESAC/ADMP
2011/01/03

Selected
 Group of 13's
 1. Best Project System
 2. Best Project Management
 3. Best Project Sustainability
 in Progress

~~It's hard to say that it's~~
 Over the past year we've
 become a lot more
 focused on being
 recognized as an
 industry leader
 for innovation
 and so we have
 been able to
 win these
 awards
 of recognition
 here.

Aug 11
 in Progress
 After
 in the
 OPE
 Water
 Council
 Motion
 Technical
 Plans

Points of Pride

- Recognized in 2010 by the Ministry of the Environment as being one of Ontario's Environmental Leaders
- Ontario Energy Association Company of the Year (2010)
- Electricity Distributors Association LDC Performance Excellence Award (2010)
- Vaughan Chamber of Commerce Company of the Year (2010)
- ESRI International Special Award in GIS (2010)
- Electricity Distributors Association Environmental Excellence Award (2010)
- Smart Commute Employer of the Year for North Toronto, Vaughan (2009)

POWERED BY


Selected from more
 than 1000 companies
 and individuals for
 innovation, vision, leadership
 use of UBP's GIS technology
 - Edward ARCA
 2010-11 ADL/AR

6

Points of Pride (cont'd)

- Premier Dalton McGuinty's announced government funding of electric vehicle charging stations at PowerStream's South Operation Centre (August 2011)
- Parliamentary Assistant to the Minister of Economic Development & Trade, Monte Kwinter, attended an event at PowerStream's head office celebrating Nissan Canada's first Canadian delivery of an electric Nissan LEAF vehicle to PowerStream (July 2011)
- Energy Minister Brad Duguid announced the government's establishment of a Smart Grid Fund at PowerStream's head office (April 2011)
- Former Minister of the Environment, John Gerretson, welcomed PowerStream as one of Ontario's Environment Leaders at an induction ceremony held at PowerStream's head office (April 2010).



100-0000-0000-0000-0000-0000-0000-0000

Point to be made will happen in addition

Important to make a positive journal by action sheet. hand etc on 2. June 2011

Working in PowerStream Mission

Level 1 1100V 14 3.0kW 20A
 Level 2 1100V 14 3.0kW 20A
 Level 3 charging 100 charge 240 kW

Power Accessibility / Charger voltage | effort in system / particular for maintenance

Premier @ our
to benefit facilities in
Manitoba and
proceeds

Points of Pride (cont'd)



FACTORY DIRECT

Manitoba

Manitoba
Generation
industry
energy
of \$15 to order
low carbon
program

(8)

PowerStream – Historical Development

- In 2001 Hydro Vaughan Distribution Inc. and Markham Hydro Distribution Inc. jointly purchase the electricity distribution assets of Richmond Hill Hydro Inc. from the Town of Richmond Hill and continued to operate the utility on a stand alone basis.
- In June 2004 Hydro Vaughan Distribution Inc., Markham Hydro Distribution Inc. and Richmond Hill Hydro Inc. merge to create the third largest municipally-owned electricity distribution company in Ontario. The new entity is named **PowerStream Inc.**
- In November 2005 PowerStream Inc. purchases the electricity distribution assets of Aurora Hydro Connections Ltd. from the Town of Aurora.
- In January 2009, PowerStream Inc. and Barrie Hydro Distribution Inc. merge to create the second largest municipally-owned electricity distribution company in Ontario, serving more than 330,000 customers in 11 Simcoe County and York Region communities. The company, jointly owned by Barrie, Markham and Vaughan, retains the corporate name of PowerStream Inc.



*Energy to provide
 distribution to the
 municipalities
 the number of
 the York Region
 to be bought for
 Power Stream / Hydro
 purchase
 over / over / or
 the city*

*the return by way
 investment in the
 it
 the quantity provided from hydro
 assets*

Our Leadership Team

- **Brian Bentz, President & CEO**
 - Past Chair, Electricity Distribution Association
 - Vice Chair, Ontario Energy Association
 - Former President & CEO, Hydro Vaughan Distribution
 - Former VP, Barrie Hydro Distribution
- **Mark Henderson, EVP Asset Management & COO**
 - Former President & CEO, Barrie Hydro Distribution
- **John Glicksman, EVP and COO**
 - Former VP, Hydro Vaughan Distribution
 - Former VP, Hydro One Networks and Ontario Hydro
- **Milan Bolkovic, EVP Renewable Energy & Conservation**
 - Former President & CEO, Markham Hydro
- **Dennis Nolan, Corporate Services & Secretary**



20+ years experience
 in electrical background
 & electrical engineering
 other - worked in US
 his health care over
 20+ years

12 months
 (handwritten)

① Former
 Chair, 1999
 St. Catharines Area
 Council
 Family 1mo. - Pres.
 Markham 5th

② Form Director
 of R&D

③ Council Director
 Sub-Committee of
 of E.S.A.

④ Member of Ontario
 Executive Council
 1996 Markham
 Council

⑤ Sub-Committee
 of Council
 Council
 Council

⑥ Director of
 for R&D
 is for

⑦ President of
 Markham
 Council
 Council

John has
 many years experience
 in the electrical
 spent 25 years at Hydro
 One Hydro (1/4) as Pres. - 6 months
 in job - responsible for, then by
 - Brian
 success level

Practical
 experience
 by hands
 involved in most
 in and legal
 industry meeting
 B.F. Council
 Council

10

Achieving Synergies Through Mergers

- In the past PowerStream has achieved merger savings results have been in the range of 10 - 15% of combined OM&A.
- Through economies of scale and achieving synergy savings, the PowerStream – Barrie Hydro merger realized operating savings of approximately \$5.5 million annually, and approximately \$1.0 million in annual capital savings.
- PowerStream has been able to achieve the merger savings with no forced layoffs.

FOR MORE INFORMATION VISIT US ONLINE



Understand
I don't believe
that decision like
save me by
very difficult to
make

And in my
partnership
I'm not know
if you will
always achieve
the object

Use go out of your way to be organized to
achieve the objectives of the merger - like financials
in this context

opportunity to partnership - culturally - mindset in community
- as participant
- working - local committee
- responsibility to community
- integrity, reliability, go, 7
- marketing

Financially



Financial Summary

- PowerStream has approximately \$1.0B in total assets.
- PowerStream maintains a capital structure consistent with the OEB's deemed capital structure of 60/40 (debt-to-equity), with the ability to leverage up to 65% debt should PowerStream require additional cash;
- Currently, PowerStream's EDFIN debt is rated "A" by Standard and Poors. The rating reflects S&P's assessment of the risk profile of the least creditworthy participant. In addition, PowerStream is rated "A" by Dominion Bond Rating Service.
- Since 2005 PowerStream (including the former Barrie Hydro) have paid dividends totaling over \$100 million to its Shareholders.
- **The opportunity for Collus Power to recapitalize its debt-to-equity could provide Collus Power with the ability to free up capital.**

10/1/10



to Dominion Bond
Rating Service
10/1/10
10/1/10
10/1/10
10/1/10
10/1/10

12

Regional input may be large share taken by the region

- New bus model for toll expansion
- New franchise on regional basis
- To add expansion to revenue focus

(The 2011) 1000 - Provincial Agents
 600 000 APAs - Marketing Group
 50000

to follow
 about the
 index

- Transfer Tax requirements will eventually increase
- Think LDC's can find tax pressure

Report to be presented in community in results

Report to be presented in community in results
in financial planning

Part of PowerStream
community
York Region
Business
2012

Our Community Support

- Donated \$1,000,000 to both Markham Stouffville Hospital and the Vaughan hospital initiative
- Committed \$750,000 over a five-year period to Georgian College
- Since 2004, PowerStream and its employees have donated nearly \$600,000 to the United Way of York Region and the United Way of Greater Simcoe County.
- Over a four-year period, PowerStream employee participation in the Heart & Stroke Foundation's "Big Bike" event has raised more than \$85,000 for the charity.
- Major sponsor of Chamber of Commerce Business Achievement Awards in Aurora, Barrie, Markham, Richmond Hill and Vaughan.



Wentley King
Energy
Foundation

Bill Murray
Addressing
Energy & MSU

Our Community Support (cont;d)



Power Stream

Boys & Girls
Foundation

Cooper College
Fund Center
Sustainable
Technology

- Westwood
- Inland to Coeur d'Alene boundary
- Mid to Shoshone
- How to get students

put a
lot of equipment
relays / switches
in

15

*Spotted about 1/2 way
the way down*

Our Community Support (cont'd)

- **Founding business member** of the York Region Character **Community Initiative** and presenting sponsor of the organization's annual awards event.
- Sponsorship of children's sports teams /employee volunteerism as part of "Promoting Character through Community Involvement" initiative
- Sponsor of Santa Claus parades in Aurora, Barrie, Markham, Richmond Hill and Vaughan
- Presenting sponsor of the Barrie Earth Hour Music Festival and major sponsor of Woodbridge Earth Hour Lantern Walk
- Major sponsor of Children's Aid Foundation of Simcoe County
- Sponsor of McLaren Arts Centre, Markham Theatre, Woodbridge and Markham Fairs

Partners



*found to Rob (Bob) (a former...)
... importance but he was not...
... on you with higher...
... responsibility) - full...
... responsible...
... Power...
... logo -*

Our Community Support (cont'd)



Power Eastern
New York
Event Sponsor

Chowder
Community
Awards
Richard Hill

Staten Island

Our Commitment to Customers

- Committed to delivering reliable power and related services safely and efficiently to support our customers' quality of life as well as the communities we serve.
- Work continuously to reduce the upward pressure on customer distribution rates
- Currently have one of the lowest customer distribution rates in Ontario.
- Communicate to customers on an ongoing basis through our customer call centre as well as a variety of mass communication channels (advertising, online, news releases, customer newsletters, email blasts, events).

Power
Stream

Responsible for
our service
with lowest cost
customer service
I want to see
more
to make it
better

Power Stream
Call Centre
Feedback
with
power

Customer-focused Operations

- 24 by 7 System Control Room monitoring has led to significant improvements in outage response times and reliability -- Reliability Index now in excess of 99.99%
- Interface built from Smart Meter AMI to Outage Management System to allow for rapid, "smart" outage response for customers
- First utility in North America to pilot test FDIR smart grid application for automated instantaneous fault finding, isolation, and power restoration
- Completed construction of new Park Place Municipal Sub Station (approximately \$3 million investment) to service continued growth and expansion in south Barrie
- Continued significant capital investments to support growth, expansion, refurbishment, and maintenance of the distribution system in Barrie

FOR MORE INFORMATION VISIT US AT WWW.POWERSTREAM.COM



Handwritten notes:
24 by 7 System Control Room monitoring
Reliability Index now in excess of 99.99%
Interface built from Smart Meter AMI to Outage Management System
First utility in North America to pilot test FDIR smart grid application
Completed construction of new Park Place Municipal Sub Station
Continued significant capital investments to support growth, expansion, refurbishment, and maintenance of the distribution system in Barrie
Power Stream
High quality
Serviceability
Power Stream

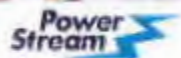
Contract Review
10/14 real time
secondary
Automated maintenance
Veronica to make
home

Customer-focused Operations (cont'd)



10/14/14
10/14/14
3 million
8,000
per year

OPERATIONS



Customer-focused Operations (cont'd)

- Collaborated with Economic Development office to assist in finalizing Offers to Connect for several very large new employers in the City of Barrie
- Collaborated with Economic Development offices and York Region in southern service areas in support of significant growth and expansion of YRRT, TTC, and municipal development and intensification plans (Vaughan City Centre, City of Vaughan & Town of Markham streetscape plans)
- Active Key Accounts customer centered program for large users, sensitive loads, and municipal partners to deliver individualized and tailored services to these customers
- Established similar key account approach within engineering group **for specific residential and condo developers to facilitate** streamlined project management for large developments

© 2011 Hydro One Inc. All rights reserved.



Our Commitment to the Environment

- Constructed two LEED (Leadership in Energy Efficiency and Environmental Design) gold certified work locations
- Established a solar PV generation business involving the leasing of commercial building rooftops
- Barrie office roof is used as a laboratory to test solar PV generation products
- Established a carpooling program for staff that now has nearly 30 percent of our employees commuting to work either through vanpooling or carpooling
- Ontario leader in the delivery of conservation programs to customers

10015117



3. Solar panels
to save 5%
follow
hand off

4. Green Vehicle
to minimize
Manufacture
4. Recycle
system

5. Green
Water
Saver

6. Green
Power

Our Commitment to the Environment



COMMITTED TO THE ENVIRONMENT

**Power
Stream**

Engaging Our Employees

- Implementing and promoting National Quality Institute's Progressive Excellence Program
- Enhancing education and skill levels of all employees through training and professional development programs.
- Espousing corporate values of Respect, Teamwork, Performance, Accountability and Initiative
- Bi-annual Employee Satisfaction Survey to gauge employee satisfaction levels as well as provide staff with an opportunity for comment and input
- Social events including annual Dinner and Dance, Joint **Health and Safety Barbecue**, Golf Tournament and **Children's Christmas Party**



Handwritten notes on the right side of the slide:
 1. Performance
 2. Quality
 3. Safety
 4. Environmental
 5. Community
 6. Employee
 7. Customer
 8. Supplier
 9. Society
 10. Future

Handwritten notes at the bottom right:
 Increase the
 with the
 Take that
 Leadership
 Success

(27)

Engaging Our Employees (cont'd)



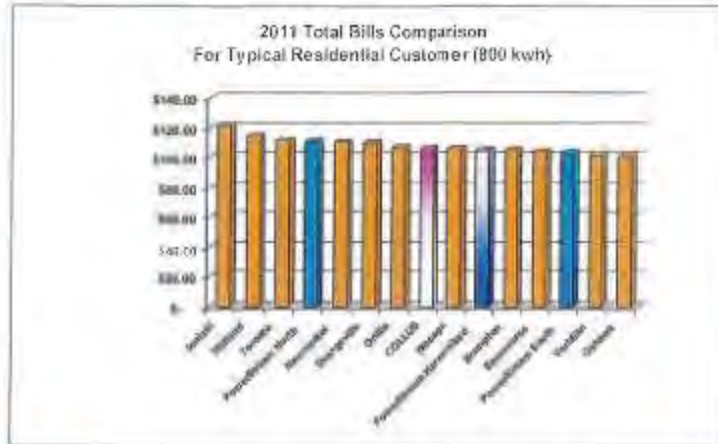
- Fitness Program

- Christmas Party

© 2010 Power Stream



Total Bill Comparison



1.5¢ per kWh
 800 kWh
 120¢ = \$1.20
 12¢ per kWh
 800 kWh
 96¢ = \$0.96
 1.5¢ per kWh
 800 kWh
 120¢ = \$1.20



Account 305 1

not done
...
...

Health & Safety

- Developed and implemented a Health & Safety plan in 2011 specifically aligned to the corporate initiatives for the year as well as the company's five-year strategic plan.
- Specific Health & Safety targets established for all levels of staff, which include the monitoring of safety meetings, safety meeting attendance and site inspection performance.
- Continued to emphasize and celebrate the importance of safety in the workplace by holding an annual Joint Health & Safety Committee (JHSC) Barbecue.
- Wellness Committee created to discuss healthy workplace items
- Community Health & Safety outreach programs include sponsored visits to local high schools by workplace safety advocate, Rob Ellis, and visits to local elementary schools by Safety and Conservation Group educators.

Power Stream

Unions

- Given the proposed structure for the transaction we do not anticipate there being any union issues.
- No ratification vote would be required since the new entity would operate as an affiliate.

LEW KODAY

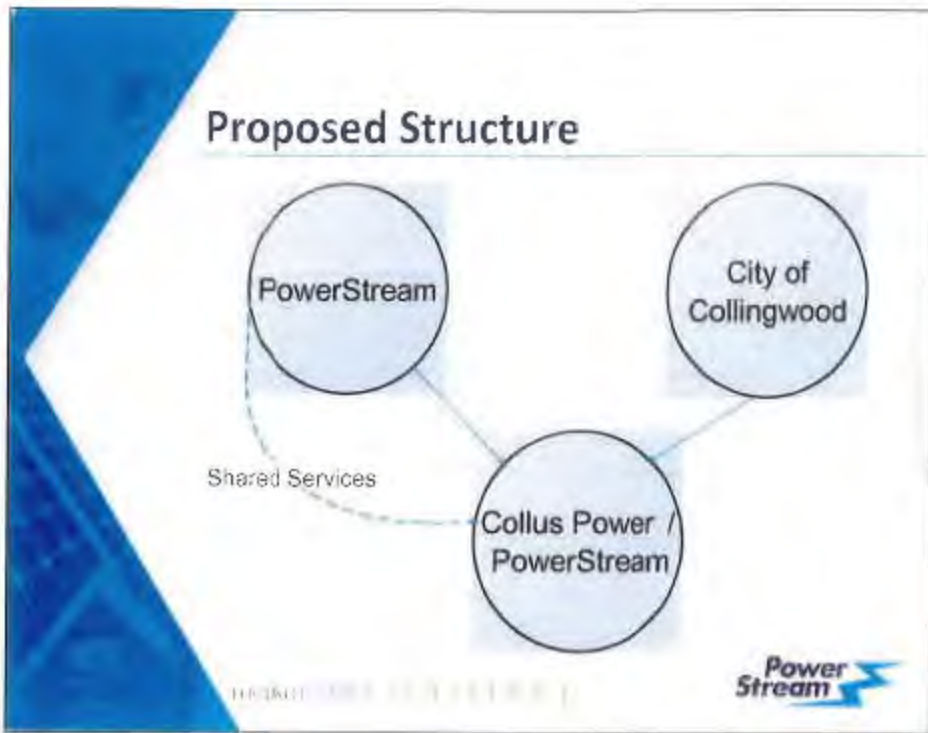
Power
Stream

23

Vision for Future Rationalization

- Consolidation and partnerships provide scale that will enhance operational efficiencies and result in additional benefits for LDC customers and shareholders.
- Development of regional growth strategy.

Power
Stream



and better
 steps or re-
 structure
 in the
 middle

In the power
 create some
 structure to
 manage

Orderly ~~structure~~ when facing a traditional process
 structure or traditional
 structure - what you would be a traditional process
 structure

This structure is a combination of strength & physical
 of the power stream program a stand alone separate
 company that would own & operate assets under Collus
 Power Stream. The company would be owned
 jointly by Town of Collingwood & PS. PS retains that
 the PS corp would be an affiliate of the existing PS
 would own 40% of corp - but town would be
 first priority right holder to be able to liquidate with
 certain vote in our business
 - ~~but a~~ offering on way
 - being a new product

How is it all
popularly represented in a
to municipal ownership

7 member
BE all
municipal

Governance Model

- The Board of Collus Power / PowerStream would be comprised of 7 members
 - 4 members elected by PowerStream
 - 3 members elected by Collus Power
- PowerStream 4 members would be:
 - Brian Bentz, President and CEO of PowerStream
 - Maurizio Bevilacqua, Mayor of the City of Vaughan
 - Jeff Lehman, Mayor of the City of Barrie
 - Frank Scarpitti, Mayor of the Town of Markham
(note: representative of municipal ownership)



large that that they
for power -
representative of
partnership

Board of municipal ownership

Down to be something different
number to business
not so much

Aspirations

- Establishing strategic partnerships that will benefit the LDC, the rate payers, and our Shareholders
- Growth – organic and through mergers and acquisitions
- Potential to establish multi-utility with water, LDC, solar, other assets
- Growing New Businesses

FOR MORE



Handwritten notes in blue ink, including a vertical line and some illegible scribbles.

RESPONSIBLE ENERGY
 BY CAR
 ABOUT 20%
 20 CENTS WERE
 BOUND IN

What We Have In Common

- Customer-focused
- Low distribution rates
- Actively involved in the community
- Concerned about the environment
- **Serving residents and businesses in Simcoe County**
- A supportive employer
- Municipal ownership
- Partner in solar powered attic vent pilot project



Handwritten notes on the left side of the slide, including a signature and some illegible text.

Handwritten notes on the right side of the slide, including '20% WERE BOUND IN' and '20 CENTS WERE BOUND IN'.

Handwritten notes on the right side of the slide, including 'PowerStream' and 'Serving residents and businesses in Simcoe County'.

Handwritten note: 'to NWSO'

Handwritten note: 'COSTUMER' (likely Customer)

Handwritten note: 'Energy Independence'

- ① TOGETHER WE CAN...
- ② ENVIRONMENTAL STRESS / MANAGED...
- ③ Focus on existing + community...

Handwritten notes below the list, including 'OFFICE', 'NUMBER OF', 'WATER', 'AS ABOVE LIST', 'WE DO HAVE SEVERAL', 'SPECIFIC BUS'.

Handwritten notes on the right side of the bottom section, including 'MUNICIPAL', 'IN ASING PART', 'OF FUTURE OF', 'BUSINESS COMMUNITY', 'AND STAFF', 'SUPPORT', 'EASY + SAFETY', 'BE. CAPITAL'.

What We Can Offer

- Guarantee of stable rates for three-years with benefits of synergies accruing to Collus Power/ PowerStream customers.
- Shared services (state of the art call centre, control room, smart grid initiatives, engineering, leveraging AMI investments).
- Guaranteed employee retention (no involuntary separations)
- Very competitive cash injection - *Rangey early on*
- Governance model reflecting a true **partnership**.
- **Tremendous opportunities for growth** (broaden customer base, incentives to the Town of Collingwood for growth, leader in regional model).
- **Local presence** (commitment to the community).
- **Blending of culture** and a smooth transition
- **Municipal ownership**

Developed of a regional model



Not a direct benefit of the new ownership structure - services for the community

SEMI-PRIVATE

BOARD

Not a direct benefit of the new ownership structure - services for the community

Support partnership to build partnership with power

to build the future

to build the future

Presence in Collingwood

Collus Power customers

put **Solar Power** on your

ROOF

for **\$100**

with a solar powered
attic vent.



Power
Stream



www.collus.com/vent

Collus Power is a registered trademark of Collus Power.

Power
Stream