

CONFIDENTIAL

COLLINGWOOD PUBLIC UTILITIES COMMISSION

- and -

COLLUS SOLUTIONS CORP

SERVICES AGREEMENT

January 1, 2003

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SERVICES AGREEMENT

THIS SERVICES AGREEMENT is made as of the 1st day of January, 2003.

BETWEEN:

**COLLINGWOOD PUBLIC UTILITIES
COMMISSION**, a commission established pursuant to the
laws of the Province of Ontario

(Hereinafter referred to as "PUC")

- and -

COLLUS SOLUTIONS CORP a corporation
incorporated pursuant to the laws of the Province of
Ontario

(hereinafter referred to as "SERVCO")

RECITALS:

1. SERVCO agrees to provide supervisory, operational, engineering, finance, administrative services and other services to PUC on the terms as set forth in this Agreement, and SERVCO shall provide such other products and services as may be agreed to by the Parties from time to time.
2. This agreement shall not limit the activities of SERVCO, with the exception of those activities within the exclusive statutory and licensed jurisdictions of PUC including the items specifically identified in this Agreement.
3. This agreement sets out certain arrangements between PUC and SERVCO that were in place prior to the date of execution of this Agreement.

NOW THEREFORE in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

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Article One INTERPRETATION

Section 1.01: Definitions

Unless the context otherwise specifies or requires, for the purposes of this Agreement all capitalized terms herein shall have the meanings set forth below:

- (a) **"Advisors"** means employees, agents, professional advisors, contractors and subcontractors, and **"Advisor"** means any one of them;
- (b) **"Affiliate,"** with respect to a corporation, shall have the same meaning as is ascribed to such term in the *Business Corporations Act* (Ontario);
- (c) **"Agreement"** **"this Agreement"**, **"the Agreement"**, **"SERVCO Services, SERVCO Management Services Agreement"**, **"hereto"**, **"hereof"**, **"herein"**, **"hereby"**, **"hereunder"** and similar expressions mean this SERVCO Services Agreement together with all Schedules attached hereto, as they may be amended from time to time;
- (d) **"Business Day"** means any day other than a Saturday or Sunday or a statutory or bank holiday in the Province of Ontario;
- (e) **"Claims"** has the meaning ascribed to such term in Section 4.05;
- (f) **"Confidential Consumer Information"** means information PUC has obtained relating to a specific consumer in the process of providing current or prospective distribution service;
- (g) **"Default"** means in respect of PUC, an event set out in Section 8.01 and, in respect of SERVCO, an event set out in Section 8.02;
- (h) **"Effective Date"** means the date first written above;
- (i) **"Event of Default"** means a Default, the notice and cure periods (if any) respecting, which have expired;
- (j) **"Extraordinary Costs"** means cost as defined in Section 5.07;
- (k) **"Force Majeure Event"** has the meaning ascribed to such term in Section 11.01;
- (l) **"Law"** means any law, rule, regulation, Code, order, writ, judgement, decree or other legal or regulatory termination by a court, regulatory agency or governmental authority of competent jurisdiction;

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- (m) **"Person"** includes an individual, corporation, partnership, joint venture, association, trust, pension fund, union, governmental agency, official, board, tribunal, ministry, commission or department;
- (n) **"Prime Rate"** means, for any day, an annual rate of interest equal to the rate of interest which SERVCO's principal bank establishes at its principal office in Toronto as the reference rate of interest to determine interest rates that it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest";
- (o) **"Services"** are Services that are provided under Section 3.01 of this Agreement;
- (p) **"Term"** has the meaning ascribed thereto in Section 2.01 of this Agreement;
- (q) **"Third Party Expenses"** means all fees, costs and charges paid to third parties by SERVCO on behalf of PUC in connection with providing the Services and the Management Services or incurred by PUC's employees while providing Services under this Agreement paid by SERVCO; and
- (r) **"Total Controllable Costs"** has the meaning ascribed to such term in Section 5.01;

Section 1.02: Construction of Agreement

In this Agreement:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) all usage of the word **"including"** or the phrase **"e.g.,"** in this Agreement shall mean **"including, without limitation,"** throughout this Agreement;
- (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated there under, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (d) any reference to a specific executive position or an internal division or department of a Party shall include any successor positions, divisions or departments having substantially the same responsibilities or performing substantially the same functions;
- (e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; and if the last day of such period is not a Business Day, the period shall end on the next Business Day;
- (f) all dollar amounts are expressed in Canadian dollars;

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- (g) the division of this Agreement into separate Articles, Sections, subsections and Schedules, the provision of a table of contents and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (h) words or abbreviations which have well known or trade meanings are used herein in accordance with their recognized meanings; and
- (i) the terms and conditions hereof are the result of negotiations between the Parties and the Parties therefore agree that this Agreement shall not be construed in favour of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement.

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Article Two TERM

Section 2.01: Term

Unless terminated in accordance with Section 10.01 of this Agreement, the term of this Agreement shall be from the Effective Date to and including January 1, 2004 and the term shall be automatically extended for a further period of one (1) year unless either Party gives notice in writing that the Agreement is not to be extended on the date which is six (6) months prior to the end of the term, or the end of renewal as the case may be.

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Article Three SERVCO SERVICES AND COVENANTS

Section 3.01: Services

Unless the parties otherwise agree in writing and subject to the terms, covenants and conditions contained in this Agreement and to the observance and performance by PUC & SERVCO of all terms, covenants and conditions hereof, SERVCO will provide or cause to be provided to PUC the following services (collectively, the "Services"):

Reconnect and Collection

Responses to reconnects and collection issues will be completed in an expeditious and timely fashion as to avoid potential levels of bad debt write offs.

Meter Reading

The meters of PUC'S Residential & General Service customers shall be read in a timely manner with a SENSUS hand held meter-reading device or other hand held meter-reading device that the parties may agree upon. A Schedule for meter reading will be supplied by SERVCO to PUC for consideration and PUC approval.

Billing & Collecting

SERVCO shall utilize equipment that performs billing and collecting functions to North American industry standards. Said equipment shall meet the local needs of the community and shall be capable of providing customized local services such as equal payment plans. PUC shall be entitled to review from time to time the capabilities of the system's workstations and network server to ensure that these local services are available to customers in the future.

SERVCO will rent all computer hardware and software that it requires from the PUC at a rate of \$84,000 plus federal GST per annum. The rental fee will be reviewed annually and may be adjusted upon agreement between the PUC and SERVCO. If a review is not performed and or PUC and SERVCO fail to reach agreement then a 3.5% per annum increase will be applied to the previous year's amount. SERVCO may use the equipment to perform all functions that it requires.

All collections of customer payments will be done from an established local community office.

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Customer Service

Customer Service will be provided by qualified, readily accessible and knowledgeable local staff that meets the needs of existing and potential customers. Services will include the provision of local community and engineering planning information to serve new business. PUC customer information will be readily available to PUC in a local office in both electronic and hard copy. SERVCO staff shall be knowledgeable in respect of community demographics and shall provide personal and friendly customer service, including ongoing community services such as underground cable locates for customers.

Data Tracking

Competent SERVCO staff and equipment shall upon the request of PUC maintain and collect numerous types of data by using technological means and integrated computer systems in order to track trends and circumstances as required by others.

Accounting

Skilled local staff will provide and maintain accounting services that are readily accessible at the local level, including financial statements, financial planning, payroll, collection, withholding or remittance of taxes and other required functions. These records will be kept in a format that is acceptable to the Accounting Procedures Handbook for Electric Distribution Utilities and Generally Accepted Accounting Principles ("GAAP") of the Canadian Institute of Chartered Accountants ("CICA") and will be available for PUC on request. [GAAP and CICA not defined]

Engineering Services

Certified knowledgeable staff with experience in the water utility field will utilize water engineering industry standards, recognising the local conditions in performing the engineering functions the PUC requires.

Planning and Necessary Maintenance

Qualified staff will provide planning and necessary maintenance to the water system in a timely fashion appropriate for the maintenance need. To the extent practicable, this maintenance will be co-ordinated and integrated with municipal infrastructure projects, including other community utilities such as Bell Canada. Utilising its' in depth local knowledge and information sources, SERVCO will respond to other local reconstruction programs to coordinate activity with the view to minimizing costs to all parties.

Contracting with Developers, Customers and others

Competent SERVCO staff with local knowledge will be utilized to provide services such as material procurement and handling, design, planning, cost estimating, installation, scheduling, inspection and liaison with other utilities, contractors, the municipality with respect to development, customers and others.

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Subcontracting services

To the extent practicable, local services will generally be utilized for subcontracted services.

After Hours Response

SERVCO will cause staff to respond to service calls within 30 minutes of a request for such service and shall have a crew in operation within the utility's service area within the time stated.

Normal Hours Response

SERVCO will cause staff to respond to service calls on a scheduled basis.

Emergency Preparedness

An Emergency Measures Plan will be maintained and updated as required.

Provision of Supervisory Services

All supervisory services provided by SERVCO under this agreement will be provided directly or indirectly by SERVCO. SERVCO provides distribution plant maintenance supervision to PUC.

Provision of Management Services

SERVCO shall provide to PUC Management Services, which shall include but not be limited to human resources, regulatory assistance and advice and policy development. SERVCO shall provide to PUC reports relating to Management Services rendered by SERVCO and such reports shall be provided to the President and/or CEO of PUC and upon request to the PUC commissioners.

In providing the Management Services, it is specifically understood that SERVCO is an independent contractor and not an agent or employee of PUC. Management Services include the reports on such items as regulatory, policy, and human resources to PUC.

As such, except as permitted by this Agreement, SERVCO shall not be authorized to bind or commit PUC, either actually or apparently, in any manner whatsoever without the prior written authority from PUC to do so. SERVCO does not have the authority to bind PUC with respect to regular regulatory submissions without the prior approval of the President and/or CEO of PUC who shall report such approval to the PUC Board, but it is expected that SERVCO will respond to questions and interrogatories on regulatory submission once initiated. Regardless, SERVCO will report to PUC on all regulatory activities.

SERVCO shall not be authorized to bind or commit PUC, either actually or apparently, in any manner whatsoever without the prior written authority from PUC to divestitures of any interest of PUC in real property.

CONFIDENTIAL

SERVCO shall not be authorized to bind or commit PUC, either actually or apparently, in any manner whatsoever without the prior written authority from PUC to divestitures of any interest of PUC in personal property in excess of \$5,000 annually.

Further, where PUC has an approved policy with respect to the services, which SERVCO provides to third parties when providing services on behalf of PUC, SERVCO shall be bound by that policy. If activities should have a policy, then SERVCO shall expeditiously bring the matter to the attention of PUC by way of a report to the PUC Board for consideration.

Section 3.02: Capital Construction Activities by SERVCO

- (a) With prior written annual approval of PUC, SERVCO will undertake, by way of acquisition or construction, a capital construction program.
- (b) For unplanned capital or construction activities, including any interest in real property the monthly capital amount will be limited to \$20,000 but must not exceed \$100,000 in any 12 month period. Such amounts will be billed by SERVCO within 90 days of the costs being incurred. On receipt of the approval of PUC, any previously unplanned capital or construction activity shall be considered to have been planned. Any land acquisitions or construction on behalf of PUC including easements, leases, or interest in real property shall be billed by SERVCO within 90 days of the costs being incurred and if not part of the approved capital construction program shall be limited to \$5,000.
- (c) In extreme and unusual situations, the President and/or the CEO or the Chair of PUC may authorize unplanned acquisition or capital expenditures in excess of the previous limits, provided notification is provided to PUC by SERVCO within 72 hours of the commencement of such activities.
- (d) At the time capital is approved, the division of capital activities between PUC resourced activities and SERVCO resourced activities will be established.

Section 3.03: Performance Standards

- (a) SERVCO will endeavour to perform in the top quartile of industry standards.
- (b) SERVCO will make all reasonable efforts to meet or exceed performance measures established by the PUC.
- (c) PUC/SERVCO commit to attempting to provide distribution price stability for customers.
- (d) SERVCO will use their bid policies to ensure that the most efficient purchases are made.

Section 3.04: Changes

PUC and SERVCO may, from time to time, agree to modifications to the Services, by negotiating appropriate changes to the descriptions of the services and the consideration in connection with such changes and shall initial and attach amended schedules hereto.

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Section 3.05: General SERVCO Covenants

- (a) SERVCO shall be responsible for obtaining all necessary licences and permits and for complying with all applicable federal, provincial and municipal laws, codes and regulations in connection with the provision of the services hereunder and SERVCO shall when requested provide PUC with adequate evidence of its compliance with this Section 3.05;
- (b) SERVCO shall comply, while on the premises used by PUC, with all the rules and regulations of PUC from time to time in force, which are brought to its notice or of which it could reasonably be aware;
- (c) SERVCO shall pay for and maintain for the benefit of SERVCO appropriate insurance concerning the operations and liabilities of SERVCO relevant to this Agreement including, without limiting the generality of the foregoing, workers' compensation and employment insurance in conformity with applicable statutory requirements in respect of any remuneration payable by SERVCO to any employees of SERVCO and public liability and property damage insurance;
- (d) All SERVCO Personnel with responsibility for the provision of Services shall be familiar with the PUC water service area.

Section 3.06: Regulatory Change

If any change of Law after the date of this Master Agreement renders this Agreement illegal or unenforceable, then the Parties shall be required to renegotiate in good faith for thirty (30) days with a goal to developing a substitute agreement, which is consistent with the change of Law.

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Article Four MUTUAL COVENANTS

Section 4.01: Maintain Records

PUC and SERVCO will maintain such records as may be necessary in connection with this Agreement and as are agreed upon by the Parties, acting reasonably.

Section 4.02: Notification of Changes of Circumstances

PUC shall promptly give written notice to SERVCO of any changes or prospective changes in circumstances that would materially affect the resources required for the performance of the Services, including any anticipated material change in the nature or level of business of PUC, the number of employees of PUC, or any efforts relating to the organization of or collective bargaining by employees of PUC, or any lease or service arrangements contemplated with any third parties.

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Article Five FEES AND PAYMENTS

Section 5.01: Financial Consideration

SERVCO agrees to provide the services as outlined in the terms of this Agreement to PUC for an annual base cost of \$670,000.00 for the year ending December 31, 2003. The base cost will be reviewed annually and may be adjusted upon agreement between the PUC and SERVCO. If a review is not performed and/or PUC and SERVCO fail to reach agreement, then a 3.5% per annum increase will be applied to the previous year's amount.

- (a) Excluding SERVCO services, PUC costs that will be paid directly by PUC ("Base Direct Costs") include those following and any other direct costs it chooses to incur:
- Income and corporate taxes or payments in lieu of taxes
 - Property Taxes
 - Land Taxes
 - Directors Fees
 - Insurance not jointly held or provided by the parties
 - Costs of insurance jointly held will be shared on a pro rata basis

Section 5.02: Third Party Services Expenses

Prior to incurring any Third Party Services Expenses that materially exceed the historical levels of such expenses, SERVCO shall use reasonable efforts to notify PUC of the amount of such differences and the circumstances giving rise thereto. In the event that PUC considers any such increase to be unjustified, the Parties shall work together cooperatively and in good faith to minimize such expenses; provided, however that any material reduction in Third Party Services directly resulting from such increased Third Party Services Expenses not being paid shall not be considered an Event of Default.

Section 5.03: Taxes

In addition to the Fees in 5.01, PUC shall pay to SERVCO an amount equal to any and all goods and services taxes, sales taxes, value-added taxes or any other taxes (excluding income taxes) properly eligible on the supply of the Third Party Services provided for under this Agreement.

Section 5.04: Late Payment

If PUC fails to pay any amounts payable when due, such amounts shall bear interest from the due date thereof to the date of payment at Prime Rate plus two percentage points.

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Article Six REPRESENTATIONS AND WARRANTIES

Section 6.01: Representations and Warranties of SERVCO

SERVCO hereby represents and warrants to PUC as follows and acknowledges that PUC is relying on such representations and warranties in connection herewith:

- (a) SERVCO is a company established pursuant to the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action;
- (c) this Agreement has been duly executed and delivered by SERVCO and constitutes a legal, valid and binding obligation of SERVCO, enforceable against SERVCO by PUC in accordance with its terms; and
- (d) SERVCO has the necessary resources and expertise to acquire or perform the Services and Management Services.

Section 6.02: Representations and Warranties of PUC

PUC hereby represents and warrants to SERVCO as follows and acknowledges that SERVCO is relying on such representations and warranties in connection herewith:

- (a) PUC is a company, duly organized, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary commission actions; and
- (c) this Agreement has been duly executed and delivered by PUC and constitutes a legal, valid and binding obligation of PUC, enforceable against PUC by SERVCO in accordance with its terms.

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Article Seven INDEMNIFICATION

Section 7.01: Indemnification by PUC

The parties shall indemnify each other, and their respective officers and directors, from any losses, liabilities and damages (including taxes and related penalties) and all related costs and expenses, including reasonable legal fees on a solicitor and client basis and expenses and costs of litigation, settlement, judgment, appeal, interest and penalties ("Losses") arising out of or relating to:

- (a) any claim by Advisors, customers or suppliers of a party arising from or related to this Agreement or the Services, provided that such indemnity shall be without prejudice to any claim such party may have against the other party in connection therewith; and
- (b) any claim based on the personal or bodily injury (including death) or damage to property received or sustained by any reason of any act or omission, whether negligent or otherwise, to the extent caused by a party or that party's Advisor at any location of the party in the course of or in connection with the performance of the Services and Management Services.

Section 7.02: Indemnification Procedures

If any third party makes a claim covered by this Agreement against any indemnitee hereunder (an "Indemnitee") with respect to which such Indemnitee intends to seek indemnification under this Agreement, such Indemnitee shall give notice of such claim to the indemnifying Party (the "Indemnifying Party") as soon as practicable, including a brief description of the amount and basis therefore, if known. Each Party shall co-operate fully with the other Party in its defence of any such claim. The indemnity obligations of an Indemnifying Party under this Agreement shall be conditional on notice of the claim having been provided and the Indemnifying Party having had the opportunity to consult with the Indemnitee regarding the claim. An Indemnitee seeking indemnification hereunder in respect of a claim shall not settle such claim without prior approval of the Indemnitor.

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Article Eight DEFAULT

Section 8.01: Events of Default by PUC

The occurrence of any one or more of the following events shall constitute a Default by PUC under this Agreement and shall constitute an Event of Default if such Default is not remedied prior to the expiry of the relevant notice period (if any) and the relevant cure period (if any) applicable to such Default as hereinafter set out:

- (a) if PUC defaults in the payment of any amount due to SERVCO under this Agreement and such default shall continue unremedied for sixty (60) days following notice thereof to PUC by SERVCO; and
- (b) if PUC fails in any material respect to perform or observe any of its other material obligations under this Agreement and such failure shall continue unremedied for a period of 60 days following notice thereof (giving particulars of the failure in reasonable detail) from SERVCO to PUC or such longer period as may be reasonably necessary to cure such failure (if such failure is capable of being cured), provided that PUC:
 - (i) proceeds with all due diligence to cure or cause to be cured such failure; and
 - (ii) its proceedings can be reasonably expected to cure or cause to be cured such failure within a reasonable time frame acceptable to SERVCO, acting reasonably.

Section 8.02: Default by SERVCO

It shall constitute a Default by SERVCO under this Agreement and shall constitute an Event of Default if such Default is not cured prior to the expiry of the relevant notice period (if any) and the relevant cure period (if any) applicable to such Default as hereinafter set out:

- (a) if SERVCO defaults in the payment of any amount to PUC under this Agreement and such default shall continue unremedied for sixty (60) days following notice thereof to SERVCO by PUC; and
- (b) if SERVCO fails in any material respect to perform or observe any of its respective material obligations under this Agreement, and such failure shall continue unremedied for a period of sixty (60) days following notice thereof (giving particulars of the failure in reasonable detail) from PUC to SERVCO or such longer period as may be reasonably necessary to cure such failure (if it is capable of being cured), provided that SERVCO:
 - (i) proceeds with all due diligence to cure or cause to be cured such failure; and
 - (ii) SERVCO's proceedings can be reasonably expected to cure or cause to be cured such failure within a reasonable time frame acceptable to PUC, acting reasonably.

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Article Nine REMEDIES

Section 9.01: Default Remedies

- (a) Unless otherwise agreed to in writing, in the event PUC is in default under Section 8.01(a) and Section 8.01(b), SERVCO may terminate this Agreement and all amounts payable by PUC hereunder shall become due and payable forthwith;
- (b) Any dispute between the Parties in respect of Section 8.01(b) and 8.02(b) shall be submitted to and be definitively settled by arbitration on the request of any Party pursuant to Section 11.02 of this Agreement;
- (c) While any dispute is being resolved by arbitration, the Parties shall continue to perform all obligations under this Agreement with due diligence and shall continue to comply with all terms of this Agreement;
- (d) If a Party has failed to comply with the arbitrator's award or decision in accordance with said arbitrator's award or decision, the other Party may terminate this Agreement and all amounts owing by the Party to the other Party shall be due and payable and all properties of the other Party shall be returned forthwith;
- (e) The remedies in this section are expressly in lieu of any or all of the remedies, which may be available to each of PUC and SERVCO resulting from the furnishing, the failure to furnish or the quality of any Services. Each of PUC and SERVCO hereby recognises and agrees that the Parties will come together to establish a reasonable remedy consistent with the intent of this Agreement, and the Parties further agree that PUC will receive no additional compensation while establishing a reasonable remedy.

Section 9.02: Limitation of Liability

For breach or Default by SERVCO under or related to this Agreement, SERVCO's entire aggregate liability, regardless of the form of action, whether based on contract or tort, including negligence and including, without limitation, the furnishing, the failure to furnish or the quality of any Services, shall in no event exceed the amount paid by PUC for the Services that is the subject of the claim.

Section 9.03: No Consequential Damages

In no event will SERVCO be liable to PUC, or PUC be liable to SERVCO for special, incidental, indirect or consequential loss or damage, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses pursuant to claims brought by a third party (even if the Party causing such loss or damage has been advised of the possibility of same) in connection with this Agreement.

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Article Ten TERMINATION

Section 10.01: Termination

This Agreement shall terminate:

- (a) in accordance with the provisions of Section 9.01; or
- (b) in accordance with Section 2.01 upon issuance of the six (6) month advance notice of termination.

Section 10.02: Notice of Termination

Any termination hereof pursuant to Section 10.01 shall be by written notice of the terminating Party.

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Article Eleven GENERAL

Section 11.01: Force Majeure

No Party shall be liable for a failure or delay in the performance of its obligations pursuant to this Agreement:

- (a) provided that such failure or delay could not have been prevented by reasonable precautions;
- (b) provided that such failure or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, work around plans or other means; and
- (c) if and to the extent such failure or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions, strikes, lock outs or labour disruptions or revolutions in Canada, or any other similar causes beyond the reasonable control of such Party,

(each, a "Force Majeure Event"). Upon the occurrence of a Force Majeure Event, the non-performing Party shall be excused from any further performance of those of its obligations pursuant to this Agreement affected by the Force Majeure Event only for so long as:

- (a) such Force Majeure Event continues; and
- (b) such Party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay.

The Party delayed by a Force Majeure Event shall:

- (a) immediately notify the other Parties by telephone (to be confirmed in writing within five (5) days of the inception of such delay) of the occurrence of a Force Majeure Event; and
- (b) describe in reasonable detail the circumstances causing the Force Majeure Event.

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Section 11.02: Dispute Resolution

If any dispute arising in relation to an event of default under Section 8.01(b) or Section 8.02(b) or its implementation of Section 8.01(b) or Section 8.02(b) cannot be resolved by negotiation between the Parties, then the dispute shall be referred to one arbitrator agreeable to and appointed by both Parties. If the Parties cannot agree on one arbitrator, the matter in dispute shall be referred to a panel of three arbitrators, one of which shall be appointed by PUC, one appointed by SERVCO, and the third appointed by the two arbitrators selected by the two Parties. The arbitrator or arbitrators shall receive such oral and written evidence as may be required to investigate the matter in dispute and to render a decision. The arbitrator shall be guided by this agreement and the intent of this agreement. The decision of the arbitrator or arbitrators shall be provided in writing to all of the Parties no later than 30 days after the sole arbitrator or the third arbitrator has been appointed. The decision of the arbitrator or arbitrators shall be final and binding on all of the Parties.

Section 11.03: Assignment

Neither Party shall, without the Approval of the other Party hereto, which may be arbitrarily withheld in the sole discretion of either of them, assign or transfer its interest in this Agreement. This Agreement shall be binding on the Parties and their respective successors and permitted assigns. Any purported assignment in contravention of this Agreement shall be void.

Section 11.04: Notices

All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and addressed as follows:

(a) If to SERVCO,

COLLUS Solutions Corp

Attn: Chair of the Board of Directors

Fax: 705-445-8267

If to PUC,

Collingwood Public Utilities Commission

Attn: Chair of the Commission

Fax: 705-445-0791

and shall be sent by fax and the Party sending such notice shall telephone to confirm receipt. A copy of any such notice shall also be sent on the date such notice is transmitted by fax by registered express mail or courier with the capacity to verify receipt of delivery. Any Party may change its address or fax number for notification purposes by giving the other Party notice of the new address or fax number and the date upon which it will become effective in accordance with the terms of this Agreement. A notice shall be deemed to have been received as of the next Business Day following its transmission by fax.

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Section 11.05: Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or contrary to law, then the remaining provisions of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each such provision of this Agreement shall be valid and enforceable to the extent granted by law. If any clause is deemed unenforceable or contrary to law, the parties shall alter the said clause and this agreement to produce enforceability or compliance with law such that the intent of the original clause is maintained and such change or alteration may be established through the dispute resolution clause in this agreement.

Section 11.06: Waiver

No delay or omission by a Party to exercise any right or power it has under this Agreement or to object to the failure of any covenant of any other Party to be performed in a timely and complete manner, shall impair any such right or power or be construed as a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the Party waiving its rights.

Section 11.07: Entire Agreement

This Agreement constitutes the entire Agreement among the Parties with respect to the Services or Management Services, and there are no other representations, understandings or agreements, either oral or written, between the Parties other than as herein set forth.

Section 11.08: Amendments

No amendment to, or change, waiver or discharge of, any provision of this Agreement shall be valid unless in writing and signed by authorized representatives of each Party.

Section 11.09: Governing Law

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, excluding their rules governing conflicts of laws. The Parties hereby agree that the courts of the Province of Ontario shall have exclusive jurisdiction over disputes under this Agreement, and the Parties agree that jurisdiction and venue in such courts is appropriate and irrevocably attach to the jurisdiction of such courts.

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Section 11.10: Survival

The terms of Section 7, Section 9 and Section 11 shall survive the expiration of this Agreement or termination of this Agreement for any reason.

Section 11.11: Third Party Beneficiaries

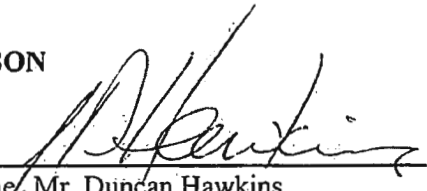
Each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties.

Section 11.12: Covenant of Further Assurances

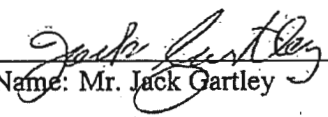
The Parties agree that, subsequent to the execution and delivery of this Agreement and without any additional consideration, the Parties shall execute and deliver or cause to be executed and delivered any further legal instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder.

CONFIDENTIAL

COLLINGWOOD PUBLIC UTILITIES COMMISISON

Per:  c/s
Name: Mr. Duncan Hawkins
Title: Chair of the Commission
Date June 1, 2003

COLLUS SOLUTIONS CORP

Per:  c/s
Name: Mr. Jack Gartley
Title: Chair of the Board of Directors
Date June 1, 2003