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Mr. Ed Houghton
 Chief Executive Officer
 Collingwood Utility Services
 PO Box 189, 43 Stewart Road
 Collingwood, ON
 L9Y 3Z5

September 9, 2011

Dear Mr. Houghton:

KPMG is pleased to submit this proposal to Collus Power ("Collus" or "Client") to help you and your shareholder, the Town of Collingwood, with the pursuit of a strategic partner. This letter describes the objective of our engagement, the nature of the services that we will provide, and our professional arrangements.

Background:

The Ontario electricity sector underwent a significant period of change and reform in the early part of the last decade. During this period of change, the Town of Collingwood made a strategic decision to retain ownership of its electric distribution utility and to look for opportunities to grow the business through acquisitions and new business ventures. With the passage of time, the Town would like to pursue working with a strategic partner. You have asked KPMG to assist you in this pursuit process.

Scope of Work

To support the strategic partner pursuit and the deliberations by Collus and its shareholder, KPMG will provide the following services:

- Participate in the interviews of the 4 potential strategic partners identified – Hydro One, Veridian Power, PowerStream and Horizon Utilities. These interviews will take place on September 12th and 19th, 2011.
- Prepare and discuss a request for proposal document for issue to the potential strategic partners.
- Assist with the evaluation of the proposals received from the potential strategic partners.

The Engagement Team

John Herhalt, FCA will be the Partner on this engagement. John is the Global leader of KPMG's Government and Infrastructure Services practice and has a long history of involvement with Ontario's electricity sector. John led KPMG's strategic planning work for Collus during the initial



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period of restructuring about a decade ago. John has helped a large number of utilities in Ontario with strategic planning processes and assessments of their ownership options.

Jonathan Erling, P.Eng will assist when required on this engagement. Like John, Jonathan was also involved in our earlier work for Collus on ownership options. Jonathan is a Managing Director in KPMG's Power and Utilities practice and has been involved in a wide variety of projects in the electricity generation, transmission, and distribution sectors. In particular, he has worked with utilities and government policy makers on issues related to rate regulation and cost allocation in the energy sector. He has provided expert testimony at the Ontario Energy Board and the Manitoba Public Utilities Board (PUB).

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Fee Estimate

We will undertake this engagement for a fixed fee of \$20,000. This fee estimate assumes the tasks described above for a total number of 40 professional hours.

The cost of any tasks or additional meetings or analysis will be billed in addition at hourly rates (i.e., assistance with the data room, analysis to support discussions with potential partners, post partner selection activities, etc.). To reflect our long working relationship with Collus and the Town, any such work will be billed at 60% of our standard rates.

HST and out-of-pocket expenses will be billed in addition to the amounts noted above. This engagement is subject to our Terms and Conditions for Advisor and Tax Engagements, which are attached to this letter.

We would be pleased to discuss changes to our proposed scope of work or business arrangements if our proposal does not match your exact requirements. Please give me a call at 416-777-8778 to discuss any required changes.

In the event that the letter does address your requirements, please confirm your agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours truly,


John Herhalt
Global Leader, KPMG Government and Infrastructure Services



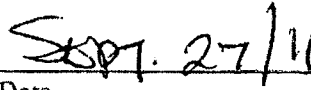
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We acknowledge that we have read the foregoing agreement and agree to be bound by it.



Collus Power



Date