

PowerStream's Response to COLLUS Power Corp Request For Proposal



STRATEGIC PARTNERSHIP Section 3.2 – 3.7

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November 16, 2011

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MATTERS OTHER THAN PURCHASE OF SHARES (Sections 3.2 - 3.7)***3.2 Provision of Strategic and Specialized Resources*****3.2.1 Overview**

PowerStream is a full service utility serving more than 330,000 customers covering over 800 square kilometres and encompassing a population of approximately 1,000,000. PowerStream was created through the merger of three local distribution companies (“LDCs”) in 2004, the acquisition of a fourth in 2005 and a subsequent merger in 2009 with Barrie Hydro. PowerStream’s growth through forming strategic partnerships and consolidation has enabled the utility to take advantage of changes in the electricity sector to become a leader among LDCs within the province of Ontario.

PowerStream’s experience and resources, combined with COLLUS Power and the Town of Collingwood’s vision for the delivery of electricity distribution services locally and within the region, will form the basis for a successful strategic partnership that will benefit all stakeholders. To this end, after an agreement is reached between the Parties, a Service Level Agreement between PowerStream and COLLUS Power (“COLLUS PowerStream”) would identify and facilitate the provision of services by PowerStream to the new COLLUS PowerStream.

These services would be provided with the goal of providing financial and operational efficiencies, and enhancing customer service and reliability, consistent with the best interests of our customers, employees and Shareholders.

The Service Level Agreement may include services in the following areas:

3.2.2 24/7 System Control Monitoring

PowerStream has a 24/7, state-of-the-art System Control Centre. The 24/7 monitoring has led to significant improvements in outage response times and reliability in PowerStream’s service territory. PowerStream’s Reliability Index now exceeds 99.99%.

PowerStream in its merger with Barrie Hydro, effectively and seamlessly was able to transition Barrie Hydro’s customers to PowerStream’s Interactive Voice Recognition (IVR) telephone and Outage Management Systems (OMS) to provide continuous monitoring of Barrie Hydro’s distribution grid through the use of both technologies.

One of the first tasks that PowerStream expects to complete with the assistance of COLLUS Power, will be to promptly begin the required work for integrating the monitoring of the

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COLLUS Power distribution system with PowerStream's 24/7 System Control Centre. It is expected that this will result in significant improvements in both reliability and outage response times for COLLUS PowerStream customers similar to what customers of the former Barrie Hydro experienced in 2009 following the integration of the distribution systems in those areas with PowerStream's System Control Centre.

After the initial migration of the existing COLLUS Power distribution system is transferred for monitoring by PowerStream's System Control Centre, the incremental costs for maintaining and providing the 24/7 service, would be modest.



Former Ontario Energy Minister Brad Duguid (centre) joins PowerStream Board Chair, Frank Scarpitti (left) and PowerStream President and CEO, Brian Bentz for a tour of PowerStream's System Control Centre

3.2.3 Engineering & Construction

PowerStream Engineering and Construction Departments have successfully collaborated with the Economic Development Office of the City of Barrie to assist in finalizing Offers to Connect for several very large new employers within the City of Barrie. In addition, PowerStream has worked in partnership with the York Region Economic Development Offices in York Region to provide support for the significant growth and development within

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York Region. The expansion of the York Region Rapid Transit, the TTC, and municipal development and intensification plans in both the City of Vaughan and the Town of Markham have provided PowerStream with the opportunity to build its engineering and construction departments to meet the economic development needs of the growing municipalities in both Simcoe County and York Region.

The Town of Collingwood and PowerStream partnership will allow COLLUS PowerStream to tap into PowerStream's experienced engineering and construction resources. This could include support in areas such as system planning, asset condition assessment, standards development, station design, construction, and maintenance, Geographic Information Systems (GIS) deployment, distribution design, locates and inspections, Electrical Safety Authority Regulation 22/04 compliance, Joint Use administration, overhead and underground construction (including civil work), OEB inspections, as well as maintenance and inspections programming for field assets.



Construction of the Fabro Transformer Station in Markham was completed early in 2010. It is one of 11 transformer stations owned by PowerStream that are directly connected to the provincial transmission grid.

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3.2.4 Key Account Management

PowerStream has an active key accounts customer-centered program for large users, sensitive loads and municipal partners which facilitates the delivery of individualized and tailored services to these customers. PowerStream has established a similar key account approach within the engineering group for specific residential and condo developers that streamlines project management for large developments. PowerStream anticipates COLLUS PowerStream will be able to take advantage of the key account approach that PowerStream has established by leveraging the key accounts program within the COLLUS Power service territory.



PowerStream holds periodic breakfast meetings with representatives from key account customers to provide them with information on various programs and services offered by the company.

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3.2.5 Call Centre

In 2010, PowerStream's Contact Centre managed over 295,000 customer telephone and 13,500 written (e-mail and others) inquiries while exceeding all regulated Service Quality Indicator standards.

PowerStream has adopted a model for customer care which leverages strategic partnerships with a third party contact centre to help manage fluctuations in customer inquiries; both seasonal (unusually hot summers) and situational (postal strikes, regulatory changes, etc.). This model for customer care allows PowerStream to be more nimble in managing internal staff resources, improves customer satisfaction, ensures regulatory compliance and introduces redundancies in contact centre systems and services.



PowerStream's Customer Contact Centre answers nearly 300,000 customer calls each year and is structured to handle ever-increasing call volumes while still providing service levels which exceed the regulated requirements.

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3.2.6 Additional Billing Services

In addition, to billing and collecting for electricity, PowerStream provides water meter reading, water/wastewater billing, collection and cashing services; as well as payroll services to its Shareholders.

In relation to water/wastewater billing and collection services PowerStream can provide work order routing; manage the processing of notices, letter, bill stuffers to customers; provide both standardized and optional customized reporting concerning usage, exception reviews, bad debt tracking; interaction with municipal staff to discuss customer concerns regarding water/wastewater inquiries; and on-line access to view customer water/wastewater data and history.

3.2.7 Conservation and Demand Management

PowerStream has been successfully developing and delivering Conservation and Demand Management (CDM) programs within its service territory since 2004. Its success in CDM pre-dates the establishment of the Ontario Power Authority (OPA), when PowerStream formed a strategic partnership with five other Ontario utilities to collaboratively develop and deliver CDM programs to electricity customers in their respective service territories. In fact, the four core *saveONenergy* residential and business programs as well as the discount coupons for energy-efficient products, currently funded by the OPA, were initiatives created and implemented as a direct result of the work done through this partnership.

It is understood that COLLUS Power has also been successful in delivering CDM programs within its service territory. An analysis will be done to determine additional synergies for conservation programming that can be realized through a COLLUS Power/PowerStream partnership and where it might be feasible to apply for Tier 2 or Tier 3 CDM program funding. An example of this is the strategic partnership where COLLUS Power, PowerStream and three other utilities are currently involved in piloting the use of solar powered attic roof vents for conservation purposes.

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3.2.8 Renewable Generation

In conjunction with the passing of the *Green Energy and Green Economy Act (2009)*, in 2009 PowerStream launched its renewable generation business with a specific focus on securing leases for the installation of Solar PV systems and purchasing already installed rooftop Solar PV systems. PowerStream has developed and is successfully executing its business plan for its Solar PV business. To date, PowerStream has secured leases with its Shareholders as well as with third parties for a total capital investment of approximately \$70 million.

In just over two years, PowerStream has built a high level of expertise on solar generation. Furthermore, PowerStream's Renewable Generation personnel have formed strong relationships with Ontario Power Authority representatives who directly administer the Feed-in-Tariff program. PowerStream envisions working with COLLUS Power and the Town of Collingwood to analyze the potential opportunities which may exist for the development of renewable generation opportunities in the Town of Collingwood and throughout the COLLUS Power service territory.

PowerStream has worked with its Shareholders to secure leases for the installation of Solar PV panels on Shareholder-owned buildings. This is expected to provide our Shareholders with additional revenues of approximately \$400,000 collectively through annual lease payments for roof rentals of their buildings. PowerStream will support COLLUS PowerStream in a similar strategy and work with the Town of Collingwood and COLLUS Power's other community stakeholders in identifying and developing renewable generation opportunities.

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PowerStream's North Operations/Administration Centre in Barrie features a solar PV generation laboratory comprising nine different systems on the roof of the building.

3.2.9 Human Resources / Succession Planning

Ontario electricity distribution companies are faced with issues arising from an aging workforce. As a result, it is crucial that these organizations implement succession and workforce planning to ensure that staffing requirements are in place in the future. We understand that COLLUS Power will experience close to 30% of its staff retiring in the next three to five years. This is similar to the challenges being faced by PowerStream and most other Ontario electric utilities. PowerStream is currently undertaking initiatives to address succession and workforce planning (such as a multi-year Lines Apprenticeship Training program and an Engineering Technology Program Partnership with Georgian College), in order to address its human resource requirements in the future. PowerStream's experienced Human Resources Department could provide assistance in this and other areas of human resources.

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PowerStream employees gather outside the company's head office in Vaughan for a group photo following the annual Joint Health and Safety Barbecue.

3.2.10 Information Systems

The Information Services Department at PowerStream provides hardware, software, application, network, infrastructure and related services support to over 500 PowerStream employees across three work locations. As part of the Service Level Agreement, PowerStream could provide support with respect to the installation, operation and support of “back-office” network infrastructure equipment such as servers, routers, phone system, and technical support to all platforms.

Currently, PowerStream's Information Service Department provides support to two operations centres which are connected back to PowerStream's main data centre at the company's head office through fibre optic technology. The data centres for each operation centre are centrally managed from PowerStream's head office location with Disaster Recovery services provisioned for each centre. Centralized Voice Over Internet Protocol (“VOIP”) voice architecture offers seamless connectivity for all voice services, and Microsoft Exchange Email architecture allows for ease of implementation of additional email address at each location as required, all centrally managed and administered from one

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location. Should COLLUS PowerStream decide to make use of PowerStream's IT infrastructure, after the initial cost, the on-going costs would be minimal.



The main data centre at PowerStream's head office in Vaughan connects to the company's two operations centre through fibre optic technology.

3.2.11 Regulatory & Rates

The evolution of PowerStream has resulted in PowerStream making a significant investment in building a strong team in the Rates and Regulatory Affairs Department. Competencies include load and revenue forecasting, regulatory accounting and effectively managing the rate application and approval process.

PowerStream's Rates and Regulatory Affairs Department has also developed strong relationships with the different levels of government, the Ministry of Energy and industry stakeholders. PowerStream's positive industry-wide reputation allows staff to be "trusted advisors" and to shape emerging policies and regulations.

These skills will be of great benefit to COLLUS PowerStream in future rate submissions and in advocating to ensure that the strategic goals of the company are fulfilled.

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3.2.12 Health and Safety

Health and Safety is the top priority for PowerStream and as such there is a plan in place which specifically aligns this area of the company's business to its corporate objectives as well as a five-year strategic plan. Given that Health and Safety is also an important part of COLLUS Power's operations, PowerStream could provide support and assistance as requested to COLLUS PowerStream where required to add value in this area. This may include the adoption of some of PowerStream's Health and Safety initiatives/programs such as PowerStream's current Health and Safety management system, BSI 18001, or the automation of Health and Safety reporting and statistics into a centralized management system to produce monthly dashboards and reports.

Other added values may include the establishment of specific Health and Safety targets for all levels of staff in monitoring safety meetings, safety meeting attendance, site inspection performance or the ongoing training of employees in areas such as WHMIS, vehicle driving, CPR, AED, rescue practice and fire drills.



Former Toronto Argonaut running back, Mike "Pinball" Clemons, addresses employees at PowerStream's annual Joint Health and Safety Committee Barbecue.

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3.2.13 Fleet, Procurement Services and Facilities

PowerStream has a large and extensive fleet of service vehicles and specialized equipment, which may be made available to COLLUS PowerStream to address certain specific needs, or to respond to emergency situations.

Because of its size, PowerStream has significant purchasing power and expertise in procurement, as well as in inventory and facility management.

COLLUS PowerStream would benefit from economies of scale on capital purchases, materials, fleet and other contracted services.



The indoor parking garage at PowerStream's South Operations Centre in Markham has room for 45 large trucks.

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3.2.14 Financial Information Systems

PowerStream has successfully transitioned from three separate financial information systems at the time of its creation to one financial information system and platform. Previous mergers and acquisitions have enabled PowerStream to combine systems and processes resulting in an optimal and collaborated working engine. This has also resulted in improved time-line reporting; which provides quicker information turn-around, ultimately allowing management to make better and timely strategic decisions.

PowerStream has developed the internal expertise to migrate to International Financial Reporting Standards (“IFRS”) in 2012. The Canadian Accounting Standards Board announced that publicly accountable enterprises like PowerStream and COLLUS Power will be required to prepare their financial statements effective January 1, 2012 in accordance with IFRS. Since 2009, PowerStream has been working on implementing IFRS and has a strong core of staff within the company who will be able to provide assistance to COLLUS PowerStream, as necessary, on assessing, designing and implementing IFRS in order to minimize the impact to customers, Shareholder and the financial statements.

PowerStream understands that COLLUS Power is currently operating version 10 of Great Plains financial software and using Diamond as their service provider. Collingwood Utility Services is the owner of the Great Plains software and most of the other IT communication software and hardware employed by COLLUS Power. As part of the proposed transaction and the subsequent proposed Services Level Agreement, PowerStream and COLLUS Power will review the existing financial information systems currently being used by COLLUS Power and will develop a plan for COLLUS PowerStream which makes sense for both the short-term and long-term operating needs of COLLUS PowerStream.

The PowerStream Annual Report is available on the PowerStream website at <https://www.powerstream.ca/AnnualReport2010/>

3.3 Support in Growing the COLLUS Power Business**3.3.1 Organic Growth**

Since its creation in 2004, PowerStream’s service territory has experienced significant organic growth. Responding to the needs of PowerStream’s customers, including residential, commercial and industrial, has been a consistent priority.

PowerStream’s technically advanced and “Smart” distribution system, consistently operates at an industry leading, 99.99% reliability level. This state-of-the-art and reliable distribution system has allowed PowerStream to better meet the needs of its commercial and industrial

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customers. For example, this has enabled PowerStream to respond to unique connection, high reliability and redundant supply requirements of certain commercial/industrial customers. In addition, PowerStream has successfully facilitated the attraction of high tech industry in its service territory, and in particular, has been able to meet the high reliability and redundancy needs of data centres.

Recognizing PowerStream's role in assisting economic development, PowerStream has established strong relationships with the Economic Development Offices of the municipalities within its service territory.

The COLLUS Power/PowerStream partnership will ensure that proper planning and support continues to provide infrastructure capacity to facilitate future growth in the Collingwood Region.

In addition, PowerStream's Engineering Services have been tailored to provide streamlined project management, to support and assist the development community, as well as meeting their demanding timelines in an ever more complex regulatory environment.

3.3.2 Growth through Acquisition and Merger

PowerStream has established itself as an Ontario leader among LDCs in growth through mergers and acquisitions. PowerStream was established, in 2004, through the merger of Hydro Vaughan, Markham Hydro and Richmond Hill Hydro. In 2005, PowerStream purchased the assets of Aurora Hydro and in 2009 PowerStream merged with Barrie Hydro.

Similarly, one of PowerStream's predecessor utilities, Barrie Hydro Distribution, demonstrated its success in growth through consolidation following the acquisition of several Simcoe County LDCs in 2000 including Bradford Hydro, New Tecumseth Hydro (Alliston, Beeton and Tottenham), Penetanguishene Hydro and Thornton Hydro (Essa)

Ten years ago there were over 300 utilities in Ontario. Currently there are approximately 80 utilities operating in the Province of Ontario. There is consensus among many key industry stakeholders, including government and regulators, that over the next 3 to 5 years, further significant consolidation will occur. Several key stakeholders in the industry believe that the number of LDCs will eventually be reduced to form 5 to 10 regional utilities. Rather than be legislated and forced into a partnership, selecting a partner to form a strategic alliance and establish a relationship with now, will allow distribution companies like COLLUS Power and PowerStream to have control over their own destinies.

PowerStream believes that consolidation provides economies of scale which enhance operational efficiencies and result in additional benefits for customers and Shareholders.

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PowerStream agrees with the vision of COLLUS Power and the Town of Collingwood regarding the creation of a regional utility and is committed to pursuing significant growth opportunities on a prudent and profitable basis where it enhances COLLUS PowerStream's strategic position in this area. PowerStream appreciates how COLLUS Power and its Shareholder recognize that by selecting their own partner, the utility will continue to have control over its own destiny as well as the ability to influence and steer its own course in the future.

In keeping with this vision, PowerStream's approach to future acquisitions with the Town of Collingwood would be to develop a regional growth strategy in Central Ontario with a specific focus on creating a regional utility with members of the Cornerstone Hydro Electric Concepts ("CHEC") Group. PowerStream views COLLUS PowerStream as the centre point of a regional growth strategy which would be pursued by the new entity.

Through further partnerships with Central Ontario based distribution companies as well as utilities which are members of the CHEC Group, COLLUS PowerStream will be committed to pursuing significant growth opportunities where it improves COLLUS PowerStream's strategic position as well as the utility's economies of scope and scale.

3.3.3 Support for Employees and their Careers

PowerStream is committed to maintaining or expanding local employment at COLLUS Power. To this end, PowerStream is supportive of no involuntary layoffs under the proposed structure for the transaction. Moreover, PowerStream will provide resources, wherever possible, for COLLUS Power Corp. and COLLUS Solutions Corp. employee groups to receive coaching, mentoring, personal growth, training and education opportunities similar to what is currently available for PowerStream employees.

Furthermore, PowerStream would examine the feasibility of having COLLUS PowerStream employees eligible for career opportunities within the larger PowerStream family. This may include employment positions in several functional areas.

PowerStream prides itself on having excellent labour relations, which is evidenced by the fact that PowerStream has never had a labour disruption in its history.

It is important to note that the proposed transaction would not change existing union representation by the IBEW. Since the proposed transaction would maintain COLLUS PowerStream as a separate entity, it would not trigger a representation vote.

In 2011, PowerStream commissioned its second comprehensive Employee Satisfaction Survey, conducted by Dr. Pam Ennis of Pamela Ennis & Associates. PowerStream's

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employee satisfaction ratings are extremely favourable in all key areas measured, including employee engagement, supervision, confidence in leadership, satisfaction with work, learning, development and career opportunities, teamwork, communication, compensation and benefits.

- 347 employees participated in the 2011 survey
- The results of the 2011 employee survey showed dramatic improvement as compared to an earlier survey conducted in 2009
- PowerStream results are above average relative to the results of other organizations.
- Scores below are on a 4.0 scale

<u>Results Overview</u>	<u>PS 2011 Score</u>	<u>2009 Score</u>	<u>Avg. Range*</u>
Employee Engagement	3.5	3.3	(3.0 - 3.3)
Supervision	3.3	3.0	(2.7 - 3.1)
Confidence in Leadership	3.2	2.9	(2.7 - 3.0)
Satisfaction with Work	3.2	3.0	(2.8 - 3.2)
Learning, Development and Career Opportunities	3.2	3.0	(2.6 - 3.0)
Teamwork	3.1	3.0	(2.7 - 3.0)
Communication	3.1	2.8	(2.7 - 3.0)
Compensation & Benefits	3.0	2.7	(2.5 - 2.8)

* based on 40 – 50 leading organizations, including Honda, Via Rail, Agrium, Canadian Tire, Shoppers Drug Mart, CIBC, Tim Hortons, Enersource, Horizon, Toronto Hydro, Hydro One, Four Seasons, McCain Foods.

This is a reflection of the culture PowerStream has created, and PowerStream would strive to achieve the same positive employee engagement results at COLLUS PowerStream.

3.4 Customer Experience & Interests of the Communities

3.4.1 Customer Experience & Satisfaction

COLLUS Power and PowerStream have both been extremely successful in serving the needs of their respective customers. COLLUS PowerStream will build on this success by combining the resources and experience of both organizations to provide an even more reliable, effective and efficient electricity distribution system. PowerStream will work to

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optimize customer service levels for COLLUS PowerStream customers by adding to what is currently in place at COLLUS Power through the provision of additional resources and technologies as required.

PowerStream expects to be able to offer COLLUS PowerStream customers an enhanced customer experience. COLLUS PowerStream customers would be able to benefit from PowerStream's new Interactive Voice Response (IVR) telephone system. PowerStream's IVR system, through an advanced speech recognition technology, improves call routing, reduces wait times and has corporate/account inquiry applications that provide 24/7 self-help account transactions. This system is also used in tandem with PowerStream's Outage Management System (OMS) to automate customer interactions, improve customer outage communications, provide customer specific outage updates and manage exceptional call volumes.

Since PowerStream was created in 2004 through the successful merger of three utilities (Markham Hydro, Richmond Hill Hydro and Vaughan Hydro), the company has worked collaboratively with the Economic Development offices of all three of its Shareholders. In 2009, after merging with Barrie Hydro, PowerStream assisted the City of Barrie and its Economic Development Office to help finalize Offers to Connect for several very large new employers within the City of Barrie. PowerStream has also partnered with York Region and its Economic Development offices to support the development and growth within the Region. The expansion of the York Region Rapid Transit, the TTC, and municipal development and intensification plans in both the City of Vaughan and the Town of Markham have provided PowerStream with the opportunity to build its engineering and construction departments to meet the economic development needs of the growing municipalities in both Simcoe County and York Region. By working with our Shareholders and their offices, PowerStream continues to ensure that its customers remain a top priority.

Customer-focused communications is an important component of PowerStream's approach to provide optimal customer service. Strategies and collateral materials developed by PowerStream, such as customer newsletters (print and electronic), e-blasts, new web technologies, leveraging of social and mass media channels and advertising, could be shared by PowerStream and could be adapted for use for COLLUS PowerStream customers.

In providing special services and consideration for low income customers, both PowerStream and COLLUS Power already have initiatives in place such as the Low-income Energy Assistance Program (LEAP) that are mandated by the Ontario Energy Board and administered by the Greater Simcoe County United Way and/or a local social service agency.

The adoption of technologies and initiatives to enhance the customer experience has enabled PowerStream to improve its own customer satisfaction levels through the years as shown in the table below from a recent survey conducted by UtilityPULSE. The survey compared the

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satisfaction levels of PowerStream customers to that of customers served by other Ontario LDCs.

CUSTOMER SATISFACTION				
	2011		2010	
	POWERSTREAM	ONTARIO	POWERSTREAM	ONTARIO
START OF INTERVIEW	88%	84%	83%	80%
END OF INTERVIEW	90%	86%	90%	89%

PowerStream takes pride in providing customers with high-level, enhanced customer service and will work with the customer service staff of COLLUS PowerStream to make sure that the COLLUS PowerStream customers are the operational priority of the Corporation.

3.5 Supporting the Communities We Serve

PowerStream recognizes the strong relationship that COLLUS Power has with its customers and the support the utility provides to all the communities it serves. PowerStream will work with Collus PowerStream to build on the COLLUS Power's current local presence and involvement in the communities of Collingwood, Stayner, Creemore and Thornbury.

In addition to maintaining local presence by keeping COLLUS PowerStream operations and employees at the Collingwood Utility Services building on Stewart Road, PowerStream would look to support and expand on COLLUS Power's current community outreach initiatives such as the Earth Keepers Energy Conservation Workshops and involvement in local events such as the Great Northern Exhibition and the Mayor's Annual Golf Tournament. Further to this, PowerStream would also look to leverage the use of COLLUS Power's Renewable Energy Trailer.

As part of the proposed transaction, PowerStream is proposing that COLLUS PowerStream would establish a Town of Collingwood Community fund. The initial annual fund would be \$25,000 which would go to support community events in consultation with the Town of Collingwood in the COLLUS PowerStream service territory. In addition, to the initial establishment of the fund, further incentive and increases to the fund would be provided to the Town of Collingwood for any future successful mergers or acquisitions that COLLUS PowerStream were to complete.

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PowerStream's current partnership arrangement with Georgian College will be leveraged to provide COLLUS PowerStream with a greater presence and involvement at the institution's new Collingwood Campus.

PowerStream sponsors numerous events throughout its service territory including the Barrie Earth Hour Music Festival, Penetanguishene Winterama, Simcoe County Children's Aid Foundation, Brandon Crisp Memorial Golf Tournament, Barrie YMCA, Barrie Talk is Free Theatre, etc.

Corporate Communications' assistance could be provided to COLLUS PowerStream in media relations, development of marketing/advertising materials and the execution of external corporate events (i.e. solar powered attic vent launch event).

Support in helping to engage employees and have them participate in charitable fundraising events for the benefit of charitable organizations such as the United Way, Heart & Stroke Foundation and other worthy causes will be provided. It is important to note that since 2004, PowerStream and its predecessor utilities have donated almost \$600,000 to the United Way of Greater Simcoe County and the United Way of York Region.

PowerStream currently is actively involved and supports five Chamber of Commerce organizations within its service territory. Through its partnership with COLLUS Power, PowerStream could assess further opportunities for COLLUS PowerStream's involvement in the Collingwood Chamber of Commerce.

3.6 Competitive Distribution Rate and Cost Structure

3.6.1 Overview

Rates will remain low through streamlining of processes, identifying opportunities for efficiencies and taking advantage of economies of scale to reduce the upward pressure on customer distribution rates. As COLLUS PowerStream will be a separate legal entity from PowerStream its rates are not eligible to be harmonized with that of PowerStream.

3.6.2 Operating Cost Efficiencies

PowerStream has had considerable experience and success in creating long-term partnerships and alliances. PowerStream has a record of maintaining reasonable rates and maximizing shareholder returns. PowerStream serves nine municipalities and has three municipal shareholders. PowerStream was created in 2004 with the merger of Hydro Vaughan, Markham Hydro and Richmond Hill Hydro and the subsequent 2005 acquisition of Aurora Hydro. In 2009 PowerStream and Barrie Hydro merged. Over the period 2003 to 2011,

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operating costs were significantly reduced. Cost savings were realized by streamlining processes, identifying opportunities for efficiencies and taking advantage of economies of scale.

PowerStream can be an important strategic partner to Collus PowerStream by providing services to the new entity at costs below those that would have previously been available. Savings could be realized particularly in “back office” activities such as call centre, control room, regulatory and finance. Cost reduction initiatives for COLLUS PowerStream would not decrease local employment or involvement. As noted in PowerStream’s proposal these services would be provided through a Service Level Agreement.

3.7 Other

3.7.1 Cultural & Synergistic Fit

In addition to both LDCs having large employee populations that reside within Simcoe County, PowerStream believes that COLLUS Power and PowerStream share the same values which are critical to making the proposed Strategic Partnership successful. In fact, COLLUS Power’s inspirational and forward-thinking value statement that the organization values “the entrepreneurial spirit to responsibly and decisively challenge the conventional” aligns well with PowerStream’s vision statement of being “a socially responsible company, committed to the environment and sustainable growth, leading the way into the future with boldness, innovation, and industry best in class performance.” Moreover, COLLUS Power’s stated values of “trust, responsibility, sustainability, people, partnerships & collaboration and continuous improvement” are similar in intent and spirit to PowerStream’s values of “respect, teamwork, performance, accountability, initiative.”

COLLUS Power and PowerStream have pioneered and/or collaborated on initiatives, such as the Solar Powered Attic Roof Vent Program. More recently PowerStream proudly announced its electric vehicle smart charging station pilot program featuring the use of two 100% electric Nissan LEAF® vehicles. COLLUS Power and PowerStream have also been recognized as industry leaders through an active participation in industry organizations that encourage leadership at regional and provincial levels. One example of this is that both utilities’ President & CEOs are former Chairs of the Electricity Distribution Association.



Like COLLUS Power, PowerStream places a high value on the positive working relationship with its many communities and Shareholders. PowerStream is constantly engaged with municipal government in helping support to local initiatives and economic development. Specific examples include focus on achieving LEED® Gold certification for two of its new buildings, as was similarly recently accomplished by the Town of Collingwood for its new library.

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PowerStream reaffirms its absolute confidence in its ability to work with the COLLUS Power Team, for the betterment of employees, customers, communities and shareholders.

Collus Power customers
put **Solar Power** on your
ROOF
for **\$100**
with a solar powered
attic vent.

www.collus.com/vent

PowerStream and COLLUS Power promoted the solar powered attic vent program on billboards in the Collingwood area during September and October 2011