

DRAFT FOR DISCUSSION PURPOSES

Collus Power Corp.

Schedule B

**Calculation of Deemed Rate Base and Recapitalization Dividend
Based on Audited Financial Statements as at December 31, 2011
Non-IFRS Basis**

	Net Book Value as at 31-Dec 2010 (Actual)	Net Book Value as at 31-Dec 2011 (Actual)	Rate Base as at 31-Dec 2011 (Actual)	
ASSETS				
Current Assets				
Cash	\$ 2,922,832	901,124		
Other current assets	8,528,914	8,791,913		
	<u>11,451,746</u>	<u>9,693,037</u>		
Property, plant and equipment	12,763,581	13,136,809	PPE - December 31, 2011	<u>13,136,809</u> A
Goodwill	276,704	276,704	PPE - December 31, 2010	<u>12,763,581</u> B
Intangible assets - software	278,072	187,564		
Future taxes recoverable	157,097	179,388	Simple average - PPE	<u>12,950,195</u> C
	<u>24,927,200</u>	<u>23,473,502</u>		
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current Liabilities				
Accounts payable and accruals	7,384,308	6,562,882		
Customer deposits, current	430,736	524,234		
Income taxes payable	-	56,842		
	<u>7,815,044</u>	<u>7,143,958</u>		
Employee future benefit costs	308,029	336,820		
Net regulatory liabilities	1,411,987	332,174		
New financing	-	-		
Note payable to Town of Collingwood	1,710,170	1,710,170		
Long-term debt - Ontario Infrastructure	2,900,000	2,700,000		
	<u>14,145,230</u>	<u>12,223,122</u>		
Shareholder's Equity	\$ 10,781,970	11,250,380		
Note payable to Town		1,710,170		
Town's net investment		<u>12,960,550</u>		
			Rate Base	<u>17,917,483</u> C+D
			Rate Base	<u>\$ 17,917,483</u>
			Debt	<u>10,750,490</u> 60%
			Equity	<u>7,166,993</u> 40%
			Rate Base	<u>17,917,483</u>

(*) Current liabilities exclude the current portion of long-term debt and the current portion of regulatory assets and liabilities.

Proceeds to Town	Estimate	Target
Shares (50%)	8,000,000	8,000,000
Town note	1,710,170	1,710,170
Recap dividend	4,089,937	5,100,000
Solutions dividend	213,986	200,000
	<u>14,014,093</u>	<u>15,010,170</u>

Projected Debt		
Infrastructure Ontario	2,700,000	
Town note	1,710,170	
Shortfall in NWC	<u>2,250,383</u>	E
Recap dividend payable	<u>4,089,937</u>	F
	<u>10,750,490</u>	
New IO borrowings	<u>6,340,320</u>	E + F

Regulatory Liability Cap (\$500K)

	31-Dec-11
Regulatory liabilities	(2,388,644)
Deferred OPA	(158,238)
Smart meters	1,840,500
Smart meters transferred to fixed assets	-
Other regulatory assets	<u>374,208</u>
Net regulatory liabilities	<u>(332,174)</u>
Regulatory liabilities, net	(173,936)
Deferred OPA	(158,238)
Smart meters transferred to fixed assets	-
Other liabilities, net	(332,174)
Hurdle	(500,000)
Add back to net working capital	<u>167,826</u>

	Debt to Equity Ratio	
Shareholder's Equity - NBV	11,250,380	
Less: Goodwill	(276,704)	
Less: Future taxes recoverable	(179,388)	
Less: Intangible assets (software)	(187,564)	
Less: Recap dividends	<u>(4,089,937)</u>	
Revised shareholder's equity	6,516,787	37.74%
Long-term debt	<u>10,750,490</u>	62.26%
Enterprise value	<u>17,267,277</u>	100.00%