

**THIS AGREEMENT** made in duplicate this 1st day of January, 2009 (the “Effective Date”).

**BETWEEN:**

**HYDRO ONE REMOTE COMMUNITIES INC.**  
(the “Services Provider”)

- and -

**HYDRO ONE NETWORKS INC.**  
(the “Services Recipient”)

**1.0 PREFACE**

This Agreement is intended to identify the services that are to be provided to the Services Recipient by the Services Provider in accordance with the terms and conditions herein. The term of this Agreement shall be for a period of 1 year commencing on the Effective Date.

**2.0 SERVICES**

Subject to the Services Provider’s availability of personnel and resources, which availability shall be determined by the Services Provider in its sole discretion, the Services Provider shall provide metering work, lines work and training for lines work to the Services Recipient, which collectively constitute the Services and which are more particularly described in Schedule “A” attached hereto, as may be required by the Services Recipient from time to time during the term of this Agreement.

**3.0 FEES PAYABLE**

- (a) The price for the performance of the Services shall be on a time and materials basis in accordance with the Services Provider’s 2009-2010 hourly rates by job category, which rates may be amended from time to time by mutual agreement of the parties. The parties acknowledge and agree that the Services Recipient has received the Services Provider’s 2009-2010 hourly rates from the Services Provider.
- (b) The parties agree that the price for the Services shall be paid by the Services Recipient to the Services Provider by direct time reporting through Hydro One Inc.’s payroll system.
- (c) In addition, the Services Recipient shall pay for any material costs which the Services Provider, acting reasonably, incurs as a result of resources, services and products that the Services Provider must purchase and that are in addition to the Services Provider’s existing resources, services and products, in order to provide the said Services Recipient with specific services it requires and requests.

- (d) If at any time during the performance of the Services, the Services Recipient is of the opinion that there are deficiencies in the Services provided to it and/or that the price payable is in any way inaccurate, the Services Recipient shall pay the entire relevant price payable by it in full and its sole remedy shall be to follow the dispute resolution procedures outlined in Section 6.0 herein to determine what amount, if any, shall be refunded to the Services Recipient and/or what Services, if any, shall be rectified or redone by the Services Provider.
- (e) The parties acknowledge and agree that they qualify as specified members of a closely related group under subsection 156(1) of the Excise Tax Act (Canada), as amended (the "Act") and have jointly executed a Form GST25, to make an election under subsection 156(2) of the Act to deem the purchase and sale of the Services to be made for nil consideration for Goods and Services Tax purposes.

#### 4.0 REPRESENTATIONS AND WARRANTIES

- (a) The Services Provider represents and warrants that:
  - (i) it has all the necessary authority and capacity to enter into this Agreement and to perform its obligations hereunder;
  - (ii) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on the part of the Services Provider; and
  - (iii) all staff employed in the performance of the Services shall have the qualifications, expertise and experience which could reasonably be expected of staff of a services provider performing work similar to the Services.
- (b) The Services Recipient represents and warrants that:
  - (i) it has all the necessary authority and capacity to enter into this Agreement and to perform its obligations hereunder; and
  - (ii) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on the part of the Services Recipient.

#### 5.0 PERFORMANCE OF THE SERVICES

- (a) **Compliance with Standards and Applicable Law:** The Services Provider shall perform the Services in a diligent and professional manner and shall comply with the Services Recipient's computer data management and data access protocols contained in the Services Recipient's documents entitled "Corporate Security Standard 600-3 – Information Security Policy" and "Corporate Security Policy 600 – Information Security Policy", both of which are dated January 17, 2000 and any amendments thereto which may be made from time to time by the Services Recipient. The Services Provider shall comply at all times with the statutes, regulations, by-laws, standards and codes, as amended, as may be applicable to the Services Provider in respect of the Services and the performance of its obligations hereunder and it shall, at its own expense, obtain and maintain in good standing all permits and licences required by any authorities having jurisdiction to perform the Services.
- (b) **Safety and Security Measures:** When any part of the Services is to be performed at any of the Services Recipient's premises, all of the Services Provider's staff engaged in the performance of the Services at the said premises shall comply with the safety and security requirements and measures in effect at the said premises.

(c) **Meetings:** The parties shall, after the Effective Date, meet at least once during the term of this Agreement to review performance, quality and timeliness of the Services provided by the Services Provider pursuant to this Agreement.

## **6.0 DISPUTE RESOLUTION PROCEDURES**

Any controversy, dispute, difference, question or claim arising between any of the parties in connection with the interpretation, performance, construction or implementation of this Agreement that cannot be resolved by a director or manager from each of the said parties (collectively "Dispute") shall be settled in accordance with this Section. The aggrieved party shall send the other affected party(ies) written notice identifying the Dispute, the amount involved, if any, and the remedy sought, and invoking the procedures of this Section. The Presidents of each affected party shall confer in an effort to resolve the Dispute. If the Presidents are unable to resolve the Dispute within 5 business days after receipt of the written notice of the Dispute, then the affected parties shall submit the Dispute to the President of Hydro One Inc. for resolution.

## **7.0 CONFIDENTIALITY AND INTELLECTUAL PROPERTY**

### **(a) Confidentiality:**

Each party (the "Receiving Party") shall maintain in strict confidence this Agreement and the existence and contents thereof and all information, analysis, conclusions, drawings, reports, specifications or other information, proprietary or otherwise, whether transmitted orally, electronically or in written form, and received in furtherance of this Agreement from any of the other parties (the "Disclosing Party") or any of the Disclosing Party's directors, officers, employees, consultants, agents or legal and other advisors (the "Disclosing Party Representatives") (collectively the "Confidential Information"). Except as permitted herein, the Receiving Party shall not publish, reproduce, or disclose, either directly or indirectly, the said Confidential Information to any third party and shall not use the said Confidential Information for any purpose other than for purposes of this Agreement without the prior written consent of the Disclosing Party. The Receiving Party may disclose the Confidential Information only to its shareholder, directors, officers, employees, consultants, agents or professional advisors (the "Receiving Party Representatives") having a need to know same and who have undertaken a like obligation to maintain its confidentiality.

For greater certainty, Confidential Information includes any and all personal information (as that term is defined in the Freedom of Information and Protection of Privacy Act (Ontario) and the Personal Information Protection and Electronic Documents Act (Canada), as they may be amended, and any and all information regarding a consumer, retailer, wholesale buyer, wholesale supplier, or a generator, provided by the Disclosing Party to the Receiving Party for purposes of this Agreement, whether or not such information was initially provided prior to the Effective Date.

The Receiving Party undertakes to protect and safeguard all Confidential Information in its possession or under its control and received by the Disclosing Party, in the manner described in Schedule "B" attached hereto. The Disclosing Party may, on reasonable notice, and during regular business hours, audit the information management practices of the Receiving Party to confirm compliance with the terms and conditions of this Section 7.0 and all applicable statutes, regulations, by-laws, standards and codes, as amended.

The Receiving Party undertakes to notify the Disclosing Party immediately upon discovery of any unauthorized use and/or disclosure of any of the Disclosing Party's Confidential Information, to co-operate with the Disclosing Party to help regain possession of such Confidential Information, and to prevent its further unauthorized use and/or disclosure.

The foregoing obligations with respect to confidentiality, use, reproduction, dissemination, publication and non-disclosure herein shall not apply to any information that:

- (i) is previously known to or lawfully in the possession of the Receiving Party prior to the date of disclosure as evidenced by the Receiving Party's written record;
- (ii) is independently known to or discovered by the Receiving Party, without any reference to the information or material;
- (iii) is obtained by the Receiving Party from an arm's length third party having a bona fide right to disclose same and who was not otherwise under an obligation of confidence or fiduciary duty to the Disclosing Party or the Disclosing Party Representatives;
- (iv) is or becomes public knowledge through no fault or omission of, or breach of this Agreement by the Receiving Party or the Receiving Party Representatives; or
- (v) is required to be disclosed pursuant to a final judicial or governmental order or other legal process.

Confidential Information (other than this Agreement which shall be jointly owned by the parties) shall remain the sole and exclusive property of the Disclosing Party that has disclosed the Confidential Information, and the Disclosing Party shall retain all right, title and interest in and to the said Confidential Information.

The Receiving Party shall keep a record of written Confidential Information furnished to it by the Disclosing Party in a location separate from those locations where the Receiving Party has stored information in respect of other third parties for which it performs work and it shall advise the Disclosing Party of such location.

All Confidential Information furnished by the Disclosing Party (other than this Agreement), including that portion of the Confidential Information which is contained in analyses, compilations, studies or other documents prepared by the Receiving Party or by the Receiving Party Representatives, is the Disclosing Party's property and will be returned immediately to the Disclosing Party upon its request.

**(b) Intellectual Property:**

The Services Recipient shall obtain all rights, title and interests, including copyright ownership, to any reports and any other deliverable that is to be produced and delivered to it by the Services Provider and, subject to applicable legislation and notwithstanding clause 7.0(a) above, the said Services Recipient may use, disclose or modify such reports or deliverable in any manner it deems appropriate. The Services Provider shall not do any act which may compromise or diminish the Services Recipient's interest as aforesaid.

**(c) Survival of Obligations:**

The obligations in this Section 7.0 shall forever survive the termination or expiration of this Agreement.

## **8.0 LIABILITY**

Unless otherwise agreed in writing, each party shall indemnify the other party and that other party's successors and assigns, directors, officers, employees, contractors and agents from and against all direct costs or damages attributable to the indemnifying party's performance and/or non-performance of its obligations under this Agreement and any amendments or additions thereto that are mutually agreed to in writing, whether arising from or based on breach of contract, tort, negligence, strict liability or otherwise. Notwithstanding any other provision of this Agreement, neither party shall be liable for any economic loss, loss of goodwill, loss of profit or for any special, indirect or consequential damages, where the said losses or damages are incurred by the other or by any third party claiming through or under the other.

This Section 8.0 shall forever survive the termination or expiration of this Agreement.

## **9.0 AUTHORIZED REPRESENTATIVES**

The authorized representatives of the parties hereto for purposes of this Agreement are the following:

### **HYDRO ONE REMOTE COMMUNITIES INC.**

483 Bay Street,  
South Tower, 8<sup>th</sup> Floor  
Toronto, Ontario M5G 2P5  
Attention: **Una O'Reilly**  
TCT 8  
Telephone: 416-345-6698  
Telecopier: 416-345-6356

### **HYDRO ONE NETWORKS INC.**

483 Bay St.  
North Tower, 14th Floor  
Toronto, Ontario M5G 2P5  
Attention: **Greg Van Dusen**  
Telephone: (416) 345-5722  
Telecopier: (416) 345-6833

All correspondence, reports, documents and/or other communication concerning this Agreement and the Schedule attached hereto shall be directed to the attention of the authorized representatives noted above and shall be deemed to be sufficiently given if delivered personally, mailed or transmitted by fax to the attention of the authorized representatives at the addresses above, and any notice so given shall be deemed to have been made and received on the date of delivery or on the 5th business day following the day of mailing of same or on the day of transmission if transmitted during normal business hours, otherwise on the next business day, as the case may be.

**10.0 CHANGE OF CONTROL**

In the event of a change of control of the Services Provider, this Agreement shall immediately terminate. A change of control shall mean, as applicable, a purchase of more than fifty (50) percent of the outstanding capital by a non-affiliate third party.

**11.0 ASSIGNMENT**

Neither this Agreement nor any rights and obligations shall be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. Subject to the foregoing, this Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

**12.0 RELATIONSHIP OF PARTIES:**

Nothing in this Agreement creates the relationship of principal and agent, employer and employee, partnership or joint venture between the parties. The parties agree that they are and will at all times remain independent and are not and shall not present themselves to be the agent, employee, partner or joint venturer of the other. No representations will be made or acts taken by either party which could establish any apparent relationship of agency, employment, joint venture or partnership and neither party shall be bound in any manner whatsoever by any agreements, warranties or representations made by the other party to any other person nor with respect to any other action of the other party.

**13.0 SCHEDULES**

Schedules "A" and "B" attached hereto are to be read with and form part of this Agreement.

**14.0 COUNTERPARTS**

This Agreement may be executed in counterparts and the counterparts together shall constitute an original.

**IN WITNESS THEREOF** the parties hereto have caused this Agreement to be executed by their respective representatives duly authorized in that behalf.

**HYDRO ONE NETWORKS INC.**

**HYDRO ONE REMOTE  
COMMUNITIES INC.**



\_\_\_\_\_  
Name: Maureen Wareham  
Title: Secretary  
I have authority to bind the corporation

\_\_\_\_\_  
Name: Myles D'Arcey  
Title: President and CEO  
have authority to bind the corporation.

## Schedule "A"

### **DESCRIPTION OF SERVICES:**

Subject to the Services Provider's availability of personnel and resources, which availability shall be determined by the Services Provider in its sole discretion, the Services Provider shall provide the Services Recipient with the following services as may be required by the Services Recipient from time to time during the term of this Agreement:

a. Metering/Technician Work:

- update, install, reverify and sample meters
- Smart meter change-outs
- line layout, estimating and staking
- voltage/current surveys and responding to voltage/current complaints
- update Emergency Site Plans

b. Lines Work:

- maintain the Services Recipient's transmission and distribution system in Northwestern Ontario by providing the following activities, as may be requested by the Services Recipient:
- power line maintenance, construction and repair
- trouble Call Response, power restoration and storm damage repairs

c. Training:

- Provide lines apprenticeship program instruction services

## Schedule "B"

### Receiving Party Security Safeguards Regarding Confidential Information Received from the Disclosing Party

*The Receiving Party shall protect the Confidential Information by security safeguards appropriate to the sensitivity of the information.*

- 1) The Receiving Party shall protect the Confidential Information against such risks as loss or theft, unauthorized access, disclosure, copying, use, modification or destruction, through appropriate security measures, regardless of the format in which it is held.
- 2) All of the Receiving Party Representatives with access to the Confidential Information shall be contractually required to respect the confidentiality of that information.
- 3) The Receiving Party acknowledges and agrees that the nature of the safeguards will vary depending on the sensitivity, amount, distribution and format of the information, and the method of storage. The Receiving Party shall ensure that more sensitive information will be safeguarded by a higher level of protection.
- 4) The Receiving Party shall ensure that methods of protection will include:
  - (a) physical measures, for example, locked filing cabinets and restricted access to offices;
  - (b) organizational measures, for example, controlling entry to data centers and limiting access to information on a "need-to-know" basis;
  - (c) technological measures, for example, the use of passwords and encryption; and
  - (d) investigative measures, in cases where the Receiving Party has reasonable grounds to believe that the Confidential Information is being inappropriately collected, used or disclosed by anyone whom in law the Receiving Party is responsible.