

Message

From: Ed Houghton [/O=TOC/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EHOUGHTON]
Sent: 11/3/2011 3:03:24 PM
To: Dean Muncaster [/O=TOC/OU=First Administrative Group/cn=Recipients/cn=DeanMuncaster]
Subject: Fw: Draft Answers

FYI.....Ed
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Sent from Blackberry Mobile Device

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**From:** Tim Fryer  
**Sent:** Thursday, November 03, 2011 03:01 PM  
**To:** Erling, Jonathan M <jerling@kpmg.ca>; Ed Houghton  
**Cc:** Herhalt, John M <jherhalt@kpmg.ca>; Stern, Shawn <shawnstern@kpmg.ca>; Cindy Shuttleworth  
**Subject:** RE: Draft Answers

Hello Shawn:

I met and discussed the Actual Cost Base matter with our external auditor Ralph Neate of Gaviller & Co here in town.

He has provided me with the bump up amount that is documented in the 2000 working papers. The amount is \$2,239,410.

Ralph has scheduled a meeting with the retired partner Ken Miller to discuss the file to ensure that all is in order. Ken was the partner in charge of our file then. But I have also explained to him that it probably will be a non-issue because the transaction will most likely be the Collingwood Utility Service Corp's shares being sold by the Town of Collingwood.

Still the bump-up will give us the information to determine an amount that could be the tax obligation if the transaction is done differently.

After Ralph has met with Ken he is going to give a short summary report to us for our own records.

If you require anything else please contact me at your convenience.

Thanks

*Tim Fryer*

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*Please consider the environment before printing this email*

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**From:** Erling, Jonathan M [mailto:jerling@kpmg.ca]  
**Sent:** Wednesday, November 02, 2011 11:54 AM  
**To:** Tim Fryer; Ed Houghton

**Cc:** Herhalt, John M; Stern, Shawn  
**Subject:** Draft Answers

Proposed response to Hydro One is below:

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Dear Kristina:

There are two questions outstanding from Hydro One that COLLUS would like to address together. These questions are as follows:

General

2. Please clarify if the proposals are to be based on a share purchase of Power Corp. alone, or Solutions Corp. as well.

Tax:

14. Is it possible to transfer ownership of the shares of Power Corp.. to either the Municipality or to a holding company owned by the Municipality?

COLLUS's response is as follows:

"The proposals are to be based on a purchase of the assets of COLLUS Power Corp alone. COLLUS is aware that there are specific tax issues associated with the purchase by Hydro One of the shares in Power Corp, which is a subsidiary of a municipally owned corporation. Accordingly, COLLUS is investigating ways to structure the transaction at the holding company level, by selling shares in Collingwood Utility Services Corp (CUS), instead of selling shares in COLLUS Power. In the event that the transaction occurs at the holding company level (i.e. by selling shares in CUS), the assets and operations of Solutions Corp, which is now a subsidiary of CUS, would likely be transferred out of CUS in advance of the transaction."

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Please let me know if this works.

**Jonathan Erling, P.Eng.**

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