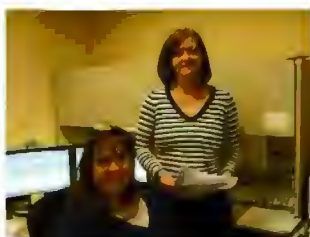


Collingwood Utility Services



2010 Annual Report & 2011 – 2013 Business Plan



The Business Plan and Annual Report focuses on both hydro and water.
The following name references will be used throughout the document:



Collingwood Utility Services – refers to both electricity and water



COLLUS Power – refers to electricity only



Collingwood Public Utilities – refers to water only

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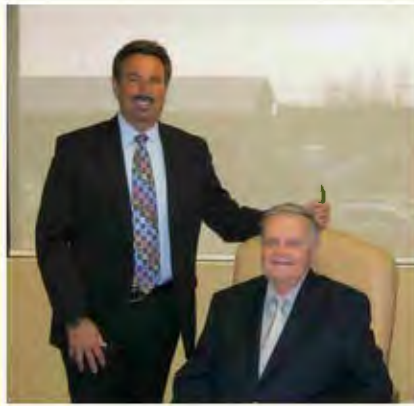
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Appendix A - 2011 Water Budget, Financial Analysis & Statistical Data, 2011 Fees & Charges Schedule, 2010 Financial Statements

Appendix B - 2011 Electricity Budget, Financial Analysis & Statistical Data, 2010 Consolidated Financial Statements



A Message from the Chair and the President & CEO



A MESSAGE FROM THE CHAIR AND FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF COLLUS POWER & COLLINGWOOD PUBLIC UTILITIES SERVICES BOARD

As expected, the level of activity in all aspects of our businesses remained high throughout 2010. It was a year where we saw significant challenges from a regulatory perspective but also from the impacts of a shrinking industrial base. We did however have our successes!

At COLLUS Power and Collingwood Public Utilities, it is quickly acknowledged that our successes are a direct result of our people. Not only do our people work hard and allow us to achieve

the desired results of our goals and objectives but they are also an integral part of the operation of our Community. Our staff contributes significantly to the operation and maintenance of the roads and sidewalks, wastewater treatment plant, transit system, computer system, and the development of wastewater rates and development charges. They do this while still performing their regular duties and they do it with professionalism and with tremendous pride. This is our effort to provide additional in-kind value to our Shareholder along with our cash dividends.

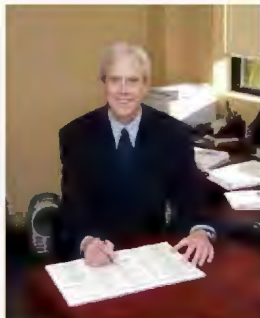
As mandated by the Provincial Government, our Smart Metering program continued to be the significant focus of both our metering and billing departments. By the end of 2010 all of our residential and small business customer meters had been installed and were functioning correctly. This proved to be a noteworthy accomplishment since nearly 5% of the electric meters installed were either stopped or not communicating properly. We then focused our attention to transition our customers into Time-of-Use pricing.

Collus and Collingwood Public Utilities remained committed to electricity and water conservation by creating and delivering conservation programs and activities for our residential customers in order to help conserve our precious resources, protect our environment and help mitigate escalating prices. Working with and for our business customers will provide solutions that will be essential in keeping their businesses sustainable today and in the future.

As we move forward, we will continue to build the framework to support growth. We will look for new opportunities and explore new ways of doing things but we will continue to keep focus on our core businesses. We will continue to work closely with our partner and shareholder, the Town of Collingwood, and strive to exceed their expectations. Developing and maintaining this relationship has been the foundation of our business and the rationale for our values and priorities. As an active Community partner, we are proud to celebrate their successes and to help wherever there is the need. Our customers like to know that they are doing business with a company that stands for the things they believe in.

We are proud of the key role we play within our Communities and on behalf of our Boards and our professional staff we wish to thank you for having the opportunity to serve you.

Financial Analysis of 2010



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

The combined Business Plan of Collus Power Corp and the Collingwood Public Utilities Service Board is provided within this document. It provides an overview of the complex financial and administrative strategy that our Boards have established in order to achieve the goals of our Shareholder. The Business Plan outlines the steps that will be undertaken in meeting the objectives while our high level of customer service is continued.

Appendices are included that contain the 2010 Financial Consolidated Statements of Collingwood Utility Services Corp and also the Collingwood Public Utilities. These statements will confirm the financial strength of the companies and provide key information that indicates that 2010 has been another successful year.

Collus Power Corp

It is difficult to comprehend that 2010 was the 10th year of operation as a corporation formed under the *Electricity Act 1998*. The financial statements for 2010 indicate results that will provide the necessary resources that are required to complete our key short-term and long-term initiatives. In early 2010 our newest substation (Sixth St. and Stewart Road) came into operation and it will provide the additional capacity that we require to implement enhancements to our municipal distribution system. A \$3.0M investment has now been made as a result of the Province's Smart Meter Project and this will ensure that our customers will have this important measurement mechanism at their disposal. The government plans to continue to introduce opportunities and rewards for conservation of electricity use. Our investment will ensure that our customers will be able to use their smart meter and the information we can provide to them to take advantage of these opportunities and rewards.

Additionally, we continue to implement steps to ensure that we meet the accounting requirements under the International Financial Reporting Standards rules that must be in place by 2012. Our Board is constantly aware of the severe economic pressure that customers are experiencing and consider this carefully as it establishes the most effective and efficient processes that can meet our goals.

Collingwood Public Utilities

All of the financial results for 2010 indicate a strong performance. The 2010 Financial Statements are now completed incorporating the new Public Sector Accounting Board requirements. The new format will provide additional information about assets and liabilities which will be incorporated in our future decision making.

The Board has established a budget for 2011 that will provide guidelines that management will follow as it works with the strategies of the recently adopted Town of Collingwood Full Cost Recovery Study. The key components of the study will be incorporated in a Financial Plan that is required to be submitted to the Province in 2011. The Ministry of the Environment and the government in general continue to implement changes within the water and wastewater sector. We have strategically positioned ourselves to take advantage of the opportunities that will be available as the changes are implemented.

Who We Are

**COLLINGWOOD UTILITY SERVICES IS A COMMUNITY OWNED
UTILITY THAT PROVIDES RELIABLE ELECTRICITY, AND
WATER SERVICES TO ITS CUSTOMERS.**

Because we are community owned.....

- ✓ We have more control over our prices and are able to invest locally to manage reliability
- ✓ We are proud to be actively involved in our community and support our community goals
 - ✓ We are not only concerned, we are doing something about the environment
 - ✓ We are able to offer the convenience of joint utility services
 - ✓ Our Council and our Citizens are our Partners



Who We Are

Electrical Customer Class Breakdown-*Based on 2010 full-time equivalent basis*

	Collingwood	Thornbury	Stayner	Creemore	Total Customers
Residential	9,950	1,300	1,760	590	13,600
< 50 kW	1,200	210	210	90	1,710
> 50 kW	90	15	10	5	120
Total Customers	11,240	1,525	1,980	685	15,430

Water Customer Class Breakdown-*Based on 2010 full-time equivalent basis*

	Collingwood
Residential	8570
General Service	730
Total Water Customers	9,300*

*** 30 Bulk metered Residential Multi-Units Approximately 1,200 Customers**

Service Territory

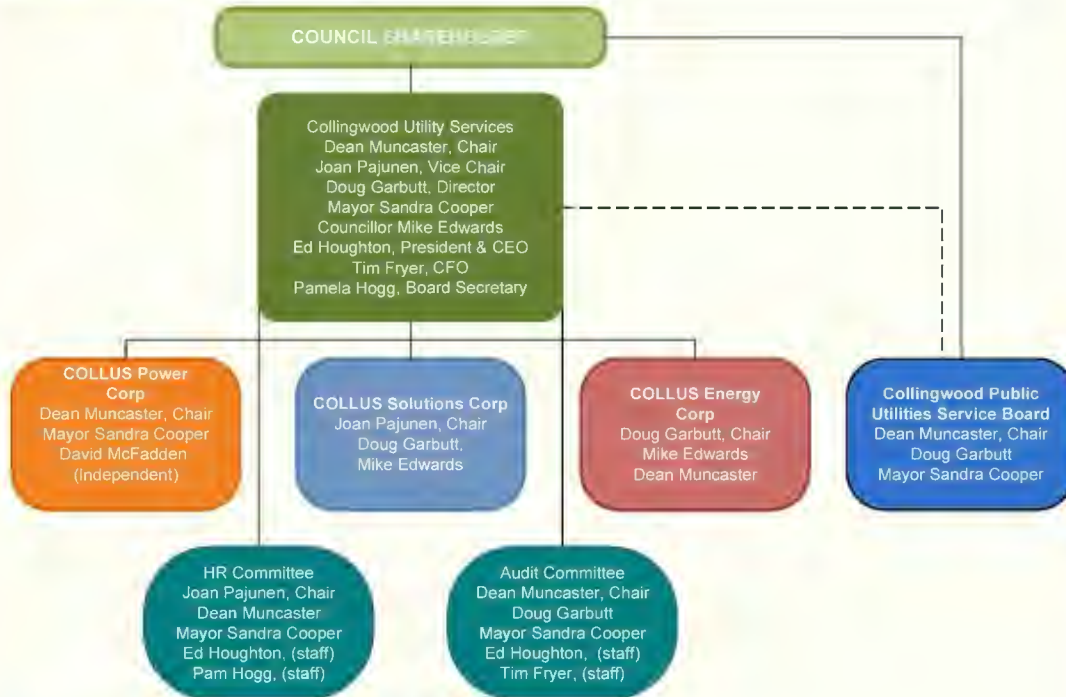


Contract Services

- ▶ New Tecumseth - Supply of Water to 66 Km Regional Pipeline
- ▶ CFB Meaford - Operation of Water & Wastewater Facilities
- ▶ Town of the Blue Mountains - Supply of Water
- ▶ Devils Glen Country Club - Operation of Water Treatment Plant
- ▶ Home Water Filtration Units - Sale and Installation of Units

Who We Are

ORGANIZATIONAL STRUCTURE



EMPLOYEE STRUCTURE OVERVIEW



Who We Are

BOARD OF DIRECTORS



Mike Edwards, Dean Muncaster, Sandra Cooper, Joan A Pajunen, Doug Garbutt
Absent David McFadden

MANAGEMENT TEAM



Marcus Firman, Larry Irwin, Glen McAllister, Ray Powell, Tim Fryer, Gary Carscadden,
Pamela Hogg, Ed Houghton



Who We Are

BOARD OF DIRECTORS

The Board of Directors is responsible for providing the overall strategic direction and is accountable for the results of the Corporations. The Board oversees the conduct of management which is responsible for the day-to-day operation of the businesses and ensures its success through the delivery of agreed upon goals and objectives developed in a shared view with management on key issues such as vision, mission, goals, objectives, business definition and tactics. The Board has an obligation to ensure that the corporations operate in a transparent and accountable manner. Consistent with the strategy and vision, the Board accepts this responsibility with a commitment to our customers and our shareholder.

BOARD COMMITTEES

Audit Committee

The Audit Committee is responsible to help the Board meet its fundamental responsibilities of protecting the Corporations assets and managing the operations as efficiently as possible; review the adequacy of the Corporations system of internal controls; increase the credibility and objectivity of the utility's financial report; review the activities, organizational structure and qualifications of the internal audit function; review the independent auditor's proposed audit scope and approach; conduct a post-audit review of the financial statements and audit finding, including any significant suggestions for improvements provided to management by the independent auditors. In addition, the Audit Committee performs other oversight functions as requested by the Board.

Human Resources Committee

The Human Resource Committee objective is to contribute to the ongoing success of the Corporation through the provision of actionable recommendations surrounding acquisition, assessment, development, management, retention, reward and/or consequences of the human capital of the company. And, to contribute to the long term success of the company by ensuring sufficient attention is paid to avenues of approach in succession planning. It is the responsibility of the committee to deliver accurate and timely information and direction to the board related to the human aspect of the company through researching internal and external resources and applying information of a cohesive plan. And, by ensuring recommendations are realistic, appropriate and ready for a cost benefit analysis.



Overview of our Business Plan & Annual Report

As with previous years, Annual Report & 2011—2013 Business Plan is a combined Business Plan and Annual Report covering the activities of both our electricity and water businesses. Once again for ease of comparison, our report takes on a similar image of our previous years.

Collingwood Utility Services and its employees have built a reputation in both the water and electricity industry for being forward thinking and fiscally responsible in the pursuit of success for their various business activities. We trust that you will take pride in your review of our report as we have in its preparation. We believe that this report is concise and transparent and is an understandable document expressing a three-year direction for our business activities.

The electricity and water services in Collingwood have been delivered on the basis of a “shared service model” designed to maximize efficiencies between all utility services and bring the greatest value to the customer. This business plan builds on the successes realized to-date and offers directions that are consistent with the Municipality’s expectations and our goal to be recognized as a leading provider of electricity and water services both Provincially and Nationally.

This document contains information pertinent to our 2010 annual reporting requirements and a detailed business plan spanning the years 2011 through 2013.

The Business Plan focuses on both electricity and water. The following name references will be used throughout the plan;

- **Collingwood Utility Services** - referring to both electricity and water
- **COLLUS Power** - referring to electricity only
- **Collingwood Public Utilities** - referring to water only

Governance & Ownership

Collingwood Utility Services Corp. is comprised of five directors with Council being articulated in the Electricity Act as the single shareholder. The Board is made up of the Mayor, a Councillor and three other Council appointed Directors. Members of the Board, make up two Committees, an Audit Committee and a HR Committee.

COLLUS Power is comprised of three directors, one being the Mayor and the two other directors are appointed by Council. One of the directors must be totally independent of any affiliate.

Collingwood Public Utilities is municipally owned and governed by a Municipal Services Board that from time to time when required reports to Council. The Board is comprised of three Directors, one being the Mayor with the other two appointed by Council. Existing municipal by-laws provide some strategic direction, outlines executive limitations and reporting requirements. Reporting of Board business to Council is done by Staff presentations at Council Meetings, issue updates via email from the President and CEO, and through Her Worship Mayor Cooper as our Council Representative.



A Track Record of Success...At A Glance

DEDICATED TO BUILDING BETTER COMMUNITY SERVICE

Customer Service & Corporate Management

- ✓ Implemented cost-savings through an integrated single customer information system, and accrual accounting between COLLUS Power and Collingwood Public Utilities.
- ✓ Implemented customer focused billing standards resulting in improved accuracy, reduced estimations, increased payment options and a single customer point of contact.
- ✓ Implemented cost-savings through an integrated corporate management and customer service structure between COLLUS Power and Collingwood Public Utilities.
- ✓ The 2004 Water and Wastewater rate study was revisited in 2009 and completed and accepted by Council in 2010. The rate study is based on true cost billing in accordance with current Regulations.
- ✓ Hired a Customer Service Representative to enhance customer needs such as coordinate appointments with customers, handle enquiries and complaints and organizing service locates.

Corporate Finance

- ✓ Debt Repayment - Goal continues to be to reduce debt to equity ratio annually.
- ✓ Combined water sales and services outside the municipal boundaries provide a total revenue in excess of \$1.0 M annually.
- ✓ Dividends and in-kind services to the municipality / shareholder close to \$1 M annually.
- ✓ Continued affiliation with other utilities through the Cornerstone Hydro Electric Concepts Association (CHEC) has provided financial benefits through shared cost savings.
- ✓ Utilities Collaborative Services cooperative association for new Customer Information System for further cost savings.

Operations Management

- ✓ The Water Treatment Plant has been registered ISO 14001 Environmental Management Standard since 2005. In 2010 a reaccreditation audit was successfully completed re certifying the plant until 2013. This accreditation exceeds provincial regulation requirements and shows Collingwood Public Utilities commitment to the Environment.
- ✓ In 2009 the environmental management system was integrated with a quality management system in order to comply with the new Regulation. The new Drinking Water Quality Management System was integrated in June 2009 and an application for accreditation was made. We were finally successfully audited in April 2011 and accreditation will follow this summer.
- ✓ The DWQMS and ISO 14001 are implemented through the Operational Plan. This Plan is reviewed by Top Management and endorsed by the Board annually.
- ✓ In 2010 we participated in the National Benchmarking Initiative, the results of which will be available in 2011. This initiative will allow management to develop Key Performance indicators as well as a comparison tool for our customers.
- ✓ Our aggressive leak detection and water loss reduction program continues - The system has an excellent Infrastructure Leak Index (ILI) of 1.08.
- ✓ Our conservation program which includes a low Flush Toilet rebate program has been continued. In 2010 there were 347 rebates issued. As a result over 8000m³ of potable water was conserved and resultant green house gas reduction of 2.6 tones. It is intended to continue with this program.

Our Vision, Mission & Values

VISION - WHERE WE WANT TO GO

Together, we will grow, maximize opportunities and exceed customers' expectations.

MISSION—WHO WE ARE

Our business provides people with the energy for success, and with the necessities of life.

VALUES - HOW WE ACT

We value the entrepreneurial spirit to responsibly and decisively challenge the conventional.

Trust - *Building & Maintaining Customer Confidence*

- ✓ We value a work environment based on public accountability, customer satisfaction, respect and giving back to the community.
- ✓ When problems arise, they are dealt with quickly, professionally and courteously.
- ✓ Citizens recognize our community relationship and responsiveness as key values of local ownership.
- ✓ We operate in an environment of openness and transparency while protecting our customers' confidentiality.

Responsibility - *Committed to Service Quality, Reliability & Conservation*

- ✓ We value prudent and responsible financial management.
- ✓ We value a high standard of environmental excellence.
- ✓ We value superior health and safety standards and practices.
- ✓ We value our obligation to protect our customers and staff by exceeding the highest standards of training for our employees.

Sustainability - *Environmental, Economic, Social & Cultural*

- ✓ We value sustainable community planning.
- ✓ We value the gold standard of environmental excellence
- ✓ We value the four pillars of sustainability; environmental, Economic, Social & Cultural
- ✓ We value a sustainable Regional approach

People - *Strong Relationships & Pride Make a Difference*

- ✓ We value our employees as our most important asset and celebrate their accomplishments.
- ✓ We listen, and we respond in the best manner we can.
- ✓ We treat people with dignity, fairness and respect.
- ✓ We value individual and organizational accountability.
- ✓ We value timely, effective, honest, and open communication throughout the organization, with our stakeholders.

Partnerships & Collaboration - *Leveraging & Sharing Resources*

- ✓ We value integrated solutions that eliminate duplication and improve efficiency and effectiveness
- ✓ We value peer and industry partnerships and the opportunity to improve cost and service levels in our community and the communities we serve.

Continuous Improvement - *Business Processes & Technology That Delivers Results*

- ✓ We embrace the opportunity of legislative & regulatory reform and the need to stay "one step ahead."
- ✓ We strive to remain at the leading edge of technology.

Direction

DIRECTION

The Strategic Direction for Collingwood Utility Services begins and ends with our stakeholders.

The customers benefit from quality water and electric services and value local representation.

CUSTOMER BENEFIT

Customers will benefit from quality utility services because:

Customer expectations are satisfied.

- ✓ Overall customer satisfaction will be among the highest in the Province
- ✓ Our rates for core services are deemed to be fair and sustainable and seen as such by our customers.
- ✓ Customers will be very satisfied with service responsiveness and dependability
- ✓ Respond to unplanned electric outages within 30 minutes on an annual basis.
- ✓ Respond to unplanned water interruptions within 30 minutes on an annual basis.

Hydro and Water services are safe.

- ✓ Safety is never compromised.

CUSTOMER VALUE

Customers value local ownership because Collingwood Utility Services:

- ✓ Collingwood Utility Services is supportive of community needs and values.
- ✓ Collingwood Utility Services recognizes the customers concern for the environment.
- ✓ Collingwood Utility Services is concerned about the financial impact of our rates to our customers.
- ✓ Local control of customer rates was a key reason for retaining a local presence and ownership.
- ✓ Customers benefit from accessible and accountable local decision-making.



Corporate Goals

GOALS, CORE VALUES & PERFORMANCE MEASURES

The following corporate goals are designed to put into action and achieve the desired outcomes anticipated in the vision and value statements. By design, the corporate goals are limited in number, practical, manageable, and highly focused in relation to the activities of the corporation. A specific measure and associated values are presented in conjunction with each relevant goal statement.

1. TO PROVIDE SAFE, HIGH QUALITY OF WATER AND ELECTRICITY SERVICES TO ALL OUR CUSTOMERS.

Core Values:

- ▶ Trust-Building & Maintaining Customer Confidence, Committed to Service Quality, Reliability & Conservation

Performance Measure:

- ▶ Safety, Quality of Service, Legislative & Regulatory Compliance

2. TO MAINTAIN A SOUND FINANCIAL POSITION WHILE STRIVING TO MEET THE FINANCIAL EXPECTATIONS OF THE MUNICIPALITY BY COMMUNICATING BUSINESS OUTCOMES TO THE OWNER.

Core Values:

- ▶ Committed to Service Quality, Safety, Reliability & Environmental Conservation

Performance Measure:

- ▶ Financial & Risk Management

3. TO BUILD AND STRENGTHEN CUSTOMER RELATIONSHIPS.

Core Values:

- ▶ Trust-Building & Maintaining Customer Confidence, Committed to Service Quality, Reliability & Environmental Conservation, Openness and Transparency, and Confidentiality

Performance Measure:

- ▶ Quality of Service

4. TO PURSUE NEW ENTREPRENEURIAL OPPORTUNITIES BOTH LOCALLY AND REGIONALLY WHICH BENEFIT OUR CUSTOMERS AND PROVIDE VALUE TO THE BUSINESS AND MUNICIPALITY/ SHAREHOLDER.

Core Values:

- ▶ Partnerships & Collaboration, Leveraging and Sharing Resources, Continuous Improvement, Business Process & Technologies That Delivers Results

Performance Measure:

- ▶ Develop & Maintain Strategic Partnerships To Minimize Costs, Pursue Entrepreneurial Opportunities.

Corporate Goals

5. TO BUILD AND MAINTAIN A SUSTAINABLE WATER AND ELECTRICITY SYSTEM BASED ON A STRONG ASSET MANAGEMENT PROGRAM.

Core Values:

- ▶ Trust-Building & Maintaining Customer Confidence, Committed to Service Quality, Safety, Reliability & Environmental Conservation.

Performance Measure:

- ▶ Financial & Risk Management, Legislative & Regulatory Compliance

6. TO SEEK AND ENCOURAGE EFFICIENT AND EFFECTIVE IMPROVEMENTS BY SUPPORTING INTEGRATED BUSINESS SOLUTIONS WHEREVER APPROPRIATE AND PRACTICAL.

Core Values:

- ▶ Partnership & Collaboration, Leveraging and Sharing Resources.

Performance Measure:

- ▶ Develop & Maintain Strategic Partnerships To Minimize Costs

7. TO BE AN "EMPLOYER OF CHOICE" WHERE EMPLOYEES ARE PROUD TO WORK AND OTHERS WANT TO WORK.

Core Values:

- ▶ People-Strong Relationships & Pride Make A Difference, Health and Safety Standards and Practices, Business Processes & Technology That Delivers Results

Performance Measure:

- ▶ Employee & Labour Relations, Employee Retention

8. TO BE RECOGNIZED AS A LEADER IN ENVIRONMENTAL STEWARDSHIP.

Core Values:

- ▶ Committed to Service Quality, Reliability & Environmental Conservation

Performance Measure:

- ▶ Environmental, Consistency with Shareholder's Sustainable Community Plan

9. TO PROMOTE CONSERVATION AND THE WISE USE OF WATER AND ELECTRICITY RESOURCES.

Core Values:

- ▶ Committed to Service Quality, Reliability & Environmental Conservation

Performance Measure:

- ▶ Financial & Risk Management, Consistency with Shareholder's Sustainable Community Plan

Corporate Goals

10. TO IDENTIFY AND BUILD STRONG COMMUNITY RELATIONSHIPS.

Core Values:

- ▶ Trust-Building & Maintaining Customer Confidence

Performance Measure:

- ▶ Develop & Maintain Strategic Partnerships, Local Community Involvement

11. TO ENCOURAGE AND SUPPORT LOCAL ECONOMIC DEVELOPMENT.

Core Values:

- ▶ Trust-Building & Maintaining Customer Confidence, Committed to Service Quality, Reliability & Environmental Conservation, Partnerships & Collaboration, Leveraging and Sharing Services

Performance Measure:

- ▶ Develop & Maintain Strategic Partnerships, Legislative & Regulatory Compliance, Pursue Entrepreneurial Opportunities to Increase Efficiencies

12. TO PROMOTE AND ENCOURAGE THE ADVANCEMENT OF TECHNOLOGY AND INNOVATION CONTRIBUTING TO THE SYNERGIES BETWEEN OUR PUBLIC UTILITIES SERVICES (WATER & ELECTRICITY).

Core Values:

- ▶ Continuous Improvement, Business Process & Technologies That Deliver, Safety and Reliability

Performance Measure:

- ▶ Develop & Maintain Strategic Partnerships To Minimize Costs

The Board and Management Staff have established four major strategies for supporting Collus's goals and future direction.

1. Collus Power will investigate becoming a full energy company using Epcor as a model upon which to improve and innovate its business model—a total utility concept and an energy Entity.
2. Collus Power will partner with its Shareholder and others to expand renewable energy.
3. Collus Power will investigate boundaries and opportunities in order to maximize its service delivery.
4. Collus Power will, in conjunction with the municipality become a Beta Model Lab for the development of innovations in sustainable solutions.

Industry Trends

TRENDS

COLLINGWOOD PUBLIC UTILITIES ACTIVITIES

Maintaining Public Confidence

Following the media blitz in 2009 through numerous documentaries on basic water issues such as, conservation, commoditizing water, the exporting of water, abusing the environment etc. Public opinion remains heightened regarding concern over all things environmental. As mentioned in previous reports the areas of concern include green house gas emissions, global warming, falling lake levels as well as concern over various contaminants such as lead and pharmaceuticals and personal care products in water to name just a few. Collingwood Public Utilities ensures that our point of view is well represented in the development of new regulations pertaining to these issues by participating in various Boards and Government committees and panels. As a result of this involvement, Collingwood Public Utilities has developed a reputation as a leader in water and environmental issues in the industry and is perceived by the public as a steward of the environment.

Collingwood Public Utilities believe that through a policy of public openness and transparency have developed a high level of Public confidence. This has been confirmed through the results of a customer satisfaction survey undertaken in Spring 2010. It is Collingwood Public Utilities' goal to maintain this confidence through continued improvement and openness. In 2010 two water newsletters were included in the billing and it is intended to continue with these regular publications. In addition to this newsletter Collingwood Public Utilities continue to provide the public with information on water quality and regulated issues through Public information books, the internet and Radio and Television broadcasts. In this vein Collingwood Public Utilities is participating in a National Benchmarking Initiative. The information gathered from this initiative will be made available to our customers and will show a direct comparison with other progressive water providers.

One area that has peaked the public interest is water conservation and in this regard Collingwood Public Utilities will continue a low flush toilet rebate program. This was well received and will be continued until interest starts to diminish. As a longer term project Collingwood Public Utilities intends to continue with an education program that promotes the use of Tap water. Reusable water bottles have been distributed to all Grade school students together with a teacher's resource package. Collingwood Public Utilities believes that this grass roots project will result in long term benefits to the environment.

Another issue that is coming more and more to the forefront is the possibility of time of use water metering. This will be similar to the current smart meter program mandated by the government for electricity. However, in order to employ this type of billing it will require a systematic change out of water meters from the present metre reads to litre reads. In order to take full advantage of producing water in off peak energy slots it is necessary to have a large percentage of spare production capacity at the treatment plant, this will only be available if the plant is expanded. Nonetheless, Collingwood Public Utilities believe that the use of litre reading meters enhances conservation as efforts to reduce water use can be easily seen. In this vein Collingwood Public Utilities is currently undertaking a pilot study using state of the art water meters in an effort to determine both the tangible and intangible benefits of more accurate water metering.



Industry Trends

TRENDS

COLLINGWOOD PUBLIC UTILITIES ACTIVITIES

Aging Water Infrastructure

Collingwood Public Utilities having completed a complete asset inventory in 2004 and continue to review the status of the water infrastructure annually as part of our Management System management review. Currently the water main break ratio is less than 50% of the Provincial average and our unaccounted water loss meets MOE best practices. This was confirmed by conducting an AWWA water Audit this produced an Infrastructure Leak index of 1.08. This is an excellent result that indicates that the system is in excellent condition and that further efforts to reduce leakage would be un-economic. As a result Collingwood Public Utilities will continue to enhance the water distribution system by upgrading and replacing assets as required.

Related projects for 2011 include:

- ✓ Continued membrane replacement and the refurbishment of a high lift distribution pump at the water treatment plant.
- ✓ Replacement of old residential meters and calibration and refurbishment of one third of the larger commercial water meters.
- ✓ Upgrading old 100mm dia. Cast Iron water mains on Robinson and George Streets as part of the Town Sewer replacement project.
- ✓ Construction of a new 300mm dia. water main to close the loop between Poplar Sideroad and Raglan Street.



Industry Trends

TRENDS

COLLUS POWER ACTIVITIES

Evolving Electricity Industry

The passing of the Green Energy and Green Economy Act in 2009 has had a significant impact on the industry and will continue to change the way Distribution Utilities will need to focus their efforts for years to come.

The Act has resulted in updates to the Distribution System Code as well as the Retail Settlement Code, both of which are key documents governing the operations of an LDC. In addition, during 2010 the Conservation and Demand Management (CDM) Code was introduced.

Key areas affected by the new legislation are:
Increased Focus on Distributed Generation through the implementation of the Feed In Tariff program.

Conservation Targets set Provincially by way of Regulation to the OEB and further by way of a Condition of License for the Local Distribution Companies. The CDM Code spans 2011-2014 and requires Provincially 2014 Net Annual Peak Demand Savings target of 1,330 MW and 2011-2014 Net Cumulative Energy Savings Target of 6,000 GWh. COLLUS Power is tasked with Demand Savings of 3.14 MW and Energy Savings of 14.970 GWh.

Smart Grid

The foundation of a Smart Grid comes from two primary building blocks.

1. The installation of Smart Meters and the related systems.
2. A reliable Transmission and Distribution infrastructure which can accommodate the needs of both consumers and generators.

In 2009 COLLUS Power completed an extensive overhaul of the Supervisory Control and Data Acquisition (SCADA) system. With more and more reliance on the distribution system and the need to incorporate the "smarts" for the Smart Grid, COLLUS needed to ensure that the data centre which provides operational control of the Distribution infrastructure was both robust and secure from external attacks. The new server-based platform has allowed for additional security enhancements to the system.

Smart Metering Systems

The "Smart Metering" plan initiated by the Government required the replacement of every electricity meter across the province by the end of 2010.

By the end of 2010, COLLUS Power staff had installed over 15,400 smart meters across our service territory, which represents 99% of our total meter deployment.



Staff have been actively involved in establishing the communications infrastructure and testing the integrity of any data flowing through the system. Proper system tuning is key to facilitating the use of the new metering technology in preparation to migration to the Meter Data Management Repository.

Industry Trends

TRENDS

COLLUS POWER ACTIVITIES

Distributed Generation

In October of 2009, the Ontario Power Authority launched the Feed In Tariff program which provides 20 year contracts to purchase power from Renewable Generation Facilities across the province.

By the end of 2010, the OPA had over 24,000 applications from small (<10kW) generators, and over 4,000 applications from larger facilities. In the COLLUS Power service territory there are 6 roof top Solar PV and 1 ground mount Solar PV generators connected to the grid. In addition there is 1 Hydroelectric generator.

The response has been compared to a "gold rush" of Solar PV systems ranging from stand-alone facilities which are pole mounted in a field to roof-top installations on residential homes everywhere.

COLLUS staff have been very much involved with the OPA in the development of the settlements and technical guidelines which needed to be clearly established in order to accommodate this unprecedented level of generation connections.

COLLUS Power has been an active supporter of Distributed Generation, and will continue with their active participation as a leader in the industry.

COLLUS Power Staff has and will continue working with the Ontario Power Authority as they update their power purchase plans for Distributed Renewable energy to help ensure a streamlined process that not only is profitable for the generator, but also protects the interests of all Ontario consumers.

Transmission & Distribution Systems

COLLUS Power has made significant investments in the distribution system particularly over the last few years. Most significant was the 2009 completion of the upgrade to the Municipal Substation (MS5) and in 2010 the completion of a substation and feeder line at the corner of 6th Street and Stewart Road.

A major upgrade to the Transmission facilities feeding the Stayner Transformer Station was completed in 2009. The project reflected a significant investment of over \$40,000,000 by Hydro One in our area and was the culmination of system planning which began in the early 1990's. This project will provide us with security of supply for at least the next 12 years.



Happy Retirement Darius!

Our Business Direction - Water

Legislative / Regulatory

- ✓ The Watertight Report provided recommendations to implement the findings of Justice O'Connor's Walkerton report. Of the 51 recommendations made in the report, Collingwood Public Utilities have stated to the Minister their objection to only one: the proposal to establish a new Ontario Water Board. Collingwood Public Utilities believes this will compound costs and add another layer of bureaucracy to the present system. This proposal has resurfaced as Bill 13 the Sustainable Sewage and Water System Improvement Act. Although there are many points contained in this Act that Collingwood Public Utilities agrees with, the act still proposes the establishment of an Ontario Water Board and again Collingwood Public Utilities have stated to the Minister their objection to this measure.
- ✓ Continue to monitor the implementation of the proposed Clean Water Act will do three things:
It will direct local communities to look at any activity that could threaten water quality and take action to reduce or remove that threat; It will empower local authorities to take preventative measures to reduce the risk that an activity may interfere with a water supply and; It will require that the whole community participates in finding workable, effective solutions through full and open public consultation. As a result of this Act Collingwood Public Utilities has recognized Source Water Protection as a significant environmental aspect in our ISO 14001 EMS prior to the Clean Water Act requiring any action. Intake protection zones 1 and 2 are now in place and work continues on intake protection zone 3
- ✓ Collingwood Public Utilities is an active member of the Annex Advisory Panel that provides input to the various ministries both provincial and federal on issues pertaining to the sustainability of the Great Lakes and regulations governing the intra and inter basin transfer of water between water sheds.

Rate Study, Asset Management and Financial Plan

- ✓ The 2004 comprehensive water and wastewater rate study was revisited in 2009, and the new report accepted by Council in 2010. This report is a living document and has led the way to sustainability for water and wastewater rates. Currently the forecasted rate changes are at sustainable levels in that they are estimated to be less than the rate of inflation. However, as a living document, rates can be adjusted on a yearly basis depending on circumstances, and will be annually reviewed by Council as part of the Fees and Service Charge Bylaw.
- ✓ The water system is graphically recorded on the Collingwood Public Utilities' GIS system. This system is continually upgraded and provides an accurate graphical representation of it, and as well it provides us with the ability to build data bases to monitor maintenance of the system. In addition the data is also being used to determine when asset replacement is required based on age and condition of the asset.
- ✓ As a requirement of being awarded a Provincial Drinking Water License a Financial Plan must be developed and submitted to the MOE and MOHMA for review and acceptance. This plan utilizes the rate study report and will be finalized and submitted to Council for acceptance in 2011.



Our Business Direction - Water

Status of Labour Agreement

- ✓ First year of three year agreement - September 1, 2010 to August 31, 2013

To Provide Service for the Least Possible Cost

- ✓ Shared resources model in Place for CEO, IT, HR, Finance, customer care and administration services
- ✓ Further cost savings to the Town of Collingwood; we provide I.T. Public Works Management Services and Managerial assistance and expertise to the Environmental Services department.

Finance / Customer Charges

- ✓ Full cost recovery requirements are determined and then funded through customer charges. No subsidization is required from the Town of Collingwood's tax revenue.

Integrated Management System (DWQMS / ISO14001)

- ✓ Collingwood Public Utilities' water treatment plant has been registered ISO 14001 since 2005. The Environmental Management System has now been integrated with the regulated requirements of the Drinking Water Quality Management System through the Operational Plan to cover the Collingwood Drinking Water System. The Collingwood Drinking Water System is defined as everything related to potable water from the intake to the curb stop at property line.
- ✓ The Operational Plan addresses the primary function of Collingwood Public Utilities, which is to produce and distribute safe drinking water that meets applicable legislative and regulatory requirements and provide for the continual improvement of the Management System. The system is also designed to include all reasonable precautions for safeguarding the health and safety of Collingwood Public Utilities employees and to protect the environment within the concept of sustainable development.
- ✓ The Operational Plan is designed to ensure Collingwood Public Utilities achieves its goals of accreditation under the Safe Drinking Water Act 2002 (SDWA) and conformance to the Ontario Health & Safety Act, both as amended from time to time and certification status within ISO 14001:2004.
- ✓ Both the Environmental and Drinking Water Quality Management Systems are subject to annual independent auditing.



Our Business Direction - Water

The Environment and Conservation

- ✓ As stated in previous business plans Collingwood Public Utilities and the Town are members of the Great Lakes and St Lawrence Cities Initiative and have volunteered to take part in a Water Conservation Framework. The goal of this program is to reduce water consumption levels by 15% by 2015. This goal has been exceeded since 2008 and it is Collingwood Public Utilities goal to maintain progress in its conservation program. Currently as reported in the annual framework report, residential use has been reduced by some 24% since 2000. Current residential usage is only 176 litres per capita per day as compared to a Canadian average of 320 litres per capita per day.
- ✓ The low flush replacement toilet program was continued in 2010 and will be continued in 2011. The resultant annual water savings was approximately 8000 m³ which represents a reduction in green house gas emission of approximately 2.6 tonnes.
- ✓ Leak Detection: Collingwood Public Utilities undertakes an annual leak detection survey to limit undetected water losses. An AWWA water audit confirmed the success of this program.
- ✓ In partnership with Blue W, Collingwood Public Utilities funded together with industry sponsors a tap water promotion and education program that has been presented to local schools together with reusable water bottles to all elementary school students. Membership in the Blue W program enables members of the public to access tap water to refill reusable water bottles at various establishments throughout town.

Other Programs

- ✓ Collingwood Public Utilities continues to undertake regular hydrant and dead end flushing to maintain the high quality of potable water as well as ensure fire protection capabilities.

Commercial Initiatives

- ✓ Sale of water to New Tecumseth Improvement Society (Alliston)
- ✓ Sale of water to Town of the Blue Mountains
- ✓ Operation of water and wastewater treatment plants at Land Forces Training Centre; Canadian Forces Base, Meaford
- ✓ Operation of Devil's Glen Country Club Water Treatment Plant
- ✓ International Training Centre for Zenon Ultrafiltration Technology
- ✓ Sales and Installation of Home Filtration Units.



Our Business Direction - Electricity

The Business Planning process for the COLLUS Power must recognize all the key influences from the business environment that it functions within. Management's assessment of these key factors is set out below.

Legislative / Regulatory

- ✓ As a Licensed Local Distribution Company, COLLUS Power Corp answers to several entities which govern our activities:
 - The Government of Ontario
 - The Ontario Energy Board
 - The Independent Electricity System Operator
 - The Ontario Power Authority
 - The Electric Safety Association
- ✓ The staff at COLLUS Power are committed to meet every requirement placed upon us in a timely fashion, and to avoid any non-compliance notices. Our staff will continue to monitor the changes through ongoing participation in work groups, task forces, and corporate affiliations.
- ✓ COLLUS Power Corp customers in the towns of Collingwood, Creemore, Stayner, and Thornbury depend on a safe and reliable supply of electrical energy. Through the ongoing dedication to high quality service and attention to the various codes, regulations, and legislative documents, COLLUS Power staff remain committed to deliver on the expectations of our customers and our shareholder.



Status of Labour Agreement

- ✓ First year of a three year agreement - September 1, 2010 to August 31, 2013

To Provide Service for the Least Possible Cost

- ✓ Shared Resources Model in Place for CEO, IT, HR, Finance, Customer Care and Administration Services
- ✓ Further cost savings to the Town of Collingwood; we provide I.T. and Public Works Management Services



Finance / Customer Charges

- ✓ COLLUS Power follows Regulatory Accounting Processes and Generally Accepted Accounting Practices to record their financial performance
- ✓ COLLUS Power's customer charges are regulated by the Ontario Energy Board as are all Electric Utilities in the Province.



Our Business Direction - Electricity

Conservation and Demand Management (CDM)

Throughout 2010, COLLUS Power has actively promoted and delivered conservation programs to our customer base. Conservation is the key to affordable power for our customers given the industry trend of rising costs under the current Government policies driving the electricity industry.

SMALL BUSINESS DIRECT INSTALL PROGRAM

Throughout 2010 COLLUS continued to provide the Small Business Direct Install program which is targeted at the Small Commercial (<50kW) customer base. This program provided free lighting and water heating upgrades up to \$1,000 per facility. Recognizing the fact that small business is a key driver to the economy, the Ontario Power Authority designed the program in a way to help as many small businesses to participate as possible.

By the end of 2010, contractors had completed over 238 (2009 - 390) retrofits representing an investment of over \$200,000 (2009 - \$345,000) worth of incentives.

These customers not only saved on the cost of the retrofit, but will continue to save on their energy bills for years to come. The program will help their "bottom line" and surely help these small businesses continue to thrive in the Towns they service.

EDUCATION AND AWARENESS

Advancing the importance of understanding conservation to customers in all market sectors and in turn facilitating the programs empowering customers to adopt energy saving opportunities requires significant effort and consistent marketing. Common messages and approaches have and will continue to be utilized to achieve greatest possible penetration.

It is also important that our internal staff have a good understanding of the technologies such as "Smart Metering" and "Distributed Generation" and how they will impact our customers. COLLUS has held training sessions on both these technologies for our internal staff including basic overview of systems as well as on-site review of installed systems in the field



Our Business Direction - Electricity

Conservation and Demand Management *cont'd*

RENEWABLE ENERGY TECHNOLOGIES

Distributed Generation and Renewable technologies are a key component to the Green Energy and Green Economy Act passed by the Provincial Government in 2009. COLLUS understands the important role we play in helping to educate our customers on what is involved in setting up these technologies and connecting to the Grid. With the increased attention to Solar and Wind generation at a residential level, it is important that our customers understand proper connection and operation of the systems both for their return on investment and for the safety of the public and our staff.



The COLLUS Renewable Energy Trailer is a pivotal tool in providing our customers a hands-on overview of the systems and technology. The assembly of the trailer involved students from Collingwood Collegiate Institute under the expert guidance of the Science Department and staff from Excess Energy.

Beginning in 2009 COLLUS Power partnered with the staff at Elephant Thoughts to take the trailer into the schools across our service territory. The trailer is an integral part of the Earth Keepers workshop, a complete half-day curriculum on electricity and renewable energy technologies. The program was so well received by the local schools, COLLUS re-visited the schools in 2010 and the program will be continued in the spring/summer of 2011.

PARTNERSHIPS / SPONSORSHIPS

As with our partnership with Elephant Thoughts, COLLUS understands that in order to achieve the greatest return for the investment in conservation efforts, it is best to partner with individuals, organizations, and retail outlets to avoid duplication of delivery channels. COLLUS Power will continue to work with local retail outlets, and organizations such as the Environment Network, to promote and deliver conservation products and services.



Market Energy Prices - Electricity

In 2005 the Government introduced a new component to the market pricing structure called the Global Adjustment (GA) (known as the Provincial Benefit on consumers power bills). The intent of the Global Adjustment was to provide a method of balancing the difference between the market prices for electricity and the fixed contract prices established with many generators in the province. As the years progressed, the GA became the conduit for collecting the required funds for the conservation programs driven by the Ontario Power Authority. Continuing the trend started in 2009 the Global Adjustment has remained either higher or almost on par with the Actual Market rate, representing on average 43 % (2009 - 48%) of the Average Weighted Hourly Price shown in the chart below.

Year	2003	2004	2005	2006	2007	2008	2009	2010
Average	5.67	5.19	6.57	5.08	5.48	5.72	6.01	6.54
Jan	6.23	6.95	5.97	4.26	5.64	4.66	6.69	6.83
Feb	8.86	5.43	5.04	4.55	6.78	6.35	5.38	6.92
Mar	8.48	5.02	6.09	5.21	5.13	6.18	4.01	5.43
Apr	6.16	4.73	6.35	4.94	4.75	5.28	4.98	7.74
May	4.51	5.05	5.46	5.61	4.57	4.16	6.89	7.45
Jun	4.53	4.94	7.11	5.12	5.78	8.47	5.27	6.28
Jul	4.27	4.78	7.60	5.63	5.33	6.20	5.51	7.89
Aug	5.15	4.55	8.27	5.90	6.35	5.35	7.17	5.25
Sep	5.05	5.13	8.27	3.58	4.78	6.01	5.57	4.79
Oct	5.90	5.04	6.02	5.47	5.62	5.00	7.16	5.91
Nov	4.19	5.38	4.52	6.12	5.18	6.14	6.06	7.24
Dec	4.68	5.28	8.14	4.56	5.81	4.87	7.40	6.80

The difficulty facing consumers is the fact that when the GA was introduced, although it became part of the Regulated Price Plan, it was not included as a charge to the Retailers and as such was added to all invoices issued to consumers that had signed Retailer contracts resulting in significant increases to the invoices paid by consumers having moved from the Regulated Price Plan rates set by the Ontario Energy Board.

Our Business Direction - Key Examples

Building the Sustainable Communities of Tomorrow

In 2008, we partnered with our Electricity Distributors Association to help define and promote a long-term vision for the role of electricity distributors in Ontario's sustainable communities of tomorrow. A primary contributor to achieving this environmentally sustainable goal will be through the smart use of electricity.

In bringing this collective vision forward, COLLUS Power will focus its efforts and will dedicate significant financial capital towards our existing electricity delivery system. As per the directive of the Minister of Energy and Infrastructure, COLLUS Power will be in a position to have all of our residential customers ready for Time of Use Rates by the end of 2011.

We will embrace new technologies that will advance our opportunities to become more sustainable and to drive innovation. We will where possible enable clean and renewable energy, distributed generation, effective conservation and demand management and offer greater customer choice.

By expanding our vision and partnering with our municipality and industrial and residential stakeholders we will help create the sustainable community of tomorrow.

Human Resources

Collingwood Utility Services has a team of dedicated, highly skilled and passionate employees that are proud to provide excellence and high quality service to the citizens of Collingwood, Thornbury, Stayner and Creemore.

Human Resources serves and supports all Departments of Collingwood Utility Services and ensures that Human Resources issues are identified and addressed. Strategic advice is provided to the President & CEO, members of the Senior Management Team and the Board of Directors relative to organizational change and human resources matters.

Collingwood Utility Services is known for its service excellence, which is the direct result of exceptional corporate leadership and direction, the performance of individual employees, teams and the total organization. We strive to generate and provide a positive, productive work and learning environment.

In 2010 an employee survey was undertaken which gave all employees a chance to provide feedback on a variety of issues. Our Employee Relations Committee which has representatives from each department as well as Management representatives meet on a regular basis to address any areas of concern and deal with issues in a timely manner. The Committee is proud of the progress that has been made, which in turn will make us that much stronger.

On an ongoing basis, Collingwood Utility Services continues to be committed to a safe and healthy workplace, the enhancement of communications, and labour/management relations, and the ideal of lifelong learning for staff. Ultimately, these efforts are intended to better serve our customers.



Our Business Direction - Key Examples

Information Technology (IT)

Our unique partnership with the Town of Collingwood where we provide shared technology infrastructure and staffing has continued to work well for all parties. This partnership has grown to the point where we are now currently supporting a total of:

- ▶ 201 Network users
- ▶ 18 Network servers
- ▶ 181 Workstations
- ▶ 7 Facilities



In 2010 we implemented the upgrade to version 10 of our financial Software Microsoft Dynamics GP. To compliment this upgrade, we also migrated to a new job costing/project tracking application called Worktech and we are now live with it. In order to minimize IT workload we implemented these new applications via Terminal Server Remote Application Technology, which allows us to install the application once on a server and the users connect to it via thin client remote desktop clients. This provides us with an easy to maintain, easy to backup installation that has a nearly zero footprint on the client end.

In addition to saving time, we also saved energy by utilizing server virtualization technology to replace 5 physical servers with virtual ones that use much less power and take up less room in the server rack. We also began testing low power workstations to see if they are suitable for our next round of desktop refreshing.



In 2010 our GIS continued to grow and expand. The 2010 portion of the Utility Pole Inventory was completed on time, adding to the vast amount of knowledge that can be extracted from our GIS. The inventory will conclude late summer 2011. The data collected will be used for asset management and invoicing of third party attachments and street lighting in 2011.

Following the successes of our mobile program (providing digital mapping in our vehicles via rugged laptops and tablets) during the 2009 season, we have moved forward to add additional units where necessary. We continue to leverage our mobile program by using top level software to create easy to use, functional field mapping right in the vehicles increasing our overall field efficiencies.



Water Forecasting & Infrastructure Needs

SYSTEM DEMAND AND DELIVERY CAPABILITY

Although Collingwood's residential usage is one of the lowest in the Province at 176 litres per capita per day production capacity at the Raymond A. Barker Water Treatment Plant is still critical. In 2009 the maximum day demand 28.561 ML was 92% of the Plant's production capability of 31.14ML/d, and this trend continued in 2010. However, of the 28.561MI, 13.5MI were bulk water sales: 9.5MI to New Tecumseth and 4 MI to the Town of Blue Mountain. This means that the projections for Collingwood appear to be tracking extremely well with the figures in the original plant EA. This established that the original plant capacity of 27.355MI would be capable of supplying Collingwood for approximately 20 years. This year the plant is 12 years old or 60% of its life capacity; this compares to 55% of capacity of water used just for Collingwood. From these figures it can be seen that the plant expansion is required to service bulk water sales only. It is hoped that at some time in the near future an agreement can be made with the Province and New Tecumseth to fund the expansion. In hope of this Collingwood Public Utilities have completed the design of the plant expansion and a Certificate of Approval has been issued. This ensures that the project is truly shovel ready should funding be made available. The expansion will increase the plant capacity to 47.17MI thus recovering approximately 30ML for Collingwood 13.5MI for New Tecumseth and 4ML for Town of Blue Mountains.

The proposed design of the expanded plant whilst providing 47.17 MI of capacity is capable, with only the addition of membranes, of producing up to 60 ML/d before other major works are required, namely the expansion of the contact chamber and conversion of the last two ZW500 membrane process trains to ZW1000 process trains. At which time the plant would be capable of producing approximately 90ML/d. In light of this it can be seen that the facility at Sunset point is capable of meeting Collingwood's needs for many years.



Our Financial Plan

Our Business Plan incorporates the 2011 financial budgets and the 2012-2013 budget forecasts for the corporations to produce a Financial Plan that aims to ensure that current and future business outcomes meet the goals and needs of our Boards and Shareholder.

Our goals include but are not limited to:

- ✓ Offering fair pricing while providing safe and reliable services;
- ✓ Being responsible to community needs and values;
- ✓ Being stewards of the environment; and
- ✓ Remaining financially sound.

The Financial Plan provides the basis that will be used to monitor the business and financial progress of the corporations during 2011 and beyond.

Business Drivers of the 2011 Plan and Budget Forecast are:

- ▶ Upward rate pressure to our customers due to increased cost to provide our products and services, as an offset we continue to promote conservation initiatives by governmental agencies.
- ▶ The need to provide customers with mechanisms to better control their utility costs and still maintain the integrity of our financial projections.
- ▶ Continuing to meet changing regulatory requirements while emphasizing the need to meet or exceed our customer expectations.
- ▶ Monitor and maintain the infrastructure as required to assure a high level of safety, reliability and service to our customers.
- ▶ Consider financial planning options to ensure maximum flexibility that allows the corporations to make key decisions on an as needed basis once risks and benefits have been measured.
- ▶ Increase Shareholder Value

The following pages provide a summary of key financial information that includes historic and forecasted data.



Our Financial Plan - 2011 Budget Summary

COLLINGWOOD PUBLIC UTILITIES

FINANCIAL FORECAST (in million \$)	2009	2010	2011	2012	2013
	Actual	Actual	Budget	Forecast	Forecast
Total Water Service Revenue	\$6.069	\$6.481	\$6.635	\$6.639	\$8.560
Total Operating Expenditures	4.282	4.518	4.601	4.772	4.903
Net Income before Interest and Amortization	1.787	1.963	2.034	1.867	3.657
Interest Expense	.353	.321	.325	.325	.250
Amortization of Capital Assets	1.986	1.956	2.135	1.645	1.825
Total Financial Expense	2.339	2.277	2.460	1.920	2.075
Net Income**	(.553)	(.314)	(.425)	(.102)	1.583
Earned Surplus - beginning of year	27.193	26.640	26.326	25.901	25.749
Earned Surplus - end of period	26.640	26.326	25.901	25.799	27.332
Capital Expenditures*	1.350	1.063	1.501	1.722	3.647

* The 2011 Capital Budget is provided in Appendix A

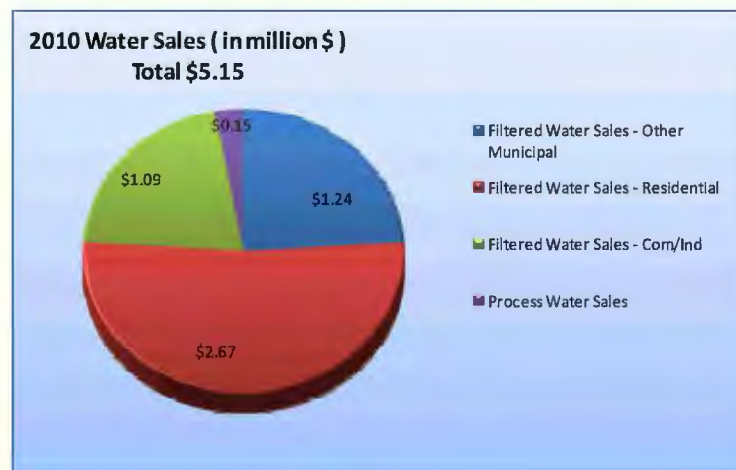
** In 2009 Public Sector Accounting Board accounting changes were implemented. There was a significant impact on the financial results as Amortization Expense increased in excess of \$1M. Also, Capital Expenditures for projects that were applicable to Development Charges, are now recorded as revenue. These adjustments will result in some major fluctuations in Net Income, as exhibited in 2013 projections.

In 2011 a Financial Plan document will be prepared and used to supplement the statement information. The Financial Plan will meet the Provincial Reporting requirements, which is the second stage of the implementation of the PSAB changes. In the future the new Financial Plan information will be included as part of the Business Plan.

WATER SERVICE REVENUE

As indicated in the above Financial Forecast Chart, these are the source of funds to be used in performing the year to year business operations. The Financial Forecast outlines the historical data in total and forecasts the years 2011-2013.

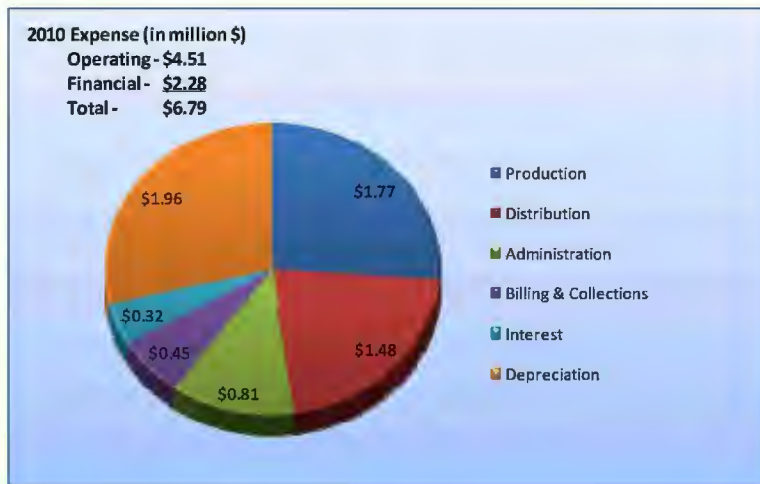
The chart below indicates the components and their contributions to Water Service Revenue in 2010.



Our Financial Plan - Expenditures

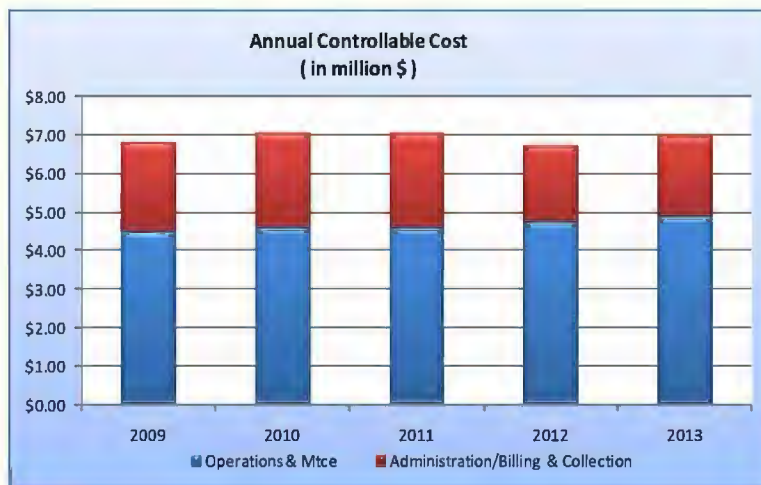
COLLINGWOOD PUBLIC UTILITIES

TOTAL EXPENDITURES



The chart above provides a breakdown of the category of expenditure and the portions of total operating and financial expense that were required in 2010.

The chart below provides a detailed outline of the actual operating expenditures for 2009 and 2010 that are directly controllable (it does not include interest or depreciation expense). It also forecasts the expected expenditure in 2011 - 2013. Controllable costs are expected to increase due to inflationary pressure and as a result of new regulation that puts upward pressure on operation and maintenance expense.

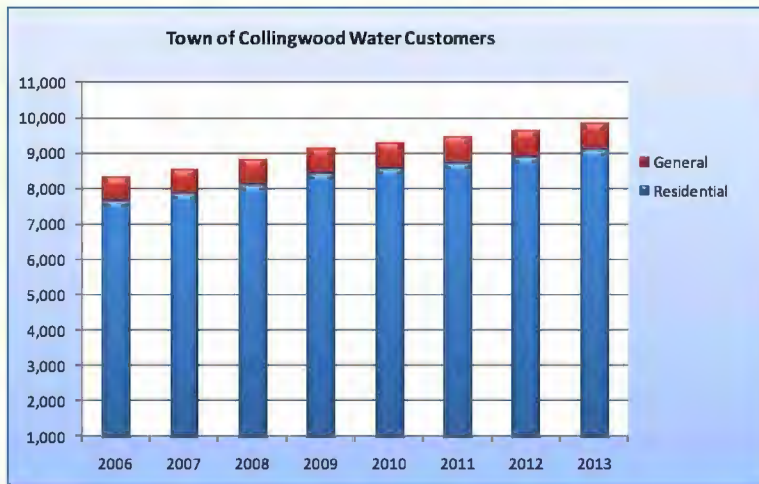


As indicated above, annual operation and maintenance expense is over 70% of total controllable costs.



Our Financial Plan - Customer Statistics

COLLINGWOOD PUBLIC UTILITIES

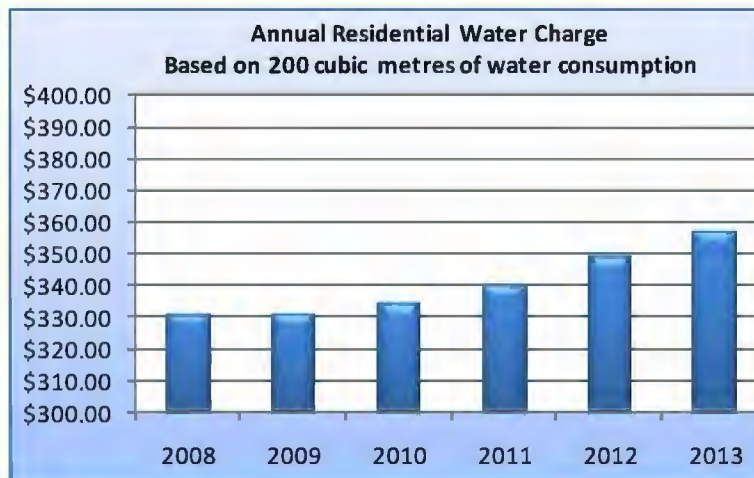


Notes: The chart above does not include the 30 Bulk Metered Multi-Units—1,200 Customers. Conservative customer growth estimates used for financial planning purposes

	2006	2007	2008	2009	2010	2011	2012	2013
Residential	7,650	7,850	8,110	8,425	8,570	8,710	8,905	9,100
General	670	680	720	725	730	740	745	750
Total	8,320	8,530	8,830	9,150	9,300	9,450	9,650	9,850

Customer growth is expected to continue as indicated in the chart above. The current Full Cost Recovery Plan considers the impact of the Ontario Ministry of the Environment's Bill 175. The Full Cost Recovery Plan indicates that annual rate increases are required to cover estimated inflationary impacts (average of 2.5% per year) and the requirement to build up reserves. The Full Cost Recovery Plan went through an extensive review and was updated in early 2010.

The Chart below indicates the past, the current and the forecasted average annual residential charge for water.



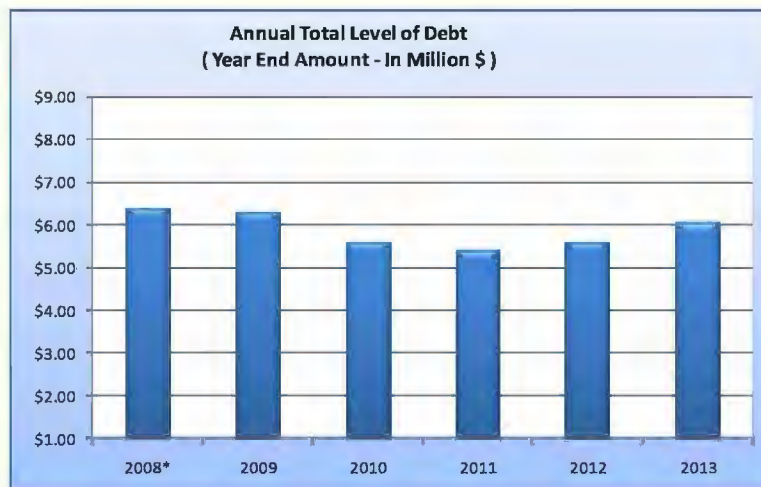
Our Financial Plan - Debt

COLLINGWOOD PUBLIC UTILITIES

FINANCING ACTIVITIES

The chart below indicates the historical and projected debt servicing requirement and includes existing and proposed debenture requirements. Long-term financing supports current and projected capital investment requirements. A component of the recent Full Cost Recovery Study was an extensive review of the existing water infrastructure and future water infrastructure needs. The debt chart results include the expected impacts, identified in the Full Cost Recovery Study, incorporated in our Financial Plan analysis. The Financial Plan will be completed and provided to the Province for formal approval in 2011.

As a Municipal Service Board any debt undertaken directly impacts on our Shareholder's borrowing ability limit. As previously noted, our Financial Plan will continue to be based on our attempt to annually maintain or reduce the long-term debt level. This will ensure that there are long-term financing options available for both ourselves and our Shareholder when considering future key investment decisions.



**South Servicing debt added in 2009 applicable to 2008*

FULL COST RECOVERY PLANNING

For the past 5 years financial planning has been based on the Full Cost Recovery Study results. This is a critically important tool that will continue to be used extensively. In 2009 the study was updated with the most current financial and statistical information available. The report incorporates a plan for the accumulation of a Lifecycle Reserve to be used in the future for replacement of assets. The results will continue to be incorporated into the Financial Plan. The Financial Plan will meet the criteria of the Ministry of the Environment in regards to the information that is required to be filed in 2011 and annually thereafter.

Our Financial Plan - 2011 Budget Summary

COLLUS POWER

Financial Forecast (in million \$)	2009 Actual	2010 Actual	2011 Budget	2012 Forecast	2013** Forecast
Total Operating Revenue	\$5.569	\$5.994	\$6.061	\$6.203	\$6.786
Total Operating Expenditures	3.869	4.281	4.092	4.278	4.423
Net Income before Interest and Amortization	1.700	1.713	1.969	1.921	2.363
Interest Expense	.179	.251	.274	.274	.274
Amortization of Capital Assets	1.004	.967	1.130	1.180	1.200
Total Financial Expense	1.183	1.218	1.404	1.454	1.474
Net Income before taxes	.517	.495	.565	.471	.889
Income & Capital Tax Expense	.68	.096	.135	.092	.143
Net Income	.449	.399	.430	.379	.746
Earned Surplus - beginning of year	1.867	2.316	2.715	3.145	3.524
Earned Surplus - end of period	2.316	2.715	3.145	3.524	4.270
Capital Expenditures*-not including smart meters	.926	1.930	1.405	1.935	3.270

* The 2011 Capital Budget is provided in Appendix B

** Cost of Service Re-basing rate approval expected

OPERATING REVENUE

The charts on this page are provided to show the 2011 Budget Summary Information and detail the breakdown of our source of funds (Operating Revenue). In addition to providing historic and forecasted data in the Summary, further comment should be made in regard to the budgeted Total Operating Revenue. In 2010 a large industrial customer's closure impacted the net income by approximately \$250,000.

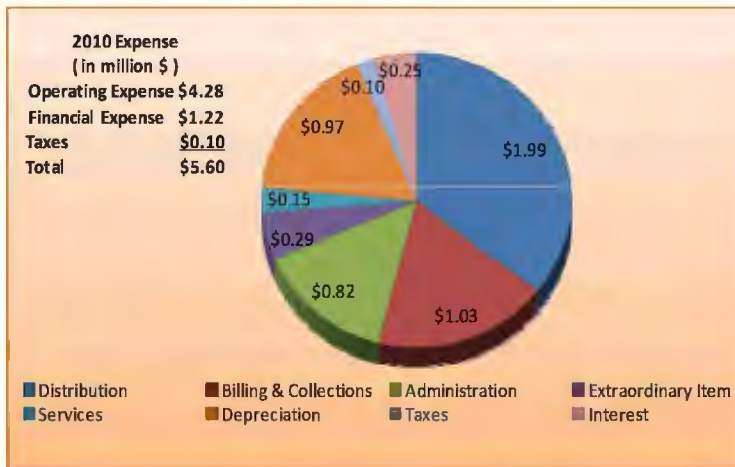
The Summary also provides information on Capital Expenditures, incurred and forecasted. 2010-2013 reflects investment requirements in the municipal distribution sub-station infrastructure. Decisions have been made regarding investment into our infrastructure to ensure system reliability and ensure we maintain our ability to properly service all customers.



Our Financial Plan - Expenditures

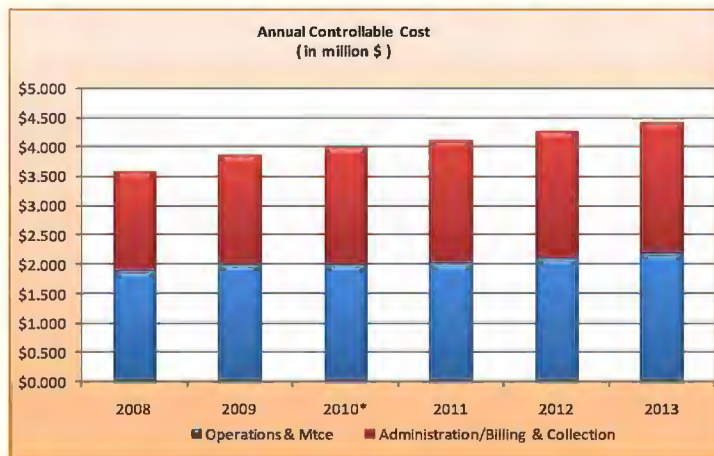
COLLUS POWER

TOTAL EXPENDITURES



The chart above provides a breakdown of the components and their expense requirement during business operations in 2010. Operating Expenses (Distribution, Billing & Collections, Administration and Services) reflects 75% of the total 2010 expenditure. Distribution expense is incurred in the operation and maintenance of the infrastructure. The majority of our spending in 2010 was to ensure that the integrity of the infrastructure was maintained and that our customer service needs were met.

The chart below is an additional breakdown of the Operating Expense component of Total Expense also described as Controllable Cost. COLLUS Power continues to have one of the lowest Controllable Cost per customer ratios in Ontario. Comparisons to other municipal electric utilities are done regularly in performance appraisals. Although there have been major changes enacted by the Province to create a competitive environment in the electricity marketplace, electric utilities still realize the benefits of comparative analysis. Also, the Ontario Energy Board requires regular reports that include information on performance. Controllable Cost will continue to be one of the major factors that we use for comparison with our peer utilities.



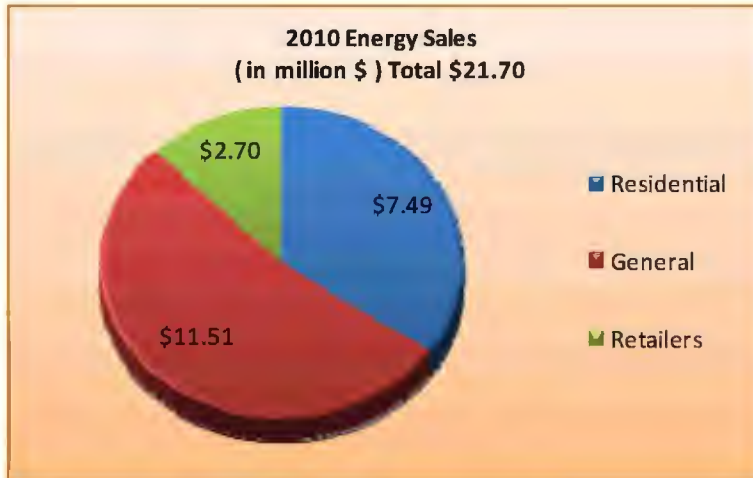
*Not including Extraordinary Expense.



Our Financial Plan - Customer Statistics

COLLUS POWER

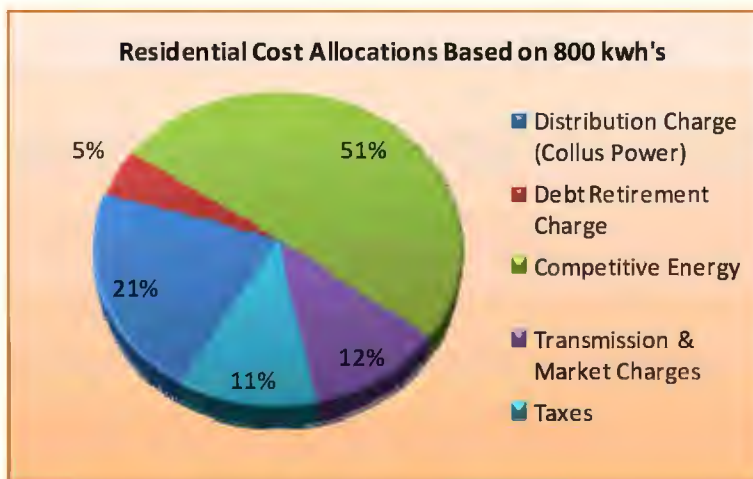
Total Energy



The chart above indicates the proportion of energy sales to the various customer classes for 2010. As indicated in the chart we continue to have a strong General sales base.

The chart below provides a breakdown of the components of the cost of energy for a Residential customer. Only 21 cents of every dollar of an average residential customer's bill goes toward the operation of COLLUS Power's facilities. COLLUS Power's rates continue to rank below the mean average in the Province, helping to maintain a competitive advantage over other municipalities.

Energy Cost Allocation



Our Financial Plan - Debt

COLLUS POWER



The chart above indicates the long-term financing obligations of COLLUS Power. Included in the annual amount is a \$1.7 Million promissory note held on behalf of COLLUS Power by our Shareholder. Currently COLLUS Power makes interest payments to the Town of Collingwood of 7.25% per annum on the promissory note. In 2010 debt was added due to investment in Provincially required Smart Meter Projects. This debt is fully recoverable in amended rates.

During capital budget planning, our Board and Management ensure that required infrastructure investment needs are met. The current long-term debt position of COLLUS Power will allow all options to be considered in meeting future capital investment requirements. The Province's "Smart Meter" initiative, and the Green Energy Act will introduce further investment requirements to successfully meet its objectives.

Collus Power continues to plan towards meeting the Provincial requirement for all electricity customers to have new hydro meter technology by 2011. Installation of the meters was completed in 2009. Communication infrastructure and processes were implemented in 2010. The meter technology and new "time-of-use" rates, planned to be in place in 2011, will allow customers to use their consumption history as a basis to make adjustments to change their usage patterns to garner cost reductions.

Our Financial Plan - Shareholder

COLLUS POWER AND COLLINGWOOD PUBLIC UTILITIES

The Financial Plan outlined on the previous pages provides detailed information of the historic, budgeted and forecasted business operations of the corporations. While setting our corporate goals we equally consider the needs of our customers and the benefit we provide to our Shareholder. The financial information that has been presented provides the detail of the growth in value of their investment. The chart below is an indication of some of the measurable direct benefits.

TOWN OF COLLINGWOOD PAYMENTS RECEIVED FROM THE CORPORATIONS

Company	Description	2009 Actual	2010 Actual	2011 Projected
COLLUS Power	Interest on Promissory Note	\$124,000	\$124,000	\$124,000
Public Utilities	Operations Center Rental	\$200,000	\$200,000	\$216,000
Public Utilities	New Tecumseth	\$96,000	\$96,000	\$96,000
COLLUS Solutions	In-kind Services	\$280,000	\$290,000	\$300,000
Public Utilities	In-kind Services	\$38,000	\$40,000	\$45,000
Public Utilities	Sewer Administration	\$88,000	\$90,000	\$100,000
COLLUS & Public Utilities	In-kind Community Services	\$40,000	\$40,000	\$40,000
	Total Cash	\$420,000	\$420,000	\$436,000
	Total In-kind Services	\$446,000	\$460,000	\$485,000
	Total Cash & In-kind	\$866,000	\$880,000	\$921,000

The dynamics of our industry are such that our projections are being done on an annual basis.

