



**FILED**

04-05-12

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# ATTACHMENT 1

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Joint Application of California Pacific Electric Company, LLC (U933-E), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC for Expedited Approval of Indirect Transfer of Control of California Pacific Electric Company, LLC (U933-E) Pursuant to California Public Utilities Code Section 854(a).

Application 11-09-012  
(Filed September 14, 2011)

**FIRST COMPLIANCE FILING  
PURSUANT TO ADMINISTRATIVE LAW JUDGE'S REQUEST**

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Attorneys for California Pacific Electric Company, LLC, Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC

Dated: December 9, 2011

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Joint Application of California Pacific Electric Company, LLC (U933-E), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC for Expedited Approval of Indirect Transfer of Control of California Pacific Electric Company, LLC (U933-E) Pursuant to California Public Utilities Code Section 854(a).

Application 11-09-012  
(Filed September 14, 2011)

**FIRST COMPLIANCE FILING  
PURSUANT TO ADMINISTRATIVE LAW JUDGE’S REQUEST**

Pursuant to Assigned Commissioner Sandoval and Administrative Law Judge Kenney’s request during the November 30, 2011 prehearing conference and Administrative Law Judge Kenney’s email request of December 5, 2011 (“ALJ Request”), California Pacific Electric Company, LLC (U 933-E) (“CalPeco”), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC (jointly, the “Joint Applicants”), provide the following reaffirmations.

Consistent with the Joint Applicants’ representation at the prehearing conference, Joint Applicants provided a draft of these reaffirmations to the Division of Ratepayer Advocates (“DRA”) for its review. DRA provided comments and Joint Applicants accordingly revised the declarations. Thus the attached declaration contain the reaffirmations which incorporate the comments DRA provided..

**I. BACKGROUND**

In Decision (“D.”) 10-10-017 (the “CalPeco Acquisition Decision”), the Commission approved the acquisition of the California electric distribution facilities and the Kings Beach

Generating Station that were previously owned and operated by Sierra Pacific Power Company (“Sierra”) by California Pacific Electric Company, LLC (U 933-E), (“CalPeco”). The Commission conditioned approval of CalPeco’s acquisition in part on (a) the adoption of the Regulatory Commitments set forth at Appendix 3 of the CalPeco Acquisition Decision by CalPeco, Algonquin Power & Utilities Corp. (“Algonquin”), and Emera Incorporated (“Emera”), and (b) Algonquin, Emera, Liberty Energy Utilities Co. (“Liberty Energy Utilities”), and Emera US Holdings Inc.’s (“EUSHI”) express agreement to recognize the Commission’s legal right to call their officers and employees to testify in California regarding matters pertinent to CalPeco.

On November 15, 2010, consistent with the Commission’s order in the CalPeco Acquisition Decision, CalPeco filed the required notifications from Algonquin, Liberty Energy Utilities, EUSHI and Emera, notifying the Commission of each entity’s agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco (the “Commission Notification Letters”).<sup>1</sup>

## **II. REAFFIRMATIONS**

By the attached declarations of senior officers of their respective companies, Joint Applicants each acknowledge and reaffirm that the duties and obligations of the Joint Applicants under the Regulatory Commitments will remain in full force and effect, notwithstanding any changes in the upstream ownership of CalPeco that the Commission may approve in granting the Joint Application 11-09-012.

By the attached declarations of senior officers of their respective companies, Joint Applicants each reaffirm their agreement, respectively, to provide their respective officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission,

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<sup>1</sup> The Commission Notification Letters were included as Exhibit K to the Joint Application.

itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Respectfully submitted,

/s/

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Attorneys for California Pacific Electric Company, LLC, Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC

Dated: December 9, 2011

## Declaration

I, Robert Dodds, hereby declare that I am the President and General Manager of California Pacific Electric Company, LLC ("CalPeco") (U-933). On behalf of CalPeco, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Commission Decision 10-10-017. As such, CalPeco acknowledges and reaffirms that its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of CalPeco that the Commission may approve in granting the Joint Application 11-09-012.

I also hereby reaffirm CalPeco's agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this 9 day of December 2011, at South Lake Tahoe, California.

  
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Robert Dodds

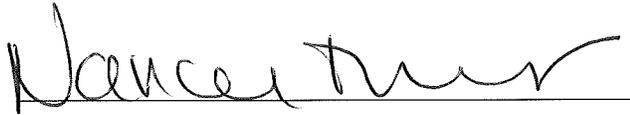
CALIFORNIA PACIFIC ELECTRIC COMPANY, LLC

**Declaration**

I, Nancy G. Tower, hereby declare that I am the Executive Vice President of Business Development of Emera Incorporated (“Emera”). On behalf of Emera, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Decision 10-10-017. As such, Emera acknowledges and reaffirms its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of the California Pacific Electric Company, LLC (“CalPeco”) that the Commission may approve in granting Joint Application 11-09-012.

I also hereby reaffirm Emera’s agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this 9<sup>th</sup> day of December 2011, at Halifax, Nova Scotia, Canada.



Nancy G. Tower

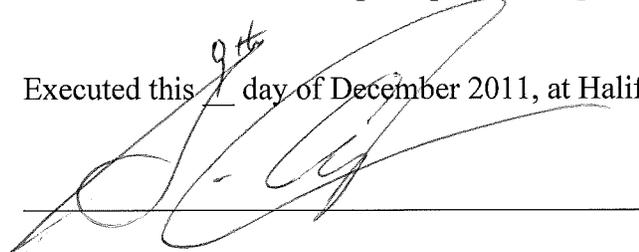
EMERA INCORPORATED

## Declaration

I, Stephen Aftanas, hereby declare that I am the Assistant Secretary of Emera US Holdings Inc. ("EUSHI"). On behalf of EUSHI, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Decision 10-10-017. As such, EUSHI acknowledges and reaffirms its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of the California Pacific Electric Company, LLC ("CalPeco") that the Commission may approve in granting Joint Application 11-09-012.

I also hereby reaffirm EUSHI's agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this <sup>9<sup>th</sup></sup> day of December 2011, at Halifax, Nova Scotia, Canada.



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Stephen Aftanas

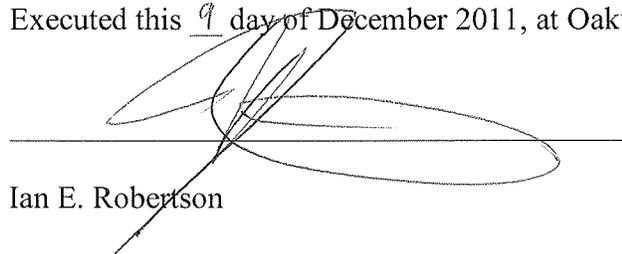
EMERA US HOLDINGS INC

## Declaration

I, Ian E. Robertson, hereby declare that I am a Designated Representative of California Public Utility Ventures, LLC (“CPUV”). On behalf of CPUV, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Decision 10-10-017. As such, CPUV acknowledges and reaffirms its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of the California Pacific Electric Company, LLC (“CalPeco”) that the Commission may approve in granting Joint Application 11-09-012.

I also hereby reaffirm CPUV’s agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this 9 day of December 2011, at Oakville, Ontario, Canada.

A handwritten signature in black ink, appearing to read "Ian E. Robertson", is written over a horizontal line. The signature is stylized and somewhat cursive.

Ian E. Robertson

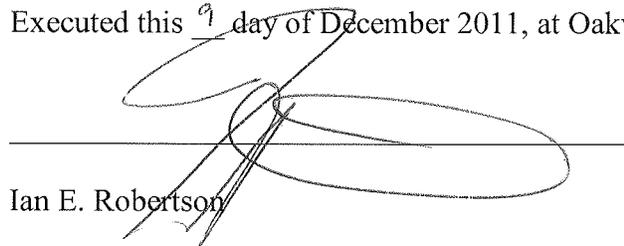
CALIFORNIA PACIFIC UTILITY VENTURES, LLC

**Declaration**

I, Ian E. Robertson, hereby declare that I am the President of Liberty Energy Utilities Co. (“Liberty Energy Utilities”). On behalf of Liberty Energy Utilities, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Decision 10-10-017. As such, Liberty Energy Utilities Co. acknowledges and reaffirms that its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of the California Pacific Electric Company, LLC (“CalPeco”) that the Commission may approve in granting the Joint Application 11-09-012.

I also hereby reaffirm Liberty Energy Utilities’ agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this 9 day of December 2011, at Oakville, Ontario, Canada.



Ian E. Robertson

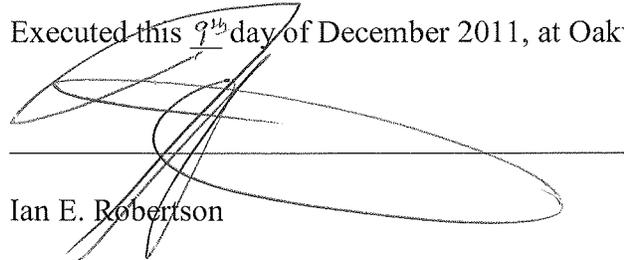
LIBERTY ENERGY UTILITIES CO.

## Declaration

I, Ian E. Robertson, hereby declare that I am the Chief Executive Officer of Algonquin Power & Utilities Corp. (“Algonquin”). On behalf of Algonquin, I reaffirm the Regulatory Commitments set forth in Appendix 3 of Decision 10-10-017. As such, Algonquin acknowledges and reaffirms that its duties and obligations under those Regulatory Commitments shall remain in full force and effect, notwithstanding any changes made in the upstream ownership of the California Pacific Electric Company, LLC (“CalPeco”) that the Commission may approve in granting the Joint Application 11-09-012

I also hereby reaffirm Algonquin’s agreement to provide its officers and employees to testify in California regarding matters pertinent to CalPeco, as the Commission, itself, may determine to be necessary, consistent with established principles of due process and fundamental fairness.

Executed this 9<sup>th</sup> day of December 2011, at Oakville, Ontario, Canada.

A handwritten signature in black ink, appearing to read 'Ian E. Robertson', is written over a horizontal line. The signature is stylized and somewhat illegible due to overlapping strokes.

ALGONQUIN POWER & UTILITIES CORP.

# **ATTACHMENT 2**



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**FILED**

12-16-11  
04:59 PM

Joint Application of California Pacific Electric Company, LLC (U933-E), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC for Expedited Approval of Indirect Transfer of Control of California Pacific Electric Company, LLC (U933-E) Pursuant to California Public Utilities Code Section 854(a).

Application 11-09-012  
(Filed September 14, 2011)

**SECOND COMPLIANCE FILING PURSUANT TO ADMINISTRATIVE LAW JUDGE  
REQUEST**

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Attorneys for California Pacific Electric Company, LLC, Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC

Dated: December 16, 2011

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Joint Application of California Pacific Electric Company, LLC (U933-E), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC for Expedited Approval of Indirect Transfer of Control of California Pacific Electric Company, LLC (U933-E) Pursuant to California Public Utilities Code Section 854(a).

Application 11-09-012  
(Filed September 14, 2011)

**SECOND COMPLIANCE FILING PURSUANT TO ADMINISTRATIVE LAW JUDGE  
REQUEST**

Pursuant to Administrative Law Judge Kenney's request during the November 30 2011 prehearing conference and subsequent email request of December 5, 2011 ("ALJ Request"), California Pacific Electric Company, LLC (U 933-E) ("CalPeco"), Algonquin Power & Utilities Corp., Liberty Energy Utilities Co., Emera Incorporated, Emera US Holdings Inc., and California Pacific Utility Ventures, LLC (jointly, the "Joint Applicants"), provide a copy of the Subscription Agreement between Algonquin Power & Utilities Corp. and Emera Incorporated.

This Subscription Agreement does not directly relate to the transfer of control application pending before the Commission and involves an unregulated, separate transaction between Emera Incorporated and Algonquin Power & Utilities Corp. that does not require approval by the Commission. However, the Joint Applicants have provided this agreement to the Commission as requested.

Respectfully submitted,

/s/

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Attorneys for California Pacific Electric  
Company, LLC, Algonquin Power & Utilities  
Corp., Liberty Energy Utilities Co., Emera  
Incorporated, Emera US Holdings Inc., and  
California Pacific Utility Ventures, LLC

Dated: December 16, 2011

**EXHIBIT A**

**SUBSCRIPTION AGREEMENT**

## SUBSCRIPTION AGREEMENT (CALPECO)

THIS AGREEMENT made as of September 12, 2011

B E T W E E N:

**ALGONQUIN POWER & UTILITIES CORP.**, a corporation existing under the laws of Canada ("**APUC**")

- and -

**EMERA INCORPORATED**, a corporation incorporated under the laws of the Province of Nova Scotia ("**Emera**")

### BACKGROUND:

- A. Emera and Algonquin Power Co. (formerly, Algonquin Power Income Fund) ("**APCo**") entered into a subscription and unitholder agreement dated April 22, 2009 (the "**First Subscription Agreement**") pursuant to which, among other things, Emera subscribed for 8,523,000 subscription receipts of APCo (the "**2009 Subscription Receipts**").
- B. As a result of certain transactions completed between APCo and Hydrogenics Corporation (now, APUC) and certain other parties, the 2009 Subscription Receipts were converted into Common Shares (as defined below) of APUC rather than trust units of APCo.
- C. APCo, APUC and Emera entered into an amending agreement dated as of January 1, 2011 in respect of the First Subscription Agreement. The First Subscription Agreement, as amended, shall be referred to herein as the "**Amended First Subscription Agreement**".
- D. Liberty Energy Utilities Co. ("**Liberty Energy**"), a subsidiary of APUC, and Emera US Holdings Inc. ("**Emera US**"), a subsidiary of Emera, own 50.001% and 49.999%, respectively, of the membership interests of California Pacific Utility Ventures, LLC. ("**CalPeco**")
- E. Liberty Energy and Emera US have entered into the Unit Purchase Agreement (as defined below) setting forth the terms and conditions upon which Liberty Energy will purchase from Emera US all of the membership interests in CalPeco (the "**Emera Interest**") held by Emera.
- F. This Agreement sets forth the terms and conditions upon which Emera shall subscribe for the Subject Receipts (as defined below), the proceeds of which subscription shall be used by APUC, following a Trigger Event (as defined below), to fund the acquisition by Liberty Energy of the Emera Interest.

- G. Pursuant to the Strategic Investment Agreement (as defined below), the issuance and acquisition of the Subject Receipts and the Subject Shares by Emera hereunder shall each constitute an exception to Emera's standstill obligations under Sections 8.4(a), (d) and (e) (as it relates to Sections 8.4(a) and (d)) and to the provisions of Section 8.5 (other than Section 8.5(f) with respect to Subject Shares that are not Additional Shares (as defined in the Strategic Investment Agreement)) of the Amended First Subscription Agreement but Sections 8.1 to 8.5 of the Amended First Subscription Agreement shall otherwise apply to the Subject Receipts and Subject Shares.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

"**2009 Subscription Receipts**" has the meaning ascribed to such term in Recital A to this Agreement.

"**A Promissory Note**" means the non-interest bearing promissory note in the principal amount of Cdn\$22,608,800, in the form attached hereto as Schedule C, issued by Emera to APUC pursuant to Section 4.1 in satisfaction of the A Subscription Price.

"**A Subject Receipt**" has the meaning ascribed to such term in Section 3.1(a).

"**A Subject Shares**" means the Subject Shares to be issued to Emera pursuant to the A Subject Receipt upon the occurrence of the A Trigger Event.

"**A Subscription Price**" has the meaning ascribed to such term in Section 3.1(a).

"**A Trigger Event**" means that all of the conditions precedent to closing of the purchase and sale of the Emera Interest, as set forth in Sections 3.2 and 3.4 of the Unit Purchase Agreement, other than the payment of the purchase price for the Emera Interest, have been performed or complied with to the satisfaction of, or waived by, the applicable party(ies).

"**Affiliated Entity**" means, with respect to any Person, any other Person who directly or indirectly Controls, is Controlled by, or is under direct or indirect common Control with, such Person, and includes any Person in like relation to an Affiliated Entity; and the term "**Affiliated Entities**" has a corresponding plural meaning.

"**Agreement**" means this Subscription Agreement (Calpeco), as it may be amended, restated or replaced from time to time.

"**APCo**" has the meaning ascribed to such term in Recital A to this Agreement.

“**Amended First Subscription Agreement**” has the meaning ascribed to such term in Recital C to this Agreement.

“**Applicable Securities Laws**” means the securities acts, rules, instruments, orders, published policy statements and notices of the securities regulatory authorities of the provinces and territories of Canada and any other jurisdiction, and the rules of any stock exchange, including the TSX, in each case which may be applicable to the Person or the transaction in question.

“**APUC**” has the meaning ascribed to such term in the opening paragraph to this Agreement.

“**Approvals**” means the CPUC Approval, the FERC Approval and the Maine PUC Approval.

“**B Promissory Note**” means the non-interest bearing promissory note in the principal amount of Cdn\$16,147,120, in the form attached hereto as Schedule D, issued by Emera to APUC pursuant to Section 4.1 in satisfaction of the B Subscription Price.

“**B Subject Receipt**” has the meaning ascribed to such term in Section 3.1(b).

“**B Subject Shares**” means the Subject Shares to be issued to Emera pursuant to the B Subject Receipt upon the occurrence of the B Trigger Event.

“**B Subscription Price**” has the meaning ascribed to such term in Section 3.1(b).

“**B Trigger Event**” means that (a) both the A Trigger Event and (b) the effective date of the CPUC’s approval of California Pacific Electric Company, LLC’s general rate case before the CPUC setting customer rates for the years 2012 to 2014 in its service territory have occurred.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, on which the banks located in Ontario and Nova Scotia are open for business.

“**Closing**” shall have the meaning ascribed to such term in Section 4.1.

“**Closing Date**” shall have the meaning ascribed to such term in Section 4.1.

“**Closing Time**” shall have the meaning ascribed to such term in Section 4.1.

“**Common Shares**” means the common shares of APUC, and includes any securities into which the common shares of APUC may be converted or exchanged or reclassified pursuant to a capital reorganization of APUC.

“**Control**” means, with respect a Person (the first Person), the possession by another Person, directly or indirectly, of the power to direct or cause the direction of the management and policies of the first Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**Controlled**” and similar terms shall have corresponding meanings.

“**CPUC**” means the California Public Utilities Commission.

“**CPUC Approval**” has the meaning ascribed to such term in the Unit Purchase Agreement.

“**Emera**” has the meaning ascribed to such term in the opening paragraph to this Agreement.

“**Emera Interest**” has the meaning ascribed to such term in Recital E.

“**Emera US**” has the meaning ascribed to such term in Recital D.

“**Escrow Agreement**” means the escrow agreement dated the date hereof between Emera, APUC and the Escrow Agent.

“**Escrow Agent**” means CIBC Mellon Trust Company, or its successors, as applicable.

“**FERC**” means the Federal Energy Regulatory Commission.

“**FERC Approval**” has the meaning ascribed to such term in the Unit Purchase Agreement.

“**Liberty Energy**” has the meaning ascribed to such term in Recital D to this Agreement.

“**Maine PUC**” means the Maine Public Utilities Commission.

“**Maine PUC Approval**” has the meaning ascribed to such term in the Unit Purchase Agreement.

“**Party**” means APUC or Emera, as applicable, and the term “**Parties**” means both APUC and Emera.

“**Person**” means an individual, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, governmental authority or other entity of any kind.

“**Promissory Notes**” means the A Promissory Note and the B Promissory Note.

“**Shareholder**” means a holder of one or more Common Shares; and the term “**Shareholders**” has a corresponding plural meaning.

“**Strategic Investment Agreement**” means the strategic investment agreement dated as of April 29, 2011 between the Parties.

“**Subject Share**” means a Common Share delivered in satisfaction of the right evidenced by a Subject Receipt pursuant to the terms hereof following the A Trigger Event or the B Trigger Event, as the case may be; and the term “**Subject Shares**” has a corresponding plural meaning.

“**Subject Receipts**” means the A Subject Receipts and the B Subject Receipts.

“**Subscription Price**” means the aggregate of the A Subscription Price and the B Subscription Price.

“**Subscription Receipt**” means a subscription receipt of APUC issued pursuant to this Agreement and from time to time outstanding, each evidencing the contingent rights to Common Shares provided for herein.

“**Termination Event**” has the meaning ascribed to such term in Section 9.1.

“**Trigger Event**” means the A Trigger Event or the B Trigger Event.

“**Trigger Notice**” has the meaning ascribed to such term in Section 7.1(a).

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**Unit Purchase Agreement**” means the unit purchase agreement dated the date hereof between Liberty Energy and Emera US pursuant to which Liberty Energy has agreed to purchase the Emera Interest from Emera US.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

## **1.2 Gender and Number**

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing individuals shall include all Persons and vice versa.

## **1.3 Currency**

Unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, are expressed in Canadian dollars.

## **1.4 Subdivisions and Headings**

The division of this Agreement into Articles, Sections, Schedules and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The headings in this Agreement are not intended to be full or precise descriptions of the text to which they refer. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section, Subsection, paragraph, clause or Schedule are to the applicable article, section, subsection, paragraph, clause or schedule of this Agreement.

# **ARTICLE 2 SCHEDULES**

## **2.1 Description of Schedules**

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule A	- Form of A Subscription Receipt Certificate
Schedule B	- Form of B Subscription Receipt Certificate
Schedule C	- Form of A Promissory Note
Schedule D	- Form of B Promissory Note

# **ARTICLE 3 SUBSCRIPTION AND DESCRIPTION OF SUBSCRIPTION RECEIPTS**

## **3.1 Subscription for the Subscription Receipts**

Emera hereby irrevocably subscribes for, on and subject to the terms and conditions set out in this Agreement, an aggregate of:

- (a) 4,790,000 Subscription Receipts (the "**A Subject Receipts**"), for an aggregate subscription price of Cdn\$22,608,800 (the "**A Subscription Price**") entitling the holder to receive Common Shares, as contemplated by Section 3.2, following the occurrence of the A Trigger Event. The Parties agree that payment of the A Subscription Price shall be satisfied by the delivery of the A Promissory Note by Emera to APUC; and
- (b) 3,421,000 Subscription Receipts (the "**B Subject Receipts**"), for an aggregate subscription price of \$16,147,120 (the "**B Subscription Price**") entitling the holder to receive Common Shares, as contemplated by Section 3.2, following the occurrence of the B Trigger Event. The Parties agree that payment of the B Subscription Price shall be satisfied by the delivery of the B Promissory Note by Emera to APUC.

### **3.2 Description of Subscription Receipts**

Each A Subject Receipt and each B Subject Receipt represents a right that entitles the holder thereof to receive, in accordance with the terms hereof, following the occurrence of the A Trigger Event or the B Trigger Event, respectively, without delivery of additional consideration, one Common Share, subject to adjustment as contemplated by Section 8.2. The A Subject Receipts shall be represented by a single certificate, in the form attached hereto as Schedule A, and the B Subject Receipts shall be represented by a single certificate, in the form attached hereto as Schedule B, each registered in the name of Emera at the address for Emera set forth in Section 10.2 and delivered to Emera at Closing against delivery of the Promissory Notes pursuant to Section 4.1.

## **ARTICLE 4 CLOSING**

### **4.1 Closing**

Delivery and issuance of the Subject Receipts and delivery of the Promissory Notes as payment of the Subscription Price will be completed (the "**Closing**") at the offices of APUC's counsel, Blake, Cassels & Graydon LLP, Toronto at 5:00 p.m. (Toronto time) (the "**Closing Time**") on September 12, 2011 or such other place or date or time as APUC and Emera may agree (the "**Closing Date**"). If by the Closing Time, the conditions contained in Sections 4.2 or 4.3 have been satisfied (or waived by the relevant Party), Emera will deliver to APUC any documents required hereunder to be executed by Emera and payment of the aggregate Subscription Price for all of the Subject Receipts against delivery by APUC of the certificates representing all such Subject Receipts. If by the Closing Time, the conditions contained in Sections 4.2 or 4.3 have not been satisfied (and have not been waived by the relevant Party), neither Emera nor APUC will have any further obligations under this Agreement.

### **4.2 Condition of Closing in Favour of APUC**

APUC shall not be obligated to complete the subscription for Subscription Receipts under this Agreement unless, by the Closing Time, each of the conditions listed below in this Section 4.2 has been satisfied:

- (a) the TSX shall have provided conditional approval of the terms of the subscription under this Agreement in form and substance acceptable to APUC, acting reasonably;

- (b) the representations and warranties of Emera hereunder will be true and correct and Emera will have furnished to APUC a certificate to that effect with respect to such representations and warranties; and
- (c) Emera will have complied with all of its obligations and covenants of this Agreement to be performed or complied with at or prior to the Closing Time and Emera will have furnished to APUC a certificate to that effect with respect to such covenants and obligations.

#### **4.3 Condition of Closing in Favour of Emera**

Emera shall not be obligated to complete the subscription for Subscription Receipts under this Agreement unless, by the Closing Time, each of the conditions listed below in this Section 4.3 has been satisfied:

- (a) the TSX shall have provided conditional approval of the terms of the subscription under this Agreement in form and substance acceptable to Emera, acting reasonably;
- (b) the representations and warranties of APUC hereunder will be true and correct and APUC will have furnished to Emera a certificate to that effect with respect to such representations and warranties; and
- (c) APUC will have complied with all of its obligations and covenants of this Agreement to be performed or complied with at or prior to the Closing Time and APUC will have furnished to Emera a certificate to that effect with respect to such covenants and obligations.

#### **4.4 Escrow**

Immediately following the Closing:

- (a) Emera shall deliver to the Escrow Agent the certificates representing the Subject Receipts, to be released in accordance with the terms of the Escrow Agreement; and
- (b) APUC shall deliver to the Escrow Agent the Promissory Notes, to be released in accordance with the terms of the Escrow Agreement.

### **ARTICLE 5 REPRESENTATIONS, WARRANTIES AND COVENANTS OF EMERA**

#### **5.1 Representations, Warranties and Covenants of Emera**

By executing this Agreement, Emera represents, warrants and covenants to APUC, and acknowledges that APUC is relying thereon, that:

- (a) Emera is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder;

- (b) this Agreement has been duly authorized, executed and delivered by Emera and constitutes a legal, valid, binding and enforceable obligation of Emera, subject, however, to the customary limitations with respect to bankruptcy, insolvency or other laws affecting creditors' rights generally and to the availability of equitable remedies;
- (c) the entering into of this Agreement and the completion of the transactions contemplated hereby will not result in a violation of any of the terms and provisions of any law applicable to Emera or any of its constating documents;
- (d) Emera is resident in the Province of Nova Scotia and is subscribing for the Subject Receipts as principal for its own account and not with a view to resale or distribution of all or any of the Subject Receipts;
- (e) Emera is an "accredited investor" as such term is defined in paragraph (m) of the definition of "accredited investor" in National Instrument 45-106 – *Prospectus and Registration Exemptions*, by virtue of Emera having net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- (f) Emera has been independently advised as to the applicable hold or restricted period imposed in respect of the Subject Receipts and the Subject Shares under Applicable Securities Laws, and is aware of the risks and other characteristics of each of such securities and of the fact that Emera may not be able to resell any of such securities except in accordance with Applicable Securities Laws and in compliance with this Agreement, and agrees to comply with all such resale restrictions;
- (g) Emera has not received, nor has it requested, nor does it have any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document describing the business and affairs of APUC which has been prepared for delivery to, or review by, prospective purchasers in order to assist them in making an investment decision in respect of the Subject Receipts or the Subject Shares;
- (h) Emera has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its proposed subscription for the Subject Receipts;
- (i) Emera is neither (i) a "U.S. Person" (as defined in Rule 902(k) of Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee is a U.S. Person, and any partnership or corporation organized or incorporated under the laws of the United States, nor (ii) subscribing for the Subject Receipts for the account of a U.S. Person or a person in the United States or for resale in the United States, and the Subject Receipts have not been offered to Emera in the United States and Emera was not in the United States when the order was placed or when this Agreement was executed and delivered;
- (j) Emera understands that the Subject Shares to be delivered in satisfaction of the rights evidenced by the Subject Receipts may not be delivered, in the United States or by or on behalf of a U.S. Person unless an exemption is available from

the registration requirements of the U.S. Securities Act and applicable state securities laws and the holder has furnished an opinion of counsel of recognized standing in form and substance satisfactory to APUC to such effect; and

- (k) Emera will not offer or sell the Subject Receipts or the Subject Shares in the United States or to a U.S. Person, unless such securities are registered under the U.S. Securities Act and the laws of all applicable states of the United States or an exemption from such registration requirements is available.

Emera agrees that the above representations, warranties and covenants will be true and correct both as of the execution of this Agreement and as of the Closing Time and shall not merge on but shall survive the Closing.

## **5.2 Acknowledgments and Covenants of Emera**

The foregoing representations, warranties and covenants are made by Emera with the intent that they be relied upon by APUC in determining the eligibility of Emera as a subscriber for the Subject Receipts and of any Subject Shares. Emera undertakes to notify APUC promptly of any change in any representation or warranty of Emera set forth herein which takes place prior to the Closing Time.

Emera acknowledges that legends will be placed on the certificates representing the Subject Receipts and, if applicable, Subject Shares, to the effect that the securities represented by the certificates are subject to a hold or restricted period and may not be traded until the expiry of such hold or restricted period except as permitted by Applicable Securities Laws.

Emera shall, within the applicable time frames, execute, deliver, file and otherwise assist APUC in filing, such reports, undertakings and other documents required by Applicable Securities Laws in connection with the issuance of the Subject Receipts and, if applicable, Subject Shares, including any requirements of the TSX, and the filing by APUC of a Form 45-106F1 with the applicable securities regulatory authority or authorities in respect of the subscription for the Subject Receipts by Emera hereunder.

## **ARTICLE 6 REPRESENTATIONS, WARRANTIES AND COVENANTS OF APUC**

### **6.1 Representations and Warranties of APUC**

APUC hereby represents and warrants to Emera, and acknowledges that Emera is relying upon each of such representations and warranties in completing the subscription for the Subject Receipts, as follows:

- (a) APUC is a corporation existing under the laws of Canada;
- (b) APUC has all requisite power and authority to execute and deliver this Agreement and all other agreements and instruments to be executed by APUC and to observe and perform its covenants and obligations hereunder and thereunder as contemplated by this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by APUC and constitutes a legal, valid, binding and enforceable obligation of APUC, subject, however, to the customary limitations with respect to bankruptcy, insolvency or other laws affecting creditors' rights generally and to the availability of equitable remedies;

- (d) the Subject Receipts and the Subject Shares to be delivered in satisfaction of the rights evidenced by the Subject Receipts in accordance with the terms hereof have been duly authorized for issuance by APUC;
- (e) the entering into of this Agreement and the transactions contemplated hereby will not result in a violation of any of the terms and provisions of any law applicable to APUC or of APUC's constating documents;
- (f) no approval, authorization, consent, permit or order of, and no notice, report, filing, registration or recording with, any governmental authority, stock exchange or third party is required of APUC in connection with the execution and delivery or with the performance by APUC of this Agreement other than (A) the approval of the TSX and customary filings with, and payment of prescribed filing fees to, the TSX, (B) the filing of a Form 45-106F1 with applicable securities regulatory authorities and prescribed filing fees applicable thereto and (c) the FERC Approval;
- (g) APUC is a reporting issuer in each of the provinces of Canada and is not on the list of reporting issuers in default of requirements of Applicable Securities Laws maintained by the securities regulatory authority in each such province;
- (h) the Common Shares are listed and posted for trading on the TSX and, to the best of its knowledge, APUC is not in default of any of the material listing or filing requirements of the TSX;
- (i) on the date hereof, in addition to subscription receipts issued to Emera, there are 119,214,224 Common Shares outstanding, an aggregate principal amount of \$59,967,000 convertible debentures convertible at a conversion price of \$6.00 per share, an aggregate principal amount of \$62,700,000 convertible debentures exercisable at a conversion price of \$4.20 per share (the "\$4.20 CDs"), options to purchase 1,160,204 Common Shares at an exercise price of \$4.05 per share, options to purchase 892,107 Common Shares at an exercise price of \$5.23 per share, options to purchase 171,642 Common Shares at an exercise price of \$5.64, and options to purchase 90,909 Common Shares at an exercise price of \$5.74 per share.
- (j) no order ceasing or suspending trading in the securities of APUC nor prohibiting sale of such securities has been issued to APUC or its directors, officers or promoters and to APUC's knowledge, no investigations or proceedings for such purposes are pending or threatened;
- (k) APUC is in compliance in all material respects with its continuous disclosure obligations under Applicable Securities Laws, including disclosure of any material changes in the affairs of APUC in accordance with Applicable Securities Laws;
- (l) each continuous disclosure document filed by APUC with securities regulatory authorities in Canada since January 1, 2011, at the time of its filing, complied in all material respects with the requirements of Applicable Securities Laws and did not contain any misrepresentation (as defined in Applicable Securities Laws);

- (m) upon receipt by APUC of payment in full of the A Subscription Price following the occurrence of the A Trigger Event and upon issuance in accordance with the terms hereof, the A Subject Shares will be validly issued and fully paid as non-assessable common shares in the capital of APUC; and
- (n) upon receipt by APUC of payment in full of the B Subscription Price following the occurrence of the B Trigger Event and upon issuance in accordance with the terms hereof, the B Subject Shares will be validly issued and fully paid as non-assessable common shares in the capital of APUC.

APUC agrees that the above representations, warranties and covenants shall be true and correct both as of the execution of this Agreement and as of the Closing Time and shall not merge on but shall survive the Closing.

The foregoing representations and warranties are made by APUC with the intent that they be relied upon by Emera in entering into this Agreement.

## **6.2 Covenants of APUC**

APUC agrees to make such filings with the TSX as are necessary to obtain conditional approval by the TSX of the terms of the subscription under this Agreement, to the extent not already obtained.

APUC undertakes to notify Emera promptly of any change in any representation and warranty of APUC set forth herein which takes place prior to the Closing Time.

## **ARTICLE 7 TRIGGER EVENTS**

### **7.1 Trigger Event**

- (a) APUC shall provide written notice (a "**Trigger Notice**") to Emera of the occurrence of a Trigger Event as soon as practicable following such occurrence.
- (b) Upon receipt by Emera of a Trigger Notice following occurrence of the A Trigger Event or the B Trigger Event, the full principal amount of the A Promissory Note or the B Promissory Note, respectively, shall become due and payable to APUC and the rights evidenced by the A Subject Receipts or the B Subject Receipts, as applicable, shall be deemed to be satisfied by delivery of Common Shares on a one-for-one basis, subject to adjustment as may be required pursuant to Section 8.2 and subject to being rounded (i) up in respect of fractions of 0.5 or greater, and (ii) down in respect of fractions of less than 0.5, in each case to the nearest whole number of Common Shares. Emera shall, within five (5) Business Days after receipt of a Trigger Notice following the occurrence of a Trigger Event, pay to APUC in exchange for the Subject Shares underlying the A Subject Receipts or B Subject Receipts, as applicable, the full principal amount of the A Promissory Note or the B Promissory Note, respectively, and shall deliver to the Escrow Agent the certificates evidencing the A Subject Receipts or the B Subscription Receipts, as applicable.
- (c) Within five (5) Business Days of delivery to Emera of a Trigger Notice in respect of the A Trigger Event or the B Trigger Event, APUC shall deliver to the Escrow Agent the A Promissory Note or the B Promissory Note, respectively, and

certificates representing the Common Shares delivered in satisfaction of the rights evidenced by the A Subject Receipts or the B Subject Receipts, as applicable.

- (d) The delivery of the Subject Shares to Emera pursuant to the A Subject Receipts or the B Subject Receipts, as the case may be, shall be in satisfaction of Emera's rights, evidenced by such Subject Receipts, to receive following the occurrence of the A Trigger Event or the B Trigger Event, as applicable, such Subject Shares.

## **ARTICLE 8 RIGHTS AND OBLIGATIONS WITH RESPECT TO THE SUBJECT RECEIPTS AND SUBJECT SHARES**

### **8.1 Application of Amended First Subscription Agreement**

Pursuant to the Strategic Investment Agreement, the issuance and acquisition of the Subject Receipts and the Subject Shares by Emera hereunder shall each constitute an exception to Emera's standstill obligations under Sections 8.4(a), (d) and (e) (as it relates to Sections 8.4(a) and (d)) and to the provisions of Section 8.5 (other than Section 8.5(f) with respect to Subject Shares that are not Additional Shares (as defined in the Strategic Investment Agreement)) of the Amended First Subscription Agreement but Sections 8.1 to 8.5 of the Amended First Subscription Agreement shall otherwise apply to the Subject Receipts and Subject Shares.

### **8.2 Adjustment for Capital Reorganizations**

In the event that, prior to the occurrence of a Trigger Event, APUC undertakes a capital reorganization, pursuant to which the Common Shares are consolidated into a lesser number of Common Shares, subdivided into a greater number of Common Shares or converted into or exchanged for other securities, the number of Common Shares to be delivered in satisfaction of the rights evidenced by the Subject Receipts shall be adjusted accordingly (so as to be equal to such number of Common Shares or other securities that Emera would have held upon completion of such capital reorganization, had Emera exercised its rights evidenced by all of its Subscription Receipts to be delivered Common Shares immediately prior to such capital reorganization). For greater certainty, the payment of dividends (including the payment of dividends by the issuance of Common Shares) on the Common Shares by APUC from time to time shall not give rise to any adjustment hereunder.

## **ARTICLE 9 TERMINATION**

### **9.1 Termination Events**

If, prior to the closing of the purchase and sale of the Emera Interest under the Unit Purchase Agreement, the Unit Purchase Agreement is terminated, such event shall constitute a "**Termination Event**" hereunder.

### **9.2 Effect of Termination**

Upon the occurrence of a Termination Event, this Agreement shall be terminated, and the Parties shall have no further rights or obligations hereunder or under the Subject Receipts or the Promissory Notes, including without limitation, Article 8, except the following:

- (a) Emera shall, as soon as practicable following the occurrence of the Termination Event, return to APUC all Subject Receipts for cancellation; and

- (b) APUC shall, as soon as practicable following the occurrence of the Termination Event and receipt of the Subject Receipts returned by Emera, return the Promissory Notes to Emera for cancellation.

**9.3 Approvals**

The Parties shall, and shall cause their respective Affiliated Entities to, co-operate fully and provide all information and data necessary for, or reasonably requested by, the CPUC, FERC and Maine PUC, with respect to the Approvals.

**ARTICLE 10 MISCELLANEOUS**

**10.1 Further Assurances**

Each of the Parties hereto upon the request of the other Party hereto, whether before or after the Closing Time, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

**10.2 Notices**

Any demand, notice or other communication (hereinafter in this Section 10.2 referred to as a "**Communication**") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

if to APUC, to:

Algonquin Power & Utilities Corp.  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Attention: General Counsel and Corporate Secretary  
Facsimile: (905) 465-4540  
E-mail: \_\_\_\_\_

with a copy to:

Blake, Cassels & Graydon LLP  
199 Bay Street, Suite 4000  
Commerce Court West  
Toronto, Ontario M5A 1A9

Attention: Ken Pearce  
Facsimile: (416) 863-2653  
E-mail: [kenneth.pearce@blakes.com](mailto:kenneth.pearce@blakes.com)

if to Emera, to:

Emera Incorporated  
1894 Barrington Street  
Halifax, Nova Scotia B3J 2A8

Attention: Corporate Secretary  
Facsimile: (902) 428-6171  
E-mail: [stephen.aftanas@emera.com](mailto:stephen.aftanas@emera.com)

or such other address, electronic communication number or individual as may be designated by notice by any party to the others. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or by electronic communication.

### **10.3 Time of the Essence**

Time shall be of the essence of this Agreement and every part hereof.

### **10.4 Costs and Expenses**

Each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement and the transactions contemplated herein.

### **10.5 Applicable Law**

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein. Any and all disputes arising under this Agreement, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such Province.

### **10.6 Entire Agreement**

This Agreement, including the Schedules hereto, the Promissory Notes, the Escrow Agreement, and the certificates, affidavits, statutory declarations and other documents contemplated by any such note or agreement, constitute the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, between the parties hereto relating to the subject matter of this Agreement other than those expressly set forth in this Agreement or in any such note, agreement, certificate, affidavit, statutory declaration or other document as aforesaid. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

### **10.7 Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Agreement.

Counterparts may be delivered either in original, faxed form or by other electronic transmission and the parties adopt any signature received by a receiving fax machine or by e-mail as original signatures of the parties.

**10.8 Assignment**

This Agreement may not be assigned by either Party except with the prior written consent of the other Party hereto.

**10.9 Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any Party), administrators and permitted assigns.

**10.10 English Language**

Each of APUC and Emera hereby acknowledges that it has consented and requested that all documents evidencing or relating in any way to the Subscription Receipts and this Agreement be drawn up in the English language only. Nous soussignés reconnaissons par les présentes avoir consenti et demandé que tous les documents faisant foi ou se rapportant de quelque manière aux reçus de suscription et à la présente convention de souscription soient rédigés en anglais seulement.

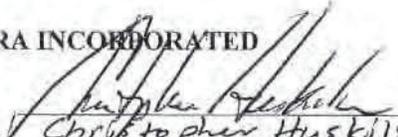
IN WITNESS WHEREOF, the Parties have signed this Agreement effective as of the date first written above.

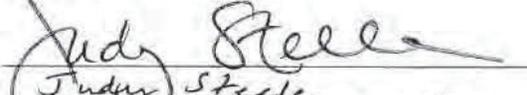
**ALGONQUIN POWER & UTILITIES CORP.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**EMERA INCORPORATED**

By:   
Name: Christopher Huskisson  
Title: President and CEO

By:   
Name: Judy Steele  
Title: Chief Financial Officer

Counterparts may be delivered either in original, faxed form or by other electronic transmission and the parties adopt any signature received by a receiving fax machine or by e-mail as original signatures of the parties.

**10.8 Assignment**

This Agreement may not be assigned by either Party except with the prior written consent of the other Party hereto.

**10.9 Successors and Assigns**

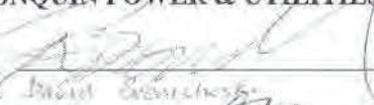
This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any Party), administrators and permitted assigns.

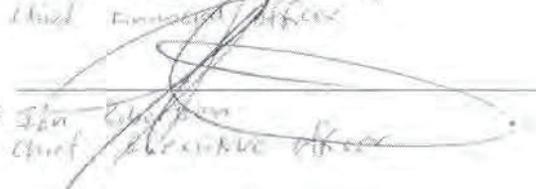
**10.10 English Language**

Each of APUC and Emera hereby acknowledges that it has consented and requested that all documents evidencing or relating in any way to the Subscription Receipts and this Agreement be drawn up in the English language only. Nous soussignés reconnaissons par les présentes avoir consenti et demandé que tous les documents faisant foi ou se rapportant de quelque manière aux reçus de suscription et à la présente convention de souscription soient rédigés en anglais seulement.

IN WITNESS WHEREOF, the Parties have signed this Agreement effective as of the date first written above.

**ALGONQUIN POWER & UTILITIES CORP.**

By:   
Name: Brian Esmuth  
Title: Chief Executive Officer

By:   
Name: John E. [unclear]  
Title: Chief Executive Officer

**EMERA INCORPORATED**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE A**

**FORM OF A SUBSCRIPTION RECEIPT CERTIFICATE**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE \_\_\_\_\_, 2011.

SUBSCRIPTION RECEIPTS  
TO ACQUIRE COMMON SHARES OF  
ALGONQUIN POWER & UTILITIES CORP.

Subscription Receipt Certificate No. •	Certificate for 4,790,000 Subscription Receipts, each entitling the Holder to acquire one Common Share of Algonquin Power & Utilities Corp. (subject to adjustment as set out below)
--	--

THIS IS TO CERTIFY THAT, for value received, Emera Incorporated (herein called "**Emera**") is the registered holder of 4,790,000 Subscription Receipts represented hereby. The Subscription Receipts evidenced by this certificate (this "**Subscription Receipt Certificate**") are issued pursuant to the subscription agreement dated •, 2011 (the "**Subscription Agreement**") between Emera and Algonquin Power & Utilities Corp. ("**APUC**").

Capitalized terms used in this Subscription Receipt Certificate and not otherwise defined herein shall have the meanings ascribed to them in the Subscription Agreement. In the event of any inconsistency between the terms set forth in this certificate and the terms of the Subscription Agreement, the terms of the Subscription Agreement shall govern.

Subject to the Subscription Agreement and the Escrow Agreement, upon receipt by Emera of a Trigger Notice following the occurrence of the A Trigger Event, the rights evidenced by this Subscription Receipt Certificate shall be deemed to be satisfied by delivery of Common Shares on a one-for-one basis, subject to adjustment as may be required pursuant to Section 8.2 of the Subscription Agreement and subject to being rounded (i) up in respect of fractions of 0.5 or greater, and (ii) down in respect of fractions of less than 0.5, in each case to the nearest whole number of Common Shares.

Without limiting the provisions of Section 9.2 of the Subscription Agreement, upon the occurrence of a Termination Event, APUC shall have no further obligation to deliver Common Shares to Emera hereunder.

As set forth in Section 8.2 of the Subscription Agreement, in the event that, prior to the occurrence of a Trigger Event, APUC undertakes a capital reorganization, pursuant to which the Common Shares are consolidated into a lesser number of Common Shares, subdivided into a greater number of Common Shares or converted into or exchanged for other securities, the number of Common Shares to be delivered in satisfaction of the rights evidenced by this Subscription Receipt Certificate shall be adjusted accordingly (so as to be equal to such number of Common Shares or other securities that Emera would have held upon completion of such capital reorganization, had Emera exercised its rights evidenced by all of its Subscription Receipts to be delivered Common Shares immediately prior to such capital reorganization). For greater certainty, the payment of dividends (including the payment of dividends by the issuance of Common Shares) on the Common Shares by APUC from time to time shall not give rise to any adjustment hereunder.

The holding of the Subscription Receipts evidenced by this Subscription Receipt Certificate shall not constitute Emera a shareholder of APUC or entitle Emera to any right or interest in respect thereof except as herein and in the Subscription Agreement expressly provided.

The Subscription Receipts evidenced by this Subscription Receipt Certificate may only be transferred in accordance with applicable securities laws and the conditions prescribed in the Subscription Agreement.

Emera acknowledges that this Subscription Receipt Certificate will be deposited with the Escrow Agent pursuant to the Subscription Agreement and will be subject to conditions of release as set out in the Escrow Agreement.

Time shall be of the essence hereof.

IN WITNESS WHEREOF APUC has caused this Subscription Receipt Certificate to be signed by its duly authorized officer as of the    day of                   , 2011.

**ALGONQUIN POWER & UTILITIES CORP.**

By: \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

## SCHEDULE B

### FORM OF B SUBSCRIPTION RECEIPT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE \_\_\_\_\_, 2011.

SUBSCRIPTION RECEIPTS  
TO ACQUIRE COMMON SHARES OF  
ALGONQUIN POWER & UTILITIES CORP.

Subscription Receipt Certificate No. •	Certificate for 3,421,000 Subscription Receipts, each entitling the Holder to acquire one Common Share of Algonquin Power & Utilities Corp. (subject to adjustment as set out below)
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THIS IS TO CERTIFY THAT, for value received, Emera Incorporated (herein called “**Emera**”) is the registered holder of 3,421,000 Subscription Receipts represented hereby. The Subscription Receipts evidenced by this certificate (this “**Subscription Receipt Certificate**”) are issued pursuant to the subscription agreement dated •, 2011 (the “**Subscription Agreement**”) between Emera and Algonquin Power & Utilities Corp. (“**APUC**”).

Capitalized terms used in this Subscription Receipt Certificate and not otherwise defined herein shall have the meanings ascribed to them in the Subscription Agreement. In the event of any inconsistency between the terms set forth in this certificate and the terms of the Subscription Agreement, the terms of the Subscription Agreement shall govern.

Subject to the Subscription Agreement and the Escrow Agreement, upon receipt by Emera of a Trigger Notice following the occurrence of the B Trigger Event, the rights evidenced by this Subscription Receipt Certificate shall be deemed to be satisfied by delivery of Common Shares on a one-for-one basis, subject to adjustment as may be required pursuant to Section 8.2 of the Subscription Agreement and subject to being rounded (i) up in respect of fractions of 0.5 or greater, and (ii) down in respect of fractions of less than 0.5, in each case to the nearest whole number of Common Shares.

Without limiting the provisions of Section 9.2 of the Subscription Agreement, upon the occurrence of a Termination Event, APUC shall have no further obligation to deliver Common Shares to Emera hereunder.

As set forth in Section 8.2 of the Subscription Agreement, in the event that, prior to the occurrence of a Trigger Event, APUC undertakes a capital reorganization, pursuant to which the Common Shares are consolidated into a lesser number of Common Shares, subdivided into a greater number of Common Shares or converted into or exchanged for other securities, the number of Common Shares to be delivered in satisfaction of the rights evidenced by this Subscription Receipt Certificate shall be adjusted accordingly (so as to be equal to such number of Common Shares or other securities that Emera would have held upon completion of such capital reorganization, had Emera exercised its rights evidenced by all of its Subscription Receipts to be delivered Common Shares immediately prior to such capital reorganization). For greater certainty, the payment of dividends (including the payment of dividends by the issuance of Common Shares) on the Common Shares by APUC from time to time shall not give rise to any adjustment hereunder.

The holding of the Subscription Receipts evidenced by this Subscription Receipt Certificate shall not constitute Emera a shareholder of APUC or entitle Emera to any right or interest in respect thereof except as herein and in the Subscription Agreement expressly provided.

The Subscription Receipts evidenced by this Subscription Receipt Certificate may only be transferred in accordance with applicable securities laws and the conditions prescribed in the Subscription Agreement.

Emera acknowledges that this Subscription Receipt Certificate will be deposited with the Escrow Agent pursuant to the Subscription Agreement and will be subject to conditions of release as set out in the Escrow Agreement.

Time shall be of the essence hereof.

IN WITNESS WHEREOF APUC has caused this Subscription Receipt Certificate to be signed by its duly authorized officer as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**ALGONQUIN POWER & UTILITIES CORP.**

By: \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

## SCHEDULE C

### FORM OF A PROMISSORY NOTE

**Principal Amount:** \$22,608,800  
**Due Date:** A Trigger Event as set forth below

**FOR VALUE RECEIVED**, EMERA INCORPORATED (“**Emera**”), unconditionally promises to pay to or to the order of ALGONQUIN POWER & UTILITIES CORP. (“**APUC**”) at 2845 Bristol Circle, Oakville, Ontario, L6H 7H7 or such other place as the Holder may direct in writing, the sum of TWENTY TWO MILLION SIX HUNDRED AND EIGHT THOUSAND EIGHT HUNDRED DOLLARS (\$22,608,800.00) in lawful money of Canada, such amount payable in full upon the occurrence of the A Trigger Event in accordance with, and subject to, the respective terms hereof, of the subscription agreement dated •, 2011 (the “**Subscription Agreement**”) between Emera and APUC and of the escrow agreement dated •, 2011 (the “**Escrow Agreement**”) among Emera, APUC and CIBC Mellon Trust Company. The principal amount of this promissory note (this “**Promissory Note**”) shall not bear interest.

Capitalized terms used in this Promissory Note and not otherwise defined herein shall have the meanings ascribed to them in the Subscription Agreement.

This Promissory Note has been delivered by Emera to APUC pursuant to the Subscription Agreement in satisfaction of the Subscription Price for 4,790,000 Subscription Receipts.

Subject to the Subscription Agreement and the Escrow Agreement, upon receipt by Emera of a Trigger Notice following the occurrence of the A Trigger Event, the full principal amount of this Promissory Note shall become due and payable to APUC and the rights evidenced by the certificate representing the Subject Receipts shall be deemed to be satisfied by delivery of Common Shares on a one-for-one basis, subject to adjustment as may be required pursuant to Section 8.2 of the Subscription Agreement and subject to being rounded (i) up in respect of fractions of 0.5 or greater, and (ii) down in respect of fractions of less than 0.5, in each case to the nearest whole number of Common Shares. Emera shall, within five (5) Business Days after receipt of the Trigger Notice following occurrence of the A Trigger Event, pay to APUC in exchange for the Subject Shares, the full principal amount of this Promissory Note.

Without limiting the provisions of Section 9.2 of the Subscription Agreement, upon the occurrence of a Termination Event, Emera shall have no further obligation to pay any of the principal amount of this Promissory Note.

Emera waives presentment for payment, notice of dishonour, protest and notice of protest in respect of this Promissory Note. The provisions of this Promissory Note shall enure to the benefit of APUC and its successors and assigns and shall be binding upon Emera and its successors and assigns.

APUC acknowledges that this Promissory Note will be deposited with the Escrow Agent pursuant to the Subscription Agreement and will be subject to the conditions of release set out in the Escrow Agreement.

This Promissory Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

MADE AT \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**EMERA INCORPORATED**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE D

### FORM OF B PROMISSORY NOTE

**Principal Amount:** \$16,147,120  
**Due Date:** B Trigger Event as set forth below

**FOR VALUE RECEIVED**, EMERA INCORPORATED (“**Emera**”), unconditionally promises to pay to or to the order of ALGONQUIN POWER & UTILITIES CORP. (“**APUC**”) at 2845 Bristol Circle, Oakville, Ontario, L6H 7H7 or such other place as the Holder may direct in writing, the sum of SIXTEEN MILLION ONE HUNDRED AND FORTY-SEVEN THOUSAND ONE HUNDRED AND TWENTY DOLLARS (\$16,147,120.00) in lawful money of Canada, such amount payable in full upon the occurrence of the B Trigger Event in accordance with, and subject to, the respective terms hereof, of the subscription agreement dated •, 2011 (the “**Subscription Agreement**”) between Emera and APUC and of the escrow agreement dated •, 2011 (the “**Escrow Agreement**”) among Emera, APUC and CIBC Mellon Trust Company. The principal amount of this promissory note (this “**Promissory Note**”) shall not bear interest.

Capitalized terms used in this Promissory Note and not otherwise defined herein shall have the meanings ascribed to them in the Subscription Agreement.

This Promissory Note has been delivered by Emera to APUC pursuant to the Subscription Agreement in satisfaction of the Subscription Price for 3,421,000 Subscription Receipts.

Subject to the Subscription Agreement and the Escrow Agreement, upon receipt by Emera of a Trigger Notice following the occurrence of the B Trigger Event, the full principal amount of this Promissory Note shall become due and payable to APUC and the rights evidenced by the certificate representing the Subject Receipts shall be deemed to be satisfied by delivery of Common Shares on a one-for-one basis, subject to adjustment as may be required pursuant to Section 8.2 of the Subscription Agreement and subject to being rounded (i) up in respect of fractions of 0.5 or greater, and (ii) down in respect of fractions of less than 0.5, in each case to the nearest whole number of Common Shares. Emera shall, within five (5) Business Days after receipt of the Trigger Notice following occurrence of the B Trigger Event, pay to APUC in exchange for the Subject Shares, the full principal amount of this Promissory Note.

Without limiting the provisions of Section 9.2 of the Subscription Agreement, upon the occurrence of a Termination Event, Emera shall have no further obligation to pay any of the principal amount of this Promissory Note.

Emera waives presentment for payment, notice of dishonour, protest and notice of protest in respect of this Promissory Note. The provisions of this Promissory Note shall enure to the benefit of APUC and its successors and assigns and shall be binding upon Emera and its successors and assigns.

APUC acknowledges that this Promissory Note will be deposited with the Escrow Agent pursuant to the Subscription Agreement and will be subject to the conditions of release set out in the Escrow Agreement.

This Promissory Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

MADE AT \_\_\_\_\_, this day of \_\_\_\_\_, 2011.

**EMERA INCORPORATED**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_