

Manitoba Hydro Undertaking #84

Manitoba Hydro to confirm whether the Minutes of Settlement entered into with the City of Winnipeg can be provided to the Board. If so, please provide.

Please see the attached Minutes of Settlement.

MINUTES OF SETTLEMENT

THIS AGREEMENT made as of the 17th day of February, 2011.

BETWEEN:

MANITOBA HYDRO

- and -

CENTRA GAS MANITOBA INC.

- and -

THE CITY OF WINNIPEG (“the City”)

WHEREAS Manitoba Hydro and Centra Gas Manitoba Inc. (collectively referred to as “Manitoba Hydro”) and the City wish to resolve the outstanding tax issues relating to the collection of taxes by Manitoba Hydro on the City of Winnipeg’s behalf up to and including December 31, 2010;

AND WHEREAS the City has filed a Statement of Claim against Manitoba Hydro in Manitoba Queen’s Bench Suit No. CI 10-01-65189;

THEREFORE, the parties agree as follows:

1. Manitoba Hydro will pay to the City the sum of \$5,300,000 within 45 days of the latter of the signing of these Minutes (and attached Release) or the ratification of the Minutes of Settlement in accordance with Paragraph 8 herein.
2. The City agrees and understands that no other payments are owing to it by Manitoba Hydro relating to the collection of taxes by Manitoba Hydro on the City of Winnipeg’s behalf up to and including December 31, 2010.
3. The City will immediately discontinue all claims, of any type whatsoever, against Manitoba Hydro relating to the collection of taxes by Manitoba Hydro on the City of Winnipeg’s behalf up to and including December 31, 2010, including Queen’s Bench Suit No. CI 10-01-65189 in its entirety and will provide such Notices of Discontinuance and other documents as may be required to effect such discontinuance.
4. The City further agrees that from January 1, 2011, going forward:

- a) GST will not be included in the purchase price of electricity and gas for the purpose of calculating the tax owing by the customer; and
 - b) Reduced rates of tax will continue to be applied to electricity and gas consumed for space heating; and
 - c) Manitoba Hydro will continue to refund tax to customers in situations where adjustments are processed to correct previously billed amounts.
5. The City will immediately sign a full and final release in favour of Manitoba Hydro, and their officers, directors and employees, from all tax-related claims between January 1, 1991, and December 31, 2010. The form of release to be signed is attached.
6. The City will not pursue any audit or review relating to the collection of taxes by Manitoba Hydro on the City of Winnipeg's behalf up to and including December 31, 2010, and as such, any such audit and/or review in the future would only be for a period of time commencing January 1, 2011 or later.
7. A small committee of representatives from both parties will be formed with the objective of simplifying and streamlining the application and administration of the City of Winnipeg electricity and gas tax so as to avoid misunderstandings and misapplications of the tax in the future and to facilitate more effective communication of tax application to the electricity and gas consumers of Winnipeg. A preliminary meeting of the committee will be held on or before February 28, 2011. The mandate of the committee will be to develop and recommend applicable changes to the City of Winnipeg Charter and the administration and application of the City of Winnipeg electricity and gas tax by December 31, 2011.
8. This agreement is subject to the ratification and approval of Council of the City of Winnipeg.

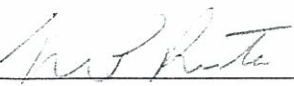
DATED this 17 day of February, 2011.

MANITOBA HYDRO



Per:

THE CITY OF WINNIPEG



Per:

Michael ...

RELEASE

IN CONSIDERATION of the undertaking of MANITOBA HYDRO and CENTRA GAS MANITOBA INC. (hereinafter called the "Releasees") to pay THE CITY OF WINNIPEG (hereinafter called the "Releasor") the sum of \$5,300,000; the receipt of which is hereby acknowledged, the Releasor hereby releases and forever discharges the Releasees, their officers, directors, employees, successors and assigns of and from all action or actions, cause or causes of action, suits, claims or demands which the Releasor now has or which its administrators, successors or assigns hereafter can, shall or may have, for or by reason of the collection of taxes by Manitoba Hydro on the City of Winnipeg's behalf for the period up to and including December 31, 2010, including but not limited to any and all claims under *The City of Winnipeg Act*, SM 1989-90, c. 10 and *The City of Winnipeg Charter* SM 2002, c. 39.

AND THE RELEASOR, for the consideration aforesaid, hereby covenants and agrees not to make any claim or to take any proceedings on account of the said claim, loss or damage against any persons, firm or corporation who may claim contribution or indemnity from the Releasees or their officers, directors, employees, successors and assigns under the provisions of any statute or otherwise.

AND THE RELEASOR FURTHER AGREES that neither the payment of the said sum nor the taking of this release shall be construed in any way as an admission of any liability on the part of the Releasees.

IN WITNESS WHEREOF the Releasor has hereunto affixed its corporate seal, duly attested by the hands of its proper officers in that behalf, this 4 day of February, 2011.

THE CITY OF WINNIPEG

Per: 

Name: MICHAEL R. WITA

Position: A/C.A.O.