

THE CORPORATION OF THE
TOWN OF PELHAM
BY-LAW #2880 (2007)

Being a by-law to provide for the merger of Peninsula West Utilities
Limited and Niagara Falls Hydro Inc.

WHEREAS the Council of the Corporation of the Town of Pelham is a
Municipal Shareholder of the Peninsula West corporate family of companies;

AND WHEREAS all of the Municipal Shareholders of the Peninsula West
corporate family approved, in principle, the merger term sheet in May 2006 and authorized
Peninsula West to proceed with the negotiation of the merger of Peninsula West Utilities
Limited and Niagara Falls Hydro Inc.;

AND WHEREAS Niagara Falls Hydro Inc. has undertaken a similar approval
process;

AND WHEREAS Peninsula West Utilities Limited and Niagara Falls Hydro
Inc. have conducted due diligence and, with the advice of counsel, negotiated the Merger
Agreement, Shareholder Agreement and the Municipal Cooperation Agreement in
accordance with the requirements of the term sheet;

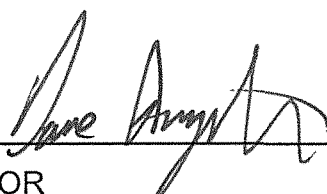
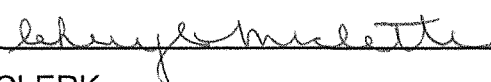
AND WHEREAS each Corporation has retained its own counsel to review the
agreements;

AND WHEREAS the Province of Ontario granted, in October 2006, a two
year transfer tax exemption for the merger of municipally owned electricity distribution
companies;

NOW THEREFORE COUNCIL OF THE CORPORATION OF THE TOWN OF
PELHAM ENACTS AS FOLLOWS:

- (1) THAT the Council of the Town of Pelham hereby approves the merger of
Peninsula West Utilities and Niagara Falls Hydro Inc., in accordance with the
indicated Merger Shareholder and Municipal Cooperation Agreements and
subject to the approval of the Ontario Energy Board.
- (2) THAT the Mayor and Clerk be authorized to execute a Municipal
Cooperation Agreement and other documents necessary to effect the
merger.

READ A FIRST, SECOND AND THIRD TIME
AND FINALLY PASSED BY COUNCIL THIS
18th DAY OF JUNE, 2007 A.D.


MAYOR

CLERK