

## AFFILIATE SERVICES AGREEMENT - APUC

This Affiliate Services Agreement (this "Agreement") is entered into as of the 18<sup>th</sup> day of May, 2015, by and between Algonquin Power & Utilities Corp. ("APUC"), a Canadian Corporation (the "Provider Company"), which company is engaged, in part, in the rendering of services to companies in the APUC holding company system, and Liberty Utilities (EnergyNorth Natural Gas) Corp. ("EnergyNorth") (the "Receiving Company"). The parties to this Agreement are otherwise collectively referred to as the "parties" or individually referred to as a "party".

WHEREAS, the organization, conduct of business and method of cost allocation of the Provider Company is designed to result in the performance of services and the provision of goods economically and efficiently for the benefit of the Receiving Company at costs which are fairly and equitably allocated.

THEREFORE, the parties further agree as follows:

### Section 1 – Provision of Services

Section 1.1 *Consultants* The Provider Company has and will maintain a staff trained and experienced in the provision of services of a general and administrative nature. In addition to the services of their own staff, the Provider Company will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys.

Section 1.2 *Algonquin Power & Utilities Corp.* APUC agrees to provide and Receiving Company agrees to accept Financing Services and Administrative Services. As used herein "Financing Services" means the selling of units to public investors in order to generate the funding and capital necessary for the Receiving Company to provide utility services as well as providing legal services in connection with the issuance of public debt. As used herein "Administrative Services" includes the following types of services: strategic management services, financial controls, corporate governance, and administration and management services such as consultation on management and administration of all aspects of utility business, including economic and strategic analysis.

### Section 2 – Records and Charges

Section 2.1 *Records* All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained for each department and division of the Provider Company in order to accumulate all costs of doing business and to determine the cost of service. These costs will include wages and salaries of employees and related expenses such as insurance, taxes, pensions and other employee welfare expenses, and rent, light, heat, telephone, supplies, and other housekeeping costs. In addition, records will be maintained of general administrative expenses, which will include the costs of operating the Provider Company as a corporate entity.

Each party shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Receiving Company. Each party shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement.

Section 2.2 *Charges* Costs charged to the Receiving Company by the Provider Company will either be direct charges or allocated charges and be subject to the guidelines below:

- i. Tariffed rates or other pricing mechanisms established by rate setting authorities shall be used to provide all regulated services.
- ii. Services not covered by (i) shall be charged by the Provider Company to the Receiving Company at fully distributed cost.
- iii. Facilities and administrative services rendered to a rate-regulated affiliate shall be charged on the following basis:

(1) the prevailing price for which the service is provided for sale to the general public by the Provider Company (i.e., the price charged to non-affiliates if such transactions with non-affiliates constitute a substantial portion of the Provider Company's total revenues from such transactions) or, if no such prevailing price exists, (2) an amount not to exceed the fully distributed cost incurred by the Provider Company in providing such service to the Receiving Company.

Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Costs associated with direct charges shall not be included in the costs that are allocated. Allocated costs shall be charged to the Receiving Company in accordance with the following allocation factors for each service:

Type of Cost	Allocation Methodology	Rationale	Examples
Legal Costs	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third	Employee labor and related administration and programs; third party legal

		factor indicative of size and legal complexity.	
Tax Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by a variety of factors that influence the size and relative tax complexity, including Revenues, O&M and Net Plant. Tax activity can be driven by each of these factors.	Employee labor and related administration and programs, including Third party tax advice and services
Audit	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by a variety of factors that influence the size and complexity of Audit, including Revenues, O&M and Net Plant. Audit activity can be driven by each of these factors.	Employee labor and related administration and programs, including t Third party accounting and audit services
Investor Relations	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration and programs, including third party Investor day communications and materials
Director Fees and Insurance	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Board of Director fees, insurance and administration
Licenses, Fees and Permits	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Escrow and Transfer Agent Fees	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Other Professional Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Office Administration	Oakville Employees 50% Square Footage 50%	This function is driven by factors which are indicative of number of employees and square	Office space and utility costs. Employee labor and related administration

		footage utilized by these employees.	
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Joint and common costs not associated with the provision of services listed above, should be charged based on a three-factor allocation methodology:

Factor	Weight
Net Plant	33.3%
Revenues	33.3%
Operating Expenses	33.3%

See **Attachment A**.

### **Section 3 - Term**

Section 3.1 *Term* The effective date of this Agreement shall be the date noted above and shall continue unless terminated by either the Receiving Company or the Provider Company giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect the terminating party's accrued rights and obligations under this Agreement arising prior to the effective date of termination. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the parties hereto.

### **Section 4 – Confidential Information**

Section 4.1 *Confidential Information* Each party shall treat in confidence all information that it shall have obtained regarding the other parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a party is required to disclose confidential information to a governmental authority, such party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the party providing such information. The obligation of a party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such party from a source other than the party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such party or its agents.

### **Section 5 – Miscellaneous**

Section 5.1 *Rider* Any state specific terms and/or conditions and/or services are specified in Schedule I to this Agreement.

Section 5.2 *Compliance with Governing Law* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with

any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all parties to all counterparts had signed the same instrument.

**Section 5.3 *Limitation of Liability*** Each party acknowledges and agrees that any services provided by the Provider Company hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

**Section 5.4 *Exclusive Benefit*** This Agreement is intended for the exclusive benefit of the parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.5 *Assignment*** This Agreement may not be assigned by any party without the prior written consent of all parties.

**Section 5.6 *Severability*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.7 *Waiver*** Failure by any party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such party may have against any other party nor in any way affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

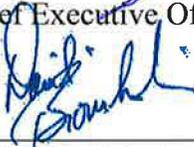
**Section 5.8 *Entirety*** This Agreement including Schedule I attached hereto constitute the entire Agreement between the parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the parties with respect to the subject matter hereof. In the event of a conflict or inconsistency between the terms of this Agreement

and Schedule I, Schedule I shall prevail.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

ALOGONQUIN POWER AND UTILITIES CORP.

By:   
Name: Ian Robertson  
Title: Chief Executive Officer

By:   
Name: David Bronicheski  
Title: Chief Financial Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Daniel G. Saad  
Title: President

By: \_\_\_\_\_  
Name: Kevin McCarthy  
Title: Treasurer

and Schedule I, Schedule I shall prevail.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

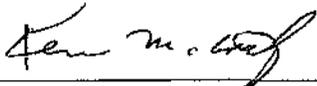
ALOGONQUIN POWER AND UTILITIES CORP.

By: \_\_\_\_\_  
Name: Ian Robertson  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: David Bronicheski  
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LIBERTY UTILITIES (ENERGY NORTH NATURAL GAS) CORP.

By:   
Name: Daniel G. Saad  
Title: President

By:   
Name: Kevin McCarthy  
Title: Treasurer

## AFFILIATE SERVICES AGREEMENT - LUC

This Affiliate Services Agreement (this "Agreement") is entered into as of the 18<sup>th</sup> day of May, 2015, by and between Liberty Utilities (Canada) Corp. ("LUC"), a Canadian Corporation (the "Provider Company"), which is engaged, in part, in the rendering of services to companies in the APUC holding company system, and Liberty Utilities (EnergyNorth Natural Gas) Corp. (the "Receiving Company"). The parties to this Agreement are otherwise collectively referred to as the "parties" or individually referred to as a "party".

WHEREAS, the organization, conduct of business and method of cost allocation of the Provider Company is designed to result in the performance of services and the provision of goods economically and efficiently for the benefit of the Receiving Company at costs which are fairly and equitably allocated.

THEREFORE, the parties further agree as follows:

### Section 1 – Provision of Services

Section 1.1 *Consultants* The Provider Company has and will maintain a staff trained and experienced in the provision of services of a general and administrative nature. In addition to the services of their own staff, the Provider Company will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys.

Section 1.2 *Liberty Utilities (Canada) Corp.* LUC agrees to provide and Receiving Company agrees to accept the following types of services upon the terms and conditions set forth herein: accounting, administration, corporate finance/treasury, internal audit, human resources, information technology, rates and regulatory affairs, environment, health and safety, and security, customer service, procurement, risk management, legal, training, communications, and utility planning. The following are examples of those services: (i) budgeting, forecasting, and financial reporting services including preparation of reports and preservation of records, cash management (including electronic fund transfers, cash receipts processing, managing short-term borrowings and investments with third parties); (ii) development of customer service policies and procedures; (iii) development of human resource policies and procedures; (iv) selection of information systems and equipment for accounting, engineering, administration, customer service, emergency restoration and other functions and implementation thereof; (v) development, placement and administration of insurance coverages and employee benefit programs, including group insurance and retirement annuities, property inspections and valuations for insurance; (vi) purchasing services including preparation and analysis of product specifications, requests for proposals and similar solicitations; and vendor and vendor-product evaluations; (vii) energy procurement oversight and load forecasting; (viii) development of regulatory strategy; (ix) ensuring compliance with Sarbanes Oxley and other financial reporting requirements; (x) evaluating risk exposure and tolerance and ensuring practices do not exceed risk tolerance limits; (xi) legal advice

on the myriad of legal issues that arise on a day to day basis; (xii) developing and implementing various training programs; and (xiii) developing external communications and implementing internal employee satisfaction programs.

## **Section 2 – Records and Charges**

Section 2.1 *Records* All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained for each department and division of the Provider Company in order to accumulate all costs of doing business and to determine the cost of service. These costs will include wages and salaries of employees and related expenses such as insurance, taxes, pensions and other employee welfare expenses, and rent, light, heat, telephone, supplies, and other housekeeping costs. In addition, records will be maintained of general administrative expenses, which will include the costs of operating the Provider Company as a corporate entity.

The Provider Company shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Receiving Company. The Provider Company shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. The Receiving Company shall maintain its books and records so that the amounts billed by the Provider Company can be readily determined.

Section 2.2 *Charges* Costs charged to the Receiving Company by the Provider Company will either be direct charges or allocated charges and be subject to the guidelines below:

- i. Tariffed rates or other pricing mechanisms established by rate setting authorities shall be used to provide all regulated services.
- ii. Services not covered by (i) shall be charged by the Provider Company to the Receiving Company at fully distributed cost.
- iii. Facilities and administrative services rendered to a rate-regulated affiliate shall be charged on the following basis:

(1) the prevailing price for which the service is provided for sale to the general public by the Provider Company (i.e., the price charged to non-affiliates if such transactions with non-affiliates constitute a substantial portion of the Provider Company's total revenues from such transactions) or, if no such prevailing price exists, (2) an amount not to exceed the fully distributed cost incurred by the Provider Company in providing such service to the Receiving Company.

Direct charges shall include direct labor, direct materials, direct purchased

services associated with the related asset or services, and overhead amounts. Costs associated with direct charges shall not be included in the costs that are allocated. Allocated costs shall be charged to the Receiving Company in accordance with the following four-factor allocation methodology for each service:

Factor	Weight
Net Plant	25%
Customer Count	25%
Non-Labor Expenses	25%
Labor	25%

When LUC provides services that benefit the entire company, *i.e.*, Algonquin Power Co, and LUC's regulated utilities, these costs are allocated using the following methodologies, which are designed to closely align the costs with the driver of the activity.

Type of Cost	Allocation Methodology	Rationale	Examples
Risk Management	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and complexity of Risk Management - Revenues, Net Plant and O&M costs.	Software platform, fees and administration
Information Technology	Number of Employees 90% O&M 10%	IT function is driven by factors which include number of employees and O&M. The larger the number of employees, the more support, software and IT infrastructure is required.	Enterprise wide support, architecture, etc. Third party fees
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires additional HR support	HR policies, payroll processing, benefits, employee surveys
Training	Number of Employees 100%	Training is directly proportional to the number of employees per function	Courses, lectures, in house training sessions by third party providers
Facilities and Building Rent	Square Footage 100%	Office space occupied accurately reflects space requirements of each subsidiary	Corporate office building
Financial Reporting and Administration	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and complexity of Financial Reporting and Admin. - Revenues, Net Plant and	Employee labor and related administration and third party fees

		O&M costs.	
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees per function	Enterprise wide programs, employee labor and related administration
Legal Costs	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	Employee labor and related administration and programs, including third party legal
Treasury	Capital Expenditures 25% O&M 50% Net Plant 25%	Treasury activity is typically guided by the amount of necessary capex/plant for each utility, and operating costs/cashflow	Third party financing, employee labor and related administration and programs
Internal Audit	Net Plant 25% O&M 75%	This function is driven by factors which reflect the relative size and complexity of Internal audit activity. Larger Plant and operating costs drive of a given facility drive more activity from IA.	Third party fees, employee labor and related administration and programs
Procurement	O&M 50% Capital Expenditures 50%	Procurement function is based on typical proportion of expenditures	Enterprise wide support and related administration
Communications	Number of Employees 100%	Communications cost is directly proportional to the number of employees	Enterprise wide support and related administration

See **Attachment A**.

### **Section 3 - Term**

Section 3.1 *Term* The effective date of this Agreement shall be the date noted above and shall continue unless terminated by either the Receiving Company or the Provider Company giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect the terminating party's accrued rights and obligations under this Agreement arising prior to the effective date of termination.

This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the parties hereto.

#### **Section 4 – Confidential Information**

Section 4.1 *Confidential Information* Each party shall treat in confidence all information that it shall have obtained regarding the other parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a party is required to disclose confidential information to a governmental authority, such party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the party providing such information. The obligation of a party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such party from a source other than the party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such party or its agents.

#### **Section 5 – Miscellaneous**

Section 5.1 *Rider* Any state specific terms and/or conditions and/or services are specified in Schedule I to this Agreement.

Section 5.2 *Compliance with Governing Law* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all parties to all counterparts had signed the same instrument.

Section 5.3 *Limitation of Liability* Each party acknowledges and agrees that any services provided by the Provider Company hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 5.4 *Exclusive Benefit* This Agreement is intended for the exclusive

benefit of the parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

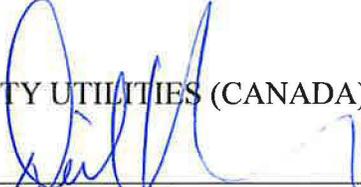
Section 5.5 *Assignment* This Agreement may not be assigned by any party without the prior written consent of all parties.

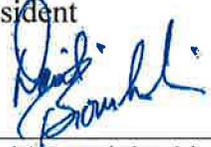
Section 5.6 *Severability* Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 5.7 *Waiver* Failure by any party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such party may have against any other party nor in any way affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

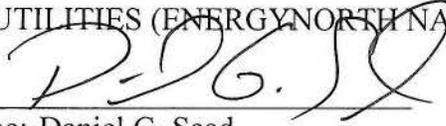
Section 5.8 *Entirety* This Agreement including Schedule I attached hereto constitute the entire Agreement between the parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the parties with respect to the subject matter hereof. In the event of a conflict or inconsistency between the terms of this Agreement and Schedule I, Schedule I shall prevail.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES (CANADA) CORP.  
By:   
Name: David Pasioka  
Title: President

By:   
Name: David Bronicheski  
Title: Authorized Signing Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: 

Name: Daniel G. Saad

Title: President

By: 

Name: Kevin McCarthy

Title: Treasurer

## **AFFILIATE SERVICES AGREEMENT – Liberty Utilities Co.**

This Affiliate Services Agreement (this “Agreement”) is entered into as of the 18<sup>th</sup> day of May, 2015, by and between Liberty Utilities Co., a Delaware corporation (the “Provider Company”), which company is engaged, in part, in the rendering of services to companies in the APUC holding company system, and Liberty Utilities (EnergyNorth Natural Gas) Corp. (the “Receiving Company”). The parties to this Agreement are otherwise collectively referred to as the “parties” or individually referred to as a “party”.

WHEREAS, the organization, conduct of business and method of cost allocation of the Provider Company is designed to result in the performance of services and the provision of goods economically and efficiently for the benefit of the Receiving Company at costs which are fairly and equitably allocated.

THEREFORE, the parties further agree as follows:

### **Section 1 – Provision of Services**

Section 1.1 *Consultants* The Provider Company has and will maintain a staff trained and experienced in the provision of services of a general and administrative nature. In addition to the services of their own staff, the Provider Company will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys.

Section 1.2 *Liberty Utilities Co.* Liberty Utilities Co. agrees to provide and Receiving Company agrees to accept financing including guarantees, short-term loans, and long-term capital debt financing on terms and conditions that the parties memorialize in a written agreement or agreements, which are separately subject to any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction, including the approval of any federal or state regulatory body that is a legal prerequisite to the execution and performance of the agreement(s).

### **Section 2 – Records and Charges**

Section 2.1 *Records* All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained for each department and division of the Provider Company in order to accumulate all costs of doing business and to determine the cost of service. These costs will include wages and salaries of employees and related expenses such as insurance, taxes, pensions and other employee welfare expenses, and rent, light, heat, telephone, supplies, and other housekeeping costs. In addition, records will be maintained of general administrative expenses, which will include the costs of operating the Provider Company as a corporate entity.

The Provider Company shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to

allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Receiving Company. The Provider Company shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. The Receiving Company shall maintain its books and records so that the amounts billed by the Provider Company can be readily determined.

**Section 2.2** *Charges* Financing charges are charged based on the stand-alone credit agreements/promissory notes, which have been separately approved.

### **Section 3 - Term**

**Section 3.1** *Term* The effective date of this Agreement shall be the date noted above and shall continue unless terminated by either the Receiving Company or the Provider Company giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect the terminating party's accrued rights and obligations under this Agreement arising prior to the effective date of termination. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the parties hereto.

### **Section 4 – Confidential Information**

**Section 4.1** *Confidential Information* Each party shall treat in confidence all information that it shall have obtained regarding the other parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a party is required to disclose confidential information to a governmental authority, such party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the party providing such information. The obligation of a party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such party from a source other than the party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such party or its agents.

### **Section 5 – Miscellaneous**

**Section 5.1** *Rider* Any state specific terms and/or conditions and/or services are specified in Schedule I to this Agreement.

**Section 5.2** *Compliance with Governing Law* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory

body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all parties to all counterparts had signed the same instrument.

**Section 5.3 *Limitation of Liability*** Each party acknowledges and agrees that any services provided by the Provider Company hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

**Section 5.4 *Exclusive Benefit*** This Agreement is intended for the exclusive benefit of the parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.5 *Assignment*** This Agreement may not be assigned by any party without the prior written consent of all parties.

**Section 5.6 *Severability*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.7 *Waiver*** Failure by any party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such party may have against any other party nor in any way affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.8 *Entirety*** This Agreement including Schedule I attached hereto constitute the entire Agreement between the parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the parties with respect to the subject matter hereof. In the event of a conflict or inconsistency between the terms of this Agreement and Schedule I, Schedule I shall prevail.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES CO.

By:   
Name: Greg Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Richard Leehr  
Title: Secretary/Treasurer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Daniel G. Saad  
Title: President

By: \_\_\_\_\_  
Name: Kevin McCarthy  
Title: Treasurer

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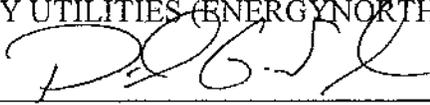
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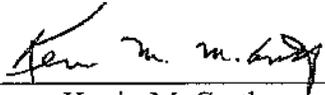
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By:  \_\_\_\_\_  
Name: Kevin McCarthy  
Title: Treasurer

## **AFFILIATE SERVICES AGREEMENT – Liberty Utilities Service Corp.**

This Affiliate Services Agreement (this “Agreement”) is entered into as of the ~~18<sup>th</sup>~~ day of May, 2015, by and between Liberty Utilities Service Corp., a Delaware corporation (the “Provider Company”), which company is engaged, in part, in the rendering of services to companies in the Algonquin Power & Utilities Corp. (“APUC”) holding company system, and Liberty Utilities (EnergyNorth Natural Gas) Corp. (the “Receiving Company”). The parties to this Agreement are otherwise collectively referred to as the “parties” or individually referred to as a “party”.

WHEREAS, the organization, conduct of business and method of cost allocation of the Provider Company is designed to result in the performance of services and the provision of goods economically and efficiently for the benefit of the Receiving Company at costs which are fairly and equitably allocated.

THEREFORE, the parties further agree as follows:

### **Section 1 – Provision of Services**

Section 1.1 *Consultants* The Provider Company has and will maintain a staff trained and experienced in the provision of services of a general and administrative nature. In addition to the services of their own staff, the Provider Company will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys.

Section 1.2 *Liberty Utilities Service Corp.* Liberty Utilities Service Corp. agrees to provide and Receiving Company agrees to accept the following types of services upon the terms and conditions set forth herein: accounting, human resources, information technology, rates and regulatory affairs, environment, health and safety, and security, customer service, legal, engineering and operations, procurement, gas procurement, gas control, and utility planning. The following are examples of those services: (i) plant accounting, accounts payable processing, general ledger accounting, monthly financial statement compilation, budgeting/forecasting, and financial regulatory reporting; (ii) employee relations, benefits administration, recruitment, collective agreement interpretation and negotiations, compensation management and Liberty policy and procedure communication and training; (iii) computer, handheld device, networking and connectivity support; (iv) perform regulatory and governmental outreach, rates filings, regulatory filings, provide regulatory leadership and advice to key stakeholders to ensure regulatory compliance; (v) ensure employees have received and have knowledge of the proper EHSS programs and procedures and are properly trained in order to safely comply with these programs, manage and maintain both internal and external reporting mechanisms as required by federal, state and local regulations, as well as company policies and procedures, and monitor environmental performance of utility operations; (vi) operating the walk-in centers as well as responding to customer phone call, process payments, customer billing, marketing, and customer communications; (vii) legal advice and review covering all aspects of utility operations; (viii) maintenance work planning, responding to leaks, metering reading, pipeline replacement, service commencement and

disconnection, oversight of capital projects and vendor management; (ix) all non-commodity procurement, *e.g.*, line locating services, janitorial services, office supplies; (x) load forecasting, hedging, gas commodity contracting, gas scheduling; and (xi) growth management. The intent of this Agreement is to allow Provider Company to provide any and all services necessary for Receiving Company to operate the utility and provide utility service in accordance with all statutes, regulations, rules, ordinances, codes, and similar acts or promulgations of any Governmental Body (“Laws”).

## **Section 2 – Records and Charges**

**Section 2.1 *Records*** All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained for each department and division of the Provider Company in order to accumulate all costs of doing business and to determine the cost of service. In addition, records will be maintained of general administrative expenses, which will include the costs of operating the Provider Company as a corporate entity.

Hourly rates for employees shall be fully loaded, *i.e.*, will include wages/salaries of employees and related expenses such as insurance, taxes, pensions and other employee welfare expenses. Employee costs not included within the fully loaded hourly rate, *e.g.*, a worker’s compensation claim, shall be charged to the utility that the employee is dedicated to or if such employee is shared among all utilities shall be allocated under the HR driver set forth below in Section 2.2.

The Provider Company shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Receiving Company. The Provider Company shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. The Receiving Company shall maintain its books and records so that the amounts billed by the Provider Company can be readily determined.

**Section 2.2 *Charges*** Costs charged to the Receiving Company by the Provider Company will either be direct charges or allocated charges and be subject to the guidelines below:

- i. Tariffed rates or other pricing mechanisms established by rate setting authorities shall be used to provide all regulated services.
- ii. Services not covered by (i) shall be charged by the Provider Company to the Receiving Company at fully distributed cost.
- iii. Facilities and administrative services rendered to a rate-regulated affiliate shall be charged on the following basis:

(1) the prevailing price for which the service is provided for sale to the general public by the Provider Company (i.e., the price charged to non-affiliates if such transactions with non-affiliates constitute a substantial portion of the Provider Company's total revenues from such transactions) or, if no such prevailing price exists, (2) an amount not to exceed the fully distributed cost incurred by the Provider Company in providing such service to the Receiving Company.

Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Costs associated with direct charges shall not be included in the costs that are allocated. Allocated costs shall be charged to the Receiving Company in accordance with the following allocation factors for each service:

Service	Allocation Methodology	Rationale	Examples
Customer Care and Billing	Customer count 100%	Customer count accurately reflects the resource requirements of the Customer Care and Billing group	Customer Care and Billing employees and related administrations
IT/Tech Support	Number of Employees 100%	Technical support requirements are related to the number of employees	Tech support staff, associated administration, and required software, hardware, etc.
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires additional HR support	HR policies, payroll processing, benefits, employee surveys
Gas Control	Net Plant 100%	The greater the plant, the more control required	Gas Control labor, administration, and associated programs
Legal	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	Allocated based on the relative size of affiliate and employee count.	Employee labor and related administration and programs, including third party legal
Regulatory	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	Allocated based on the relative size of affiliate and employee count.	Utility-wide studies or third party costs beneficial to all utilities
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees	Utility-wide programs, employee labor and related administration
Procurement	O&M 50% Capital Expenditures 50%	Based on typical proportion of expenditures	Utility-wide support and related administration

Joint and common costs not associated with the provision of services listed above, should be charged based on a four-factor allocation methodology:

Factor	Weight
Net Plant	25%
Customer Count	25%
Non-Labor Expenses	25%
Labor	25%

See **Attachment A**.

### **Section 3 - Term**

Section 3.1 *Term* The effective date of this Agreement shall be the date noted above and shall continue unless terminated by either the Receiving Company or the Provider Company giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect the terminating party's accrued rights and obligations under this Agreement arising prior to the effective date of termination. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the parties hereto.

### **Section 4 – Confidential Information**

Section 4.1 *Confidential Information* Each party shall treat in confidence all information that it shall have obtained regarding the other parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a party is required to disclose confidential information to a governmental authority, such party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the party providing such information. The obligation of a party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such party from a source other than the party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such party or its agents.

### **Section 5 – Miscellaneous**

Section 5.1 *Rider* Any state specific terms and/or conditions and/or services are specified in Schedule I to this Agreement.

Section 5.2 *Compliance with Governing Law* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and

performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all parties to all counterparts had signed the same instrument.

**Section 5.3 *Limitation of Liability*** Each party acknowledges and agrees that any services provided by the Provider Company hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

**Section 5.4 *Exclusive Benefit*** This Agreement is intended for the exclusive benefit of the parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.5 *Assignment*** This Agreement may not be assigned by any party without the prior written consent of all parties.

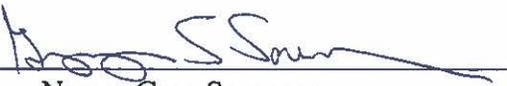
**Section 5.6 *Severability*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.7 *Waiver*** Failure by any party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such party may have against any other party nor in any way affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.8 *Supremacy*** In the event of a conflict or inconsistency between the terms of this Agreement and Schedule I, Schedule I shall prevail.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

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Title: President

By: \_\_\_\_\_  
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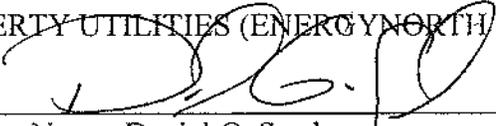
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