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Deal too good to pass up

Mayor Steve Clarke

It is very rare for a Council to be presented with an opportunity that has the potential to change the course of economic development for its community. On Aug. 15, 2016, Orillia City Council made a decision that does just that.



Council approved a deal that has Hydro One planning to construct a state-of-the-art Advanced Technology Hub, which includes a backup Ontario grid control centre/Integrated Systems Operation Centre (ISOC), a provincial warehouse and a regional operations centre within Orillia's Horne Business Park. The deal also includes selling the Orillia Power Distribution Corporation (OPDC) to Hydro One.

Let me assure you that the City is retaining complete ownership of the Orillia Power Generation Corporation, the jewel of Orillia Power.

One of the toughest things I do as Mayor is speak of Orillia as having the lowest average family income in Simcoe County. This reality is unfortunate and as a Council we must make decisions to change Orillia's course by improving our economic position.

Since we made the announcement, I have heard different reactions to the news. Many are excited about what having Hydro One as a major corporate citizen within our City means for the future of economic development in Orillia. They recognize the huge financial gain this provides the City and its residents through the depositing of approximately \$36 million into a Legacy Fund and the annual increase to municipal tax assessment, which in turn reduces the overall tax burden for all residents. However, others are still wary of the deal because of what they perceive will happen to their rates and service levels once they become Hydro One customers.

Let me set the record straight. Upon closing, which requires Ontario Energy Board (OEB) approval, Hydro One will lower Orillia distribution rates by 1 per cent and guarantee that rate reduction for a period of five years. This rate reduction and five-year guarantee is on the distribution portion of your utility bill which accounts for approximately 20% of the overall bill. The remainder of your bill is not determined by any distribution company, whether it be Orillia Power or Hydro One, and will likely continue to rise based on market costs at the provincial level.

Orillians will have lower distribution rates guaranteed for five years while everyone else's distribution rates will likely go up. After those five years, Orillia distribution rates

can only go up at a gradual rate as approved by the OEB. Those who say Orillia distribution rates will skyrocket in the sixth year are misinformed.

As for service levels, the same people serving you today will be the same people serving you once you become a Hydro One customer. All OPDC employees are being transferred to Hydro One with a one-year location guarantee.

A lot of comments about Hydro One service levels and rates come from individuals living in our surrounding townships. It is important to understand the distinction and challenges between servicing rural areas versus urban areas like Orillia. Rural areas experience much more extreme weather compared to urban centres, which impacts the distribution system and its ability to be restored promptly during and after a storm event. There are many hundreds of kilometres of wires and poles scattered over large distances in the surrounding townships. Distribution rates, as a result, are higher in the rural rate class. Hydro One service levels in urban areas are comparable to current Orillia Power service levels, so you can expect your service levels to remain the same.

It is important to look at the bigger picture of what this deal means to Orillia, although rates and service were critical to the Council decision making process. This decision follows through on Council's commitment to drive economic development in our City, which will benefit all Orillians for generations to come. This Hydro One development on approximately 36 acres of land, with an estimated construction cost of more than \$150 million will inject an estimated \$200 to \$300 million in near-term economic impact – one of the largest investments ever in Orillia's history.

This deal requires OEB approval, which for some Councillors was too big of a risk. There are no guarantees in life, but I, along with the majority of Council after reviewing every element of this deal in detail, are confident that this Hydro One development will come to fruition. The approximately \$3 million Hydro One has just spent to purchase the 16.41 acres of land for the ISOC development certainly demonstrates they are confident as well.

There is certainly one guarantee in all of this – if we as a Council had turned this tremendous opportunity down, we would not receive any of its economic benefits and Orillia's reputation as a place NOT to do business would resound loud and clear.

Mayor Steve Clarke