



Backgrounder:

Community Investment with Hydro One

How we got to where we are today:

- September 2015 – Orillia Council announced it was entering into negotiations with Hydro One on an opportunity that would have Hydro One locating an Advanced Technology Hub in West Orillia and purchasing the Orillia Power Distribution Corporation.
- Council endorsed negotiations based on a set of principles.
- Council held two formal public consultations (January 2016 and June 2016) to enable the public to ask questions and provide comments.
- Mayor Clarke spoke to dozens of community groups about the opportunity and numerous ward meetings were held throughout the year with this topic being discussed.
- Council Members were updated in detail about the transaction throughout the negotiations.
- Orillia Power Corporation Board of Directors voted in favour of the deal on Aug. 12, 2016.
- Council voted in favour of the deal and agreements were signed by the City of Orillia, Orillia Power Corporation and Hydro One on Aug. 15, 2016.
- Hydro One filed their MAAD (Mergers, Acquisitions, Amalgamations and Divestitures) application with the Ontario Energy Board on Sept. 27, 2016, for approval for the acquisition of Orillia Power Distribution Corporation as required by the *Ontario Energy Board Act*.
- On April 12, 2018 the Ontario Energy Board rendered their decision to deny the MAAD application.

The City of Orillia continues to support Provincial policy promoting voluntary consolidation within Ontario's electricity distribution sector to reduce costs for customers.

Furthermore, Orillia is committed to the commercial transaction entered into with Hydro One and will be making a motion to the OEB to review and revise the decision.

How we met all of our negotiating principles

Negotiating Principles	Outcomes
<p>Provides real, short and long-term economic development benefits for the community through significant investment, including the creation of new, highly-skilled, knowledge-based jobs and potential spin-off benefits.</p>	<ul style="list-style-type: none"> ✓ \$200 to \$300 million investment – one of the largest in the City’s history. ✓ Construction of three buildings estimated at more than \$150 million. ✓ The construction of the Back-up Ontario Grid Control Centre/Integrated Systems Operation Centre (ISOC) will require Hydro One to upgrade fibre optics in the area. ✓ Employees at the Hydro One facilities will bring significant new dollars in payroll/incomes that could be injected into the Orillia economy year after year.
<p>Provides a multi-year window of price stability on the cost of power distribution.</p>	<ul style="list-style-type: none"> ✓ Base distribution rates will be reduced by 1% and guaranteed for a period of five years (distribution accounts for approximately 20% of the overall electricity bill. The remaining portion is set based on market costs at the provincial level).
<p>Protects the interests of Orillia Power customers and the Orillia community.</p>	<ul style="list-style-type: none"> ✓ Rate reduction as noted above. ✓ Hydro One urban service levels in areas similar to the City of Orillia are comparable to Orillia Power service levels. ✓ Large annual increase to municipal tax assessment, economic development spin-off benefits; new, high-quality job creation.
<p>Sees Hydro One working with the City to protect Orillia Power Distribution Corporation (OPDC) jobs.</p>	<ul style="list-style-type: none"> ✓ All OPDC employees are moving to Hydro One at similar compensation, benefits, life insurance etc., provided by Hydro One.
<p>The City of Orillia will retain ownership of Orillia Power Generation Corporation (OPGC), including the annual dividend.</p>	<ul style="list-style-type: none"> ✓ City retains complete ownership of Orillia Power Generation along with annual dividend to the City. ✓ OPGC employees will not be transferred to Hydro One.
<p>Recognizes the full value of the Orillia Power distribution system -- and that value will be independently valued by a qualified, third party.</p>	<ul style="list-style-type: none"> ✓ Repayment of \$9.8 million City loan and \$26.35 million purchase price for the shares of OPDC; validated by an accredited third party.
<p>Sustains the level of philanthropic support provided by OPDC to the community.</p>	<ul style="list-style-type: none"> ✓ Hydro One will continue to participate in community events and economic development in the City of Orillia with its own programs.
<p>Provides significant value and ongoing financial returns for the City.</p>	<ul style="list-style-type: none"> ✓ Approximately \$36 million will be deposited into a Legacy Fund and generate investment income for years to come. ✓ Hydro One will contribute \$250,000 towards a community project to be jointly selected with the City.