

City of Orillia will be home to Hydro One Advanced Technology Hub

New hub is one of the largest investments in the City's history; will create jobs and spin-off economic benefits

For immediate release (Aug. 15, 2016) – The City of Orillia announced today that it has reached agreements with Hydro One Limited (Hydro One) to construct a state-of-the-art Advanced Technology Hub, which includes a backup Ontario grid control centre, a provincial warehouse and a regional operations centre in Orillia's Horne Business Park and to sell the distribution assets of the Orillia Power Corporation (OPC) to Hydro One.

The City of Orillia is retaining complete ownership of the Orillia Power Generation Corporation, the jewel of OPC, whose rich heritage, innovation and success in generating electricity will continue to thrive.

"This is a tremendous day in the City of Orillia's history. Hydro One's Advanced Technology Hub will bring approximately \$200 to \$300 million in near-term economic impact, which is one of the largest ever investments in Orillia's history," said Mayor Steve Clarke. "The new facilities will be an industry-leading hub in North America that will create a number of high quality jobs in Orillia and contribute significant annual tax assessment to the City."

"I'm very proud of the fact that Council and City staff were able to meet every one of the negotiating principles that were widely discussed with the public throughout this entire process. By delivering significant economic development potential, consumer price stability, preserving all Orillia Power Distribution jobs, retaining ownership of Orillia Power Generation, sustained philanthropy, and significant financial value and returns for the City, we have negotiated a deal that serves the best interests of Orillia long-term," Mayor Clarke continued.

Highlights:

- **Advanced Technology Hub:** With regulatory approvals, Hydro One plans to construct three new facilities on 36 acres of land within the Horne Business Park:
 - A back-up Ontario Grid Control Centre/Integrated Systems Operation Centre (ISOC)
 - Provincial Warehouse
 - Regional Operations Centre
- **Orillia Power Distribution Corporation (OPDC) purchased:** \$26.35 million cash purchase by Hydro One, which is more than twice the current book value of OPDC, and assumption of OPDC liabilities.
- **Horne Business Park land sale:** Upon signing of the deal, Hydro One will purchase 16.41 acres of the land required for the ISOC portion of the development for approximately \$3 million – validated as fair market value by a third-party valuator.
- **Orillia consumers protected:** Distribution charges will be reduced by 1 per cent and guaranteed for five years. The distribution portion of a utility bill accounts for approximately 20 per cent of the overall bill and rates will continue to be regulated by the Ontario Energy Board (OEB).

Attached: Backgrounder and FAQ sheet.



NEWS RELEASE

- **OPDC jobs protected:** All OPDC employees are moving to Hydro One with comparable pay, benefits and pension, along with a one-year location guarantee.
- **Orillia Power Generation Corporation:** City retains complete ownership, along with annual dividend which accounts for the majority of the overall OPC annual dividend.
- **Orillia Legacy Fund:** City to deposit all proceeds from the deal to the Fund, which will likely generate investment income in excess of the existing OPDC portion of the annual dividend.
- **Philanthropic investment:** Hydro One will provide \$250,000 towards a co-branded community project and has corporate programs in place to continue philanthropic support in the Orillia community.

“The OPC Board of Directors voted unanimously in favour of finalizing this deal with Hydro One because we recognize the very substantial economic development opportunity it presents to Orillia and we are confident that the best interests of all our employees and customers are being protected,” said Greg Gee, Chair of the OPC Board.

The negotiations between the City of Orillia and Hydro One formally started last September when the Mayor made the initial public announcement. The Mayor and Council members undertook two formal public consultations and numerous meetings throughout the community to enable the public to provide comments on the opportunity.

“Our goal in pursuing this deal was to take a significant step forward in driving economic benefit to Orillia. Yet throughout the process, we also heard from our citizens that we needed to keep electricity rates in Orillia affordable, protect Ontario Power Distribution jobs, and preserve the important contribution that Orillia Power has made to the City. These agreements have met all of these objectives,” said Mayor Clarke.

The proposed transactions between the City of Orillia and Hydro One require OEB approval – a process that begins upon signing of the agreements. For more information visit: <http://orillia.ca/techhub>.

The City of Orillia is a city of 31,000 people in the heart of Ontario’s Lake Country on the shores of Lake Couchiching and Lake Simcoe. Visit our website at orillia.ca.

-30-

Mayor Steve Clarke
City of Orillia
705-325-2447
mayer@orillia.ca

Greg Gee
Chair, Board of Directors
Orillia Power Corporation
705-326-2495 ext.224

Jennifer Ruff
Manager of Communications
705-325-8929
705-238-9209 (cell)
jruff@orillia.ca

Attached: Backgrounder and FAQ sheet.