



Frequently Asked Questions

Q: I've heard that St.Catharines Hydro and Hamilton Hydro are merging?

On November 9, 2004, the City of Hamilton and the City of St. Catharines approved a Merger between their respective Local Distribution Companies (LDCs), Hamilton Hydro Inc. and St. Catharines Utility Services Inc. The utility, temporarily called MergeCo, will be the third largest local distribution company in the province, delivering electrical power to more than 228,000 residential and business customers.

The last step in the merger is approval from our regulatory body, the Ontario Energy Board. There is a detailed application process and the OEB's hearing process provides a forum for groups or individuals to express their views to the Board. It will then conduct either a written or oral hearing into the application. We hope it will be approved early in the New Year.

Q: What happens now?

A new company is being formed and although it will take approximately two years for all aspects of the merger, savings will be achieved in the first year. The new company, which we're calling MergeCo temporarily, will be responsible for the delivery of electricity to businesses and residences in both St.Catharines and Hamilton and look after maintaining the poles, wires and transformers, emergency services and billing. The two municipalities, the City of St.Catharines and the City of Hamilton, will jointly own the new electricity distribution company.

Customer service is one of our key focuses. The merged company will continue to recognize the unique requirements of each community it services, will maintain and improve service reliability, is committed to customer service, and will attract and maintain highly skilled employees.

Q: Why are you doing this?

For the following reasons:

- There will be significant cost savings through economies of scale and elimination of duplication. The proposed merger will achieve cost savings of approximately \$5.4 million a year.
- We recognize the fact that hydro bills are going up, primarily because of higher costs for the electricity you use in your home or business. Although the companies involved in the merger are responsible for only approximately 20 to 25 percent of your total hydro bill, the cost savings will reduce the upward pressure on local distribution rates.
- The goal is to continue providing highly reliable local electricity delivery service while keeping both the current and future local distribution rate you pay reasonable and competitive.
- By combining the skills and resources of two already highly efficient companies, there will be a greater ability to maintain the very expensive investment that's required on an ongoing basis to reliably deliver electricity to you.
- The more we can re-invest in the electricity distribution system while keeping local distribution rates competitive, the more attractive our community will be to new businesses and new residences.

- We are hoping that if we successfully achieve a strategic partnership, other utilities will be interested in joining our partnership for even greater economies of scale.

Q: Does this mean my hydro bill is going to be lower?

The fact is, the price of electricity, the majority of your hydro bill, is going up and not down, because of the various decisions that are being made about the costs related to generating and transmitting electricity in Ontario. What we are trying to do is keep the local distribution charge on your bill, which is approximately 20 percent of your total hydro bill, as reasonable as possible. Even though we get a small portion of what you pay on your bill, we want to keep those local charges as low as we can but still provide local service, as well as maintain and upgrade the local distribution system so it remains reliable.

Q: I heard that the merger may result in layoffs and the loss of jobs in our community?

The merger will result in the elimination of approximately 50 positions, shared equally between Hamilton and St.Catharines. The positions are union, non-union and management. It's not known yet exactly how many jobs will be lost as a result of eliminating the 50 positions, because some positions are currently vacant and contract personnel are filling others. There will be early retirements and voluntary separation packages. Collective agreements for unionized employees will be honoured.

Q: How do I voice my opinion about the merger?

There are sections about the merger on both websites, and we'll update you regularly. If you have additional questions/comments, please e-mail corporate_communications@hamiltonhydro.com.