



Media Release

Mayors of St.Catharines and Hamilton presented with multi-million dollar Recapitalization Dividend cheques from respective municipal utilities

St.Catharines, ON (June 28, 2005) --- At a ceremony held today at St.Catharines City Hall, dividend cheques were presented to Hamilton Mayor Larry Di Ianni for \$18.2 million and St.Catharines Mayor Tim Rigby for \$8.2 million.

The cheques represent the dividend payments made to the City of St.Catharines by St.Catharines Hydro Inc. and to the City of Hamilton by Hamilton Utilities Corporation (HUC) following the recent recapitalization of Horizon Utilities Corporation.

Robert Marshall, Chair of St.Catharines Hydro Inc., presented Mayor Rigby with a large, ceremonial cheque payable to the City of St.Catharines. Owen Shewfelt, a member of the Hamilton Utilities Corporation Board of Directors, representing HUC Chair Charles Hantho, presented Mayor Di Ianni with a cheque payable to the City of Hamilton.

Horizon is a newly created corporation resulting from the merger of Hamilton Hydro Inc. and St.Catharines Hydro Utility Services Inc. on March 1, 2005. HUC, wholly owned by the City of Hamilton, owns 78.9% of Horizon and St.Catharines Hydro Inc., wholly owned by the City of St.Catharines, owns 21.1% of Horizon.

The one-time dividend payment is the result of an adjustment to the financial capital structure of Horizon which reflects a requirement for less shareholder investment than previously held by the former individual utilities. The return of the shareholder investment as a dividend is reflective of the strong financial position of Horizon, including the \$5.4 million in cost savings and improved cash flow resulting from the merger. The amount of the dividend presented to each shareholder (City of Hamilton and City of St.Catharines) was determined based on the amount of shareholder investment each of the merging companies had prior to the merger and the amount each company was required to contribute to the merger.

“The successful merger of St.Catharines Hydro Utility Services and Hamilton Hydro represents a strong business case for further amalgamations of local distribution companies,” said Robert Marshall. “Ontario’s electricity industry continues to face challenges, but this merger has resulted in a single, financially strong company which will be able to deal with those challenges and efficiently serve customers in both communities now and in the future.”

Charles Hantho agrees. “Horizon will be able to mitigate future rate increases, improve customer service delivery and make the necessary reinvestment in distribution systems to maintain reliability. At the same time, local public ownership of an essential service and valuable asset is maintained,” he said.

Horizon Utilities Corporation is the third largest local electricity distribution company (LDC) in Ontario, delivering electricity to more than 228,000 residential and business customers in the Cities of Hamilton and St.Catharines.

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