

# **Ontario Energy Board Approves Merger Of Hamilton Hydro & St. Catharines Hydro**

## **Merged Utility Third Largest Electricity Distribution Company In Ontario**

**Hamilton/St.Catharines, ON – January 12, 2005** --- Ontario's electricity industry regulator, the Ontario Energy Board (OEB), has approved the application for the merger of Hamilton Hydro Inc. and St.Catharines Hydro Utility Services Inc.

The merged utility will be the third largest local electricity distribution company (LDC) in the province, delivering electrical power to more than 227,000 residential and business customers in the cities of Hamilton and St.Catharines.

The approval of the merger application by the OEB is a major step in a process that began in April 2004 with the signing of a Memorandum of Understanding between the two companies. The respective shareholders, the City of St.Catharines and the City of Hamilton, approved the merger in November 2004.

"The OEB approval means we can now complete the process of building what will be one of the best and most efficient local electricity distribution companies in Ontario," said Hamilton Mayor Larry Di Ianni. "It's great news for residents and businesses of both cities because it results in the ability to offset future increases in local electricity distribution rates. As well, it establishes a long-term, financially viable asset for both municipal shareholders".

St.Catharines Mayor Tim Rigby agrees. "By merging the assets, knowledge and skills of two already efficient companies, we can maintain very competitive local electricity distribution rates as well as provide residents with enhanced service delivery and reliability," said Mayor Rigby. "I'm also proud of the fact that St.Catharines and Hamilton have taken a leadership role in developing a template for industry consolidation that encourages participation by future partners which would benefit residents of our cities and residents of other communities as well."

With OEB approval both organizations are moving rapidly forward to official financial close of the merger on February 28, 2005.

During the merger process the name "MergeCo" was used for convenience and documentation purposes only and was never intended to be the permanent new company name. With OEB approval it is envisaged that the merged company will adopt a name and branding that will continue to reflect its strong identification with each of its host communities. Art Leitch, CEO of the newly merged company said, "Maintaining local identity recognizes the past successes of both organizations and the new company's commitment to each community it serves."

### **For More Information:**

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## **Background**

- The merger results in the 3<sup>rd</sup> largest, municipally owned, Local Electricity Distribution Company (LDC) in Ontario, behind Toronto Hydro and Hydro Ottawa.
- The merged company will serve approximately 228,000 customers, including over 205,000 residential customers.
- The company will be responsible for the local distribution of electricity to homes and businesses in the City of Hamilton and the City of St.Catharines, maintenance and expansion of the poles wires and transformers within each city limits, emergency services, and customer billing.
- Local electricity distribution charges represent approximately 20 percent of a typical residential customers total hydro bill.
- The merged company will be responsible for 34 transformer substations; 3,178 km of overhead and underground hydro lines; and 23,400 distribution transformers.
- Hamilton Utilities Corporation's affiliates FibreWired and Hamilton Community Energy are not part of the merged company and will continue to operate.
- St.Catharines Hydro Generation Inc., an affiliate of St.Catharines Hydro Inc., is not part of the merged company.