



For Immediate Release

Friday, April 15, 2016

## **Municipal Shareholders Submit Merger Application to Ontario Energy Board**

*If approved, Enersource, Horizon Utilities, Hydro One Brampton and PowerStream would become the second largest municipally-owned electrical utility by customer, in North America*

**Toronto-** The proposal to merge Enersource, Horizon Utilities and PowerStream has been submitted to the Ontario Energy Board (OEB) for consideration. Shareholders are looking to merge the three electrical utilities and subsequently purchase the assets of Hydro One Brampton from the Ontario government.

The regulatory approval application – known as MAADs (Mergers, Acquisitions, Amalgamations and Divestitures) – was submitted today by Enersource (serving the City of Mississauga), Horizon Utilities (serving the cities of Hamilton and St. Catharines), and PowerStream (serving the cities of Barrie, Markham and Vaughan). The merger of these utilities also includes a legal agreement to jointly purchase the assets of Hydro One Brampton from the Ontario Government. It is anticipated that the approval process will take approximately six months.

Should the transaction be approved, Enersource, Horizon Utilities, Hydro One Brampton and PowerStream would consolidate to become the second largest municipally-owned electrical utility in North America (based on number of customers), serving close to one million customers in the Greater Golden Horseshoe Area with a service territory of 1,800 square kilometres.

Benefits would include:

- Lower distribution rates for customers
- Increased cash flow for municipal shareholders (for re-investment into local communities)
- Increased equity value

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Backgrounder attached.

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Backgrounder

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## **Municipal Shareholders Submit Application to Ontario Energy Board for Proposed Merger of Leading Ontario Utilities**

### **Context**

On April 16, 2015, Enersource, Horizon Utilities, Hydro One Brampton and PowerStream announced their intention to work together to form a new utility that would serve almost a million customers in York Region, Simcoe County, Peel Region, Hamilton and St. Catharines.

Legal agreements associated with the transaction were signed late last month, signalling the completion of negotiations between the shareholders of Enersource (City of Mississauga and Borealis), Horizon Utilities (cities of Hamilton and St. Catharines) and PowerStream (cities of Barrie, Markham and Vaughan).

Enersource, Horizon Utilities and PowerStream are looking to merge and subsequently purchase the assets of Hydro One Brampton from the Ontario Government.

Shareholders have now submitted a ***Mergers, Acquisitions, Amalgamations and Divestitures*** (MAADs) application to the Ontario Energy Board (OEB) for regulatory approval for both the merger and acquisition. This approval process is estimated to take approximately six months.

The transaction will create one large utility company that is able to better serve customers for both regulated and unregulated services. This includes a corporate holding company and head office, based in Mississauga (at what is now the Enersource Derry Rd. location), a regulated utility company based in Hamilton (at what is now the Horizon Utilities John St. location), and a sustainability and innovation company based in Vaughan (at what is now the PowerStream Cityview Blvd. location). The regulated company will also retain utility operations centres in Barrie, Brampton, Hamilton, Markham, Mississauga and St. Catharines.

The appointment of the board of directors, CEO, other senior executives, the locations of job functions and other key developments will be announced in the coming months, pending OEB approval of the MAADs application.

There would be no single controlling interest among the shareholders, ensuring all local interests will continue to be served.

### **Benefits to Customers**

- Distribution rates will be lower over the long-term due to a lower revenue requirement needed for one, larger company (customers save an estimated \$1.1 billion over 25 years).
- Better customer service through enhanced and shared systems.
- Broader range of products than is currently available.
- Merged resources will facilitate greater access to innovative technologies.

### **Benefits to Shareholders**

- Increase in shareholder value expected to be greater than \$270 million (based on higher net income).
- Steady and growing dividend stream for shareholders.
- Increased access to capital for investment in new business opportunities and to continuously improve community economic development.
- Greater ability to shape government policy and regulatory energy policy for the benefit of customers and shareholders.
- Stronger platform for growth due to larger geographical footprint, more diversification, greater capital resources and opportunity for financial expansion.