CO Request – Guelph Hydro and Alectra Messaging

October 30, 2017

ISSUE: Guelph Hydro Starts Merger Talks With Alectra

CTV Kitchener reports that one year after the idea of selling or merging Guelph Hydro was first floated publicly, the City of Guelph says it's ready to move forward with a merger. City officials announced today that they had begun talks with Alectra, the hydro utility servicing a wide area including Brampton, Mississauga, Barrie, Hamilton and other communities around the Greater Toronto Area, about a merger. Over the past year, a public process had seen the city narrow down its options for the utility's future to the point where merging with another utility was considered the preferred choice. City officials have said that a merger would create efficiencies in administration and other areas, in turn keeping local hydro bills low, while not affecting the reliability of the service. According to a city press release, a merger would also result in Alectra locating an operations hub for southwestern Ontario in Guelph, as well as creating a green energy technology development centre in the city. Details of the merger are expected to be presented to the community, although no specific dates for that to happen have been made public. Councillors are expected to vote on the matter on Dec. 13.

Local Distribution Companies (LDCs) consolidation and efficiencies (General)

- **We are always looking for ways to help minimize price impacts on Ontario families and businesses. This includes the possibility of finding efficiencies through the consolidation of electrical utilities.**

- **On March 2, 2017 the government announced Ontario's Fair Hydro Plan. This plan included that the OEB would identify opportunities for cost efficiencies within the electricity sector.**

- **On October 26, 2017, the Ministry of Energy released its Long-Term Energy Plan (LTEP). LTEP re-confirmed the government's interest in promoting efficiency and productivity in the distribution sector, noting that the OEB would enhance its efforts in this area – including the promotion of LDC partnerships.**

- **Our government has been clear that we will not be forcing the consolidation of Local Distribution Companies (LDC), but will work to create opportunities for LDCs to pursue greater efficiencies.**

- **As announced in the 2015 Ontario Budget, the Province intends to provide time-limited relief on taxes pertaining to transfers of electricity assets for all municipal electricity utilities (MEUs), including transfers to the private sector. This includes:**

- **Reducing the transfer tax rate from 33 to 22 per cent, and**
- **Exempting MEUs with fewer than 30,000 customers from the transfer tax.**
- **Exempting capital gains arising under the PILs Deemed Disposition Rules**

- **These measures will be for the period beginning January 1, 2016 and ending December 31, 2018.**

- **This represents a major step forward in promoting LDC consolidation in Ontario, in line with the recommendations made in the 2012 Ontario Distribution Sector Review Panel Report and with the Premier's Advisory Council on Government Assets.**