



Backgrounder:

Community Investment Opportunity with Hydro One

How we got to where we are today

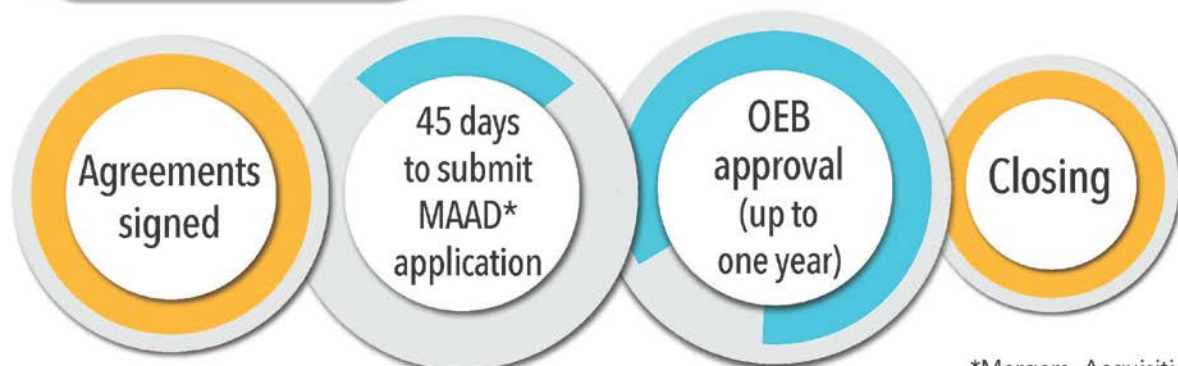
- September 2015 – Orillia Council announced it was entering into negotiations with Hydro One on an opportunity that would have Hydro One locating an Advanced Technology Hub in West Orillia and purchasing the Orillia Power Distribution Corporation.
- Council endorsed negotiations based on a set of principles.
- Council held two formal public consultations (January 2016 and June 2016) to enable the public to ask questions and provide comments.
- Mayor Clarke spoke to dozens of community groups about the opportunity and numerous ward meetings were held throughout the year with this topic being discussed.
- Orillia Power Corporation Board of Directors voted in favour of the deal on Aug. 12, 2016.
- Council voted in favour of the deal and agreements were signed by the City of Orillia and Hydro One on Aug. 15, 2016.

How we met all of our negotiating principles

Negotiating Principles	Outcomes
Provides real, short and long-term economic development benefits for the community through significant investment, including the creation of new, highly-skilled, knowledge-based jobs and potential spin-off benefits.	<ul style="list-style-type: none"> ✓ \$200 to \$300 million investment – one of the largest in the City's history. ✓ Construction of three buildings estimated at more than \$150 million.
Provides a multi-year window of price stability on the cost of power distribution.	<ul style="list-style-type: none"> ✓ Distribution rates will be reduced by 1 per cent and guaranteed for a period of five years (distribution accounts for approximately 20% of overall electricity bill).
Protects the interests of Orillia Power customers and the Orillia community.	<ul style="list-style-type: none"> ✓ Rate reduction as noted above. ✓ Hydro One urban service levels in areas similar to the City of Orillia are comparable to Orillia Power service levels. ✓ Large annual increase to municipal tax assessment, economic development spin-off benefits; new, high-quality job creation.
Sees Hydro One working with the City to protect Orillia Power Distribution Corporation (OPDC) jobs.	<ul style="list-style-type: none"> ✓ All OPDC employees are moving to Hydro One at similar compensation, benefits, life insurance etc. provided by Hydro One.
The City of Orillia will retain ownership of Orillia Power Generation Corporation	<ul style="list-style-type: none"> ✓ City retains complete ownership of OPGC,

(OPGC), including the annual dividend.	along with annual dividend to the City.
Recognizes the full value of the Orillia Power distribution system -- and that value will be independently valued by a qualified, third party.	✓ \$26.35 million purchase price for the shares of OPDC; this is more than twice their current book value - validated by an accredited third party.
Sustains the level of philanthropic support provided by OPDC to the community.	✓ Hydro One will continue to participate in community events and economic development in the City of Orillia with its own programs.
Provides significant value and ongoing financial returns for the City.	✓ Approximately \$36 million will be deposited into a Legacy Fund and generate investment income for years to come. ✓ Hydro One will contribute \$250,000 towards a community project to be jointly selected with the City.

What's next:



*Mergers, Acquisitions, Amalgamations, Divestitures

How to participate in the Ontario Energy Board approval review process:

1. Follow the proceeding and receive updates
2. Provide a letter of comment to the OEB
3. Apply to be an Intervenor to be more actively involved in the approval review

More detailed information on how the public can participate in the OEB proceeding is available on the OEB website at <http://www.ontarioenergyboard.ca/>