

## **Directors of Hamilton Utilities Corporation, St. Catharines Hydro Inc. and Guelph Hydro Inc. Recommend Proposed Merger of Local Electricity Distribution Companies**

**Hamilton/St. Catharines/Guelph, ON , May 16** – A proposed merger between Horizon Utilities Corporation and Guelph Hydro Electric Systems Inc. is one step closer.

The Boards of Directors of, Hamilton Utilities Corporation, St. Catharines Hydro Inc. and Guelph Hydro Inc., are recommending the merger to their respective shareholders, the Cities of Hamilton, St. Catharines and Guelph.

A Memorandum of Understanding between the two Local Distribution Companies (LDCs) was announced in June 2007. Since then, Board members and management of both organizations have evaluated the proposed transaction, and established a business case for the proposed merger. The three Boards will recommend that their municipalities approve the transaction, which will continue the municipal ownership of the business.

All three city councils and the Ontario Energy Board (OEB), the industry regulator must then approve the merger. The proposed merger will create a single LDC that provides service to approximately 280,000 business and residential customers in the Cities of Guelph, St. Catharines and Hamilton. “There is a tremendous opportunity here to create a more efficient operation,” commented Paul Truex, Chair of Guelph Hydro Electric Systems Inc.

“We will be able to create economies of scale that maintain competitive local distribution rates and help to offset the impact of any future provincial rate increases. Our common commitment to sustainable and vibrant communities, our valued employees and our reliability and customer service provide a strong foundation on which to move forward.”

Robert Dolan, Horizon Utilities Board Chair and Co-Chair of the Merger Steering Committee overseeing the process, noted that continued consolidation of utilities in Ontario is inevitable.

“It is being driven by the economic realities of the electricity industry and by every utility’s desire to reduce the impact of future rate increases, force down operating costs and maintain the highest possible standard of service.

“We’re proud that Horizon and Guelph lead the way in this process. As community focused organizations, we continue to support a successful template for continued LDC consolidation that we believe will encourage participation by future partners.”

Public information sessions on the proposed merger will be held in all three communities in advance of municipal council consideration of the merger. Full details will be extensively publicized.

For more information:

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