

**HORIZON UTILITIES AND GUELPH HYDRO SIGN  
MEMORANDUM OF UNDERSTANDING FOR POSSIBLE STRATEGIC PARTNERSHIP**

Hamilton/St. Catharines/Guelph, ON August 9, 2007 --- Guelph Hydro Electric Systems Inc. (GHESI) and Horizon Utilities Corporation, two leading electricity distribution companies in Ontario, have signed a Memorandum of Understanding (MOU) to develop a business case for a strategic partnership.

The business case will establish the terms and conditions that could result in a formal strategic partnership agreement between the two companies. The proposed agreement will then undergo an evaluation and approval process by the respective shareholders and Municipal Councils.

If agreement is reached by all parties, a single Electricity Distribution Company will be formed to provide service to approximately 280,000 business and residential customers in the communities of Hamilton, Guelph and St. Catharines. Both companies are committed to maintaining their current high quality delivery of service to customers.

"Consumers are well aware that they will be impacted by any future energy decisions that are made regarding electricity in Ontario," said Paul Truex, Chair of Guelph Hydro Electric Systems Inc.

"We believe this kind of partnership is the best way to reduce these impacts for our customers and shareholder. We need to continue to add value to our communities by creating a stronger, better resourced utility that provides leadership in energy conservation."

Art Stokman, President of GHESI, said that the three municipalities would jointly own any proposed new company.

"The partnership, if achieved, will result in savings through economies of scale, competitive distribution rates, and a greater financial ability to maintain and improve the respective electricity distribution systems," he said.

"GHESI and Horizon are both innovative, forward looking and community focused utilities. Changing regulations and legislation continue to have a serious impact on the sustainability of many electricity distribution companies. I believe that if this partnership is achieved, it will further reinforce the advantages that utility consolidation offers," said Max Cananzi, President and CEO of Horizon Utilities Corporation.

"Horizon Utilities and Guelph Hydro Electric Systems Inc. will combine their best business practices into a single, efficient, electricity distribution company. We hope that other utilities will recognize the benefits that we provide to the community and will be interested in joining our partnership."

Robert Dolan, Chair of Horizon Utilities Corporation, stated: "The proposed partnership is an important step by two very well respected utilities. They are leading the way by being proactive and taking action to deal with the current and future challenges facing the electricity industry."

**For More Information:**

Art Stokman, President  
Guelph Hydro Electric Systems Inc.  
519-837-4715

Max Cananzi, President and CEO  
Horizon Utilities Corporation  
905-317-4702