

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.
- Council Members were briefed in detail about the transaction throughout the negotiations.
- 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.

“The Hydro One investment will contribute to Quality of Life in Orillia through the creation of local jobs and an increased tax base. It will attract skilled labour and offer growth for those members of the Orillia workforce seeking a foothold in a vibrant energy sector that will thrive in the community.”

- MIKE TAYLOR, PRESIDENT MUSKOKA HALIBURTON
ORILLIA – THE LAKELANDS ASSOCIATION OF
REALTORS®

Frequently Asked Questions

What is Hydro One planning to build in Orillia?

Hydro One intends, subject to Ontario Energy Board (OEB) approval, to build three facilities within the Horne Business Park in West Orillia.

- Back-up Ontario Grid Control Centre/Integrated Systems Operation Centre (ISOC) on 16.41 acres of land.
- Provincial Warehouse on 10 acres of land.
- Regional Operations Centre on 10 acres of land.

Hydro One has purchased 16.41 acres of land required to build the ISOC portion of the development for approximately \$3 million – validated as fair market value by a third-party valuator. Construction of the buildings is estimated at more than \$150 million. The construction of the ISOC will require an upgrade to fibre optics in the area.

What are the economic benefits of this deal to the City of Orillia?

In the short term, the economic impact of the construction of the buildings and related activity is anticipated to inject \$200 to \$300 million into the Orillia economy. Once all the facilities are operational, employees at this Orillia facility are expected to receive a cumulative \$30 million in payroll/incomes into the Orillia economy year over year. This will result in economic spin-offs through the creation of new jobs and additional spending in housing construction, retail, restaurants, personal services (i.e. dentists, taxis), schools and colleges, and many other fields throughout the Orillia economy.

How will this deal affect my electricity rates?

It is important to acknowledge that the infrastructure of Orillia Power will need upgrading over the next decade – a cost that would likely have driven Orillia Power distribution rates up by almost 10% over the next number of years. Upon closing, which requires Ontario Energy Board approval, Hydro One will lower distribution rates by 1% and guarantee that rate reduction for a period of five years – this will keep distribution rates lower for Orillians on the 20% portion of the bill that is within the power of distribution companies to control.

The cost of electricity (that is delivered through the wires by the distribution system) is not determined locally, and is based on market costs at the provincial level. This is the case now, and will be the case after Orillia transfers its distribution system to Hydro One. For more on how electricity rates are set in Ontario visit www.ontarioenergyboard.ca.



Control room at the Ontario Grid Control Centre.

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When will I become a Hydro One customer?

The sale must receive final approval from the Ontario Energy Board. The current estimate is that it may take as long as one year for this transaction to close. Upon receiving approval, a transition plan will be put in place and it will take several more months for the transition to be implemented. All customers will receive advanced notification as to the timing for moving from Orillia Power bills to Hydro One bills. Presently, there is no change to any of the services Orillia Power provides – billing, customer service, new services, outage response, etc.

“The Orillia District Construction Association is supportive of any significant project which will positively impact the community as a whole. The jobs created through this development will result in new home construction, renovations and spin-off benefits to the local construction industry.”

-CRAIG BASARABA, PRESIDENT OF THE ORILLIA DISTRICT CONSTRUCTION ASSOCIATION

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. • The construction of the ISOC will require Hydro One to upgrade fibre optics in the area. • Employees at the Hydro One facilities are expected to receive a cumulative \$30 million in payroll/incomes that could be inputted into the Orillia economy year over year.
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% and guaranteed for a period of five years (distribution accounts for approximately 20% of the 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 (OPGC), including the annual dividend.	<ul style="list-style-type: none"> • City retains complete ownership of OPGC, 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.	<ul style="list-style-type: none"> • \$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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.

For more information visit orillia.ca/techhub or contact the Mayor's Office at 705-325-2447.

Join us for one of two public meetings on Thursday, September 29, 2016, at the Orillia City Centre, 50 Andrew St. S., 2-4 p.m. or 7-9 p.m.