

Backgrounder

Negotiating a Guelph Hydro-Alectra merger

Guelph Hydro and Alectra have entered a non-binding agreement to negotiate a merger.

Timeline

Phase 1: complete	Launch asset review
October 24, 2016	<p>The City of Guelph launched Energizing Tomorrow; a community engagement initiative designed to inform residents about the municipal asset review of Guelph Hydro, led by the Strategies and Options Committee, appointed by Guelph City Council.</p> <p>View the media release and Phase 1 community engagement report at energizingtomorrow.ca</p>
Phase 2: complete	Review options
February 15, 2017	<p>Guelph City Council directed the Strategies and Options Committee to explore the marketplace and learn how maintaining full ownership of Guelph Hydro compared with opportunities to merge with other publicly-owned utility companies.</p> <p>Guelph City Council decided not to explore options to sell Guelph Hydro, or purchase other utility companies.</p> <p>View the media release on energizingtomorrow.ca.</p>
March to June 2017	<p>The committee contacted 14 possible merger partners and continued engaging Guelph Hydro customers to ensure stakeholders were aware the review was underway.</p> <p>View the media release on energizingtomorrow.ca</p>

June 13, 2017	Guelph City Council voted to continue researching possible mergers between Guelph Hydro and other publicly-owned electricity utility companies. View the media release on energizingtomorrow.ca .
September 13, 2017	Guelph City Council reviewed preliminary business cases during a closed shareholder meeting to provide feedback and direction for the remaining work leading up to the closed shareholder meeting on October 5, 2017.
October 5, 2017	The Strategies and Options Committee presented its final comparative analysis, business case, and recommendation to Guelph City Council at a closed shareholder meeting to help inform Council's decision whether to enter into formal merger negotiations with a candidate or to maintain full ownership of Guelph Hydro.
Phase 3: ongoing	Develop preferred option
October 18, 2017	City of Guelph announced decision to enter into a non-binding agreement to negotiate a merger between Guelph Hydro and Alectra.
October to December 2017	Community stakeholders in Guelph and Rockwood will be invited to learn more, and ask questions and provide input before City council makes its final decision
Phase 4	Final decision
December 13, 2017	Guelph City Council will make a final decision on the merger between Guelph Hydro and Alectra during a public meeting. Community stakeholders are invited to attend and/or delegate during the meeting.

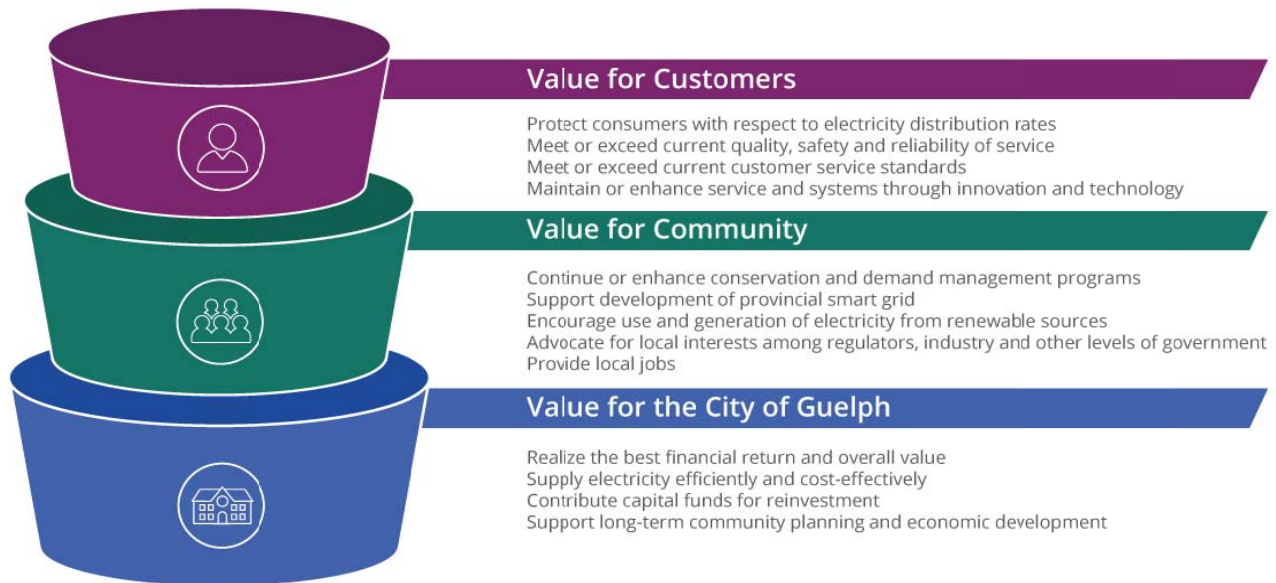
Options and decision-making criteria

To make the best choice for the future direction of Guelph Hydro, Guelph City Council created the Strategies and Options Committee in October 2016 to provide recommendations and citizen input to City Council, which has the ultimate authority to make decisions about Guelph Hydro.

The committee, comprised of five members from the City, Guelph Hydro and the public at large, reviewed the feasibility of four options:

1. Maintain full ownership.
2. Buy other electricity distribution utilities.
3. Sell to a public or private organization.
4. Merge with other utilities.

The Strategies and Options Committee sought public input on the following criteria, which would be used to evaluate options:



Regular asset management review

A regular asset management review is a common business practice designed to ensure publicly-owned organizations, such as Guelph Hydro, are achieving maximum value for the City of Guelph, residential and industrial hydro customers, as well as all community members.

Municipalities across Ontario are conducting similar reviews, or have completed transactions, for their local electricity utility companies.

These asset reviews and transactions are happening largely because provincial policy initiatives encourage local electricity utility companies to reduce duplication, better manage costs and modernize service to benefit customers.

For utilities of all sizes, numerous Ontario municipalities have found consolidation to be the best way forward to achieving greater efficiencies and modernizing services.

Costs

It was essential that the City of Guelph make the valuable investment required to seek maximum return on our community-owned hydro utility. The Guelph Hydro asset review, which is funded in its entirety by Guelph Municipal Holdings Inc. (GMHI), is expected to cost about \$2.36 million. GMHI receives its funding from the Guelph Hydro dividend payable to the City of Guelph each year.

Approximately \$810,000 has been spent on the review to date. It is expected that an additional \$1.55 million will be spent between now and finalization of the process.

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