

APR 15 2016

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Télééc. : 416 327-6754



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APR 13 2016

His Worship Fred Eisenberger
Mayor
City of Hamilton
Hamilton City Hall
71 Main Street West
Hamilton ON L8P 4Y5

Dear Mayor Eisenberger:

A handwritten signature in cursive script that reads "Fred".

It was a pleasure to join you at the March 24, 2016 event in Hamilton to celebrate progress in the merger of Hydro One Brampton with PowerStream, Enersource and Horizon. As you know, the merger will create the second-largest electricity distributor in Ontario.

I appreciate that the City of Hamilton supported proceeding with the merger. An improved company would be better positioned to serve its customers, by delivering efficiencies and economies of scale while continuing to provide safe, reliable and affordable electricity, which could also lead to increased revenues to fund local priorities. For example, the new company has forecast a downward pressure on electricity rates of \$40 per year for an average customer. Ontarians will also benefit from the net revenue gains from the sale which will be dedicated to the Trillium Trust to fund infrastructure projects that create jobs and strengthen the economy.

The merger represents a major step forward in promoting local distribution company consolidation in Ontario, in line with the recommendations of the 2012 Ontario Distribution Sector Review Panel Report.

The Province has now executed a Share Purchase Agreement with the three purchasers. Going forward, the transaction and the creation of the new company are subject to certain closing conditions, including Competition Bureau and Ontario Energy Board approval.

I look forward to the value that the new company will bring to consumers while continuing to provide safe, reliable and affordable electricity.

Sincerely,

A handwritten signature in cursive script that reads "Bob".

Bob Chiarelli
Minister

c: Chris Murray, City Manager, City of Hamilton