

While most Ontarians are pre-occupied with the sale of Hydro One and dealing with the latest IPO, the proposed sale of Hydro One Brampton is silently coming through our backdoors.

Unlike the IPO which is open to the public, the deal for the Merger above is to be determined by a small group of municipal politicians and not publicized to Ontarians.

To my knowledge and research, this merger is to be accomplished in 2 steps. First, there will be a merger of 3 power distribution companies owed by several municipalities including Markham. This merger of Enersource Corp., PowerStream Inc. and Horizon Utilities Corp will be serving about one million customers.

The second step will involve the Merged Company buying out Hydro One Brampton with only 150,000 customers from the Province of Ontario for \$607 million. It was reported that the Ontario government would end up divesting its stake in exchange for cash to be used for the infrastructure spending plan, rather than a stake in the merged entity including Hydro One Brampton.

The Downtown Markham Ratepayer Association represented by its executive wants Markham Council to back off from this venture.

Let us look at how this will affect Markham residents and ratepayers. To start off, 34% ownership of Powerstream is about to transform into a 16% ownership of the final Merger.

How much will it cost Markham? The partners will inject a total equity of \$183million, and take out new debt of \$424 million. Some municipalities actually receive cash as a result of the deal, but Markham will inject \$43million as our share. This means capital to the Province and downloading of debt to the City of Markham.

After incurring the extra debt of \$43million, an optimistic upside decrease in monthly Hydro bills of \$24-30 per year may be realized if all goes well after a number of years.

On the matter of synergy, let me tell you about my own industrial experience – it is worse than mating elephants. It is started on a very high level with a lot of stomping and screaming involved and it takes a decade to get any result. It is more than the simple consolidation of staff and facilities. Different enterprise software systems to manage client and invoices from all the partners will have to be unified. Data need to be transferred and integrated. Some IT and consulting companies can make tens of millions off this one activity alone and total success is never guaranteed.

Can we even reduce the number of repair trucks, repair staff and equipment through this merger? Given the geographic coverage required to satisfy and service the clients in periodic maintenance and Emergencies, I don't think so.

So will Markham be getting ahead with this deal a decade later? Are we better off not to jump on the bandwagon? The answer is plain to see – this is a high risk venture with a low prospect for returns. We cannot and will not invest in this ourselves and we strongly implore you not to do that on our behalf.

Municipal politicians should be practicing non-partisan politics. Regardless of your political party affiliations, let us remind you not to put your political party's wishes ahead of the residents' welfare. You are elected to look after us and not that of the provincial government in power. This is a business decision and not a political one. Now just stick to your conscience and do your job.