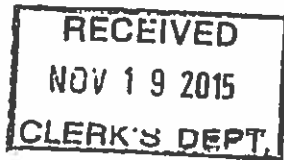


*The Legally Elected People voted into Office in accordance with the
People's Bylaw 557, as enacted by a Binding Referendum of the Electors*



Gord Pye
37 Dancy Drive
Orillia, ON
L3V 7M1

Frank Kehoe
304-95 Matchedash St. N.
Orillia, ON
L3V 4T9

Ken McLaughlin
217 Barrie Road
Orillia, ON
L3V 2P6

Dan Valley
66 Maple Drive
Orillia, ON
L3V 3W4

November 19, 2015

Mayor Steve Clarke and Members of Council
Orillia City Centre
50 Andrew Street South
Orillia, ON L3V 7T5

Dear Mayor Clarke and Councilors,

This correspondence is meant to flag this council that they, in talking with Hydro One concerning a possible sale of the distribution arm of the people's owned utility, are in direct violation of the Peoples' Bylaw 557 and the referendum of the people that removed any and all control (for good reason) from council to a separately elected body only answerable directly to the people – the true owners.

This council, as mature adults, must recognize how democracy works:

- a) When a council formulates a bylaw, in this manner, and transfers the outcome (decision) to the electorate in conformity to the provincial requirements of the day this is called a **referendum**.
- b) The outcome of a referendum, duly voted upon by the people, is a binding form of the democratic practice and cannot be revoked nor amended, in any other manner, other than by way of a calling second referendum.

This council, in not abiding themselves in the acceptance of this practice is putting themselves in violation of the laws they were elected to uphold.

The aforementioned people (former commissioners of the OWLP) are the only duly elected representatives of the people and were elected in conformity to Bylaw 557 and, to this date, were never legally replaced. The referendum of the people dictated this position and the amended

Electricity Act only directly applied to utilities that were, at the time, under the control of a municipal council. Other forms of the legislation could be, otherwise, satisfied by the duly elected people with council's required assistance.

The alleged transfer to city council happened with the 2000 council choosing, on their own, to take over the transfer process alleging to the Ontario Energy Board that they had the right to do so and return the management and control of the utility back to council. Why the council of the day made this choice is unknown to us. It may be that they did not understand the ramifications of Bylaw 557 that took control away from council and placed it into the hands of the electorate by voting in four commissioners, separate from council, to manage the utility in the peoples' best interest. They may not have been aware that the only way of reversing a decision made by way of referendum or plebiscite is to have another referendum. **This was never done.**

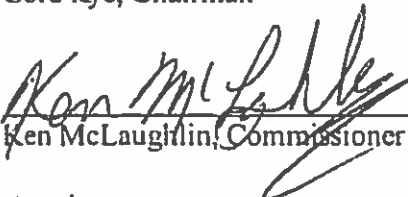
The former elected commission, with now full knowledge of the transfer process that took place 15 years ago, are unanimous that we have a fiduciary obligation to the people to advise them of what we believe was an illegal decision made by council that robbed them of the fair and equitable management control of their utility by a separately elected body that operated in arm's length of council. By one sweep of the pen the true shareholders that was clearly decided by way of referendum were the people of Orillia. But this right was taken away so as to have the council, as shown as it's only shareholder. The City of Orillia, with this action, were in direct contravention of the referendum resulting in Bylaw 557.

Out of consideration to the members of council and with the goal of being as accurate as possible as proven by the past bylaws, minutes, motions and background information that the city has in its possession, we respectfully ask that you read the attached document that will be published as to provide key information to the people of Orillia. You may also want staff to confirm that council had the legal right to change Bylaw 557 without having a second referendum asking for control to be transferred back to the city. We have a written legal opinion that states the city DID NOT have the legal right to do so and, if necessary, if council continues to proceed with the sale of the distribution arm, we will have no recourse other than to allow the courts make the determination as to the legality of the city's right to override the referendum of the people.

Respectfully submitted,

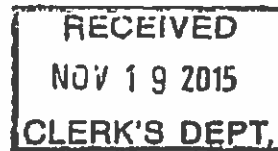

Gord Rye, Chairman


Frank Kehoe, Commissioner


Ken McLaughlin, Commissioner


Dan Valley, Commissioner

Attachment:
Disclosure document (9 pages)



Disclosure Document

Orillia electric customers have been cheated for the past 15 years

Chapter 1

O.W.L.P. now changed to Orillia Power Corporation

Orillia electrical customers up until 2000 enjoyed among the lowest hydro rates in the province but things were about to change. New legislation was introduced that changed the business model, the Electricity Act was amended and the Ontario Energy Board Act planned a bigger controlling role.

The Commissions across the province were now required to be changed to Corporations operating under the Provincial Business Corporation Act.

In the late 1990's key senior city staff, with the Mayor and the Council of the day, had an inside track on how the legislation could be manipulated so as to give the Council, not the elected commission, the lead role in the transfer process. The City and Council recognized that if the elected commission could give financial dividends to its customers then possibly the legislation could be secretly maneuvered in such a way so as to set up corporations to show that Council was the sole shareholder and not the people who were the true owners. In doing so they could redirect the dividends for their own pet municipal projects. **This would be a second form of taxation that the people of Orillia would not be aware of.**

Chapter 2:

The Financial State of the Orillia Water, Light, and Power Commission (OWLP)

The elected commission, not being trained in the law and told by a senior staff member of the Ontario Energy Board as well as the Mayor truly believed that the legislation over-ruled all conflicting Municipal and Provincial legislation and that the Commission were powerless to fight it. Six months prior to any transfer the OWLP had in cash and receivables over 7 million dollars. We believe it was 7.2 million dollars so the elected commission members voted to again grant a dividend of 1 million dollars, not to exceed one million, fifty thousand dollars, to now appear as a credit on the customers' next electricity bill. The dividend amount was always based on the customers' electrical consumption so it varied with each customer. When the commission vote was taken the appointed member of Council, who was sitting in for the Mayor, voted against it. The other commission members, however, carried the vote yet found it strange that a Council member did not support it.

The Council or senior city staff with an inside track, with internal help, cancelled this dividend even though it was done by the legal commission while they were empowered to do so.

Changing a commission (utility) to three different corporations was done in using a somewhat secretive process. The Commissioners fully expected that at least two or more experienced Commissioners, who possessed vast knowledge and experience of the plans in place and the previous negotiation with the outside involved parties for additional generation and with the goal of making the utility self-sufficient in electrical energy by 2005 it would remain working with this new corporation. This never happened and the elected members of the commission said goodbye to the employees and left with somewhat dismay and reluctance. Their 40+ years of dedicated municipal experience did not appear to rate recognition from the City Council nor were we given a letter or a hand-shake or appropriate notice, of any kind, that we had been replaced.

We, as the elected Commission were misinformed, lied to and set aside from any change in status brought about by the amendment of the Electricity Act. The Commission members were asked to step aside as the new legislation, we were told, over-rode all Municipal and Provincial legislation and shifted the process from the Commission to the Council allowing them the ability to form new Corporations that in the future would ensure future dividends would be taken away from its customers and now paid to Council. The transition would now follow a process totally controlled by the Mayor and City Council.

We, the elected representatives of the utility, have never, up to this date, ever signed off or created a transfer document or bill of sale, or been officially or even unofficially notified that our election as Commissioners has been terminated. We were elected to serve the Municipal owners of this utility not the Council. We have no intention now of negating this role as we feel we have a fiduciary obligation to try to correct the wrong that was done to our electrical customers and their Municipal ownership that the elected Commission held in trust. To do what is right – to force the council to abide by the People's Referendum that legally required all control of the utility removed from council control we need the help of the Citizens in an effort to try to correct the aforementioned Provincial misdemeanors.

The elected Commission, on the word of a senior energy board official, were told, incorrectly, that we no longer had status and we, as the elected Commission, were not given a letter or resolution stating that we were now replaced, nor given any recognition for our years of dedicated municipal service. This service amounted to keeping the utility as a model utility, with well-trained dedicated staff, free of debt and at the same time, having electrical rates the second lowest in the province, which included preferred block customers of Hydro One. The objective of the Commission was to bring on additional generation so as to be totally self-sufficient in electrical generation by the year 2005.

The clock has now advanced fourteen plus years to 2014 when a former commission member was given a somewhat secret document called the “Recommendation on the Future of Orillia’s Hydro Utility by the Bill 35 Transition Committee”.

This secret document contained, what one commission member called, absolute treason and a direct betrayal of all of Orillia’s electricity customers. The Council did not recognize the people’s ownership nor the effect it would have on its’ customers. The full transition document, that no commissioner had ever seen in its completion, went before council at its meeting 2000-87 April 17, 2000 where council gave their approval. This motion was buried among other by-laws and went overlooked by the press or members of the public present. This Council adoption happened six months in advance of any conversion from a democratic process to a secretive conversion stacked in favour of shifting electrical funds to now be re-directed to Council.

No elected member of the Commission was ever aware of this misrepresentation to the electorate until fourteen plus years later. It was believed, up until this point, that the transfer was made in legal conformant to both the Municipal and Provincial legislation. So one member of the former commission started to research the internal related bylaws, rate increases to the customers, and Orillia Power Corporation’s reports to council that now shifted the alleged corporate ownership from the people to city council that allegedly now owned all of the shares. Hence, council could carry on, what commission members, called a charade.

Chapter 3:

The Process to Rob the Electrical Customers of Their Dividends

The first order of Council business was to implement a maximum return on dividends on the back of electrical consumers in order that Council could gain greater revenue. The Council would now implement a fifteen per cent raise in Orillia’s electrical rates which they did.

Chapter 4:

Now Comes the Move by Council to Create Debt Where There was None

As previously mentioned the OWLP had seven plus million dollars with absolutely no debt but nevertheless Council now required the new corporation to issue two promissory notes to the City as follows:

- Orillia Power Distribution Corporation would now owe the City nine million seven hundred and sixty-two thousand dollars (\$9,762,000.00). This debt is at an interest rate of 7.5% per annum to December 31, 2005 and after that at a fluctuating rate based on a fixed formula of 2% above the Royal Bank lending rate.
- Orillia Power Generation Corporation now shows a debt to the City of five million, thirty-four thousand dollars (\$5,034,000.00). This debt is at an interest rate of 7.5% per

annum to December 31, 2005 and after that at a fluctuating rate based on a fixed formula of 2% above the Royal Bank lending rate.

- **The debt now owing to Orillia Council is nine million, seven hundred and sixty-two thousand dollars plus five million and thirty-four thousand dollars for a total of \$14,796,000.00.**

This borrowing rate comes close to two times the normal borrowing rate of the City but the model we would expect is stick it to the people (customers) the Council have other uses for the money.

Chapter 5:

More Loan Sharking

The new corporations are now required to pay **only** the interest alone with nothing going against the principal until December 31, 2030. Could anyone imagine paying a mortgage for thirty years and at the end of the thirty-year period you would still owe the same amount as when you started or in this case fourteen million, seven hundred and ninety-six dollars (\$14,796,000.00).

The Council now requires their sole appointed Board of Directors to carry out the Council requirements so as to ensure ever increasing dividends flow freely back to the Council as well as the Corporations always continuing to operate in the Council's best interest, not the customers. The Council passes another by-law 2001-48 and appoints five directors to the board that will, we expect, will tow the line for Council and run the resemblance of the now partially demised utility.

For the distribution arm the Council institutes in the amended Bylaw #2000-144, revised October 16th, 2000 under financial policies that the distribution arm will establish policies to maximize the return to the shareholder (the Council) to the extent permitted by the Ontario Energy Board over a transition period of three to five years. For the generation arm the shareholder (Council) expects that the Corporation through its Board of Directors will establish policies to move to a profit maximization approach over a transition period of three to five years.

The directors shall be elected (and appointed) for a term of three years on a rotational basis except for the initial five directors who shall be elected as follows:

- One for a one-year term
- Two for a two-year term
- Three for a three-year term

We would expect since there has been minor changes in the appointed directors over the last 15 years that this could be best referred to as the Electricity Club. The remuneration for the board

members is now close to ten times that of the former elected commission who had dedicated loyalty to the people (customers) and who would never be party to the now organized destruction of Orillia's greatest asset.

We see in the bylaw (2000-144) what we assume that too much information on the operation of the newly formed Corporations may be harmful to the peoples' health so the bylaw to prevent this happening now includes a requirement that the people (the true owners) be kept in the dark.

Chapter 6:

Confidentiality (included in the bylaw)

The shareholders and the directors and officers of the Corporation and the subsidiaries (each a receiving party) will ensure that no confidential information of the shareholders or the corporation or subsidiaries is discussed or otherwise made available to any person, except to the extent that:

- a. Disclosure to a receiving party's employees or agents if necessary for the performance of any receiving party's duties and obligations under this or any other shareholders' declaration.
- b. Disclosure is required in the course of judicial proceedings or pursuant to law
- c. The confidential information becomes part of the public domain (other than through unauthorized disclosure by the receiving party)

So by bylaw, it is apparent that the appointed Board of Directors are, at every opportunity, required to apply for increases in the electricity rates to its customers so as to generate, in part, more and more cash to be given to Council in the form of dividends. The Directors, in 2014, applied to the Ontario Energy Board for an adjustment of the rates which was approved on March 19th, 2015 by the Ontario Energy Board.

Chapter 7:

Dividends

The former OWLP Commission after they were free of debt and in times of good generation years shared their good fortune with the true owners, the people of Orillia (customers) and mailed them a dividend cheque or gave them a credit on their next hydro bill.

As freedom of information legislation does not exist in the new corporations and there is no absolutely no co-operation on the part of Orillia Power Corporation to give this information we the former commissions have to depend on city by-laws, council resolutions, and city minutes as well as the annual shareholder meeting of Orillia Power Corporation for the information herewith.

We can, however, take the last figures that is by no means the complete figure, from the last agenda of the Orillia Power Corporation presentation to City Council on April 13, 2015. As part of the presentation of Orillia Power Corporation they show that Orillia Council, over the fifteen-year period 2000 to 2015, received (37.1 million dollars) together with the city's share to the hospital and university for an additional amount of \$4.325 million for a total of \$41.425 million dollars. The report shows that there are 13,400 Orillia customers so let's do the math on the assumption that each person's electrical bill is exactly the same. We of course know that this is not the case as some will be higher and some lower. So \$41.425 million divided by 13,400 customers is equal to \$3,091.42 per customer but this is for fifteen years so we divide \$3,091.42 by 15 and we arrive at \$206.09 per customer per year. Customers are no longer getting a dividend cheque, but it is being taken by the city as a hidden form of additional taxation.

It is evident to all customers, the true owners (the people) could not fathom that their Council could implement a process to gain revenue on the backs of consumers without their knowledge so as to direct part of their monthly electricity bill. If consumers want to cry they should look at their electricity bill and see that you have also paid GST on the amount extracted from you, the consumer, for council purposes.

In the Council Special Budget Committee meeting on October 28, 2015, Schedule "B" from the Chief Administrator Office are showing that Orillia Power Corporation interest to reserve of \$924,760.00 for the year 2015 then \$721,000.00 for the years 2015 through 2029. In the same report they are showing the dividends from Orillia Power Corporation as \$1,100,000.00 for the years 2015 to 2018, then increasing to \$1,500,000.00 for 2019 to 2029. On a separate line they are showing an increase to Orillia Power Corporation dividend (expansion) which starts in 2020 as \$1,709,000.00 through 2029. We have no idea of what or where this expansion figure is coming from and we hope with favour that this does not relate in any way to Mayor Clarke's article relating to negotiations with Hydro One on any disastrous sale of the distribution arm of the utility.

Chapter 8:

The Ownership of the Utility

The ownership of the utility belongs to the people of Orillia, not the Council and it requires that their elected representatives not Council's appointed people to act as their agent in trust for the people. To make any change in this process requires City Council to go back to the people in an amended referendum to make changes or attempt to dissolve the people's Bylaw 557 that they are legally bound to uphold.

In 1911, when there was an uproar from both industry leaders and the people regarding the complete mismanagement of their electrical asset and the depletion of all it's contingency

monies and lack of appropriate maintenance which lead to a great number of outages. Key industrialists (including J.B. Tudhope, Eratus Long, Benjamin Johnston, Harold Hale (Packet and Times), and Mayor William Sword Frost (father of Provincial Premier Leslie Frost)) and supporters of the electrical utility ran for and were elected to the 1912 Town Council with their platform being to remove the utility from the control and mismanagement of Council. This Council then composed a Special bylaw that would be put to a vote of the people as a binding referendum that could only be changed or amended in the same manner as instituted, that is with another supporting vote of the people. This plebiscite or binding referendum (Bylaw 557) remained in place for 87 years under the name OWLP until the Council or staff said that this old bylaw should now be ignored and that Council could now regain control without involving a vote by the people.

On January 7, 1913 the above vote was certified and the referendum passed to create a separate elected commission (corporation), free of Council to administer and run both the generation and distribution in trust for the people. This was endorsed by 65.8% of all the electors and became people's by-law 557 forming the Orillia Water Light and Power Commission that could not be changed nor amended by any future council without the approval by the people through another referendum voted on and approved by the people. The Council on two occasions attempted to sell the utility to H.E.P.C. but were forced to call a second referendum in which they lost by a large majority.

Chapter 9:

Town of Orillia Act 1915

The legislature of the Province of Ontario passed the Town of Orillia Act and section 11(1) of the Act merely confirms the aforementioned.

“11(1) – subject to subsection 2, all the powers, rights and privileges with regard to the government of the Orillia Power Transmission plant or the generation, distribution and sale of electrical power and light heretofore or hereafter granted by any special Acts to the council or Corporation of the Town of Orillia shall, WHILE THE BYLAW APPOINTING SUCH COMMISSION REMAINS IN FORCE, BE EXERCISED BY THE ORILLIA WATER, LIGHT AND POWER COMMISSION, AND NOT BY THE COUNCIL OF THE CORPORATION.”

(2) Nothing contained in this section shall divest the council of its authority with reference to providing the money required for such works, and the treasurer of the municipality shall, upon the certificate of the Commission, pay out any money so provided.”

The Province, within the amendments, did not have the intent within its legislation to create laws to override the people's ownership or dictate the process that would change the separation so as to give Council control over the legal referendum of the people.

Back in 2000 the Council had a legal obligation to abide by Bylaw 557 to support the transfer process to the true elected members of the utility, and conform to the Town of Orillia Act so as to assist the elected commission in the transfer and not thwart the process. The Orillia Water Light and Power Commission was a municipal corporation and under Section 142 of the Electricity Act, permitted other Municipal Corporations to make the transfer. Council had a role in the transfer process however, they did not have the right to name themselves the only shareholder. It was a simple process to change the name Orillia Water, Light and Power Commission to Orillia Power Corporation. **The elected commission members are adamant that until Bylaw 557 is appropriately repealed by a vote of the people (referendum) that the transfer, in our personal opinion, is not legal - particularly as it applies to council being the only shareholder of the respected corporations.**

Chapter 10:

Orillia Statistics 2012

- **Orillia's population is 30,586 (2011 Census)**
- **One third of Orillia's population, unfortunately, exists at or below the poverty line.**
- **40% of the population is on fixed income and unable to absorb increases related to their cost of living.**
- **The growth rate in Orillia, when you remove the students who live temporarily in our city during their 8-month school year and whose principal residence is elsewhere, is stagnate or, now negative falling from 0.5% in 2011 Census to now minus figures. The national growth rate is 5.9%.**
- **Orillia's median age is 49.2 years where the provincial median is 40.4 years.**

Chapter 11:

Sale of the Distribution Arm

Any sale of any portion of the former OWLP (Orillia Power or Orillia Distribution) would have a catastrophic negative effect on the peoples' utility and should never be considered - at any price.

All electrical customers and citizens of Orillia have an obligation to make their position known. To do nothing should not be an option. We should not allow the sale of our electrical asset to Hydro One or any other bidder and we should ask Council to have an open discussion and people's referendum on this issue.

Call your Ward Council representatives to ask them why they are in negotiations with the mismanaged Hydro One and if they are selling a portion of our profitable public utility just to pay for a recreation centre we cannot afford.

Mayor Steve Clarke: mayor@orillia.ca, (705) 325-2447

Councilor Ted Emond: ted@tedemond.com, (705) 826-2347

Councilor Sarah Valiquette-Thompson: votevaliquette@gmail.com, (705) 826-2351

Councilor Rob Kloostra: cameronhouse@rogers.com, (705) 826-2350

Councilor Ralph Cipolla: cipolla@encode.com, (705) 826-2466

Councilor Mason Ainsworth: mason4orillia@gmail.com, (705) 826-2328

Councilor Jeff Clark: jn10clark@gmail.com, (705) 826-2343

Councilor Pat Hehn: pmhehn5@gmail.com, (705) 826-3497

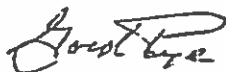
Councilor Tim Lauer: tlauer@sympatico.ca, (705) 325-5812

DO NOT LET YOUR COUNCIL GAMBLE BY SELLING A PORTION OF ORILLIA'S GREATEST ASSET TO HYDRO ONE AS ALL FUTURE CONTROL WILL THEN BE LOST. OUR RATES WILL CONTINUE IN AN UPWARDS SPIRAL AND OUR REVENUE STREAM WILL BE GONE FOREVER.

The content of this document, to the best of our knowledge, is correct. We, as both lifelong citizens of Orillia and as the only elected trustees of the public ownership of the utility, clearly are of the opinion that the electrical consumers (the People) are the only true owners of the utility and are deserving of the facts contained herein. This informational (paid by the former O.W.L.P. Commission members) should be part of the public domain and we strongly feel that a Freedom of Information process must be made available to all of its customers.

The Packet (Sunmedia) are released from any adverse liability related to the publication of this material.

Respectfully submitted, under the signature of your elected commission,


Gord Pye


Frank Kehoe


Ken McLaughlin


Dan Valley