

# **SALE OF NT POWER: TRANSACTION RESULTS**

## **Town of Newmarket Council Meeting**

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# Topics

- Transaction Background & Go-Shop Process
- The Securities Purchase Agreement with Alectra: Summary of Key Terms
- Next Steps: Ontario Energy Board application

# Transaction Background: Alectra & Go-Shop Process

- Between December 2024 & July 2025 the Town worked with BLG & Deloitte to consider emerging electricity utility sector developments & to explore potential transaction options involving NT Power.
- This preliminary due diligence included preliminary assessments of potential distribution utility merger partners and potential purchasers of NT Power.
- Newmarket & Tay's core objectives for any transaction included:
  - *Competitive local distribution rates*
  - *Preserve reliability & exceptional customer service*
  - *Maintain local offices & operation centres*
  - *Ensure ongoing capital investment*
  - *Secure a significant & prudent financial return to benefit the community*
- Newmarket & Tay have realized upon these core objectives through the innovative Alectra transaction.

# Transaction Background: Alectra & Go-Shop Process

- Newmarket and Tay executed an indication of interest with Alectra Inc. in July of 2025, which provided Alectra with an exclusivity period that expired on January 10, 2026.
- A Securities Purchase Agreement was approved by Newmarket & Tay councils and executed with Alectra on January 10, 2026.
- On January 12, 2026, Newmarket and Tay commenced a 45-day go-shop period, where the terms of the Alectra transaction were market tested.
- Three electricity utilities participated in the go-shop process.

# Go-Shop Results

- The go-shop process confirmed that Alectra's original offer was highly competitive in the LDC transaction marketplace.
- Alectra opted to improve certain economic terms as a result of the go-shop process.
- Newmarket and Tay council's reviewed the results of the go-shop process *in camera* on Thursday February 26, 2026, before the expiry of the go-shop process at 11:59 pm on February 26, 2026.
- The Newmarket and Tay council's approved continuing the sale transaction with Alectra, in accordance with Newmarket staff's recommendations.

# Summary of Securities Purchase Agreement Key Terms

	Key Agreement Terms
Transaction Structure	100% of the Newmarket and Tay's equity interests of Newmarket Hydro Holdings Inc. and Tay Hydro Inc., which together own 100% of NT Power.
Purchase Price (Deferred)	<p>Newmarket and Tay to receive \$4,350,000 annual payments for 7 years from closing.</p> <p>Newmarket and Tay to receive "synthetic dividends" from Alectra for years 8-10 and 10-13 (if term is extended).</p> <p>Newmarket and Tay may exit the deferred payment term at years 7, 10 or 13.</p> <p>At the end of the deferred payment term, Newmarket &amp; Tay will receive a minimum payout of \$110,000,000 plus the opportunity to share in Alectra's increased value through "synthetic equity" growth.</p>

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Employment Guarantee	<p>Alectra to provide continued employment for all NT Power employees (subject to termination for cause) at the same/no less favourable benefits, compensation, position and seniority.</p> <p>NT Power employees can continue working in their current location until at least 2031.</p> <p>Alectra will use commercially reasonable efforts to keep all NT Power employees working in their current locations but may require relocation within Alectra's service territory after 2031.</p>

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Distribution Charge Rate Freeze	2026 distribution rates frozen for all customers for 2027 and 2028.
Capital Expenditure	Minimum \$12,000,000 invested in each calendar year in NT Power's service territory between January 1, 2028 - December 31, 2032.
Transitional Committee	<p>Newmarket has a veto over certain key integration matters until ~December 31, 2031.</p> <p>Newmarket and Tay will maintain influence and oversight throughout the sale transition.</p>
590 Stevens Court (NT Power Offices)	Amended and restated office lease with a term of at least 10 years for NT Power's Newmarket office will be entered into prior to closing.

# Next Steps: OEB Approval Timeline

- Ontario Energy Board (OEB) must approve the sale of NT Power, based on Alectra satisfying the “no harm” test.
- April/May 2026: Prepare and file the ‘MAADs Application’ with the OEB (Mergers, Amalgamations, Acquisitions, Divestitures).
- August - November 2026: Receive OEB’s decision for the Alectra transaction.
- Q4 2026 - Q1 2027: Prepare closing documents and complete the sale to Alectra.

# Questions & Discussion