

For Immediate Release

February 4th, 2005

AGREEMENT IN PRINCIPLE REACHED TO TRANSFER OWNERSHIP OF WEST NIPISSING ENERGY SERVICES LTD. TO GREATER SUDBURY HYDRO INC.

West Nipissing- A joint announcement was made today by West Nipissing Mayor Joanne Savage and by Greater Sudbury Hydro Inc. Board Chair Doug Craig relating to the transfer of ownership of West Nipissing Energy Services Ltd.. After detailed discussions between West Nipissing and Sudbury, an Agreement in Principle was reached earlier this week to sell the shares of West Nipissing Energy Services Ltd. to Greater Sudbury Hydro Inc., conditional upon the transaction being approved by the Ontario Energy Board.

The transfer, if approved by the OEB, will yield to the Municipality a sum of \$2,000,000 at the time of closing with a possibility of additional revenues in the next two years should Greater Sudbury Hydro Inc. receive rate increase approvals by the OEB. Both utility companies will be making application for rate increases next year to ensure a proper level of service to customers and to comply with more stringent regulatory requirements. This would have been no different for West Nipissing should this transaction not proceed. The Agreement in Principle also includes assurances by Greater Sudbury Hydro of a local presence in West Nipissing and ensures guarantees of service in both official languages. As well, during negotiations with Sudbury, the Municipality received assurances that the existing employees of West Nipissing Energy Services will be protected.

“As Mayor of West Nipissing, it is my responsibility, along with that of my fellow Councilors, to ensure that the long term interests of our residents and of our hydro customers are protected. I am delighted that we were able to reach this agreement with Greater Sudbury Hydro which will ensure that we receive the best of service while preserving what is important to us as a community.” West Nipissing Energy Services has been facing its share of challenges from both an operating and a financial perspective. Since the deregulation initiative imposed by the Province, the Corporation has been facing great difficulty in complying with stringent regulatory requirements. Small utility companies are overwhelmed with the volume of extremely complicated filing requirements which has forced most of them to seek outside expertise. This is very costly and complicated putting enormous strain on local resources.

Over the past five years, West Nipissing Energy Services Ltd. financial results have been a source of concern for the Board of Directors. For the past several years, the Corporation has been operating at barely break even levels. It is projected that, should the Corporation continue in its present course, substantial losses would be incurred which may need to be subsidized by West Nipissing taxpayers. “By selling the Corporation to Greater Sudbury Hydro, we are able to preserve the same level of service while ensuring a local voice to keep our rates competitive for our existing customers,” ads Mayor Savage. “Greater Sudbury Hydro has the expertise and the infrastructure to deliver quality service to our residents with minimal disruption. They have assured us that a local presence will remain to provide bilingual customer service. They will also retain a local hydro line crew to ensure that unforeseen hydro disruptions are corrected as quickly as in the past.”

“On behalf of the Board of Directors of Greater Sudbury Hydro, we are very pleased to have entered into an agreement with the Municipality of West Nipissing to acquire West Nipissing Energy Services Ltd..” states Doug Craig, Chair of the Board of Greater Sudbury Hydro Inc.. “We

understand the needs of West Nipissing and look forward to serving you. We believe that this agreement will ensure quality service for both Corporations while protecting our resources and keeping them in northern hands. We are grateful for this new partnership between our communities as West Nipissing's operation will be an asset in enhancing bilingual customer service to our 43,000 existing customers."

Discussions have been held between West Nipissing and Sudbury since November of last year. It was imperative to reach a conclusion as early in this year as possible to benefit from the Ontario government's window of opportunity of a transfer tax exemption which would represent approximately \$800,000 in savings. The projected closing date to finalize the transfer is March 24th, 2005.

For more information:

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