



September 23, 2015

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Re: PowerStream Inc. 2016-2020 Distribution Rate Application  
AMPCO Submission on Threshold Question  
Board File No. EB-2015-0003

Dear Ms. Walli:

I am writing pursuant to the Board's Procedural Order No. 3 dated September 18, 2015 to provide submissions on the threshold question of the proposed merger. There is one disputed issue on the proposed Issues List related to the announced merger between PowerStream, Enersource Hydro Mississauga Inc., Horizon Utilities Inc. and Hydro One Brampton Networks Inc. The OEB considers that the proposed merger is a threshold question related to this application to determine what, if any, consideration should be given by the OEB to the announced merger as part of its review of the application.

AMPCO submits the issue of the merger is in scope in this proceeding for the reasons discussed below.

PowerStream seeks the Board's approval of a five year (2016-2020) Custom IR rate application for electricity distribution rates effective January 1 of each of the years 2016 to 2020.

With respect to the merger, PowerStream's application states that the parties are in the process of assessing the financial merits of the merger. Transaction costs (before the merger) and transition costs (after the merger) are being weighed against the potential "synergy savings" from bringing four distributors together. If the Shareholders approve the merger (with or without the purchase of Hydro One Brampton) then OEB approval will be sought through a MAADs application.<sup>1</sup>

PowerStream has confirmed that no impacts of the proposed merger are reflected in the application.<sup>2</sup> PowerStream indicates this Custom IR rate application is for PowerStream as a "standalone" distributor.<sup>3</sup>

First and foremost a merger will impact PowerStream's costs and therefore PowerStream's rates. In response to AMPCO interrogatory #1<sup>4</sup>, PowerStream confirms that if a merger were to occur, the new entity would seek to reduce the overall Operating, Maintenance & Administration costs. The cost categories affected would be mainly payroll and external contracted costs including consulting. The "General Plant" category of the capital budget could also be affected. AMPCO submits other key issues such as PowerStream's corporate strategic

<sup>1</sup> Section I Tab 1 Schedule 1 Page 1

<sup>2</sup> Section B Tab 1 Schedule 1 (1-Staff-1)

<sup>3</sup> Section I Tab 1 Schedule 1 Page 1

<sup>4</sup> Section B Tab 1 Schedule 2 (1-AMPCO-1)

objectives and priorities and execution of its five year capital plan could also be impacted once the four entities come together and these impacts have the potential to be material. AMPCO further submits that the merger issue should not be solely considered in a future MAADs application independent of this application when it is known that the merger will impact costs relevant to PowerStream Custom IR application.

The Board needs to consider the impact on costs and potential benefits and savings and any other information that is relevant to the merger in order to effectively review this application and set just and reasonable rates for the five year period as proposed by PowerStream. The public interest would not be served if the Board did not consider this information in the context of this application.

The merger is clearly in scope. The Board needs to consider its ramifications and the impact on costs and rates in reviewing the application.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Adam White', with a long horizontal stroke extending to the right.

Adam White  
President  
Association of Major Power Consumers in Ontario

Copy to: PowerStream Inc.