



PUBLIC INTEREST ADVOCACY CENTRE  
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**September 23, 2015**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON  
M4P 1E4

**VIA E-Mail**

Dear Ms. Walli:

**Re: EB-2015-0003 PowerStream Inc. Application for Rates  
Submission of the Vulnerable Energy Consumers Coalition (VECC)**

In accordance with Procedural Order #3 in the above noted matter, the Vulnerable Energy Consumers Coalition (VECC) is responding to the Board's request for submissions on the threshold question of the proposed merger.

VECC would note, in passing, that although there has been no proceeding to formally request approval for the merger, the intention to seek a merger has been announced to the ratepayers and other stakeholders of the merging companies on September 15. This follows upon the information contained in the PowerStream filing at Sec. 1, Tab 1, Schedule 1, and Page1:

“On April 16, 2015, the potential of a four-party merger involving PowerStream, Enersource, Horizon Utilities and Hydro One Brampton was announced. The parties have signed a nonbinding Letter of Intent to explore the potential benefits of a merger. There is also an option for 20 three of the parties to purchase Hydro One Brampton at a pre-defined price. Currently the parties are in the process of assessing the financial merits of the merger.”

It was made clear at the Technical Conference herein, that a merger had the potential to change quite a number of evidence drivers for setting the cost to be recovered from ratepayers associated with the regulated utility's rate base and OM&A together with any projected savings from productivity.<sup>1</sup> These are issues that are not inconsequential to the setting of rates in this plan.

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<sup>1</sup> TC Pages54-56

Turning to the treatment of the proposed merger in the Issues List, the Board has noted in 2013 when it proposed the format of the issues list to correspond to the RRFE framework that:

“The generic list developed by the Board to use as a starting point for case-specific issues lists in individual proceedings. The initiative is intended to aid in the implementation of the RRFE in discharging the Board’s mandate to set just and reasonable rates.”<sup>2</sup>

As the focus of the RRFE document is upon “results rather than activities” and performance of outcomes that show “value for money for customers”<sup>3</sup>, it is somewhat mystifying why the Company insists that we must pretend that the effects of the proposed merger cannot be considered as further approvals must be considered yet at the same time warrant outcomes. It is doubtful that the RRFE framework contemplated that a planning exercise of similar proportions to the merger would be allowed to be quarantined from the very same multi-year rates application that it is destined to affect.

We have also had the advantage of reviewing OEB staff submissions on this issue, and respectfully note that we remain unconvinced by the promise of future examination by the Board and that the existence of an ESM subsumes the concerns raised by the incipient merger. VECC submits that any excision of the merger from the Issues list not only precludes consideration of its effect on just and reasonable rates, but also will prevent the Board from giving guidance as the future evaluation of potential merger effects and what will be the mechanism for the incorporation of merger results within the various relevant provisions of the multi-year plan of PowerStream.

Accordingly, VECC submits that the Issues List must include a consideration of the merger and how its results will affect the within rates application.

Yours truly



Michael Janigan  
Counsel for VECC

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<sup>2</sup> EB 2013-060 (Orangeville) P.O. #3

<sup>3</sup> RRFE Report of the Board p. 2