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June 29, 2018

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: The Corporation of the Town of Collingwood and EPCOR Collingwood
Distribution Corp.
Applications for approval of share acquisition transactions and related
matters
(EB-2017-0373/EB-2017-0374)
Reply Submissions of The Corporation of the Town of Collingwood**

Pursuant to Procedural Order No. 2, please find enclosed the Reply Submissions of The Corporation of the Town of Collingwood.

An electronic copy of this cover letter and the Reply Submissions will be filed through the Ontario Energy Board's Regulatory Electronic System (RESS) concurrently.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by Jessica-Ann Buchta

J. Mark Rodger
Incorporated Partner*
*Jonathan Rodger Professional Corporation

cc: Intervenors of record in EB-2017-0373/EB-2017-0374

ONTARIO ENERGY BOARD

IN THE MATTER OF an application made by the Town of Collingwood for leave to purchase 50% of the issued and outstanding shares of Collingwood PowerStream Utility Services Corp. from Alectra Utilities Corporation, made pursuant to section 86(2)(b) of the *Ontario Energy Board Act, 1998*.

IN THE MATTER OF an application made by EPCOR Collingwood Distribution Corp. for leave to purchase all of the issued and outstanding shares of Collingwood PowerStream Utility Services Corp. from the Town of Collingwood, made pursuant to section 86(2)(b) of the *Ontario Energy Board Act, 1998*.

IN THE MATTER OF an application made by Collus PowerStream Corp., to be effective following the receipt of Phase 1 Acquisition approval from the Board, seeking to include a negative rate rider in the 2017 Board approved rate schedules of Collus PowerStream Corp. to give effect to a 1% reduction relative to 2017 base residential distribution rates (exclusive of rate riders), made pursuant to section 78 of the *Ontario Energy Board Act, 1998*.

REPLY SUBMISSIONS
THE CORPORATION OF THE TOWN OF COLLINGWOOD

June 29, 2018

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**REPLY SUBMISSION
THE CORPORATION OF THE TOWN OF COLLINGWOOD**

DELIVERED JUNE 29, 2018

1. INTRODUCTION

1. On December 22, 2017, the Corporation of the Town of Collingwood (the “**Town**”) and EPCOR Collingwood Distribution Corp. (“**EPCOR**”) filed with the Ontario Energy Board (“**OEB**” or the “**Board**”) an application under Section 86(2)(b) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Sched. B (the “**Act**”) requesting approvals to implement a two-phase share sale which will ultimately result in EPCOR acquiring 100% ownership and control of Collus PowerStream Corp. (“**Collus LDC**”) through 100% ownership of Collingwood PowerStream Utility Services Corp. (“**CollusHoldco**”). The first transaction involves the Town acquiring Alectra Utilities Corporation’s existing 50% interest in CollusHoldco (the “**Phase 1 Acquisition**”). In the second share sale, to close on the same day as the Phase 1 Acquisition achieves financial close, EPCOR will acquire 100% of CollusHoldco from the Town (the “**Phase 2 Acquisition**”, and together with the Phase 1 Acquisition, the “**Proposed Transactions**”).
2. EPCOR has also requested approval under section 78 of the Act to include a negative rate rider in the 2017 Board approved rate schedules of Collus LDC to give effect to a 1% reduction relative to 2017 base residential distribution rates (exclusive of rate riders).

2. REPLY ARGUMENT

3. The Town files this reply argument pursuant to Procedural Order No. 2 in this proceeding.
4. The Town has had the opportunity to review the reply argument of EPCOR filed with the Board on June 29, 2018, and the Town adopts the EPCOR submissions in full.
5. Ontario Energy Board Staff (“**Board Staff**”) and the School Energy Coalition (“**SEC**”) filed their respective final arguments in this proceeding on June 18, 2018. Both submissions conclude that the evidence presented in the Application sufficiently demonstrates that the Proposed Transactions meet the “no harm” test.

6. In its review as to whether the “no harm” test is met, SEC makes reference to (i) the Town’s request that a judge of the Ontario Superior Court of Justice inquire into the sale of 50% of Collus (the Collingwood Utility Services Corp.) to PowerStream in 2012 and (ii) the billing error identified by Collus LDC resulting in the overcharging for electricity consumed at the Town’s water filtration plant. While the Town acknowledges these two matters are ongoing, the Town submits that neither matter is relevant to the determination that the “no harm” test is met. The Town agrees with SEC’s assertion at p. 3 of its final argument that “...SEC does not believe that either of these two issues has any reasonable chance of causing harm to the customers of COLLUS”¹.
7. Board Staff make the following submissions in their final argument in connection with the Proposed Transactions meeting the “no harm” test:
- *OEB staff submits that based on the evidence, it appears that the proposed transaction can reasonably be expected to result in cost structures that are lower than under the status quo in the long run.*²
 - *OEB staff submits that EPCOR can reasonably be expected to maintain current service quality and reliability standards. OEB staff also submits that the OEB is able to monitor performance of a distributor through performance scorecards and through the OEB’s Electricity Reporting and Record Keeping Requirements (RRR).*³
 - *OEB staff submits that EPCOR’s evidence and response to interrogatories demonstrates that the proposed purchase and premium paid is not expected to have an adverse impact on either EPCOR’s or Collus’ financial viability.*⁴

¹ School Energy Coalition Final Argument in EB-2017-0373/EB-2017-0374 dated June 18, 2018, at p. 3.

² OEB Staff Submission in EB-2017-0373 and EB-2017-0374 dated June 18, 2018 [Staff Submission] at p. 5-6.

³ Staff Submission at p. 7.

⁴ Staff Submission at p. 9.

- *OEB staff submits that the evidence provided in support of the proposed share purchase transactions that results in EPCOR becoming the new owner of Collus meets the no harm test.*⁵
8. The Town is in agreement with these submissions made by Board Staff and maintains that the effect of the Proposed Transactions on underlying cost structures will be positive, that costs to serve customers will not be higher as a result of the Proposed Transactions, and that the Proposed Transactions will have a positive effect on economic efficiency and cost effectiveness.
9. For all of the foregoing reasons, the Town submits that the Application satisfies the OEB's "no harm" test and is consistent with the principles articulated by the Board. The Town requests that the Board grant the requested approvals.

All of which is respectfully submitted this 29th day of June, 2018.

Per:

Original signed by Jessica-Ann Buchta

J. Mark Rodger
Counsel to the Applicant
The Corporation of the Town of Collingwood

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⁵ Staff Submission at p. 13.