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**BY E-MAIL**

June 18, 2018

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

Dear Ms. Walli:

**RE: OEB STAFF SUBMISSION  
APPLICATIONS FOR APPROVAL OF SHARE PURCHASE  
TRANSACTIONS AND RELATED MATTERS**

**EB-2017-0373 and EB-2017-0374**

In accordance with the OEB's directions, please find attached OEB staff's submission with respect to the above referenced applications.

Yours truly,

*Original Signed by*

Judith Fernandes  
Project Advisor  
Applications Division

Attachment



# **ONTARIO ENERGY BOARD**

## **OEB Staff Submission**

**EB-2017-0373 and EB-2017-0374**

**June 18, 2018**

# 1 INTRODUCTION

The Corporation of the Town of Collingwood (the Town) and EPCOR Collingwood Distribution Corp. (EPCOR) filed applications on December 27, 2017. The applications request approval under section 86(2)(b) of the *Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B)* (the Act) for two share purchase transactions that result in EPCOR becoming the new owner of Collus PowerStream Corp. (Collus), the local electricity distribution company serving Collingwood, Stayner, Creemore and Thornbury.

Collus is a wholly-owned subsidiary of Collingwood PowerStream Utility Services Corp. (Collus Holdco), a holding company currently owned jointly by the Town and Alectra Utilities Corporation (Alectra). EPCOR, an Ontario corporation, is an indirect subsidiary of EPCOR Utilities Inc. (EUI), an Alberta corporation.

The share purchase transactions have been set up in two separate back-to-back sequential phases that will close on the same day. The Town will first purchase the shares of Collus Holdco currently owned by Alectra. EPCOR will then purchase all of the shares of Collus Holdco from the Town. EPCOR has stated that the Town's share purchase from Alectra is purely transitional and temporary in nature and involves no operational implications for Collus as EPCOR will assume full operational control of Collus on closing.

In addition to the approval requested for the share purchase transactions, EPCOR has requested approval under section 78 of the Act for a one percent reduction in Collus' 2017 electricity distribution rates for residential customers, to be in effect for five years from the completion of the transactions.

As part of the application, EPCOR seeks to continue to track costs in existing OEB-approved deferral and variance accounts for Collus and to seek disposition of balances at a future date.

## 2 SUBMISSIONS

### 2.1 Background

The OEB issued the *Handbook to Electricity and Transmitter Consolidations* (Handbook) on January 19, 2016 to provide guidance to applicants and stakeholders on how the OEB reviews consolidation transactions proposed under section 86 of the Act.

The Handbook confirms that the OEB applies the “no harm” test in its assessment of section 86 applications. The OEB considers whether the “no harm” test is satisfied based on an assessment of the cumulative effect of the transaction on the attainment of statutory objectives set out in section 1 of the Act. If the proposed transaction has a positive or neutral effect, cumulatively, on the attainment of these objectives, the OEB will approve the application. While the OEB has broad statutory objectives, in applying the “no harm” test the OEB has primarily focused its review on impacts of the proposed transaction on price and quality of service to customers, and the cost effectiveness, economic efficiency and the financial viability of the consolidating utilities.

To encourage distributor consolidations, the OEB has put in place rate-making policies that provide consolidating distributors with an opportunity to offset transaction costs with any achieved savings for a period of time after execution of an approved merger or acquisition. Consolidating distributors are permitted to defer rebasing for up to ten years from the closing of a transaction, and no supporting evidence is required to justify the selection of the deferred rebasing period.<sup>1</sup>

The applications made by the Town and EPCOR entail two share purchase transactions that will result in EPCOR becoming the new owner of Collus, if approved.

In OEB staff’s view, the evidence in this proceeding reasonably demonstrates that the proposed transactions meet the “no harm” test.

OEB staff has concerns, however, regarding the applicability of the OEB’s rate-making policies in the circumstances of the proposed share acquisitions. Although these are transactions that require approval under section 86 of the OEB Act, these do not result in a “distributor consolidation”, as contemplated in the Handbook. The proposed transactions result solely in a change in ownership of an existing electricity distributor, which was formed as a result of an OEB-approved consolidation of predecessor municipal electricity distributors many years ago.<sup>2</sup>

The Handbook does not discuss acquisitions by new entrants; in OEB staff’s view, the

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<sup>1</sup> Report of the Board – Rate-Making Associated with Distributor Consolidation, March 26, 2015 (2015 Report) and the Handbook

<sup>2</sup> RP-2000-0149

OEB should therefore consider how its rate-making policies should be applied. To that end, OEB staff provides a view as to why a deferral of rebasing for the five years proposed is reasonable. OEB also submits that EPCOR could pursue an alternative rate-making plan in the event the OEB finds that the rate-making policies developed to incentivize distributor consolidations do not apply on their face in this instance.

OEB staff's detailed submissions with respect to the impact of the transaction on the specific matters to be considered by the OEB in the application of the "no harm" test on price, service quality and reliability of service to customers, and the cost-effectiveness, economic efficiency and financial viability of the utility are discussed below.

## **Price, Economic Efficiency and Cost Effectiveness**

EPCOR has proposed a five-year rate rebasing deferral period from the closing of the proposed transactions, and has stated that rates for Collus' customers will be adjusted based on the Price Cap Incentive Rate Mechanism during this period. EPCOR stated that it has relied on the OEB's rate-making policies associated with consolidation<sup>3</sup> in putting forward its proposal. The OEB's policies permit consolidating distributors to defer rebasing for up to ten years and no supporting evidence is required to justify the selection of the deferred rebasing period.<sup>4</sup>

OEB staff submits that it is not clear that the OEB's rate-making policies should automatically apply in the circumstances of the proposed transaction. The OEB's rate-making policies associated with electricity distribution consolidation were intended to encourage efficient and beneficial consolidation transactions within the electricity distribution sector. EPCOR's proposed transaction is not a distributor consolidation, per se, and while this is acknowledged by EPCOR in its application, OEB staff submits that the OEB should consider whether all of the guidance and policies contained in the Handbook are appropriate in the context of the proposed transactions.

Collus was due to rebase its rates in 2017 but requested to defer rebasing in 2017, stating that it needed additional time to prepare its Distribution System Plan (DSP), and again in 2018, owing to the proposed acquisition by EPCOR.<sup>5</sup> The OEB permitted Collus to defer rebasing to 2019.

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<sup>3</sup> OEB 2015 Report

<sup>4</sup> OEB 2015 Report and Handbook

<sup>5</sup> Letters from Collus dated February 22, 2016 and March 1, 2017

In OEB staff's view, the applicants have demonstrated sufficient benefits to the transactions that provide a comparable positive impact on the acquired customers as would a distributor consolidation. However, in OEB staff's view, the opportunity to further defer rebasing (if the application is approved), as well as the choice of the length of the deferral period, should not be an automatic election by the applicants in this instance. The OEB did not specifically address in the Handbook the scenario of a change in ownership of a distributor through acquisition by a new entrant and without any impact on consolidation of the Ontario electricity distribution sector.

With respect to price, the Handbook notes the following:

Consistent with recent decisions, the OEB will not consider temporary rate decreases proposed by applicants, and other such temporary provisions, to be demonstrative of "no harm" as they are not supported by, or reflective of the underlying cost structures of the entities involved and may not be sustainable or beneficial in the long term. In reviewing a transaction the OEB must consider the long term effect of the consolidation on customers and the financial sustainability of the sector.

To demonstrate "no harm", applicants must show that there is a reasonable expectation based on underlying cost structures that the costs to serve acquired customers following a consolidation will be no higher than they otherwise would have been. While the rate implications to all customers will be considered, for an acquisition, the primary consideration will be the expected impact on customers of the acquired utility.<sup>6</sup>

As noted earlier, while in this instance there is no consolidation, the impact of the transaction on the customers being "acquired" by EPCOR must meet the same test as would apply for a distributor consolidation transaction.

EPCOR's application proposed a negative rate rider for Collus' residential customers, the effect of which would be a 1% reduction in residential customers' base distribution delivery rates.

EPCOR states that the cost of the rate rider is expected to be approximately \$50,000 per year. EPCOR has confirmed that it will not seek to recover this in rates and has shown in response to interrogatories that this cost is to be recovered from the anticipated productivity gains during the deferred rebasing period.<sup>7</sup>

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<sup>6</sup> Handbook, p. 7

<sup>7</sup> OEB Staff IR 1(a)

In this case, EPCOR has provided sufficient information in OEB staff's view to demonstrate that the underlying cost structures will change during the deferral period to the effect of lowering EPCOR's revenue requirement upon rebasing as compared to the status quo. EPCOR expects to generate targeted economies and efficiencies as a result of the proposed acquisition. EPCOR has anticipated annual OM&A cost savings arising from the proposed transaction of approximately \$185,000 in year 2 rising to \$464,000 in year 6, relative to the forecasted OM&A costs under the status quo, i.e. in the absence of the transaction.<sup>8</sup> EPCOR notes that the proposed transaction is not a physical consolidation and has not anticipated any capital savings.

EPCOR submits that it expects to derive operational efficiencies from a reorganization of the Collus leadership and administrative functions, by integrating these functions with EUI's shared services such that Collus employees undertaking these functions become aligned with EUI's shared service functions. EPCOR identified the following changes in the business operations of Collus:

- The new CEO of Collus will have responsibility for all of EUI's operations in Ontario as well as assuming the responsibilities of two senior managers of Collus who are retiring
- Information Technology (IT) and Human Resources(HR) – IT oversight is to be provided by EUI's corporate IT group; the HR function will be provided by an affiliate of EPCOR through a service level agreement
- Finance and Regulatory - the CFO and Regulatory Manager will assist other EUI subsidiaries in Ontario (at this time this is only EPCOR Natural Gas Limited Partnership (formerly Natural Resources Gas Limited)) so that sharing these costs will reduce the costs to Collus
- Functions that are currently outsourced – e.g. Legal and parts of Health and Safety and Public and Government Affairs - will be provided by internal EUI resources
- The Board of Directors is expected to be reduced from six directors to three directors, with one independent director on the Board

EPCOR expects these changes to increase economic efficiency and cost effectiveness, resulting in lower OM&A costs for Collus. EPCOR submits that these OM&A efficiencies are expected to result in a lower revenue requirement and rates for customers, relative to the status quo, when it applies to rebase rates for Collus at the end of the five year deferred rebasing period.

OEB staff submits that based on the evidence, it appears that the proposed transaction

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<sup>8</sup> OEB Staff IR 1(a)

can reasonably be expected to result in cost structures that are lower than under the status quo in the long run. EPCOR has stated that efficiencies derived as a result of this transaction are expected to result in a lower revenue requirement and therefore lower rates for customers at the time of rebasing, relative to the status quo.<sup>9</sup> OEB staff submits that EPCOR should be required to demonstrate, at the time it files a cost of service application in year 6, how the efficiencies expected from the proposed transaction have resulted in lower costs to serve Collus customers relative to the status quo. In OEB staff's view, rates proposed for Collus should clearly reflect these productivity gains.

In the event that the OEB is not persuaded that the rate-making policies in the Handbook should apply to the subject scenario (since there is no consolidation in the electricity distribution sector arising from this application), OEB staff submits that, as an alternative (and assuming that leave to purchase the shares is granted), Collus could avail itself of the OEB's Annual IR Index (Annual IR) option, where it would file for an annual rate application but not seek the rate increase to base distribution rates that is established by the OEB's formula. The annual application could be used to review Collus' deferral and variance accounts. In this scenario, unless the OEB was to make an exception, Collus would not have access to an Incremental Capital Module (ICM), the deadband on earnings would be in effect at 300 basis points and presumably Collus would be forced to adjust base distribution rates downward if the OEB's formula were to generate a rate decrease for Annual IR filers.

A deadband on earnings in OEB staff's view should not be an impediment either as the pro forma statements that EPCOR submitted for Collus demonstrate that Collus will not come close to earning 300 basis points above its deemed ROE. As for a rate decrease, in OEB staff's view, this scenario is unlikely to occur in the next five years given the trend in the OEB's inflation factor. That said, the OEB may be undertaking a review of the industry productivity factor for which results will not be known for some time. In OEB staff's view, if a rate decrease was to be an outcome of the OEB's formula in the next five years for Annual IR filers, then the OEB should apply this decrease to Collus as it is a further benefit to customers.

The Annual IR is the method that was developed for distributors intending longer periods without rebasing. In OEB staff's view, this rate-setting option still enables Collus to defer filing a cost of service application, and is consistent with the treatment of other distributors who wish to defer rebasing.

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<sup>9</sup> Application, p. 30

## **Service Quality and Reliability**

EPCOR expects to maintain or improve existing Collus' service quality and reliability standards. The applicants provided SAIFI and SAIDI statistics for Collus demonstrating acceptable levels of reliability, and also showed that both Collus' and EUI's customer service levels exceed the targets established by their respective regulators.

EPCOR has committed to retain all current Collus staff for two years. In response to interrogatories,<sup>10</sup> EPCOR stated that it intends to structure Collus so as to obtain efficiencies for long term benefits and to lower the utility's cost structure, but has no plans to make changes that would be triggered by the expiry of the two year commitment to retain current staff.

EPCOR confirmed that it has no plans to modify the roles, functions or immediate reporting structure of front-line staff directly responsible for the maintenance of service quality and reliability of the distribution system – this includes field crews, customer service, billing and other customer facing functions.

Based on the evidence and interrogatory responses provided, 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).

## **Financial Viability**

The purchase price being paid by the Town for the Collus Holdco shares currently held by Alectra is \$13 million. EPCOR is acquiring all of the shares of Collus Holdco from the Town for \$36.8 million; this includes a cash payment of \$25 million plus the assumption of debt and working capital. The premium being paid by EPCOR is approximately \$17.1 million.

EPCOR stated that EUI will provide funding to complete the share purchase. EPCOR also confirmed that EUI has the financial capacity to fund the purchase price and other payments included in the EPCOR agreement, stating that the consideration paid will not have a material impact on EUI's financial position, as it represents less than 0.4% of EUI's

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<sup>10</sup> OEB Staff IR 2

total assets.<sup>11</sup>

EUI's 2016 consolidated revenue was \$1.946 billion, with \$379 million in operating income and \$412 million in funds from operations. Financial ratios demonstrating EUI's strong financial position were provided by EUI.

In response to interrogatories<sup>12</sup> regarding EPCOR's financial capacity, EPCOR confirmed that it will have financial capacity through ownership of Collus,( i.e. through the revenue earned through Collus' distribution rates and will have access to funding as a wholly owned subsidiary of EUI). EUI provides funding support to its subsidiaries on an ongoing basis through an annual capital budgeting process and ongoing capital management.

EPCOR confirmed that it will continue to have separate audited financial statements for Collus in compliance with RRR requirements and section 2.1.1 of the OEB's *Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC)*.

EPCOR stated that incremental transaction and integration costs amount to \$760,000. This includes \$300,000 for EPCOR's integration costs and \$360,000 being paid by EPCOR for the Town's transaction costs, redevelopment of the public waterfront lands, and expenses incurred by the Town in connection with the Town's assignment and assumption of financing agreements, as per the agreement between the Town and EPCOR. EPCOR has confirmed that all incremental transaction and integration costs will be financed during the deferral period from productivity gains, and will not be funded by ratepayers.

EPCOR also confirmed that the premium paid over the net book value of the assets will not be recovered through Collus' revenue requirement either during or after the deferred rebasing period.<sup>13</sup>

OEB staff observe that the 2019 pro-forma financial statement for Collus filed with the application include one-time transaction costs and reflected a significant increase in interest expense from \$507K in the 2016 financial statement to \$1.1 million in the pro-forma statement. OEB staff sought further explanation, through interrogatories,<sup>14</sup> regarding the inclusion of debt (including interest expense) related to the premium and transaction costs in Collus' financial statements. In its response, EPCOR restated the 2019 pro-forma

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<sup>11</sup> Application, pages 39, 40

<sup>12</sup> OEB Staff IR 9

<sup>13</sup> Application, p. 39,40

<sup>14</sup> OEB Staff IR 7 and 8

financial statement, confirming that it would not include the incremental inter-company debt sourced to fund the premium on Collus' balance sheet. EPCOR also confirmed that the restated financial statement did not include any of the transaction costs discussed earlier.

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.

## 2.2 Other Matters

### ***Distribution System Plan and Potential Incremental Capital Module***

The OEB requires that distributors file a DSP every five years.<sup>15</sup> A DSP is typically required to be filed when a distributor files a cost of service application (so that the DSP can be reviewed and tested in the application); but does not have to be. For example, a distributor operating under the Annual IR must file the DSP every five years with the OEB even if it is not reviewed in an Annual IR application. The last cost of service review of Collus was for 2013 rates, right at the commencement of the requirement for the DSP filing. No DSP has been filed for Collus. Collus was due to rebase its rates in 2017 but requested a deferral of rebasing in 2017, stating that it needed additional time to prepare its DSP, and again in 2018, owing to the proposed acquisition by EPCOR.<sup>16</sup>

The application referenced a DSP for 2018-2022 for Collus, which EPCOR states it has reviewed and finds to be reasonable. In responses to interrogatories<sup>17</sup>, EPCOR confirmed that the referenced DSP has not been filed with the OEB but that it expects to file the DSP after it is approved by Collus' Board of Directors, expected to occur in June 2018. OEB staff does not oppose this plan.

EPCOR has stated that it may apply for an IICM during the deferred rebasing period, if required, and would provide details in a subsequent application consistent with the OEB's policies.

Assuming the OEB finds that the consolidation policies apply in this case, OEB staff observes that the ICM option is available to a utility under Annual IR.

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<sup>15</sup> Handbook to Utility Rate Applications, p.13

<sup>16</sup> Letters from Collus dated February 22, 2016 and March 1, 2017

<sup>17</sup> OEB Staff IR 14 and SEC 5

The OEB's 2015 Report states:

3. Distributors who are party to a MAADs transaction, and are operating under an Annual IR plan have the option to use the Incremental Capital Module during the deferred rebasing period.<sup>18</sup>

OEB staff does not oppose the proposal, but submits that there is some discretion or uncertainty on the availability of the ICM in this case, given that the OEB's consolidation policies may not apply in this case. The OEB's 2015 Report states, at the outset, that the rate-setting policies established in the policy were with respect to distributor **consolidation**:

After considering the government's policy expectations, the results of the consultations, and the OEB's own expectations that the distribution sector should continue to seek out efficiencies especially through consolidation, **the OEB has concluded that it will proceed at this time with amendments to its rate-making policy associated with electricity distributor consolidation.**

This Report sets out the OEB's amendments to its rate-making policy for electricity distributors following a MAADs transaction.

The OEB has identified two specific policy matters that it intends to address at this time:

- The duration of the deferral period for rebasing following the closing of a MAADs transaction; and,
- A mechanism for adjusting rates to reflect incremental capital investments during the deferred rebasing period.

The amendments to the OEB's policy in relation to each of these matters are discussed below. The OEB has also provided clarification regarding the incentive rate mechanism that will apply to a distributor during a rebasing deferral period. [emphasis in original]<sup>19</sup>

There are numerous references in the OEB's 2015 Report to "consolidating distributors" or "consolidating entities". There is no consolidation that would result from this application. As such, OEB staff submits that the OEB has discretion on the applicability of the policies in the OEB's 2015 Report and the Handbook. However, while it is unclear whether share acquisitions by new owners of an existing utility is sufficient to trigger the application of the

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<sup>18</sup> OEB 2015 Report, p.12 and confirmed in the Handbook, p.17

<sup>19</sup> *Ibid.*, p. 4

rate-setting policies, there are benefits demonstrated by EPCOR that might warrant the extension of the policy to this case specifically.

That said, it is not clear to OEB staff whether the business case for this transaction (which includes a rate reduction and five year freeze combined with the intent to file an ICM), is internally consistent. Section 6.10 of the Share Purchase Agreement between the Town and EPCOR addresses the proposed 1% rate reduction.<sup>20</sup> Section 6.11 addresses the rate-setting during the deferred rebasing period generally:

**6.11 Future Distribution Rates.** Subject to any requirements of Applicable Law or prescribed requirements of the OEB, the Purchaser agrees and covenants with the Vendor that for the first five (5) years following the Closing Date the Purchaser will, at a minimum, cause Collus to maintain the existing rates for Customers adjusted solely by the OEB's price cap incentive rate-setting option, or any amendment, modification, successor or replacement thereof, established by the OEB.<sup>21</sup>

The ICM is an available option, but it is not clear what the Town or Collus' ratepayers expect, or are apprised of the possibility of rate increases outside of the 1% rate reduction and the application of the I – X formula as a result of any potential ICMs during the deferred rebasing period, or impacts on the revenue requirement at the time of rebasing when approved ICM capital is added to Collus' rate base. It is also not clear whether this transaction is dependent on an ICM being available to Collus.

OEB staff submits that the OEB could impose a condition on EPCOR with respect to the ICM, that, if and when EPCOR files for an ICM during the deferral period, it must provide updated forecast bill impacts for year 6 (its next planned rebasing period), and that any potential ICM must not only meet the requirements of the ICM policy, but must also demonstrate that the lower cost structures put forth by EPCOR as part of this application, have not eroded significantly.

### ***Deferral and Variance Accounts***

EPCOR requested to continue with existing approved deferral and variance accounts and seek disposition of balances at a future date.

EPCOR confirmed its plans are consistent with OEB's policy – Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report (EDVARR), July 2009

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<sup>20</sup> Application, Schedule E, pp. 34-35

<sup>21</sup> *Ibid.*, p. 35

and the Update to EDVARR, July 2014.

OEB staff is not clear what EPCOR means by a future date but recommends that EPCOR continue to file annual rate applications for Collus under the OEB's IRM process, even if the OEB approves EPCOR's proposed deferral framework. This permits Collus to propose disposition of the deferral and variance accounts as part of its annual rate application.

### ***ARC Compliance***

OEB staff questioned<sup>22</sup> whether EUI is considered an Energy Service Provider (ESP), as defined under the ARC and whether EPCOR's plans relating to the sharing of employees of Collus complies with section 2.2.3 of the ARC. The ARC defines an ESP as a company "involved in the supply of electricity or gas or related activities". EPCOR responded that EUI does not provide any of the functions listed in the definition of ESP in the ARC. EPCOR stated that there are no plans to obtain or provide inter-affiliate services nor share employees of Collus with an energy service provider.

OEB staff submits that EPCOR is applying a strict interpretation to the definition of an ESP, saying that EUI itself is not an ESP because it is a parent company and all the ESP activities are being done by subsidiaries or affiliates. That may technically be true but it is open to interpretation. Maintaining an ownership in companies that provide ESP services can be considered as being "involved" in the activities of those companies. OEB staff submits that as long as EUI or any of its affiliates/subsidiaries are not providing ESP services in Ontario, then there are no ARC section 2.2.3 employee sharing concerns. However, if EUI or any of its affiliates/subsidiaries begin providing ESP services in Ontario, ARC issues could arise.

OEB staff also questioned the safeguards EPCOR has in place to ensure that it effectively operates Collus and asked for an explanation on how it plans to apportion costs between the various entities, given the shared services model that EPCOR intends to implement. EPCOR indicated that directors of Collus have a fiduciary responsibility to that business and to devote time and effort necessary to effectively operate Collus. EPCOR confirmed that any services provided by Collus will be governed by service level agreements and time will be charged out on a full cost basis to ensure no cross subsidization among entities.

OEB staff submits that EPCOR's response is acceptable, given that Collus will continue to be monitored through performance reporting tools (distributor performance scorecard, RRR) to ensure Collus staff are devoting the necessary time to effectively and efficiently operate

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<sup>22</sup> OEB Staff IRs 3(a) and 5(d)

the distribution business.

## **2.3 Conclusion**

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.

OEB staff also does not oppose the deferral framework proposed with the condition that EPCOR provides updated information on cost structures and bill impacts for year 6 (its next planned rebasing application) when filing for an ICM and that in order for the OEB to approve any incremental funding, EPCOR must demonstrate that the lower cost structures that it has proposed in this application have not significantly eroded, and any ICM does not translate into significantly higher revenue requirement and bill impacts than would be the case without the ICM.

All of which is respectfully submitted