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

File: 117121.2

Dear Ms. Walli:

**Re: Town of Cochrane and Town of Iroquois Falls - Application under s. 86 of the
Ontario Energy Board Act; Response to Submission by Allan Carroll**

I am writing in response to the letter submitted to the Board by Allan Carroll, dated January 22, 2001, in which he first requests the Board to deny this application outright, and then, somewhat confusingly, also asks the Board to hold an oral hearing, instead of a written hearing, in Iroquois Falls. For the following reasons, both requests by Mr. Carroll should be denied.

1. Representativeness

Mr. Carroll has sent his letter in the name of the Concerned Citizen's [sic] Coalition. However, his letter does not identify whether this is simply a pseudonym for himself or whether it is a coalition of some other individuals or groups. Nor does his letter contain any proof of any authority to represent this group, if it even exists. In any event, the decision of the Town of Iroquois Falls to sell its minority interest in Northern Ontario Wires was made by the duly elected representatives of the Town, who were elected precisely to make such decisions.

2. The Decision Process

Mr. Carroll states that the shares are "owned by the citizens of Iroquois Falls". That is incorrect. In the first place, there are no "citizens" of Iroquois Falls, or of any other municipality. All of them are citizens of Canada, and merely residents of their municipalities. Because residents come and go regularly, municipal corporations are the legal entities that own these shares. Indeed, if the shares were owned by the individual residents of Iroquois Falls, it would be they and not the Town that would be making this application.

Second, there is no legal or practical requirement for a municipal election as a precondition to the sale of this kind of municipal property. This is not required by either municipal law or by any electricity legislation in Ontario. For that reason, this objection by Mr. Carroll is irrelevant and immaterial to the application before the Board.

3. No Reason of Substance

The only basis on which the Board could deny this application would be some sort of harm to consumers of electricity arising from the proposed transaction. The test applied by the Board in reviewing share acquisitions under Section 86 is whether the transaction will result in harm to customers. Nowhere in Mr. Carroll's submission does he mention any concern over such harm. In fact, his only objection is about process. The fact that he has not raised any issue of substance is quite telling: one can only assume that he has no issue of substance to raise. It is not the function of the Board to review the process used by municipalities to determine whether to retain or to sell their shares in LDCs. The Board's role is to protect monopoly customers. For this reason as well, Mr. Carroll's submissions are irrelevant and immaterial to the application before the Board.

4. The Use of One Law Firm

Mr. Carroll suggests that the use of Miller Thomson by both parties on this transaction is "highly illegal". That is clearly incorrect, but is also irrelevant and immaterial to the application before the Board.

5. The Value of The Shares

Mr. Carroll complains that the value of the shares is also of question. The only concern of the Board in that regard is whether the purchaser of the shares will be financing the purchase from its own resources or from higher charges to customers. It is not the role of the Board to determine whether the vendor of the shares received their market value, and any attempt to do this would be both costly and highly impractical given that only another municipality or Hydro One could purchase these shares without paying a very high level of transfer tax. Again, therefore, this comment by Mr. Carroll is irrelevant and immaterial to the matter before the Board.

6. The "Need" to Sell the Shares versus the Need to Keep the Shares

Whether the Town "needs" to keep its minority interest is a matter of judgement for the Town. The municipality trusts the OEB to protect both service quality and rates, and sees no need to continue its investment in a non-controlling interest in this utility. As no service changes, rate changes or any other changes affecting customers will result from the proposed transaction, whether they need to sell the shares is greater than the need to keep the shares is a political question that is irrelevant to the mandate of the OEB.

7. Oral Hearing in Iroquois Falls

Finally, Mr. Carroll asks for public oral hearing on this matter to be held in Iroquois Falls. However, as this response to his letter has indicated above, he has not raised a single issue of relevance which could form the basis for an oral hearing, even if an oral hearing is required. Furthermore, an oral hearing would be a lengthy and costly matter to arrange and conduct, and would serve no useful purpose. A written hearing process, as is normally conducted by the Board, is a perfectly workable method for Mr. Carroll to have his objections noted. Mr. Carroll has not provided any reason as to why he objects to a written hearing, or why he believes a written hearing is an inadequate means to decide the application. This request should also be denied.

8. Conclusion

In conclusion, all of the points raised in Mr. Carroll's letter are, in essence, political issues that should be raised in the appropriate forum, but are irrelevant and immaterial to the jurisdiction of the Ontario Energy Board, and to its policies in reviewing transactions of this kind. Accordingly, the Board should approve the transaction forthwith.

Yours truly,

Andrew J. Roman

- c. Allan Carroll
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Town of Cochrane
Town of Iroquois Falls
Michael Pace, Miller Thomson
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