



EB-2006-0282

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Enwin
Powerlines Ltd. under section 86 of the *Ontario Energy
Board Act, 1998* seeking an order granting leave to
amalgamate with Enwin Utilities Ltd.

BEFORE: Pamela Nowina
Vice Chair and Presiding Member

Cynthia Chaplin
Member

Ken Quesnelle
Member

DECISION AND ORDER

On November 14, 2006, Enwin Powerlines Ltd. ("Powerlines" or the "Applicant") filed an application with the Ontario Energy Board (the "Board") for leave to amalgamate with Enwin Utilities Ltd. ("Utilities"). The Board has assigned File No. EB-2006-0282 to the application.

Powerlines owns, operates and manages assets associated with the distribution of electricity within the geographic territory and municipal boundaries of the City of Windsor, as described in its electricity distribution licence (ED-2002-0527). Utilities provides Powerlines with certain distribution related services, such as billing and administration.

Both Powerlines and Utilities are wholly-owned subsidiaries of Windsor Canada Utilities Ltd., which in turn is owned by the City of Windsor. Upon approval and completion of the proposed transaction, Powerlines and Utilities will operate as one corporation.

A Notice of Application and Written Hearing was published as directed by the Board. No interventions were filed in response to the Notice, and the Board has proceeded by way of a written hearing.

The full record of this proceeding is available for review at the Board's offices. While the Board has considered the full record, the Board has summarized and referred only to those portions of the record that it considers helpful to provide context to its findings.

Board Findings

Section 86 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the "Act") provides that no transmitter or distributor, without first obtaining an order from the Board granting leave, shall amalgamate with any other corporation.

Section 1 of the Act states that the Board, in carrying out its responsibilities under the Act in relation to electricity, shall be guided by the following objectives:

1. to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
2. to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

The Applicant has made a number of submissions with respect to economic efficiency. The Applicant has submitted that there will be both annual and one-time cost savings as a result of the proposed amalgamation. In particular, the Applicant estimates that the proposed merger would result in total annual savings of \$450,000. This estimate includes:

- (a) accounting costs of \$50,000 related to annual audit and income tax filings;
- (b) corporate governance costs of \$50,000 (which represents savings in board member compensation); and
- (c) regulatory compliance costs of \$350,000 (which represents \$100,000 for consultants to determine fair market value of affiliate services; \$100,000 for the administration and documentation of affiliate services; and \$150,000 for increased legal and consulting fees at Board rate hearings).

The Applicant also estimates that there will be a one-time cost savings of up to \$250,000. This is the estimated cost of a comprehensive affiliate study dealing with items including, but not limited to, transfer pricing. The requirement for the affiliate study was included as part of the last Powerlines rate proceeding in February 2006.

The Board accepts the Applicant's uncontested evidence, and concludes that the proposed transaction will not have an adverse effect in terms of the factors identified in the Board's objectives under section 1 of the Act.

The Board's approval of the amalgamation should not be construed as relieving the Applicant of any of its obligations arising from its last rates application.

The Board notes that even if the one-time cost savings in relation to the affiliate study do not materialize, the Board still finds that this amalgamation is in the public interest in accordance with the objectives set out in section 1 of the Act.

THE BOARD ORDERS THAT:

1. Enwin Powerlines Ltd. is granted leave to amalgamate with Enwin Utilities Ltd.
2. Notice of completion of the transaction shall be promptly given to the Board.
3. The Board's leave to amalgamate shall expire 18 months from the date of this Decision and Order. If the transaction has not been completed by that date, a new application for leave to amalgamate will be required in order for the transaction to proceed.

ISSUED at Toronto, December 19, 2006.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary