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

Dear Ms. Walli:

Re: Sale of Woodstock Hydro – Applications under Section 86 of the *Ontario Energy Board Act, 1998*

We are counsel to the Corporation of the City of Woodstock ("Woodstock") and Woodstock Hydro Services Inc. ("Woodstock Hydro") in the above-captioned matter. On May 21, 2014, Woodstock, Hydro One Inc. and 1908873 Ontario Inc. entered into a share purchase agreement to sell the shares of Woodstock Hydro Holdings Inc., the holding company of Woodstock Hydro, to 1908873 Ontario Inc., owned by Hydro One Inc.

Woodstock believes that Woodstock Hydro's customers will benefit from this transaction. Among the benefits, the transaction will cause Woodstock Hydro's distribution rates to be reduced by 1% upon closing and thereafter these distribution rates will be frozen at the reduced level for the next 5 years. The parties request that the Board give effect to this arrangement through the implementation of a new rate rider. The rate reduction/rate freeze issues are discussed in the enclosed application at Exhibit A, Tab 2, Schedule 1, Section 1.2.

Woodstock submits that the proposed transaction is consistent with and advances Provincial objectives around voluntary consolidation within the Ontario local distribution sector. Woodstock also believes the distribution rate reduction/rate freeze components of the transaction are consistent with recent statements of the Minister of Energy concerning "the need to 'bend the cost curve' for ratepayers"¹.

Yours very truly,

BORDEN LADNER GERVAIS LLP

A handwritten signature in black ink, appearing to read 'J. Mark Rodger', is written over a horizontal line.

J. Mark Rodger
Incorporated Partner*

¹ Remarks for The Honourable Bob Chiarelli, Minister of Energy, Ontario Power Conference, April 16, 2013, page 9

Copy to Pat Sobeski, Mayor, City of Woodstock
 Joanne Richardson, Hydro One Inc.
 Michael Engelberg, Hydro One Inc.

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