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January 7, 2015

**VIA RESS, EMAIL AND COURIER**

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

Dear Ms. Walli:

**RE: EB-2014-0213 – Hydro One application to purchase Woodstock Hydro (the “Application”)**

We are counsel to Hydro One Inc. and Hydro One Networks Inc. (“**Hydro One**”) in the above-noted proceeding. Enclosed please find Hydro One’s response to Mr. Jay Shepherd’s requests contained in his letter of January 6, 2015.

Yours truly,

**McCarthy Tétrault LLP**

A handwritten signature in blue ink, appearing to be 'G. M. Nettleton', written over a horizontal line.

Gordon M. Nettleton

GMN/mpf

Enclosure



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January 07, 2015

**VIA EMAIL**

Jay Shepherd  
Professional Corporation  
2300 Yonge Street, Suite 806  
Toronto, Ontario M4P 1E4

Dear Mr. Shepherd:

**RE: Letter dated January 6, 2015, in respect of EB-2014-0213**

We are counsel to Hydro One Inc. and Hydro One Networks Inc. (collectively "Hydro One") in respect of OEB Proceeding EB-2014-0213 and writing to you in respect of your letter to Mr. Engelberg dated January 6, 2015. Provided below are our responses to each of your three requests.

**Production of Attachment to November 5, 2013 Letter from Mr. McMillan, CEO WHSI**

Hydro One is not in possession of the requested document and therefore cannot produce same.

In any event, SEC does not explain how the requested appendix information is relevant to this OEB proceeding. Mr. McMillan's letter states that the aim of the requested appendix was "to provide the [Woodstock] Shareholder with an assortment of information pertinent to the exclusive negotiations currently underway with Hydro One with respect to Woodstock Hydro Holdings Inc. and Woodstock Hydro Services Inc."

As SEC is well aware, the OEB has recently determined that the consideration of information concerning the negotiations of transactions is outside the scope and mandate of the MAAD approval process. In the NPDI MAAD proceeding, SEC made a motion requesting an order of the Board compelling the applicants to provide further answers to certain interrogatories. In its Motion Decision dated January 24, 2014, and found at page 5, the Board confirmed that the conduct of the seller leading up to the consolidation transaction is not a matter relevant to the "no-harm" test. The Board has stated that the no harm test "looks at the effect of the transaction, not the reason for or the process preceding the transaction". The requested document falls squarely outside the scope of the no-harm test. It is not relevant to the question before the Board in its determination of this application.

**Production of Information Requested in SEC IRs 26 and 27**

Hydro One's Responses to SEC IRs 26 and 27 were provided on September 22, 2014. SEC has had over 3 months to review these responses and has yet to file a form of objection that comports with the requirements set out in Rule 27.03 of the Board's Rules.

Hydro One has reviewed its Responses and maintains the positions expressed. The Exclusivity Agreement requested in SEC IR 26 is not relevant to the issues in this proceeding. As stated in the Interrogatory Response, the Exclusivity Agreement was entered into by the transacting parties for the protection of information exchanged during the course of negotiations. The Exclusivity Agreement is entirely unrelated to the resulting and agreed upon transaction. The resulting transaction and its potential impacts upon ratepayers are what is germane to this proceeding.

Regarding a requested list of the contents of the Confidential Disclosure Schedule, the answer provided in SEC IR 27 is responsive to the question posed. The answer explains that the Confidential Disclosure Schedule relates to confidential information concerning representations and warranties made by the parties to the transaction. Explanation is provided that the Schedule includes information pertaining to the environmental condition of property owned by the Vendor and personal employment information. SEC's January 6, 2015, letter provides no explanation or reasons why this response is lacking or why the requested information may reasonably be considered to be relevant to the issues in this proceeding.

In light of these circumstances, the Applicants maintain that the information provided is responsive to the questions posed. Without more, Hydro One has no intention of disclosing further information. SEC has provided no justification for its delay nor has it explained why such information is relevant to this proceeding particularly in light of the Board's clear and unambiguous ruling in the Norfolk MAAD application.

#### **Witness Panel Composition**


Hydro One can advise that the application and supporting evidence filed in this proceeding will be addressed by one witness panel, comprising Mr. R.J. Bertolo, Director of Value Growth, and Mr. Ryan Lee, Director, Management Accounting and Reporting. Both gentlemen are employed by Hydro One Networks Inc.

A witness from Woodstock Hydro Services Inc. ("WHSI") will not be testifying in this proceeding. WHSI ratepayer impacts associated with the transaction are clearly addressed in the Sale and Purchase Agreement and described in the application and in responses to interrogatories. Messrs. Bertolo and Lee will be able to respond to relevant questions concerning the pre-filed evidence including those relating to the mechanics of the proposed rate freeze and rate reduction for WHSI ratepayers during the first five-year period.

Copies of the CVs of Messrs. Bertolo and Lee will be filed with the Board this week.

Yours very truly,

**McCarthy Tétrault LLP**

  
for Gordon M. Nettleton

cc: Wayne McNally, School Energy Coalition  
Mark Rodger, Borden Ladner Gervais  
David Creery, City of Woodstock  
Maureen Helt, Ontario Energy Board  
EB-2014-0213 – Interested Parties