

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 Hydro One Inc. for leave to purchase all of the issued and outstanding shares of Woodstock Hydro Holdings Inc. under section 86(2)(b) of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application by Woodstock Hydro Services Inc. seeking to include a rate rider in its 2014 Ontario Energy Board approved rate schedule to give effect to a 1% reduction relative to 2014 base electricity delivery rates (exclusive of rate riders) under section 78 of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application by Woodstock Hydro Services Inc. for leave to dispose of its distribution system to Hydro One Networks Inc. under section 86(1)(a) of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application by Woodstock Hydro Services Inc. for leave to transfer Woodstock Hydro Services Inc.'s distribution licence and rate order to Hydro One Networks Inc. under section 18 of the *Ontario Energy Board Act, 1998*.

**REPLY ARGUMENT
WOODSTOCK HYDRO SERVICES INC.**

June 24, 2015

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DELIVERED JUNE 24, 2015

A. INTRODUCTION

1. Almost one year ago, on July 10, 2014, the Applicants filed their applications seeking the Board's approval of the relief set out above and in the Application¹ under sections 18, 78 and 86 of the *Ontario Energy Board Act, 1998* (the "Act"). In accordance with the procedural directions of the Board, Woodstock Hydro Services Inc. ("Woodstock") is pleased to provide the Board with its Reply Argument ("Reply") in this proceeding.
2. Consolidation in Ontario's distribution sector has been addressed and supported in a number of forums. As the Board noted at page 2 of its July 3, 2014 Decision approving the sale of Norfolk Power to Hydro One (Board File Nos. EB-2013-0196, EB-2013-0187 and EB-2013-0198),

"Consolidation of the electricity distribution sector has been the subject of much discussion since the late 1990s when the sector was first restructured under the *Energy Competition Act, 1998*. More recently, the Ontario Distribution Sector Review Panel has issued a report entitled *Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First*, which advocates consolidation of electricity distribution companies."

3. In Premier Wynne's September 25, 2014 Mandate Letter to Energy Minister Chiarelli², the Premier identified the following objective within the priority category of *Driving Efficiencies and Maximizing Return on Investment from Electricity Sector Agencies*:

"Continuing to work with local distribution companies to ensure that they operate as efficiently as possible and produce savings that will benefit Ontario's ratepayers. They will do so through options such as voluntary consolidations and innovative partnerships."

4. More recently, at pages 7-8 of the November 13, 2014 Initial Report of the Premier's Advisory Council on Government Assets, the Council, led by Chair Ed Clark, wrote:

¹ See Exhibit A, Tab 1, Schedule 1, pages 4-5 of the Application, available at: <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/443022/view/> – as modified by correspondence from counsel to Hydro One dated May 11 and May 12, 2015 – available at: <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/478417/view/> and <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/478934/view/> respectively.

² <http://www.ontario.ca/government/2014-mandate-letter-energy>

“We view the distribution business differently. There are huge challenges in Ontario’s local electricity distribution system. There are too many entities, some of them inefficient, that lack the capability and capital to modernize and adapt to the changing environment.

The electricity distribution sector was reviewed in 2012 by the Ontario Distribution Sector Review Panel. We agree with the Panel’s core conclusions — the need to foster consolidation and promote agile action in a changing energy world. Indeed, we believe these conclusions are supported by almost everyone in the industry, though not everyone agrees on how best to implement them. Ontario needs a more consolidated and efficient electrical distribution system. The system needs more capital, which is unlikely to be available from the public sector owners given other pressing needs.

The system also needs companies that can innovate and adjust nimbly to a very different energy world in the future. The current system fails that test.”³

5. Woodstock submits that the transaction proposed in this Application will further the Provincial consolidation objective in a manner that meets the Board’s “no harm” test.
6. Woodstock submits that the amendments to the Application proposed by Hydro One in May of this year (which would extend the next Woodstock-area rebasing for up to 10 years and place Woodstock on Price Cap IR with an Earnings Sharing Mechanism in years 6-10) are consistent with the Board’s March 26, 2015 *Report on Rate-making Associated with Distributor Consolidation* (the “2015 Report”) which updated its July 23, 2007 Report (the “2007 Report”) on that matter. The key features of the 2015 amendments to the 2007 Report are set out at pages 2-3 of the Board staff submission. Woodstock will have comments below on the concerns expressed by Board staff regarding rebasing for the Woodstock area.
7. This Reply contains the submissions of Woodstock as they relate to the Board staff and intervenor (School Energy Coalition, or “SEC”, and the Concerned Citizens Against the Sale of Woodstock Hydro, or “CCASWH”) arguments with specific reference to their materials as required.
8. It should be noted at the outset that Board staff have concluded that “the evidence provided by Hydro One reasonably demonstrates that the proposed transaction meets the “no harm” test. Accordingly, OEB staff submits that the applications should be approved.”⁴ Woodstock

³ Available at <http://www.ontario.ca/document/initial-report-premiers-advisory-council-government-assets>

⁴ Board staff Submission dated June 10, 2015, at pg. 14 – available at:
<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/482744/view/>

is concerned about certain recommendations of Board staff with respect to the interpretation of the 2015 Report as it relates to the deferral period for rebasing, and will discuss them below, but Woodstock agrees with the Board staff conclusion that the proposed transaction meets the Board's "no harm" test, and Woodstock respectfully requests that the Board grant the relief sought by the Applicants.

9. The Woodstock Reply is organized according to the following categories set out in the Board staff submission:

- The Proper Test
- Purchase Price and Financial Viability
- Economic Efficiency and Cost Effectiveness
- Price of Electricity Service
- Service Quality and Reliability
- Rate-making Associated with Consolidation
- Other Issues

B. THE PROPER TEST

10. As Board staff discuss in their submission, the Board has clearly articulated the test and the scope of issues that it will consider in Merger, Acquisition, Amalgamation and Divestiture (or "MAADs") applications under section 86 of the Act.

11. In the Combined Decision, the Board confirmed that the "no harm" test is the relevant test. As staff write at page 2 of their submission in the current proceeding,

"The 'no harm' test is a consideration of whether the proposed transaction would have an adverse effect relative to the status quo in relation to the OEB's statutory objectives. These objectives are set out in section 1 of the Act. According to the "no harm" test, if the proposed transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted. As part of subsequent decisions¹, the OEB provided additional clarity what would be considered in applying the "no harm" test.

¹ OEB Decisions on EB-2013-0187/0196/0198 [Norfolk sale to Hydro One] and EB-2014-0244 [Haldimand County Hydro sale to Hydro One]"

12. At the time of the Combined Proceeding, the Act set out fewer electricity-related objectives. Section 1 of the Act now sets out the following five objectives (the objectives were limited to the first two at the time of the Combined Decision):

“1.(1) The Board, in carrying out its responsibilities under this or any other 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.
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.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer’s economic circumstances.
4. To facilitate the implementation of a smart grid in Ontario.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.”

13. There appears to be no debate as to whether this is the test to be met by the Applicants, and the Applicants and Board Staff submit that the Application meets the Board’s no harm test. SEC and CCASWH do not agree. Specific objections of SEC and CCASWH will be discussed below.

C. PURCHASE PRICE AND FINANCIAL VIABILITY

14. The Board expressed its view of the relevance of the purchase price in its Decision in the Combined Proceeding. As Board staff indicated in their submission, the Board’s view is that “the selling price of a utility is relevant only if the price paid is so high as to create a financial burden on the acquiring company which adversely affects economic viability as any premium paid in excess of the book value of assets is not normally recoverable through rates. This position is in keeping with the “no harm” test.”
15. The purchase price in the proposed transaction is approximately \$46.2 million, and as Board staff note, the net book value of Woodstock Hydro’s assets is approximately \$26 million.

Hydro One has assets in excess of \$20 billion. Neither the premium nor the purchase price has any material impact on Hydro One. Moreover, at page 4 of their submission, Board staff confirm that:

“Hydro One has stated that the premium paid will not be recovered through rates and will not impact any future revenue requirement. Hydro One has also stated that the proposed transaction will not have a material impact on Hydro One’s financial position as the price is less than 1% of Hydro One’s net fixed assets.

In OEB staff’s view the evidence presented by Hydro One confirmed that the premium will not be funded by rate payers and that the premium paid will have no material impact on Hydro One’s financial viability.”

16. Woodstock agrees with the Board Staff submission in this regard.

D. ECONOMIC EFFICIENCY AND COST EFFECTIVENESS

17. Board staff (at pages 4-6 of their submission) summarize the operational efficiencies and cost effectiveness identified by Hydro One in the Application. These include benefits related to geographic contiguity and the elimination of artificial electrical boundaries; the elimination of redundant administrative and processing functions (including reductions in back office and senior management costs and costs related to regulatory filings, CDM administration, fleet, information technology and the use of external consultants); and “economies of scale savings from a larger customer base such that costs for processing systems like billing, customer care, human resources and financial are spread over a larger group of customers.”

18. With respect to cost effectiveness, Board staff cite Hydro One’s projected ongoing operations, maintenance and administrative (OM&A) savings of approximately \$3.0 million per year and reductions in capital expenditures of approximately \$1.0 million per year, and its response to SEC interrogatory No. 10 in which Hydro One indicated that ongoing OM&A savings will result in downward pressure on the Woodstock ratepayer’s cost structure, which would tend to decrease future rates. While the Hydro One 10-year OM&A cost forecast did not include overhead costs, depreciation and interest costs whereas the *status quo* scenario for Woodstock did include those costs, Board staff acknowledge Hydro One’s statement that as Woodstock operations become integrated with Hydro One’s existing operations, these types of costs will form part of the broader Hydro One asset portfolio.

19. Board staff note that according to the application, Hydro One's OM&A forecast to serve customers in its high density residential rate class (UR) is \$181 per customer per year as compared to Woodstock's forecast OM&A cost of \$258 per customer per year. Hydro One's urban rate class covers areas containing 3,000 or more customers with a density of at least 60 customers per kilometer. Hydro One submits that as such, it is reasonable to believe that Hydro One's cost to serve Woodstock's customers would be less than Woodstock's current costs of serving its customers.
20. OEB staff conclude that "the evidence provided by Hydro One supports the claim that the proposed transaction can reasonably be expected to result in cost savings and operational efficiencies. OEB staff, however, notes that the forecast of the Hydro One costs does not include all the OM&A costs that will be allocated to Woodstock and therefore OEB staff submits that the forecasted savings can be expected to be lower than projected." Board staff submits, however, that "should the OEB approve the transaction, the OEB should require Hydro One to file a report with the first rate application that includes **all** costs associated with serving the Woodstock service area, delineating the savings achieved as a result of the proposed transaction and how those savings will be allocated. It is OEB staff's view that this information would assist the OEB in its review of the rate application." Woodstock takes no position on the reporting requirement proposed by Board staff (Woodstock anticipates that this will be addressed by Hydro One), but notes (a) that Board staff have acknowledged⁵ Hydro One's assertion that "future rates will reflect the cost to serve the Woodstock customers as impacted by the productivity gains resulting from consolidation"; and (b) that the Board agreed in its Decision in the Haldimand proceeding that "such a report would be helpful in informing the OEB's future decisions on rates for the Haldimand service area." The report suggested by staff in the current proceeding is similar to that approved by the Board in the Haldimand proceeding.
21. CCASWH acknowledges that there are reasons for the differential in costs per customer between Woodstock and Hydro One (apparently looking at service areas as a whole – see "Costs and Rates will Go Up!", at page 3 of the CCASWH submission), there will be upward

⁵ See page 7 of the Board staff submission.

pressure on cost per customer and rates. With respect, there is no evidentiary basis for the CCASWH assertions in this regard.

22. Woodstock agrees with the Board staff conclusion that “the evidence provided by Hydro One supports the claim that the proposed transaction can reasonably be expected to result in cost savings and operational efficiencies.” Woodstock also agrees that the correct approach in comparing costs to serve Woodstock’s customers is the “apples to apples” approach used in the Application – that is, a comparison of costs to serve similar customer classes.

E. PRICE OF ELECTRICITY SERVICE

23. Hydro One has proposed to freeze Woodstock electricity distribution delivery rates for a period of five years from the closing of the transaction, and apply a rate rider that would correspond to a 1% reduction on base delivery rates for that period.
24. Beginning in year 6 and up to year 10, Hydro One proposes to have rates for the Woodstock service area set using the Price Cap Index formula in effect at the time and anchored to the Woodstock base distribution delivery rates as approved by the OEB in EB-2013-0182. As noted above, Board staff acknowledge Hydro One’s assertion that “future rates will reflect the cost to serve the Woodstock customers as impacted by the productivity gains resulting from consolidation.” Woodstock observes that this is a similar approach approved by the Board in the Norfolk and Haldimand proceedings. Board staff conclude that “Hydro One’s statement regarding future rates for Woodstock customers sufficiently addresses the OEB’s considerations with respect to price of electricity service for the proposed transaction given the “no harm” test....Future rates of Woodstock customers will be fully considered in subsequent rate applications and will require the approval of the OEB before they are implemented.”
25. Woodstock supports that proposal, as it will protect electricity customers in the former Woodstock Hydro service area from increases that would otherwise have occurred during that period. This would presumably have included Incentive Regulation adjustments and at least one rebasing through a Cost of Service application.⁶

⁶ Woodstock Hydro was on the Board’s list of 2015 rebasers:

26. As noted previously, there is no evidentiary basis for the CCASWH assertions that prices will eventually go up as a result of this transaction. As for the SEC submission with respect to the price of electricity distribution service, it amounts to a reargument of its submission in the Haldimand proceeding. SEC raises the spectre of an “inevitable, and unfair, rate increase” in the future for former Woodstock customers because they will be responsible for the higher costs to serve customers in other parts of the province.⁷ As with the CCASWH submission, there is no evidentiary basis for the SEC submission. SEC has simply chosen to ignore the Hydro One statement that future rates will reflect the cost to serve the Woodstock customers as impacted by the productivity gains resulting from consolidation, and instead asserts that Hydro One will simply deny Woodstock customers any benefits of consolidation through the future rate making process.

F. SERVICE QUALITY AND RELIABILITY

27. Board staff acknowledged⁸ Hydro One’s submissions that will endeavor to maintain or improve reliability and quality of electricity service for all of its customers; that it is committed to the retention of Woodstock’s existing operations personnel thereby retaining local knowledge and skills to allow it to maintain or improve reliability and customer service quality; and that it intends to construct a new operating centre to consolidate operations between Hydro One’s Beachville Operating Centre and Woodstock’s Operating Centre on Graham Street. The new operating centre will provide a larger operating presence with reduced distance to travel and also bring additional resources within the City of Woodstock to support Hydro One’s ability to deliver reliable service. As SEC acknowledges⁹, Woodstock customers will have 24/7 customer service availability. While Hydro One’s performance statistics across the entire Provincial service area are lower than those of Woodstock, Board staff note that “Hydro One provided a comparison of reliability statistics from 2011-2013 reflecting that Hydro One customers in the vicinity of Woodstock experienced a comparable level of service in terms of duration and frequency of interruptions

http://ontarioenergyboard.ca/oeb/Documents/2015EDR/Board_Ltr_List_of_2015_Rebasers_20140220.pdf - that rebasing did not take place due to the filing of this MAADs Application – instead, Woodstock proceeded with an IRM application for 2015 rates.

⁷ See page 7, para. 14 of the SEC submission.

⁸ Board staff submission, at page 7

⁹ SEC submission, at page 9, para. 28

in comparison to Woodstock customers. Hydro One submitted that it anticipates that reliability will improve once the operating centre is consolidated in the City of Woodstock.” Board staff concluded that “Based on the evidence provided by Hydro One,... Hydro One can reasonably be expected to maintain the service quality and reliability standards currently provided by Woodstock.”

28. CCASWH reiterates the differences between Hydro One and Woodstock reliability indices and submits that Hydro One’s approach to using reliability results in the vicinity of the Woodstock service area is “not the usual way of constructing reliability indicators.”¹⁰ Once again, there is no evidentiary basis for the CCASWH position. Similarly, SEC suggests in effect that Hydro One should be using reliability statistics for communities across the province in order to predict the reliability for the Woodstock area. The SEC and CCASWH positions are not appropriate for several reasons: they ignore the Hydro One reliability statistics in the very area that is the subject of this proceeding; they ignore the reliability-related benefits that will likely flow from the construction of the new consolidated service centre; and they ignore the fact that workers familiar with the Woodstock system will continue to work in the subject area.
29. Moreover, Woodstock submits that the SEC and CCASWH positions ignore the role of the Board in ensuring that reliability and quality of distribution service and customer service are maintained. The Board is the ultimate enforcer of its reliability and service quality standards, and while the \$200,000 payment provided for in the Agreement is an incentive for Hydro One to maintain service quality and reliability, the Board may also impose sanctions if its standards are not met. The Board spoke to this matter in its Haldimand Decision¹¹, stating that “On balance, the OEB does not view the possibility of some service metrics not being maintained consistently at the current level as warranting a refusal of the application. The OEB has a proactive service quality oversight framework and has the ability to intervene if action is warranted.”

¹⁰ CCASWH submission, at page 5

¹¹ See pages 4-5 of the Decision in EB-2014-0244.

30. Woodstock agrees with the Board staff conclusion that Hydro One can reasonably be expected to maintain the service quality and reliability standards currently provided by Woodstock.

G. RATE-MAKING ASSOCIATED WITH CONSOLIDATION

31. As Board staff note¹²,

“The 2007 Report permitted the deferral of rate-rebasing for up to five years from the closing of a transaction during which time efficiency gains due to consolidation were expected to offset transaction costs. The 2015 Report extended the rate rebasing deferral period for up to 10 years after the closing of the transaction, under certain conditions. The revised policy is intended to encourage consolidation by providing additional options for distributors to manage their own unique circumstances.”

32. Board staff then proceed to discuss the expected plans for Norfolk and Haldimand, the acquisitions of both of which were approved by the Board when the 2007 Report, with its five-year rebasing deferral period, was applicable. Board staff acknowledge that to encourage consolidation, “the same options should be available for Woodstock that were available for Norfolk and Haldimand, plus the additional option for deferred rebasing for 10 years”, but staff then go on to observe that this is a complex issue, and that:

“This creates a unique circumstance for Hydro One in that their current cost of service term ends in 2017 and Norfolk and Haldimand were approved for a 5-year deferral until 2020. Now the OEB is being asked to approve a 10 year deferral for Woodstock.”¹³

33. Board staff go on to suggest that:

“...it may be appropriate for the OEB to accept the original request for a 1 % reduction to Woodstock’s rates and leave consideration of the length of the deferral to be discussed in Hydro One’s next rate application, scheduled to be filed in 2017 for 2018 rates. OEB staff submits that it is more appropriate that details of Hydro One’s rate proposal be properly examined in its next rate application given the circumstances.”¹⁴

34. Woodstock has a number of concerns with this suggestion:

- a. To begin, the Applicants – and this includes Woodstock – agreed to a five year distribution rate freeze and a rider corresponding to a 1% distribution rate reduction

¹² Board staff submission, at page 8

¹³ Board staff submission, at page 9

¹⁴ Board staff submission, at page 11

- for the same period. With the issuance of the 2015 Report, Hydro One has proposed to defer rebasing for up to 10 years, and Woodstock has no objection to the May 2015 Hydro One amendments to the Application, since they are consistent with the Board's 2015 Report. The suggestion that questions related to the proposed rebasing period not only in this case but in cases already determined by the Board – periods that are, and were, in compliance with Board policies in effect at the relevant times – be put off for at least two years until Hydro One's next rebasing application creates a significant amount of commercial uncertainty. Woodstock, and other parties to MAADs transactions with Hydro One, should be able to rely on the Board's clearly articulated policies with respect to rate-making as it relates to consolidation.
- b. Second, this “complexity” is not new – the 2007 Report is now eight years old, and even with the policy set out in that Report, there have been times when (a) Hydro One has rebased in areas other than the service areas of acquired utilities such as Norfolk and Haldimand; and (b) when the expiry of the deferral period would not correspond to the next anticipated Hydro One rebasing year. The 2015 Report was issued after the Board's MAADs Decisions in both Norfolk (July 3, 2014) and Haldimand (March 12, 2015), and after the its Decision on Hydro One's Custom IR application (March 12, 2015). It was also clear by that time that Hydro One was acquiring more Ontario distributors. However, the Board did not consider it necessary to convene another proceeding to consider the “complexity” identified by Board staff.
- c. Finally, Board staff are clearly contemplating that any future proposed rate applications will be subject to OEB approval and will reflect the actual cost to serve Woodstock customers, including the anticipated productivity gains resulting from consolidation. Hydro One staff note several times in their submission that Hydro One has confirmed this. SEC and CCASWH espouse this principle in their submissions. Similar comments were made by the Board in their Decisions on the Norfolk and Haldimand applications. The Board has already approved approaches to rate-making for Norfolk and Haldimand. There is a Woodstock-specific approach proposed in the current Application, and it is consistent with the principle that rates should reflect costs to serve Woodstock customers and consolidation-related productivity gains.

Not all approaches to rate-making in cases of consolidation must be the same – that is not what the 2015 Report (or even the 2007 Report) says. Woodstock respectfully submits that creating a new issue two years from now in Hydro One’s 2018 rebasing case that combines and revisits past and current Hydro One MAADs applications and a three month old Board policy document (perhaps for the purpose of creating a standardized approach, but Board staff’s purpose is in fact not clear) is unnecessary and inconsistent with the principle that rates for acquired utilities should reflect the costs to serve them.

35. Put simply, Woodstock submits that the approach in this Application, where there will be a deferral period of up to ten years in the Woodstock service area, is consistent with the Board’s policies as set out in the 2015 Report and the principle set out in the Norfolk and Haldimand MAADs Decisions. Creating two years of uncertainty around these policies does nothing to advance the Province’s objectives with respect to consolidation but will create new uncertainties for LDC currently engaged in or contemplating consolidation transactions, and will fail to provide a clear conclusion to the transaction proposed in this Application.
36. Woodstock respectfully requests that the Board reject the staff suggestion in this regard and approve the approach proposed in the Application as amended by Hydro One in May 2015. That approach is consistent with Board policy and avoids years of uncertainty as to the ultimate approach to rate-making following the completion of this transaction.
37. Since this proceeding is the first time the Board has applied its new policy since being issued in March, 2015, Woodstock submits it is critical to the entire electricity distribution sector that the Board clearly confirm that its new policy applies to all electricity distributors that have either already undergone a consolidation transaction or who may enter into a sale, merger or amalgamation transaction in the future.

H. OTHER ISSUES RAISED BY THE INTERVENORS

38. As discussed previously, SEC preferred approach to this Application is to have the Board reject it. Woodstock has made its position clear on that suggestion. SEC has also provided an alternative approach whereby the Application would be approved subject to a lengthy list of conditions created by SEC, which would include restrictions on rebasing that would far

exceed the policies set out in the 2007 and 2015 Reports (conditions such as a mandatory 10-year deferral period and restrictions on rate adjustment applications in the absence of several years of service quality improvements). Woodstock expects that Hydro One will be addressing those proposed conditions in its submission. However, Woodstock reiterates that the Application, as amended, satisfies the Board's no-harm test and should be approved on the terms set out in the Application.

39. Woodstock also notes that the attachment to the SEC submission – SEC's "Forecast of Over-Earnings for Woodstock Hydro 2016 to 2025" – is not part of the evidentiary record in this proceeding. The first time it appeared in this proceeding is as an attachment to the SEC submission. It could have been filed as SEC evidence, but it was not, and it has not been subject to testing. Its use should be rejected by the Board.
40. With respect to CCASWH, as discussed previously, the assertions in the CCASWH submission are largely not based on the Application or the evidence, notwithstanding the lengthy excerpts from the Transcript found in the submission. Woodstock expects that Hydro One will be addressing the CCASWH submission in its reply, but as a general matter, Woodstock submits that the CCASWH submission should be rejected and the Application approved.

I. CONCLUSIONS

41. For all of the foregoing reasons, Woodstock submits that the Application satisfies the Board's no-harm test, and is consistent with the principles articulated by the Board in the Combined Proceeding and, more recently, in the Norfolk proceeding. With respect to rate-making following the proposed consolidation, the approach proposed in the Application, as amended in May of this year, is consistent with the 2007 and 2015 Board Reports. Woodstock respectfully requests that the Board approve the Application together with the other relief as requested herein.

All of which is respectfully submitted this 24th day of June, 2015.

Original signed by J. Mark Rodger

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