

**James C. Sidlofsky**  
T 416.367.6277  
F 416.361.2751  
jsidlofsky@blg.com

Borden Ladner Gervais LLP  
Scotia Plaza, 40 King Street W  
Toronto, ON, Canada M5H 3Y4  
T 416.367.6000  
F 416.367.6749  
blg.com



May 30, 2016

**Delivered by RESS and Courier**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
26th Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga Inc., Horizon Utilities Corporation,  
PowerStream Inc. and Hydro One Brampton Networks Inc. –  
Application under Section 86 of the *Ontario Energy Board Act, 1998*  
Board File No. EB-2016-0025**

We are counsel to the Applicants in the above-captioned matter.

The Applicants are in receipt of the OEB's acknowledgement letter, dated April 18, 2016. In order to be of assistance to the Board, the Applicants have developed a Draft Issues List. The Applicants propose that the Draft Issues List be attached for comment with Procedural Order #1.

We are also writing to you today to advise of the addition of Mr. Fred Cass of Aird & Berlis as co-counsel to the Applicants. The contact information for the Applicants and their representatives was provided in the cover letter to the Application. We ask that you add Mr. Cass and the following contact information to that list, and that he be included in all correspondence in this matter:

Aird & Berlis LLP  
Suite 1800, Box 754, 181 Bay Street  
Toronto, ON  
M5J 2T9

Fred D. Cass, Partner  
Co-counsel to the Applicants

Tel.: (416) 863-1500  
Fax: (416) 865-7742  
fcass@airdberlis.com

Please do not hesitate to contact the undersigned should you have any questions regarding either of these matters.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by James C. Sidlofsky*

James C. Sidlofsky

Encl.

cc: Gia DeJulio, Enersource  
Indy Butany-DeSouza, Horizon Utilities  
Colin Macdonald, PowerStream  
Marc Villett, Hydro One Brampton  
Fred Cass, Aird & Berlis

**IN THE MATTER OF Applications under section 86(1)(c) of the *Ontario Energy Board Act, 1998* (Act) by Enersource Hydro Mississauga Inc. (Enersource), Horizon Utilities Corporation (Horizon), and PowerStream Inc. (PowerStream) for approval to amalgamate to form LDC Co. and for LDC Co. to amalgamate with Hydro One Brampton Networks Inc. (Hydro One Brampton) and continue as LDC Co.**

**AND IN THE MATTER OF Applications under section 86(2)(a) of the Act requesting approval for Enersource Holdings Inc. to acquire the shares of Enersource and for LDC Co. to acquire shares of Collus PowerStream Utility Services Corp., currently owned by PowerStream**

**AND IN THE MATTER OF an Application under section 86(2)(b) of the Act requesting approval for LDC Co. to acquire the shares of Hydro One Brampton Application under section 86(1)(a) of the Act requesting approval for the transfer of Hydro One Brampton's distribution system to LDC Co. Ontario Energy Board**

**AND IN THE MATTER OF an Application under section 18 of the Act requesting approval for the transfer of the distribution licences and rate orders for each of Enersource, Horizon, PowerStream, and Hydro One Brampton to LDC Co.**

### **Draft Issues List**

#### **Price, Cost Effectiveness and Economic Efficiency:**

1. Does the proposed consolidation protect the interests of consumers with respect to price?
2. Have the Applicants clearly identified the specific number of years for which they have chosen to defer the rebasing?
3. If the Applicants have identified a deferred rebasing period greater than five years, have they identified an Earnings Sharing Mechanism ("ESM"), and does it follow the form set out in the OEB's 2015 *Report – Rate-Making Associated with Distributor Consolidation* and the OEB's 2016 *Handbook to Electricity Distributor and Transmitter Consolidations*?
4. Does the ESM, as defined in the Application, achieve the objective of protecting customer interests during the deferred rebasing period?

**Reliability and Quality of Electricity Service:**

5. Does the proposed consolidation protect the interests of consumers with respect to adequacy, reliability and quality of electricity service?

**Financial Viability:**

6. Does the proposed consolidation maintain the financial viability of the consolidated entity in the delivery of the ongoing investment and maintenance of the distribution system?
7. What is the effect of the consolidation on the cost structures of the consolidating distributors?
8. What is the impact of the purchase price, including any premium paid above the historic (book) value of the assets involved on the financial viability of the purchasing entities?
9. What is the impact of the financing of incremental costs (transaction and integration costs) on the consolidating entities?