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

**AND IN THE MATTER OF** an Application for the relief necessary to effect the consolidation of Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, PowerStream Inc. and Hydro One Brampton Networks Inc. into an entity referred to in the Application as "LDC Co", in the manner set out in the Application.

# INTERROGATORIES

# OF THE

# SCHOOL ENERGY COALITION

1. [Ex. B/2/1, p. 2] Please confirm that some or all of the transactions set forth in the Application were initiated by the Applicants and/or their affiliates at the request of the province of Ontario. Please provide copies of all communications between the Applicants or their affiliates, and the province of Ontario or any person or persons speaking on their behalf, proposing or requesting, or seeking to influence the Applicants or any of them to enter into, the transactions set forth in the Application. Please exclude a) any communications with the province or its agencies solely related to the acquisition of Hydro One Brampton Networks Inc., and b) any communications which are subject to cabinet confidentiality.

2. [B/2/1, p. 2] Please confirm that, prior to the time when "the consolidation is completed and the businesses are integrated" LDC Co will at all time be "compliant with all OEB Codes, Distribution Licences, IESO Market Rules, and statutes and regulations". If that is not confirmed, please provide a comprehensive list of exceptions.

3. [B/2/1, p. 5] With respect to the expected subsequent restructuring:

   a. Please provide copies of the requests for tax rulings from the Ministry of Finance.

   b. Please confirm that the calculations of shareholder benefits (including but not limited to net income and dividends), and customer benefits (including but not limited to forecasts of distribution revenues with and without the merger) set forth in the Application were prepared on the assumption that the proposed transfer to a Limited Partnership structure will be completed.

   c. If that assumption is not confirmed, please provide full restatements of each calculation of shareholder benefits (including net income) and customer benefits (including distribution revenue), as aforesaid, under the proposed Limited Partnership structure.

d. Alternatively, if that assumption is confirmed, please provide full restatements of each calculation of shareholder benefits and customer benefits, as aforesaid, without the Limited Partnership structure.

4. [B/2/1, p. 6, and Attachment 1, p. 14 and 19] With respect to the structure of the acquisition of Brampton Hydro:

a. Please explain why LDC Co is a) purchasing the shares of Brampton Hydro, then b) purchasing the assets of Brampton Hydro, and then c) amalgamating with Brampton Hydro, rather than either purchasing the assets immediately, or purchasing the shares and then amalgamating without an asset transfer.

b. Please identify and quantify all tax and/or accounting benefits associated with the consolidation method proposed.

c. Please identify and quantify the portion of each of those tax and/or accounting benefits that will accrue to the benefit of the customers through rates or other means, and the timing of those benefits.

d. Please confirm that the net book value of the assets of Brampton Hydro, and the rate base, will for rate setting purposes not be changed as a result of the purchase of assets from Brampton Hydro.

5. [B/2/1, p. 8] With respect to the transfer of licences and rate orders:

a. Please confirm that LDC Co. will, on the Closing Dates, become responsible for all of the obligations, liabilities and commitments of each of the amalgamating and acquired LDCs, under all rate orders, Settlement Agreements, other orders of the Board, and any other binding and enforceable agreement with customers or their representatives prior to the Closing Dates.

b. For greater certainty, and without limiting the generality of the foregoing, please explain in detail how LDC Co. proposes to comply with each of the provisions of the Settlement Agreement between Horizon and certain parties in EB-2014-0002.

c. Please confirm that neither Horizon nor LDC Co. have obtained the consent of the parties to that agreement to any amendment to it. If any consents have been obtained, please provide details.

6. [B/2/1, p. 12] Please provide a reconciliation of the approved and actual ICM amounts and revenue requirement calculations for Enersource. Please provide a forecast of the revenue requirement for the approved ICM assets to and including 2026, and a reconciliation of that

revenue requirement with the amounts forecast to be collected in the ICM rate riders, using the forecast of future billing determinants for Enersource that the Applicants have used in the status quo Distribution Revenue forecasts in the Application.

7. [B/3/2, p. 2] Please confirm that Enersource Technologies Inc. is being retained after the transactions and, if so, explain why.

8. [B/3/4, Figures 11-14] With respect to the numbers of customers:

   a. Please confirm that Table 1 set out below correctly lists the 2014 number of customers for each of the four LDCs that will be part of LDC Co.

   b. Please fill in the remainder of Table 1 with the most current actuals or forecasts of numbers of customers, by class, for each of the future years listed.

   c. Please confirm that the forecast numbers of customers are the same as those used in the forecasts of Distribution Revenue and Distribution Revenue per customer in Attachment 2 to the Application, or identify, quantify and explain any changes to those forecasts.

   d. Please provide a summary of the assumptions used to make those customer forecasts, and details of any differences in the assumptions between the forecasts for each of the four LDCs that will be part of LDC Co.

   e. Please confirm that LDC Co. will, after closing, have approximately 1000 publicly-funded elementary and secondary schools as customers. Please confirm that those schools include approximately 700 schools in the GS>50 class, and approximately 300 schools in the GS<50 class.

***Table 1***

**LDC Co Customers by Rate Class**

| Rate Class | Enersource | Horizon | Powerstream | Brampton | 2014 Total | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | 179,182 | 219,536 | 316,596 | 138,992 | 854,306 | | | | | | | | | | | | |
| GS<50 | 17,809 | 18,464 | 31,897 | 9,019 | 77,189 | | | | | | | | | | | | |
| GS 50-4999 | 4,359 | 2,065 | 4,789 | 1,601 | 12,814 | | | | | | | | | | | | |
| Large Use | 9 | 11 | 2 | 6 | 28 | | | | | | | | | | | | |
| USL | 189 | 1,868 | 2,890 | 58 | 5,005 | | | | | | | | | | | | |
| Sentinel | | 202 | 107 | | 309 | | | | | | | | | | | | |
| Streetlighting | 1 | 4 | 43 | 2 | 50 | | | | | | | | | | | | |
| Total | 201,549 | 242,150 | 356,324 | 149,678 | 949,701 | | | | | | | | | | | | |

Source of 2014 Figures: Ex.B/3/4.

9. [B/5/1, p. 2 and Attachment 2, p. 9] With respect to the proposal to defer rebasing for ten years:

a. Please confirm that the Applicants propose that the Board approve the Application on condition that the Applicants do not seek rebasing for any test period prior to 2027. If that is not confirmed, please provide further details of the Applicants' proposal with respect to deferred rebasing, and in particular any discretion the Applicants are proposing to be granted that would allow them to seek rebasing earlier.

b. Please advise what assumptions (including without limitation any breakdown of costs or cost increases) were used in estimating status quo distribution revenue in Attachment 2, p. 9 with respect to rate increases on rebasing:

i. By Enersource, and in which year or years;
ii. By Horizon in 2020 and any other year in which rates were forecast to be set on a cost of service basis;
iii. By HOBNI in 2020 and any other year; and
iv. By Powerstream in 2021 and any other year.

10. [B/5/1, p. 2] Please confirm that additional operating efficiencies associated with water billing are not included in any of the Applicants' forecasts in the Application of shareholder benefits, net income, distribution revenue or customer benefits.

11. [B/5/2. Fig. 22] With respect to forecast OM&A efficiencies:

a. Please confirm that Table 2 set forth below accurately reflects Figure 22 in the Application, and accurately calculates the percentage changes in OM&A currently forecast by the Applicants.

b. Please explain in detail the basis of, and sources for, the forecasts of status quo OM&A for each of the four parties to be included in LDC Co. If there are detailed forecasts for each, or any, of the four LDCs on a status quo basis, please provide those forecasts. Please reconcile those status quo forecasts to any forecasts for the same year or years previously and most recently filed with the Board in any proceeding.

c. Please explain in detail the assumed increases in OM&A of:

i. 7.14% for Powerstream in 2021;
ii. 4.18% in 2016 and 12.02% in 2020 for Brampton.

d. Please confirm that, on the basis presented in the Application, the Applicants expect that overall OM&A during the proposed 10-year rebasing period will be 11.98% lower than it would have been had the merger not gone ahead.

e. Please restate Figure 22, and Table 2, on the assumption that the Application is approved as filed, and the closing takes place December 31, 2016, so that the rebasing deferral period is 2017 through 2026 inclusive.

***Table 2***

| Status Quo vs. Post-Consolidation OM&A | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Totals 10 Years |
| Enersource | $53,054,280 | $54,115,366 | $55,197,673 | $56,301,626 | $57,427,659 | $58,576,212 | $59,747,736 | $60,942,691 | $62,161,545 | $63,404,776 | $64,672,871 | $592,548,155 |
| | | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | |
| Horizon | $59,900,000 | $60,800,000 | $61,700,000 | $62,600,000 | $63,600,000 | $64,800,000 | $66,100,000 | $67,400,000 | $68,800,000 | $70,200,000 | $71,600,000 | $657,600,000 |
| | | 1.50% | 1.48% | 1.46% | 1.60% | 1.89% | 2.01% | 1.97% | 2.08% | 2.03% | 1.99% | |
| Powerstream | $92,558,000 | $91,216,000 | $93,112,000 | $94,920,000 | $97,195,000 | $99,193,000 | $106,277,000 | $108,403,000 | $110,571,000 | $112,782,000 | $115,038,000 | $1,028,707,000 |
| | | -1.45% | 2.08% | 1.94% | 2.40% | 2.06% | 7.14% | 2.00% | 2.00% | 2.00% | 2.00% | |
| Brampton | $26,743,071 | $27,860,000 | $27,973,363 | $28,834,451 | $29,399,288 | $32,934,389 | $33,600,000 | $34,200,000 | $34,800,000 | $35,500,000 | $36,214,080 | $321,315,571 |
| | | 4.18% | 0.41% | 3.08% | 1.96% | 12.02% | 2.02% | 1.79% | 1.75% | 2.01% | 2.01% | |
| Status Quo OM&A | $232,255,351 | $233,991,366 | $237,983,036 | $242,656,077 | $247,621,947 | $255,503,601 | $265,724,736 | $270,945,691 | $276,332,545 | $281,886,776 | $287,524,951 | $2,600,170,726 |
| | | 0.75% | 1.71% | 1.96% | 2.05% | 3.18% | 4.00% | 1.96% | 1.99% | 2.01% | 2.00% | |
| | | | | | | | | | | | | |
| Synergies | | -$13,626,826 | $8,995,920 | $23,518,325 | $38,285,812 | $41,977,557 | $42,494,297 | $42,494,297 | $42,494,297 | $42,494,297 | $42,494,297 | $311,622,273 |
| | | | | | | | | | | | | |
| Forecast OM&A | | $247,618,192 | $228,987,116 | $219,137,752 | $209,336,135 | $213,526,044 | $223,230,439 | $228,451,394 | $233,838,248 | $239,392,479 | $245,030,654 | $2,288,548,453 |
| | | | -7.52% | -4.30% | -4.47% | 2.00% | 4.54% | 2.34% | 2.36% | 2.38% | 2.36% | 11.98% |
| | | | | | | | | | | | | |
| Source of original data: Ex.B/5/2 | | | | | | | | | | | | |

12. [B/5/5, p. 1] With respect to fair and equitable treatment of employees, please provide details (in confidence if necessary) of any arrangements that have been made with any of the executive management of any of the Applicants with respect to their employment on or after the Closing Date. Please confirm that no arrangements have been made with any person who is not a member of executive management that include any guarantee of employment after the Closing Date. If not confirmed, please provide details.

13. [B/5/5, p. 5] Please confirm that neither the impacts of the potential consolidation of the call centres, nor the impacts of the potential consolidation of the control rooms, have been included in the forecasts of shareholder benefits, net income, distribution revenues or customer benefits in the Application. If any estimates have been prepared of the impacts of either or both of these consolidations, please provide those estimates, with an explanation of the level of precision of those estimates.

14. [B/5/5, p. 6] Please explain how each of the three Head Offices will "continue to support the regulated business". Please advise how much, in dollars and percentage, of the cost (including capital and operating costs) of each of the Head Offices will be allocated to the regulated business, and the basis of that allocation. Please confirm that the full disallowance by the Board of a portion of the capital cost of the Enersource Head Office will be reflected as a reduction in the capital cost of the assets of the regulated business of LDC Co.

15. [B/5/5] Please provide details of all customer engagement by each of Horizon Utilities Corporation, Enersource Hydro Mississauga Inc., Powerstream Inc., and Hydro One Brampton Networks Inc., to determine the outcomes sought by their customers arising out of or related to the proposed transactions. Please describe the results of all customer engagement specific to the transactions, and reconcile the plans and assumptions set forth in the Application with the customer engagement results.

16. [B/6/1, p. 2] Please provide details of the capital synergies, including:

a. A table showing forecast capital spending each year, by asset category, in the status quo and merged scenarios. To the extent that the status quo capital spending is not the same as the distribution system plans of the four LDCs most recently filed with the Board, please provide an explanation of each such modification.

b. A table showing the revenue requirement impacts each year, calculated on a cost of service basis as if each year was a separate cost of service year, of the capital synergies, with a breakdown including at least the reductions in the cost of debt, the cost of ROE, depreciation, and PILs.

c. A table by year of all tax shield impacts resulting from timing differences between CCA for tax purposes and depreciation for accounting purposes, resulting from either new assets acquired as part of the consolidation of the LDCs or reduced capital costs as a result of avoidance of duplication of common assets.

d. The anticipated changes in rate base values and undepreciated capital cost values at the time of the next rebasing, and the forward impact of those changes on rates.

17. [B/6/1, p. 2] Please provide the Distribution System Plan for LDC Co. If a new DSP is not yet available, please provide details on when and under what circumstances it is expected it will be filed with, and considered by, the Board. If a new DSP is available, please reconcile it with the most recently filed DSPs of the four LDCs.

18. [B/6/1, p. 4 and Attachment 2, p. 9] Please provide a detailed breakdown of the data underlying Figure 26 and the Attachment, including at least:

a. A breakdown for each year of the major assumptions used to forecast distribution revenue under the merged scenario for each year that is not a cost of service or rebasing year, including:

i. rate setting method, and assumed components with their values (such as inflation, productivity and stretch);

ii. billing determinants;

iii. incremental capital modules (including amount and nature of capital additions included),

iv. any other material reasons for a change in distribution revenues from year to year.

b. A breakdown for each year of the major assumptions used to forecast distribution revenue under the merged scenario for each year that is a cost of service or rebasing year, including the key components of cost of service and any assumptions used as a basis for the forecast.

c. In the status quo scenario, and for each of the four LDCs, a breakdown for each year of the major assumptions used to forecast distribution revenue for each year that is not a cost of service or rebasing year, including:

i. rate setting method, and assumed components with their values (such as inflation, productivity and stretch);

ii. billing determinants;

iii. incremental capital modules (including amount and nature of capital additions included),

iv. any other material reasons for a change in distribution revenues from year to year.

d. Also in the status quo scenario, and for each of the four LDCs, a breakdown for each year of the major assumptions used to forecast distribution revenue for each year that is a cost of service or rebasing year, including the key components of cost of service and any assumptions used as a basis for the forecast.

e. In both the merged and the status quo scenarios, please explain in detail what assumptions were used for Distribution Revenues for Powerstream during the period to which its Custom IR Application, not yet determined, applies.

19. [B/6/1, p. 4 and Attachment 2, p. 9] Please restate these figures on the basis that the Closing Date is December 31, 2016, and as a result the 10 year deferral period is 2017-2026 inclusive, and the LDC Co. rebasing is for the 2027 year. Please provide all backup calculations. Please explain any material changes in the forecast Distribution Revenues arising because of the change in deferral period.

20. [B/6/2, p. 1] Please provide a breakdown of the $96.3 million of consolidation costs. Please advise whether the costs "borne by each of the Applicants" are included in that figure. If they are not, please advise the amount of those costs, with a breakdown.

21. [B/6/2, p. 2, Fig. 28] Please provide an employee forecast, in the form stipulated by the Board in Appendix 2-K, for the period until the next rebasing, showing the numbers of employees by category in both status quo and merged scenarios, and the total employee remuneration costs by category in both status quo and merged scenarios. Please reconcile the resulting payroll savings to the $306.9 million of forecast payroll savings, or explain any differences.

22. [B/6/3, p. 1] Please explain why the valuation assumed annual rebasing for each of the Applicants. Please provide the forecast future cash flows of each of the Applicants, including the details of those forecasts, as used in the valuation.

23. [B/6/5, p. 5] Please confirm that the forecasts of net income, shareholder benefits, distribution revenues and customer benefits assume a 4% cost of debt for the HOBNI acquisition. Please estimate the impact of a lower cost of debt, and provide any internal forecasts that estimate the cost of fixed-rate debt as noted.

24. [B/6/6] With respect to the existing debt of the amalgamating companies:

    a. Please confirm that all of the current debt of the Applicants is expected to be retained in LDC Co, or Merge Co, as the case may be, until each debt matures, or provide details of any exceptions to that assumption.

    b. Please provide details of any plans or proposals to refinance the debt of the amalgamated companies after closing at current rates.

    c. Please confirm that the forecasts of net income, shareholder benefits, distribution revenues and customer benefits do not include the benefit of any reductions in the cost of existing debt.

25. [B/7/2, p. 1] Please confirm that the forecasts of net income, shareholder benefits, distribution revenues and customer benefits assume that no amounts will be paid to customers pursuant to any earnings-sharing mechanism.

26. [B/7/2, p. 2] Please confirm that the Applicants are proposing to continue to include in rates the amortized one-time costs in their last rebasing applications (for example, application costs), until their next rebasing, without true-up or adjustment unless the ESM is triggered.

27. [Attachment 2, p. 3] Please provide the full financial model referred to, in live Excel format.

28. [Attachment 2, p. 6] Please provide the full calculation of each of the figures on this table.

29. [Attachment 2, p. 9] With respect to customer benefits:

    a. Please confirm that Table 3, below, correctly sets out the data from pages 6, 8 and 9 of Attachment 2, and correctly calculates the changes and comparisons set forth therein.

    b. To the extent not already provided in answers to other interrogatories, please provide a detailed explanation of all assumptions and data sources underlying the information from the Application that is included in Table 3.

    c. Please confirm that the annual and cumulative shareholder and customer benefits in Table 3 are a fair representation of those benefits as currently forecast by the Applicants. If the Applicants do not agree with that statement, please explain why.

d. Please provide the Applicants' rationale for allocating the benefits of the merger in the manner set out in the table.

e. Please explain why it is appropriate, in the public interest, and just and reasonable for the benefits to the shareholders to be concentrated in the first ten years after the merger, and the benefits to the customers to be concentrated in the subsequent period.

***Table 3***

**Forecast Impacts of Merger on Customers and Shareholders**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Distribution Revenue vs. Status Quo ($ millions)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Merged** | $512 | $533 | $549 | $565 | $583 | $601 | $619 | $638 | $657 | $676 | $661 | $683 | $707 | $731 | $752 | $776 | $798 | $820 | $841 | $856 | $877 | $899 | $923 | $947 |
| | | 4.10% | 3.00% | 2.91% | 3.19% | 3.09% | 3.00% | 3.07% | 2.98% | 2.89% | -2.22% | 3.33% | 3.51% | 3.39% | 2.87% | 3.19% | 2.84% | 2.76% | 2.56% | 1.78% | 2.45% | 2.51% | 2.67% | 2.60% |
| **Status Quo** | $508 | $535 | $552 | $569 | $598 | $629 | $652 | $679 | $694 | $711 | $730 | $751 | $773 | $796 | $817 | $842 | $865 | $888 | $910 | $927 | $949 | $973 | $998 | $1,023 |
| | | 5.31% | 3.18% | 3.08% | 5.10% | 5.18% | 3.66% | 4.14% | 2.21% | 2.45% | 2.67% | 2.88% | 2.93% | 2.98% | 2.64% | 3.06% | 2.73% | 2.66% | 2.48% | 1.87% | 2.37% | 2.53% | 2.57% | 2.51% |
| ***DX Revenue Savings ($ millions)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Annual** | -$4 | $2 | $3 | $4 | $15 | $28 | $33 | $41 | $37 | $35 | $69 | $68 | $66 | $65 | $65 | $66 | $67 | $68 | $69 | $71 | $72 | $74 | $75 | $76 |
| **Cumul.** | | -$2 | $1 | $5 | $20 | $48 | $81 | $122 | $159 | $194 | $263 | $331 | $397 | $462 | $527 | $593 | $660 | $728 | $797 | $868 | $940 | $1,014 | $1,089 | $1,165 |
| **% of Dx Revenue** | | | 0.06% | 0.23% | 0.73% | 1.44% | 2.04% | 2.65% | 3.02% | 3.27% | 3.99% | 4.55% | 4.97% | 5.30% | 5.57% | 5.79% | 5.98% | 6.14% | 6.27% | 6.40% | 6.51% | 6.61% | 6.70% | 6.77% |
| ***Dx Bills per Customer ($)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Merged** | $523 | $538 | $547 | $556 | $567 | $576 | $586 | $597 | $606 | $616 | $597 | $612 | $628 | $644 | $657 | $672 | $685 | $697 | $709 | $716 | $727 | $739 | $753 | $765 |
| **Annual Increase** | | 2.87% | 1.67% | 1.65% | 1.98% | 1.59% | 1.74% | 1.88% | 1.51% | 1.65% | -3.08% | 2.51% | 2.61% | 2.55% | 2.02% | 2.28% | 1.93% | 1.75% | 1.72% | 0.99% | 1.54% | 1.65% | 1.89% | 1.59% |
| **Cumul. Increase** | | 2.87% | 4.59% | 6.31% | 8.41% | 10.13% | 12.05% | 14.15% | 15.87% | 17.78% | 14.15% | 17.02% | 20.08% | 23.14% | 25.62% | 28.49% | 30.98% | 33.27% | 35.56% | 36.90% | 39.01% | 41.30% | 43.98% | 46.27% |
| **Status Quo** | $519 | $540 | $550 | $560 | $581 | $603 | $617 | $635 | $641 | $648 | $660 | $673 | $687 | $701 | $713 | $729 | $742 | $755 | $768 | $775 | $787 | $800 | $813 | $827 |
| **Annual Increase** | | 4.05% | 1.85% | 1.82% | 3.75% | 3.79% | 2.32% | 2.92% | 0.94% | 1.09% | 1.85% | 1.97% | 2.08% | 2.04% | 1.71% | 2.24% | 1.78% | 1.75% | 1.72% | 0.91% | 1.55% | 1.65% | 1.63% | 1.72% |
| **Cumul. Increase** | | 4.05% | 5.97% | 7.90% | 11.95% | 16.18% | 18.88% | 22.35% | 23.51% | 24.86% | 27.17% | 29.67% | 32.37% | 35.07% | 37.38% | 40.46% | 42.97% | 45.47% | 47.98% | 49.33% | 51.64% | 54.14% | 56.65% | 59.34% |
| ***Savings per Customer ($)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Annual** | -$4 | $2 | $3 | $4 | $14 | $27 | $31 | $38 | $35 | $32 | $63 | $61 | $59 | $57 | $56 | $57 | $57 | $58 | $59 | $59 | $60 | $61 | $60 | $62 |
| **Cumul.** | | -$2 | $1 | $5 | $19 | $46 | $77 | $115 | $150 | $182 | $245 | $306 | $365 | $422 | $478 | $535 | $592 | $650 | $709 | $768 | $828 | $889 | $949 | $1,011 |
| **% of Dx Bills** | | | 0.06% | 0.23% | 0.70% | 1.39% | 1.98% | 2.56% | 2.94% | 3.19% | 3.88% | 4.42% | 4.84% | 5.15% | 5.40% | 5.62% | 5.80% | 5.96% | 6.11% | 6.23% | 6.34% | 6.44% | 6.52% | 6.60% |
| ***Net Income vs. Status Quo ($ millions)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Merged** | $87.0 | $111.4 | $129.3 | $148.3 | $154.4 | $152.2 | $155.0 | $153.6 | $162.2 | $170.3 | $149.6 | $155.3 | $160.9 | $166.6 | $172.6 | $178.7 | $184.5 | $190.1 | $196.0 | $202.3 | $208.7 | $215.2 | $221.8 | $228.4 |
| | | 28.05% | 16.07% | 14.69% | 4.11% | -1.42% | 1.84% | -0.90% | 5.60% | 4.99% | -12.16% | 3.81% | 3.61% | 3.54% | 3.60% | 3.53% | 3.25% | 3.04% | 3.10% | 3.21% | 3.16% | 3.11% | 3.07% | 2.98% |
| **Status Quo** | $80.0 | $91.3 | $95.9 | $100.8 | $104.3 | $109.3 | $114.4 | $119.1 | $123.4 | $127.9 | $132.7 | $137.6 | $142.6 | $147.7 | $153.0 | $158.5 | $163.8 | $168.8 | $174.1 | $179.8 | $185.6 | $191.5 | $197.4 | $203.5 |
| | | 14.13% | 5.04% | 5.11% | 3.47% | 4.79% | 4.67% | 4.11% | 3.61% | 3.65% | 3.75% | 3.69% | 3.63% | 3.58% | 3.59% | 3.59% | 3.34% | 3.05% | 3.14% | 3.27% | 3.23% | 3.18% | 3.08% | 3.09% |
| ***Increased Income To Shareholders ($ millions)*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Annual** | $7.0 | $20.1 | $33.4 | $47.5 | $50.1 | $42.9 | $40.6 | $34.5 | $38.8 | $42.4 | $16.9 | $17.7 | $18.3 | $18.9 | $19.6 | $20.2 | $20.7 | $21.3 | $21.9 | $22.5 | $23.1 | $23.7 | $24.4 | $24.9 |
| **Cumul.** | | $27.1 | $60.5 | $108.0 | $158.1 | $201.0 | $241.6 | $276.1 | $314.9 | $357.3 | $374.2 | $391.9 | $410.2 | $429.1 | $448.7 | $468.9 | $489.6 | $510.9 | $532.8 | $555.3 | $578.4 | $602.1 | $626.5 | $651.4 |
| **% Income Increases** | | | 22.64% | 29.35% | 33.47% | 34.56% | 34.71% | 33.87% | 33.55% | 33.51% | 31.21% | 29.32% | 27.73% | 26.37% | 25.21% | 24.19% | 23.29% | 22.50% | 21.79% | 21.15% | 20.58% | 20.06% | 19.58% | 19.14% |
| ***Income as % of Distribution Revenues*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Merged** | 16.99% | 20.90% | 23.55% | 26.25% | 26.48% | 25.32% | 25.04% | 24.08% | 24.69% | 25.19% | 22.63% | 22.74% | 22.76% | 22.79% | 22.95% | 23.03% | 23.12% | 23.18% | 23.31% | 23.63% | 23.80% | 23.94% | 24.03% | 24.12% |
| **Status Quo** | 15.75% | 17.07% | 17.37% | 17.72% | 17.44% | 17.38% | 17.55% | 17.54% | 17.78% | 17.99% | 18.18% | 18.32% | 18.45% | 18.56% | 18.73% | 18.82% | 18.94% | 19.01% | 19.13% | 19.40% | 19.56% | 19.68% | 19.78% | 19.89% |
| ***Benefits as % of Distribution Revenues*** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Customers - Annual** | | 0.37% | 0.54% | 0.70% | 2.51% | 4.45% | 5.06% | 6.04% | 5.33% | 4.92% | 9.45% | 9.05% | 8.54% | 8.17% | 7.96% | 7.84% | 7.75% | 7.66% | 7.58% | 7.66% | 7.59% | 7.61% | 7.52% | 7.43% |
| **- Cumulative** | | -0.19% | 0.06% | 0.23% | 0.72% | 1.42% | 2.00% | 2.58% | 2.94% | 3.17% | 3.84% | 4.35% | 4.74% | 5.03% | 5.27% | 5.47% | 5.64% | 5.78% | 5.90% | 6.02% | 6.11% | 6.20% | 6.28% | 6.34% |
| **Shareholders - Annual** | | 3.76% | 6.05% | 8.35% | 8.38% | 6.82% | 6.23% | 5.08% | 5.59% | 5.96% | 2.32% | 2.36% | 2.37% | 2.37% | 2.40% | 2.40% | 2.39% | 2.40% | 2.41% | 2.43% | 2.43% | 2.44% | 2.44% | 2.43% |
| **- Cumulative** | | 2.60% | 3.79% | 4.99% | 5.72% | 5.93% | 5.98% | 5.85% | 5.81% | 5.83% | 5.46% | 5.15% | 4.89% | 4.68% | 4.49% | 4.33% | 4.18% | 4.06% | 3.95% | 3.85% | 3.76% | 3.68% | 3.61% | 3.55% |

**Sources: Attachment 2, pages 6, 8 and 9**

30. [Merger Participation Agreement, p. 5] Please advise the status of the Competition Act Approval.

31. [Merger Participation Agreement, p. 7] Please provide a copy of the Corporation Shareholders Agreement in its current draft form. Please provide copies of the current Enersource Shareholder Agreement, Horizon Shareholder Agreement, and Powerstream Shareholders Agreement.

32. [Merger Participation Agreement, p. 30, 33] Please explain why the Deemed Working Capital Allowance is assumed to be 13% of cost of power plus OM&A, but the Closing

Working Capital obligation is only 5% of those amounts. Please confirm that in this agreement both amounts include unregulated businesses as well as the regulated businesses.

33. [Merger Participation Agreement, p. 48, 55, 59] Please provide a copy of the most recent unaudited quarterly and audited annual financial statements of each of the Applicants and each of the holding companies.

34. [Merger Participation Agreement, p. 48] Please confirm that, if the Board in EB-2015-0003 reduces the total revenue requirement of Powerstream by $250,000 or more, the covenant in (8) shall not have been fulfilled, and the Merger Participation Agreement is at an end.

35. [Merger Participation Agreement, p. 59] Please provide a copy of the Non-Disclosure Agreement.

36. [Merger Participation Agreement, p. 62] Please describe the current status of the co-branding strategy. If it has been completed, please file a copy.

37. [Merger Participation Agreement, p. 63] Please advise the persons appointed to the Transitional Committee by each party, and the budget for that committee.

38. [Merger Participation Agreement, p. 63] Please update the status of the "initial strategic plan", and provide a copy of the portions of the current draft, if any, dealing with the regulated business.

39. [Merger Participation Agreement, p. 79] Please confirm that, if the Board does not approve the Application on or before March 10, 2017, then the Merger Participation Agreement may be terminated by any of the parties to it.

40. [Merger Participation Agreement, p. 87] Please confirm that no party to the agreement was obligated to pay any brokerage fees, commissions, or finder's fees in connection with the transactions.

41. [Corporation Amalgamation Agreement, p. 6] Please provide a list of the expected directors and officers of the Amalgamated Corporation after the Closing Date.

42. [Merge Co LDC Amalgamation Agreement, p. 4] Please provide a copy of any unanimous shareholders agreement or written shareholders declaration relating to this company, if separate from the Corporation Shareholders Agreement referred to in the Merger Participation Agreement.

43. [Merge Co LDC Amalgamation Agreement, p. 5] Please provide a list of the expected directors and officers of the Amalgamated Corporation (LDC Co) after the Closing Date.

Respectfully submitted on behalf of the School Energy Coalition this 5th day of July, 2016.

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Jay Shepherd