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July 6, 2016

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2016-0025
Application for the amalgamation of PowerStream Inc., Enersource Hydro Mississauga Inc., Horizon Utilities Corporation and Brampton Networks Inc. ("Applicants" or "Utilities")
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

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REQUESTOR NAME	**VECC**
TO:	**Applicants**
DATE:	**July 7, 2016**
CASE NO:	**EB-2016-0025**
APPLICATION NAME	**Utility Consolidation**

1.0 – VECC -1
Reference: B/T5/S1

a) Please provide the smart meter service agreement which will continue to be used in the Brampton service territory.

b) Please provide the cost of the services under this agreement in each of 2016 and 2017.

c) Does the agreement allow for termination upon change of Brampton Hydro's ownership?

1.0 – VECC -2
Reference: B/T5/S5

a) The Applicants' have stated that they will consolidate customer information systems as quickly as possible. Please explain how under consolidation of CIS the Applicant will ensure that customer service quality (service response, billing issues etc.) will be maintained (or improved) as part of this proposal.

1.0-VECC -3
Reference: B/T5/S1/Figure 5/pg. 5

a) With the exception of 2013 Enersource and HOBNI have significantly better SAIDI and SAIFI results than the other two Utilities over the 2010-2014 period. Please explain the reasons for this and what steps will be taken to ensure the superior service reliability in the Enersource and HOBNI service areas be maintained after consolidation.

b) Please update Figure 20 for 2015 data.

1.0 – VECC -4
Reference: B/T5/S3

a) Please provide a table showing the average 2015 annual residential distribution service rates (based on 800 and 1000 kWh/month for each of the current utilities.

b) Do the Applicants intent to harmonize rates in the future?

c) If yes, please explain what assurances are being given that no customers will be worse off than under harmonized rates.

1.0 – VECC -5
Reference: B/T6/S1/Figure 25

a) Using Figure 25 please provide a breakdown of the avoided capital costs into the noted categories: Information System; Operating Systems; Single Control Room; Harmonizing Engineering Standards.

b) Please provide the most recent individual forecast for capital spending on these categories for each of the existing Utilities.

c) Using Figure 25 please provide a breakdown of the operating costs savings into FTE savings and other savings for each year.

1.0-VECC-6
Reference: B/T7/S2

At this reference it states:

Earnings in excess of 300 basis points above the Board's established regulatory return on equity ("ROE") for the consolidated entity would be divided on a 50/50 basis between LDC Co and its ratepayers. The ratepayer share of earnings will be credited to a newly proposed deferral account, for clearance at the next applicable annual IRM application filing. For example, if LDC Co over-earned in year six post consolidation, it would report the balance in the deferral account in the year eight IRM application which would be filed in year seven, and refund 12 50% of this balance to ratepayers over the twelve months commencing January 1 of year eight.

a) Please explain why shared earnings (if any) are forecast to disposed of two years after the year of earnings (rather than in following year).

1.0 – VECC -7

Reference: B/T6/S5/pg.6; Attachment 10 PDF pg.64

a) Please provide an update on the status of the Competition Bureau approval process. Specifically, when do the Applicant's expect to receive a decision as contemplated under section 6.6 Regulatory Approvals of the Share Purchase Agreement.

1.0 – VECC - 8

Reference: Attachment 2/pg.3; Attachment 3/pg.5

a) Post consolidation will the combined rate base of the new utility be used for the purpose of calculating any ICM materiality threshold? If not please explain.

1.0 – VECC -9

Reference: Attachment 2/pg.12

a) Please explain why "*Virtually all of the shared income increase beyond the 10 year rebasing deferral period attributed to acquired HOBNI net income*."

1.0 – VECC - 10

Reference: Attachment 10/Section 5.2 (PDF pg. 167)

a) Please provide a list of all publicly filed litigation of any of the Applicant's which pose a potential <u>material</u> liability against the consolidated utility.

1.0 – VECC -11

Reference: Attachment 11 – Resolution for Transaction Approval; pg. 14 (PDF pg.37)

a) At the above reference it states that PowerStream negotiated with the Province for the removal of a transfer tax of approximately $200million which resulted in a PILS tax credit of $60million. Please provide a copy of this agreement.

b) Please explain how this tax credit impacts the financing of the transaction.

1.0 – VECC -12
Reference: B/T6/S1/Figure 26/pg.4

a) Please define the “Distribution Revenue” shown in Figure 26. Please explain why revenues (as opposed to net income) would increase under a consolidated utility as compared to these Utilities operating separately.

1.0 – VECC -13
Reference: B/T6/S2

a) Please provide a breakdown of the $96.3 million in consolidation costs by year for:
    i. Financing costs
    ii. Severance costs
    iii. Integration costs

b) Please provide the programs underpinning the capex spending between 2016 and 2018 of $53.3 million.

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