

**B-SEC-2**

**Reference(s): Exhibit B, Tab 2, Schedule 1, p. 2**

**Preamble:**

- a) 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.**

**Response:**

- 1       a) As provided at Exhibit B, Tab 2, Schedule 1, p. 2, once the consolidation is completed  
2           and the businesses are integrated, LDC Co expects to be compliant with all OEB Codes,  
3           Distribution Licences, IESO Market Rules, and statutes and regulations.  
4  
5           Due to the time needed to migrate to a common Customer Information System (“CIS”),  
6           the Applicants forecast that monthly billing will be in effect for the Enersource and  
7           Horizon Utilities residential customers later than January 1, 2017.

**B-SEC-3**

**Reference(s): Exhibit B, Tab 2, Schedule 1, p. 5**

**Preamble:**

**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.**

**Response:**

- 1 Please refer to the Applicants' response to Interrogatory ATTACH4-BOMA-18 generally with
- 2 respect to the above queries.
- 3
- 4 a) Please refer to the Applicants' response to Interrogatory ATTACH4-BOMA-18b).
- 5
- 6 b) The calculations of shareholder benefits (including but not limited to net income and
- 7 dividends), and customer benefits (including but not limited to forecasts of distribution
- 8 revenues with and without the merger) set forth in the Application were not prepared on the
- 9 assumption that the proposed transfer to a Limited Partnership structure will be completed.
- 10
- 11 c) The Applicants will not provide full restatements of each calculation requested on the basis
- 12 that such is not relevant to the Application. The Applicants would be prepared to provide

appropriate information at such future time as LDC Co may seek relief to transfer the regulated distribution assets to the Limited Partnership structure.

The shareholder and customer benefits provided in this Application are indifferent with respect to the Limited Partnership structure while such structure remains effectively wholly-owned by Holdco.

Please also refer to the Applicants' response to Interrogatory B-Staff-14b).

d) Please refer to the response in part b) above.

**B-SEC-4**

**Reference(s): Exhibit B, Tab 2, Schedule 1, p. 6, and Attachment 1, p. 14 and 19**

**Preamble:**

**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 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.**

**Response:**

- 1 a) The transaction was structured to meet the economic objectives of both the vendor and the
- 2 Applicants.
- 3
- 4 One principal objective of the vendor was to transfer the Brampton Hydro corporate entity
- 5 and, thus, not retain any responsibility for such entity subsequent to the transaction.
- 6
- 7 One principal objective of the Applicants was to acquire the Brampton Hydro assets in order
- 8 to take advantage of a step-up in tax basis and, as a result, mitigate the cost of the
- 9 premium.
- 10
- 11 In order to achieve both objectives, the transaction provides for the transfer of Brampton
- 12 Hydro shares to LDC Co followed by a transfer of assets to LDC Co.

b) The transaction described in a) results in a step up in the tax basis of the Brampton Hydro assets equal to the difference between: i) the fair value of the consideration paid for HOBNI; and ii) the tax basis of the Brampton Hydro assets just prior to the transaction. Consequently, such step in value is directly associated with and approximately equal to the premium paid above rate base value which is a cost borne by the Applicants that is not recoverable in rates.

In general terms, the associated tax benefit, which is the sole nature of benefit of this approach to the transaction, is as follows:

- Partial allocation of the premium to depreciable capital property (such as Undepreciated Capital Cost and Eligible Capital Property) with corresponding increases in future deductions (such as Capital Cost Allowance ("CCA") and Eligible Capital Deduction ("ECD"));
- Partial allocation of the premium to capital property (such as land) with corresponding increases in the adjusted cost basis of such property.

The quantification of the tax benefit requires a valuation of the Brampton Hydro assets as of the closing date in order to properly allocate the premium to different elements of tax basis as described above. Such valuation is not available and will be undertaken over the next few months.

This notwithstanding, the Applicants have estimated the present value of such benefit under the following assumptions:

- Premium to rate base (the latter as a proxy for tax basis) - \$202MM i.e., the difference between the purchase consideration of \$607MM less 2015 approved rate base of \$405MM;
- Tax basis bump - 75% of premium to rate base, or \$152MM. The implied discount assumes that some portion of the premium to rate base will not be eligible as tax basis;

- Amortization rate applied to tax basis bump – 7%. The rate is an assumed weighted average CCA/ ECD rate based on an assumed allocation to such tax asset classes.
- Discount rate – 9.3%. The discount rate was an assumed regulated equity cost of capital rate.
- Combined payment in lieu of taxes rate – 26.5%.

Based on the above assumptions, the present value of this tax benefit across the 34-year (2016-2039) forecast period is approximately \$17.6MM.

In present value terms, the after-tax premium paid by the parties is \$184.4MM (i.e., \$202MM premium less \$17.6MM associated tax benefit).

- c) The benefit described in b) is a benefit fully allocated to the Applicants. Such benefit is entirely associated with an unrecoverable premium (pre-tax) paid by the Applicants. Consequently, no portion of such benefit is allocated to customers.
- d) The Applicants confirm this statement for the ten year rebasing deferral period. Thereafter, it is the expectation of the Applicants that LDC Co, which incorporates Brampton Hydro rate base and associated balances, would be rebased annually under successive Custom IR applications.

**B-SEC-5**

**Reference(s): Exhibit B, Tab 2, Schedule 1, p. 8**

**Preamble:**

**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.**

**Response:**

- 1      a) The Applicants confirm that as a result of the consolidation, LDC Co will be responsible
- 2      for all of the obligations, liabilities and commitments of each of the amalgamating and
- 3      acquired LDCs, under all rate orders, Settlement Agreements, other orders of the Board,
- 4      and any other binding and enforceable agreement with customers or their
- 5      representatives prior to the Closing Dates.
- 6
- 7      b) Please see the Applicants' response to Interrogatory B-EP-1.
- 8
- 9      c) Horizon Utilities has not made any amendment to its Settlement Agreement. Therefore,
- 10     this question is not applicable.

**B-SEC-6**

**Reference(s): Exhibit B, Tab 2, Schedule 1, p. 12**

**Preamble:**

- a) Please provide a reconciliation of the approved and actual ICM amounts and revenue requirement calculations for Enersource.**
- b) 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.**

**Response:**

- 1 a) The approved ICM amount and revenue requirement for Enersource is \$40,478MM and  
2 \$3,285MM, respectively, approved as part of Enersource's 2016 Price Cap IR rate  
3 application (EB-2015-0065). In its *Decision and Order*, dated April 7, 2016, the OEB noted,  
4 "as the payment amount is a known, actual number, the OEB does not find it necessary to  
5 order Enersource to track collected revenues from the ICM rate riders for the purpose of a  
6 possible adjustment" (pg. 12 of Decision). Thus, a reconciliation between approved and  
7 actual ICM amounts is not applicable.  
8
- 9 b) The ICM rate riders approved as part of Enersource's 2016 rate application were effective  
10 and implemented on May 1, 2016 and are in effect until the next Cost of Service-based rate  
11 order. Enersource will recover approximately \$2,190MM of the approved revenue  
12 requirement over an eight month recovery period in 2016. For 2017 onwards, Enersource  
13 will recover the approved annual revenue requirement of \$3,285MM through the Board-  
14 approved ICM rate riders. By the end of 2026, Enersource estimates it will have recovered  
15 \$36,020MM over eleven years of applying the ICM rate riders based on a forecast of future  
16 billing determinants. The forecasted revenue requirement for the approved ICM assets to  
17 and including 2026 is \$35,883MM, resulting in an immaterial over collection of revenue  
18 requirement of \$138K or 0.38%.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Incremental Capital	40,479	39,467	38,455	37,443	36,431	35,419	34,407	33,395	32,383	31,371	30,359	
Depreciation Expense	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	(1,012)	
Incremental Capital in Rate Base	39,467	38,455	37,443	36,431	35,419	34,407	33,395	32,383	31,371	30,359	29,347	
Return on Rate Base	2,568	2,502	2,436	2,370	2,304	2,239	2,173	2,107	2,041	1,975	1,909	24,625
Amortization Expense	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	11,132
Incremental Grossed Up PILs	(294)	(214)	(141)	(75)	(15)	38	87	131	170	205	236	126
<b>Total Revenue Requirement</b>	<b>3,285</b>	<b>3,300</b>	<b>3,307</b>	<b>3,307</b>	<b>3,301</b>	<b>3,289</b>	<b>3,272</b>	<b>3,250</b>	<b>3,223</b>	<b>3,192</b>	<b>3,157</b>	<b>35,883</b>
 Rate Rider Revenue	 2,200	 3,316	 3,331	 3,346	 3,361	 3,376	 3,392	 3,405	 3,418	 3,432	 3,445	 36,020
 Excess/Shortfall	 (1,085)	 16	 24	 38	 60	 87	 120	 155	 195	 240	 288	 138

**B-SEC-7**

**Reference(s): Exhibit B, Tab 3, Schedule 2, p. 2**

**Preamble:**

**a) Please confirm that Enersource Technologies Inc. is being retained after the transactions and, if so, explain why.**

**Response:**

- 1 a) Enersource Technologies Inc. is an unregulated company and, as such, is out of scope of
- 2 this Application.

[illegible]

**Response:**

- a) The Applicants confirm that Table 1 above correctly identifies the 2014 number of customers for each of the four LDCs that will be part of LDC Co.
- b) The Applicants provide the most current actuals (2015) and forecasts (2016-2026) of number of customers by class in Table 1 below.

**Table 1 – Customers by Rate Class**

Rate Class	2015 Actual	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Residential	866,931	876,019	887,542	899,202	910,888	922,785	934,822	947,037	959,452	972,053	984,840	993,731
GS<50	78,354	78,401	79,184	79,939	80,696	81,543	82,393	83,252	84,016	84,790	85,571	86,287
GS 50-4999	13,017	13,358	13,535	13,711	13,890	14,060	14,236	14,416	14,599	14,787	14,977	15,077
Large Use	28	28	28	28	28	28	28	28	28	28	28	28
USL	5,040	5,097	5,167	5,249	5,344	5,451	5,541	5,634	5,729	5,827	5,928	5,966
Sentinel	295	294	294	294	294	294	294	294	294	294	294	294
Streetlighting	50	50	50	50	50	50	50	50	50	50	50	50
Embedded Distributor	1	1	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>963,716</b>	<b>973,249</b>	<b>985,801</b>	<b>998,474</b>	<b>1,011,191</b>	<b>1,024,212</b>	<b>1,037,365</b>	<b>1,050,712</b>	<b>1,064,170</b>	<b>1,077,830</b>	<b>1,091,690</b>	<b>1,101,434</b>

- c) The Applicants 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. Please note, the calculation of Distribution Revenue in Attachment 2 is based on customer connections for the USL, Sentinel and Street Lighting rate classes. The Embedded Distributor class is a new rate class being reported by HOBNI effective 2015.
- d) The assumptions used in the customer forecasts for each of the four LDCs that will be part of LDC Co are identified in Table 2 below.

**Table 2 – Summary of Assumptions for Customer Forecasts**

**Customer Forecast Growth Assumptions**

<b>Residential</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.79%	0.79%	0.79%	0.79%
Horizon	0.77%	0.82%	0.84%	0.79%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	1.73%	1.76%	1.74%	1.73%	1.75%	1.74%	1.74%	1.74%	1.74%	1.74%	1.00%
Brampton	1.73%	1.76%	1.74%	1.73%	1.75%	1.74%	1.74%	1.74%	1.74%	1.74%	1.00%

<b>GS&lt;50</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	1.25%	1.25%	1.05%	1.05%	1.05%	1.05%	1.05%	0.52%	0.52%	0.52%	0.52%
Horizon	0.36%	0.38%	0.40%	0.38%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	1.14%	1.16%	1.16%	1.15%	1.17%	1.16%	1.16%	1.16%	1.16%	1.16%	1.00%
Brampton	2.23%	2.22%	2.17%	2.14%	2.14%	2.18%	2.18%	2.18%	2.18%	2.18%	1.00%

<b>GS 50-4999</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Horizon	1.52%	1.27%	1.27%	1.31%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	2.23%	2.22%	2.17%	2.14%	2.14%	2.18%	2.18%	2.18%	2.18%	2.18%	1.00%
Brampton	2.23%	2.22%	2.17%	2.14%	2.14%	2.18%	2.18%	2.18%	2.18%	2.18%	1.00%

<b>Large Use</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Horizon	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Brampton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>USL</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Horizon	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	2.14%	2.36%	2.70%	3.01%	3.32%	2.70%	2.70%	2.70%	2.70%	2.70%	1.00%
Brampton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Sentinel</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Horizon	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	-0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Brampton	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

<b>Streetlighting</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Horizon	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
PowerStream	1.80%	1.82%	1.80%	1.79%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.00%
Brampton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Embedded Distributor</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Enersource	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Horizon	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PowerStream	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Brampton	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

e) The Applicants confirm that LDC Co will have approximately 1,066 publically-funded elementary and secondary school accounts. This total includes 222 GS<50 kW, 799 GS>50 kW, and 45 microFIT and FIT generation accounts.

**B-SEC-9**

**Reference(s): Exhibit B, Tab 5, Schedule 1, p. 2 and Attachment 2, p. 9**

**Preamble:**

**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.

**Response:**

- 1 a) The Applicants confirm that they propose that the OEB approve the Application,  
2 including the identified rebasing deferral period of ten years post consolidation. This is in  
3 addition to the relief sought in Section 3.0 of Exhibit B, Tab 2, Schedule 1.  
4
- 5 b) For the *status quo* rate setting rebasing schedule, please refer to the Applicants'  
6 response to Interrogatory B-Staff-22a). For the years requested, most of the  
7 assumptions used to estimate *status quo* revenue are identical for all entities (with the  
8 exceptions explained below) and are as follows:  
9
- 10 • Cost of Power growth rate: 3% in all years
  - 11 • Working Capital Allowance ("WCA") : Please see Applicants' response to  
12 Interrogatory MPA-SEC-32a)

- PILs effective rate (i.e., cash PILs rate): 18% in all years
- Capex inflation rate: 2% in all years

The assumptions that differ by distributor are:

- WACC: PowerStream: 5.41%, Enersource: 5.88%, HOBNI: 6.3% and Horizon Utilities: 5.34%
- OM&A inflation rate: HOBNI: 12% in 2020, 1.8% in 2021-2022 and 2% thereafter; OM&A inflation rate for the remaining distributors is 2% in all years
- The rate base growth in the years 2016-2025 is shown in Table 1 below.

**Table 1 – Rate Base Growth**

Rate Base Growth	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Enersource	5.8%	5.0%	4.7%	4.7%	4.5%	4.2%	4.0%	3.8%	3.7%	3.6%
Horizon Utilities	3.5%	4.3%	4.7%	5.0%	7.9%	5.7%	5.0%	5.1%	3.9%	4.7%
PowerStream	8.8%	7.4%	6.1%	6.6%	6.0%	6.4%	5.7%	3.2%	2.7%	3.5%
HOBNI	6.6%	3.1%	6.4%	4.1%	3.7%	3.6%	3.5%	2.1%	2.8%	2.7%

**B-SEC-10**

**Reference(s): Exhibit B, Tab 5, Schedule 1, p. 2**

**Preamble:**

- a) **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.**

**Response:**

1

- a) The Applicants 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.



[illegible]

**Response:**

- 1 a) The Applicants confirm that Table 2 set forth above accurately reflects Figure 22 in the  
2 Application, and accurately calculates the percentage changes in OM&A currently  
3 forecast by the Applicants.  
4
- 5 b) The OM&A forecasts in Figure 22 in the Application were based on the individual  
6 distributor budgets at the time the Application was prepared. Detailed forecasts have not  
7 been prepared for any of the Parties and therefore are not available.  
8
- 9 c)
- 10 i. The 7.14% increase in PowerStream's OM&A in 2021 is due to the assumptions  
11 about the outcome of PowerStream's 2016-2020 Custom IR application, affecting  
12 2020 OM&A amount.  
13
- 14 ii. HOBNI's OM&A was forecast to increase by 4.18% in 2016 in response to the  
15 over 30% customer growth over the past ten years (as of 2014). Areas of  
16 increase include Line Maintenance, Control Room Operations, Customer  
17 Service, Consumer Premises, Regulatory Affairs and Communications.  
18
- 19 iii. The 12.02% planned increase in OM&A in 2020 is primarily due to maintenance  
20 costs for the new Customer Information System ("CIS") that HOBNI planned to  
21 put into service in 2020 as well as increased labour costs for Customer Service  
22 and IT staff that would have been capitalized in prior years as part of the CIS  
23 implementation.  
24
- 25 d) The Applicants confirm that on the basis presented in the Application, the overall OM&A  
26 during the proposed ten-year rebasing deferral period is forecast to be 11.98% lower  
27 than without the consolidation.  
28
- 29 e) The Applicants have not completed the analysis for the scenario requested in this  
30 interrogatory and therefore it is not available. The scenario analysis requested would  
31 take considerable effort and cost to prepare. Under the OEB's *Rules of Practice and*

32 *Procedure* (Revised April 24, 2014) section 27.02, such circumstances are anticipated  
33 and provision is made for applicants that are unable to answer interrogatories. Section  
34 27.02 states:

35  
36 *“A party who is unable or unwilling to provide a full and adequate response*  
37 *to an interrogatory shall file and serve a response:*

38 *(a) where the party contends that the interrogatory seeks information that is*  
39 *not relevant, setting out specific reasons in support of that contention;*

40 *(b) where the party contends that the information necessary to provide an*  
41 *answer is not available or cannot be provided with reasonable effort, setting*  
42 *out the reasons for the unavailability of such information, as well as any*  
43 *alternative available information in support of the response; or*

44 *(c) otherwise explaining why such a response cannot be given.”*  
45

46 As the Applicants described at the OEB Presentation Day on June 23, 2016, the years in  
47 the table should be read as year one (related to 2017) onward, with the now missing  
48 year ten data (related to 2026) being a 2% increase over the prior year.

**B-SEC-12**

**Reference(s): Exhibit B, Tab 5, Schedule 5, p. 1**

**Preamble:**

- a) 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.**
- b) 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.**

**Response:**

- 1 a) A total of thirteen executives are under current employment contracts that were in place
- 2 prior to the merger announcement. These employment contracts include "Change in
- 3 Control" and/or termination language.
- 4
- 5 b) The Applicants confirm that no non-executive, non-union employee has a guarantee of
- 6 employment after the Closing Date. Employment terms and conditions for unionized
- 7 employees are subject to the applicable collective agreement.

**B-SEC-13**

**Reference(s): Exhibit B, Tab 5, Schedule 5, p. 5**

**Preamble:**

- a) **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.**

**Response:**

- 1 a) The Applicants confirm that the impacts of the potential consolidation of the call centres and  
2 the impacts of the potential consolidation of the control rooms have been included in the  
3 forecasts of shareholder benefits, net income, distribution revenues and customer benefits  
4 in the Application. The synergy savings associated with the consolidation of the call centres  
5 and the control room (and all related costs) are part of the Business Plan, as provided in the  
6 Applicants' response to Interrogatory B-Staff-1.  
7  
8 The aggregate operating savings attributed to consolidating four call centres is forecast to  
9 be \$1.7MM by year five, and \$4.8MM by year ten.  
10  
11 The annual operating savings attributed to consolidating four control rooms to two is  
12 forecast to be \$4.3MM, commencing approximately two years after the consolidation.  
13  
14 These savings are related primarily to headcount reductions in both instances.

**B-SEC-14**

**Reference(s): Exhibit B, Tab 5, Schedule 5, p. 6**

**Preamble:**

- a) Please explain how each of the three Head Offices will “continue to support the regulated business”.**
- b) 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.**
- c) 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.**

**Response:**

- 1 a) Each of the three head offices will continue to support the regulated business as shown on
- 2 Slide 11 of the Presentation Day presentation given to the OEB on June 23, 2016 as
- 3 elaborated below:
- 4
- 5 • The LDC Office in Hamilton will host Network Operations and Services, Customer
- 6 Services and Regulated Business Development.
- 7
- 8 • The Corporate Office in Mississauga will host Finance, Internal Audit, General Counsel,
- 9 Corporate Relations and Regulatory Affairs.
- 10
- 11 • The Sustainability & Innovation Office in Vaughan will host Information Technology,
- 12 Human Resources, Supply Chain Management, Transformation/Organizational
- 13 Effectiveness and Conservation Demand Management.
- 14
- 15 b) A methodology and calculation of allocating the cost of shared services between the
- 16 regulated and non-regulated businesses has not yet been finalized.
- 17

- 18 c) The Applicants confirm that they will continue to be compliant with all orders of the OEB's  
19 Decision dated December 13, 2012 in EB-2012-0033, including with respect to the capital  
20 expense treatment of Enersource's Derry Rd office.

**B-SEC-15**

**Reference(s): Exhibit B, Tab 5, Schedule 5**

**Preamble:**

- a) 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.

**Response:**

- 1 a) Please see the Applicants' response to Interrogatory B-CCC-4.



**B-SEC-16**

**Reference(s): Exhibit B, Tab 6, Schedule 1, p. 2**

**Preamble:**

**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.

**Response:**

- a) Tables 1 and 2 below identify the forecast capital expenditures by OEB *Chapter 5 Consolidated Distribution System Plan Filing Requirements* categories, in the *status quo* and merged scenarios. Table 3 below identifies the Capital Forecast Differences between Forecast – Status Quo and DSP filed.

**Table 1 – Capital Forecast Based on *Status Quo***

Capital Forecast Based on Status Quo										
Consolidated	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System Service	62,689	58,309	57,994	58,729	53,736	61,308	62,968	57,682	57,617	61,358
System Renewal	113,441	122,626	139,971	144,258	150,695	159,008	160,334	150,077	147,263	156,164
System Access	45,467	43,075	44,299	43,625	47,529	47,633	47,617	41,567	41,102	44,635
General Plant	52,326	40,202	32,093	37,015	50,678	43,418	40,545	39,578	36,490	42,927
<b>Total</b>	<b>273,923</b>	<b>264,211</b>	<b>274,357</b>	<b>283,627</b>	<b>302,637</b>	<b>311,367</b>	<b>311,465</b>	<b>288,903</b>	<b>282,472</b>	<b>305,085</b>

**Table 2 – Capital Forecast Based on Merged Scenario**

Capital Forecast Based on Merged Scenario										
Consolidated	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System Service	62,689	56,949	56,634	57,369	52,376	59,948	61,608	56,322	56,257	59,998
System Renewal	110,408	117,411	134,493	138,568	144,937	153,251	154,577	144,319	141,506	150,407
System Access	45,467	42,873	44,198	43,524	47,427	47,532	47,516	41,465	41,000	44,534
General Plant	66,107	39,607	14,661	20,962	27,914	42,618	39,745	38,778	35,690	42,127
<b>Total</b>	<b>284,671</b>	<b>256,840</b>	<b>249,986</b>	<b>260,423</b>	<b>272,654</b>	<b>303,348</b>	<b>303,446</b>	<b>280,884</b>	<b>274,453</b>	<b>297,066</b>

**Table 3 – Capital Forecast Differences between Forecast – Status Quo and DSP filed**

Capital Forecast Differences between Forecast - Status quo and DSPs filed										
Consolidated	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Enersource	(5,612)	(7,632)	(7,521)	(7,079)	(3,346)	2,356	-	-	-	-
Horizon	(178)	(429)	(307)	2	-	-	-	-	-	-
PowerStream	(11,604)	(8,604)	(8,604)	1,397	1,396	13,885	-	-	-	-
HOBNI	5,065	0	13,900	8,900	-	-	-	-	-	-
<b>Total</b>	<b>(12,330)</b>	<b>(16,665)</b>	<b>(2,532)</b>	<b>3,219</b>	<b>(1,950)</b>	<b>16,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Enersource variances:

The 2016 - 2021 forecast variances of status quo capital spending from the distribution system plan for Enersource are mainly due to the timing of distribution system projects. In addition, the status quo data did not include the expenditures relating to the Light Rail Transit project.

Horizon Utilities variances:

The variances for Horizon Utilities are immaterial and are due to minor changes in the timing of capital projects.

PowerStream variances:

The 2016 - 2021 forecast variance of status quo capital spending from the distribution system plan is due to assumptions about the outcome of PowerStream's 2016-2020 Custom IR Application (EB-2015-0003).

HOBNI variances:

The 2016 - 2021 forecast variances of status quo capital spending from the Distribution System Plan ("DSP") are mainly due to the timing of expenditures for Computer Software for the

Enterprise Resource Planning (“ERP”) system and new capital expenditures on a Customer Information System (“CIS”). The DSP did not include expenditures for a new CIS system.

b) Table 4 below identifies the estimated reduction in revenue requirement arising from the capital synergies, calculated on a cost of service basis as if each year was a separate cost of service year.

**Table 4 - Capital Synergies and Estimated Revenue Requirement Impact (\$MM)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
<b>Net Capital Synergies</b>	<b>(10.7)</b>	<b>7.4</b>	<b>24.4</b>	<b>23.2</b>	<b>30.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>114.3</b>
Return on Rate Base	(0.3)	(0.4)	0.5	1.9	3.5	4.6	5.0	5.5	5.9	6.4	32.6
Depreciation	(0.2)	(0.3)	0.4	1.3	2.4	3.1	3.5	3.8	4.1	4.4	22.4
PILs	(0.0)	(0.0)	(0.0)	0.1	0.2	0.3	0.5	0.6	0.8	0.9	3.3
<b>Revenue Requirement Impact</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>0.9</b>	<b>3.3</b>	<b>6.0</b>	<b>8.0</b>	<b>8.9</b>	<b>9.9</b>	<b>10.8</b>	<b>11.7</b>	<b>58.3</b>

c) The business case model uses a simplified calculation of PILs; the requested details are not available.

d) Please see the response to part c) above.

**B-SEC-17**

**Reference(s): Exhibit B, Tab 6, Schedule 1, p. 2**

**Preamble:**

- a) 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.**

**Response:**

- 1 a) There is no Distribution System Plan ("DSP") for LDC Co, as yet. The DSPs for Horizon  
2 Utilities and HOBNI are for a five year term ending in 2019. The DSPs for Enersource  
3 (draft) and PowerStream expire by 2020. The Applicants expect to file a DSP for all four  
4 rate zones no later than 2019, potentially along with the IRM Application for rates effective  
5 January 1, 2020.

**B-SEC-18**

**Reference(s): Exhibit B, Tab 6, Schedule 1, p. 4, and Attachment 2, p. 9**

**Preamble:**

**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.**

**Response:**

- 1 a) - d)
- 2 Please see the Applicants' response to Interrogatory B-SEC-18-ATTACH1 for the requested
- 3 details for both Cost of Service and not Cost of Service years. Please see the Applicants'
- 4 response to Interrogatory B-SEC-9 for the assumptions used in the calculation of distribution
- 5 revenue in *status quo* years. Please see the Applicants' response to Interrogatory B-Staff-
- 6 22a) for a discussion of the rate-setting methods. The billing determinants are the same
- 7 under both scenarios.
- 8
- 9 e) The assumptions used in the calculation of distribution revenue for PowerStream for 2016-
- 10 2020 are consistent with those used in the PowerStream 2016 Custom IR application (EB-
- 11 2015-0004).

<b><u>RateBase Assumptions</u></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>WCA</b>						
PowerStream	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Enersource	13.0%	7.5%	7.5%	7.5%	7.5%	7.5%
Horizon	12.0%	12.0%	12.0%	12.0%	7.5%	7.5%
Hydro One Brampton	13.0%	13.0%	13.0%	13.0%	7.5%	7.5%

<b>OM&amp;A Inflation Rates</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
PowerStream	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Enersource	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Horizon	2.0%	1.0%	1.0%	2.0%	2.0%	2.0%
Hydro One Brampton	4.0%	0.0%	3.0%	2.0%	12.0%	2.0%

<b><u>RateBase Assumptions</u></b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>WCA</b>				
PowerStream	7.5%	7.5%	7.5%	7.5%
Enersource	7.5%	7.5%	7.5%	7.5%
Horizon	7.5%	7.5%	7.5%	7.5%
Hydro One Brampton	7.5%	7.5%	7.5%	7.5%

<b>OM&amp;A Inflation Rates</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and</b>
PowerStream	2.0%	2.0%	2.0%	2.0%	2.0%
Enersource	2.0%	2.0%	2.0%	2.0%	2.0%
Horizon	2.0%	2.0%	2.0%	2.0%	2.0%
Hydro One Brampton	2.0%	2.0%	2.0%	2.0%	2.0%



<b><u>RateBase Assumptions</u></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>WCA</b>					
MergeCo	10.9%	10.9%	10.9%	10.9%	10.9%
Note: WCA rate for the MergeCo in the years before rebasing is calculated as a weighted average of stand Alone WCA rates, using WCA base (COP+OM&A) as a weight					

<b>OM&amp;A Inflation Rates</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
PowerStream	4.0%	2.0%	2.0%	2.0%	2.0%
Enersource	2.0%	2.0%	2.0%	2.0%	2.0%
Horizon	2.0%	1.0%	1.0%	2.0%	2.0%
Hydro One Brampton	4.0%	0.0%	3.0%	2.0%	12.0%

**Escalation Rate for Non-Cost of Service Years:**

	<b>PowerStream</b>	<b>Enersource</b>	<b>Horizon</b>	<b>Hydro One Brampton</b>
Inflation	1.60%	1.60%	1.60%	1.60%
Stretch factor (-)	0.30%	0.15%	0.30%	0.00%
K factor (-)	0.00%	0.00%	0.00%	0.20%
PCI	1.30%	1.45%	1.30%	1.40%

<b><u>RateBase Assumptions</u></b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and thereafter</b>
<b>WCA</b>						
MergeCo	10.9%	10.9%	10.9%	10.9%	10.9%	7.50%

<b>OM&amp;A Inflation Rates</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and thereafter</b>
PowerStream	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Enersource	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Horizon	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Hydro One Brampton	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

**Total Incremental Capital, \$M**

<b>Enersource</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Recoverable Capex During ICM Filing Year	55.4	24.6	17.3	13.6	16.6	16.6
Depreciation	1.4	0.6	0.4	0.3	0.4	0.4
Incremental Capital CAPEX for ICM Calculation	\$ 54	\$ 24	\$ 17	\$ 13	\$ 16	\$ 16
ICM Revenue - Included in I/S - 1 Year Lag	-	3.7	5.4	6.5	7.4	8.6
<b>PowerStream</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Recoverable Capex During ICM Filing Year	45.0	40.5	23.4	4.7	9.1	0.7
Depreciation	1.1	1.0	0.6	0.1	0.2	0.0
Incremental Capital CAPEX for ICM Calculation	\$ 44	\$ 39	\$ 23	\$ 5	\$ 9	\$ 1
ICM Revenue - Included in I/S - 1 Year Lag	0	0	0	0	0	0
<b>Hydro One Brampton</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Recoverable Capex During ICM Filing Year	4.0	10.9	-	9.5	4.3	4.2
Depreciation	0.1	0.3	-	0.2	0.1	0.1
Incremental Capital CAPEX for ICM Calculation	3.9	10.6	-	9.3	4.2	4.1
ICM Revenue - Included in I/S - 1 Year Lag	-	-	0.8	0.8	1.5	1.8
<b>Horizon</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Recoverable Capex During ICM Filing Year	1.5	0.3	1.5	0.4	2.0	15.7
Depreciation	0.0	0.0	0.0	0.0	0.1	0.4
Incremental Capital CAPEX for ICM Calculation	1.5	0.3	1.5	0.4	2.0	15.3
ICM Revenue - Included in I/S - 1 Year Lag	-	-	-	-	-	-
<b>Total Forecast ICM Revenue (\$M)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	-	0.0	0.0	0.0	0.0	0.0
<b>Total Incremental Capital</b>	103.2	74.4	41.2	27.6	31.2	36.2
<b>Total Incremental Capital (only if ICM revenue)</b>	54.0	34.6	16.9	22.6	20.3	35.5

## Total Incremental Capital, \$M

<b>Enersource</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Recoverable Capex During ICM Filing Year	23.2	24.6	26.1	27.5	29.2
Depreciation	0.6	0.6	0.7	0.7	0.4
Incremental Capital CAPEX for ICM Calculation	\$ 23	\$ 24	\$ 25	\$ 27	\$ 29
ICM Revenue - Included in I/S - 1 Year Lag	9.7	10.8	12.1	13.4	14.8
<b>PowerStream</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Recoverable Capex During ICM Filing Year	22.3	21.6	-	-	5.0
Depreciation	0.6	0.5	-	-	0.1
Incremental Capital CAPEX for ICM Calculation	\$ 22	\$ 21	\$ -	\$ -	\$ 5
ICM Revenue - Included in I/S - 1 Year Lag	-	1.0	2.0	2.0	2.0
<b>Hydro One Brampton</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Recoverable Capex During ICM Filing Year	7.8	8.5	9.2	9.9	10.8
Depreciation	0.2	0.2	0.2	0.2	0.1
Incremental Capital CAPEX for ICM Calculation	7.6	8.3	9.0	9.7	10.7
ICM Revenue - Included in I/S - 1 Year Lag	2.1	2.5	2.9	3.4	4.0
<b>Horizon</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Recoverable Capex During ICM Filing Year	14.8	13.5	16.2	11.1	17.2
Depreciation	0.4	0.3	0.4	0.3	0.2
Incremental Capital CAPEX for ICM Calculation	14.4	13.2	15.8	10.8	17.0
ICM Revenue - Included in I/S - 1 Year Lag	1.0	1.6	2.3	3.0	3.5
<b>Total Forecast ICM Revenue (\$M)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	0.0	0.0	0.0	0.0	0.0
<b>Total Incremental Capital</b>	66.3	66.5	50.2	47.3	61.4
<b>Total Incremental Capital (only if ICM revenue)</b>	66.3	66.5	50.2	47.3	-

## Customer numbers

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>PowerStream</b>												
Residential	327,907	333,673	339,480	345,362	351,406	357,530	363,761	370,100	376,550	383,112	386,943	390,813
General Service < 50 kW	32,594	32,973	33,354	33,739	34,134	34,529	34,928	35,331	35,740	36,153	36,514	36,879
General Service > 50kW to 4999 kW	5,005	5,116	5,227	5,339	5,453	5,572	5,693	5,817	5,944	6,073	6,134	6,195
Large User	2	2	2	2	2	2	2	2	2	2	2	2
Unmetered Scattered Load	3,006	3,077	3,160	3,255	3,363	3,454	3,547	3,643	3,742	3,843	3,882	3,920
Sentinal Lighting	207	207	207	207	207	207	207	207	207	207	207	207
Street Lighting	88,953	90,575	92,207	93,857	95,547	97,270	99,025	100,811	102,630	104,481	105,526	106,581
<b>Total</b>	<b>457,674</b>	<b>465,623</b>	<b>473,637</b>	<b>481,761</b>	<b>490,112</b>	<b>498,564</b>	<b>507,163</b>	<b>515,912</b>	<b>524,814</b>	<b>533,871</b>	<b>539,208</b>	<b>544,598</b>

	2016	2017	2018	2019	2020	2021						
<b>Enersource</b>												
Residential	182,665	184,090	185,525	186,973	188,431	189,901	191,382	192,894	194,418	195,954	197,502	198,845
General Service < 50 kW	18,067	18,293	18,485	18,679	18,875	19,073	19,274	19,374	19,475	19,576	19,678	19,780
General Service > 50kW to 4999 kW	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461
Large User	9	9	9	9	9	9	9	9	9	9	9	9
Unmetered Scattered Load	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828
<b>Total</b>	<b>258,005</b>	<b>259,655</b>	<b>261,283</b>	<b>262,925</b>	<b>264,579</b>	<b>266,247</b>	<b>267,929</b>	<b>269,541</b>	<b>271,165</b>	<b>272,802</b>	<b>274,452</b>	<b>275,898</b>

	2016	2017	2018	2019	2020	2021						
<b>Hydro One Brampton</b>												
Residential	143,168	145,686	148,221	150,790	153,428	156,102	158,823	161,590	164,407	167,272	168,944	170,634
General Service < 50 kW	9,203	9,310	9,418	9,526	9,638	9,749	9,862	9,976	10,091	10,208	10,310	10,413
General Service > 50kW to 4999 kW	1,662	1,699	1,736	1,773	1,811	1,850	1,890	1,931	1,974	2,017	2,037	2,057
Large User	6	6	6	6	6	6	6	6	6	6	6	6
Unmetered Scattered Load	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887
Embedded Distribution	1	1	1	1	1	1	1	1	1	1	1	1
Distributed Generation	43	43	43	43	43	43	43	43	43	43	43	43
Energy from Waste Generation	1	1	1	1	1	1	1	1	1	1	1	1
Backup/Standby	1	1	1	1	1	1	1	1	1	1	1	1
Super Use	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>200,491</b>	<b>203,153</b>	<b>205,832</b>	<b>208,546</b>	<b>211,335</b>	<b>214,159</b>	<b>217,033</b>	<b>219,956</b>	<b>222,929</b>	<b>225,954</b>	<b>227,749</b>	<b>229,562</b>

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Horizon</b>												
Residential	222,279	224,093	225,976	227,764	229,519	231,289	233,072	234,868	236,679	238,503	240,342	242,194
General Service < 50 kW	18,494	18,565	18,639	18,709	18,853	18,999	19,145	19,293	19,441	19,591	19,742	19,894
General Service > 50kW to 4999 kW	2,230	2,258	2,286	2,316	2,334	2,352	2,370	2,389	2,407	2,426	2,444	2,463
Large User	7	7	7	7	7	7	7	7	7	7	7	7
Unmetered Scattered Load	3,043	3,043	3,043	3,043	3,066	3,090	3,114	3,138	3,162	3,186	3,211	3,236
Sentinal Lighting	404	404	404	404	407	410	413	417	420	423	426	430
Street Lighting	52,397	52,397	52,397	52,397	52,801	53,208	53,618	54,031	54,448	54,868	55,291	55,717
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	-	-	-	-	-	-	-	-	-	-	-	-
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	-	-	-	-	-	-	-	-	-	-	-	-
Super Use	4	4	4	4	4	4	4	4	4	4	4	4
<b>Total</b>	<b>298,858</b>	<b>300,771</b>	<b>302,756</b>	<b>304,644</b>	<b>306,992</b>	<b>309,359</b>	<b>311,744</b>	<b>314,147</b>	<b>316,568</b>	<b>319,009</b>	<b>321,468</b>	<b>323,946</b>

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>MergeCo</b>												
Residential	876,019	887,542	899,202	910,888	922,785	934,822	947,037	959,452	972,053	984,840	993,731	1,002,485
General Service < 50 kW	78,358	79,141	79,896	80,653	81,500	82,350	83,208	83,974	84,747	85,528	86,244	86,967
General Service > 50kW to 4999 kW	13,357	13,534	13,710	13,889	14,059	14,235	14,415	14,598	14,786	14,977	15,076	15,177
Large User	24	24	24	24	24	24	24	24	24	24	24	24
Unmetered Scattered Load	10,543	10,614	10,697	10,792	10,923	11,038	11,155	11,275	11,398	11,523	11,586	11,650
Sentinal Lighting	611	611	611	611	614	617	620	624	627	630	633	637
Street Lighting	236,065	237,687	239,319	240,969	243,063	245,193	247,358	249,558	251,793	254,064	255,531	257,013
Embedded Distribution	1	1	1	1	1	1	1	1	1	1	1	1
Distributed Generation	43	43	43	43	43	43	43	43	43	43	43	43
Energy from Waste Generation	1	1	1	1	1	1	1	1	1	1	1	1
Backup/Standby	1	1	1	1	1	1	1	1	1	1	1	1
Super Use	4	4	4	4	4	4	4	4	4	4	4	4
<b>Total</b>	<b>1,215,028</b>	<b>1,229,202</b>	<b>1,243,509</b>	<b>1,257,876</b>	<b>1,273,018</b>	<b>1,288,329</b>	<b>1,303,868</b>	<b>1,319,555</b>	<b>1,335,477</b>	<b>1,351,636</b>	<b>1,362,877</b>	<b>1,374,003</b>

## Customer numbers

	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>PowerStream</b>												
Residential	394,721	398,668	402,655	406,681	410,748	414,855	419,004	423,194	427,426	431,700	436,017	440,377
General Service < 50 kW	37,248	37,621	37,997	38,377	38,761	39,148	39,540	39,935	40,334	40,738	41,145	41,557
General Service > 50kW to 4999 kW	6,257	6,320	6,383	6,447	6,511	6,577	6,642	6,709	6,776	6,844	6,912	6,981
Large User	2	2	2	2	2	2	2	2	2	2	2	2
Unmetered Scattered Load	3,960	3,999	4,039	4,080	4,120	4,162	4,203	4,245	4,288	4,331	4,374	4,418
Sentinal Lighting	207	207	207	207	207	207	207	207	207	207	207	207
Street Lighting	107,647	108,723	109,810	110,909	112,018	113,138	114,269	115,412	116,566	117,732	118,909	120,098
<b>Total</b>	<b>550,042</b>	<b>555,540</b>	<b>561,093</b>	<b>566,702</b>	<b>572,367</b>	<b>578,089</b>	<b>583,867</b>	<b>589,704</b>	<b>595,599</b>	<b>601,553</b>	<b>607,566</b>	<b>613,640</b>

<b>Enersource</b>												
Residential	200,197	201,558	202,929	204,309	205,596	206,891	208,194	209,506	210,826	212,028	213,236	214,452
General Service < 50 kW	19,881	19,982	20,084	20,187	20,290	20,367	20,444	20,522	20,600	20,678	20,794	20,873
General Service > 50kW to 4999 kW	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461
Large User	9	9	9	9	9	9	9	9	9	9	9	9
Unmetered Scattered Load	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828
<b>Total</b>	<b>277,351</b>	<b>278,813</b>	<b>280,286</b>	<b>281,768</b>	<b>283,158</b>	<b>284,531</b>	<b>285,911</b>	<b>287,301</b>	<b>288,699</b>	<b>289,979</b>	<b>291,303</b>	<b>292,597</b>

<b>Hydro One Brampton</b>												
Residential	172,340	174,064	175,804	177,562	179,338	181,131	182,943	184,772	186,620	188,486	190,371	192,274
General Service < 50 kW	10,517	10,622	10,729	10,836	10,944	11,054	11,164	11,276	11,389	11,503	11,618	11,734
General Service > 50kW to 4999 kW	2,078	2,098	2,119	2,141	2,162	2,184	2,205	2,228	2,250	2,272	2,295	2,318
Large User	6	6	6	6	6	6	6	6	6	6	6	6
Unmetered Scattered Load	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887	44,887
Embedded Distribution	1	1	1	1	1	1	1	1	1	1	1	1
Distributed Generation	43	43	43	43	43	43	43	43	43	43	43	43
Energy from Waste Generation	1	1	1	1	1	1	1	1	1	1	1	1
Backup/Standby	1	1	1	1	1	1	1	1	1	1	1	1
Super Use	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>231,393</b>	<b>233,242</b>	<b>235,110</b>	<b>236,997</b>	<b>238,902</b>	<b>240,826</b>	<b>242,770</b>	<b>244,733</b>	<b>246,716</b>	<b>248,719</b>	<b>250,741</b>	<b>252,784</b>

<b>Horizon</b>												
Residential	244,061	245,943	247,839	249,749	251,674	253,614	255,569	257,540	259,525	261,525	263,541	265,573
General Service < 50 kW	20,048	20,202	20,358	20,515	20,673	20,833	20,993	21,155	21,318	21,482	21,648	21,815
General Service > 50kW to 4999 kW	2,482	2,501	2,521	2,540	2,560	2,579	2,599	2,619	2,639	2,660	2,680	2,701
Large User	8	8	8	8	8	8	8	8	8	8	8	8
Unmetered Scattered Load	3,261	3,286	3,311	3,337	3,362	3,388	3,414	3,441	3,467	3,494	3,521	3,548
Sentinal Lighting	433	436	440	443	446	450	453	457	460	464	467	471
Street Lighting	56,146	56,579	57,015	57,455	57,898	58,344	58,794	59,247	59,704	60,164	60,628	61,095
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	-	-	-	-	-	-	-	-	-	-	-	-
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	-	-	-	-	-	-	-	-	-	-	-	-
Super Use	4	4	4	4	4	4	4	5	5	5	5	5
<b>Total</b>	<b>326,443</b>	<b>328,960</b>	<b>331,495</b>	<b>334,051</b>	<b>336,626</b>	<b>339,221</b>	<b>341,836</b>	<b>344,471</b>	<b>347,126</b>	<b>349,802</b>	<b>352,499</b>	<b>355,216</b>

<b>MergeCo</b>												
Residential	1,011,319	1,020,232	1,029,226	1,038,301	1,047,356	1,056,492	1,065,710	1,075,012	1,084,396	1,093,739	1,103,166	1,112,676
General Service < 50 kW	87,694	88,428	89,168	89,914	90,668	91,401	92,141	92,888	93,641	94,401	95,204	95,978
General Service > 50kW to 4999 kW	15,278	15,381	15,484	15,589	15,694	15,801	15,908	16,017	16,126	16,237	16,348	16,461
Large User	25	25	25	25	25	25	25	25	25	25	25	25
Unmetered Scattered Load	11,714	11,779	11,844	11,910	11,977	12,044	12,111	12,180	12,249	12,318	12,389	12,460
Sentinal Lighting	640	643	647	650	653	657	660	664	667	671	674	678
Street Lighting	258,508	260,017	261,541	263,078	264,630	266,197	267,778	269,374	270,985	272,611	274,252	275,908
Embedded Distribution	1	1	1	1	1	1	1	1	1	1	1	1
Distributed Generation	43	43	43	43	43	43	43	43	43	43	43	43
Energy from Waste Generation	1	1	1	1	1	1	1	1	1	1	1	1
Backup/Standby	1	1	1	1	1	1	1	1	1	1	1	1
Super Use	4	4	4	4	4	4	4	5	5	5	5	5
<b>Total</b>	<b>1,385,228</b>	<b>1,396,555</b>	<b>1,407,985</b>	<b>1,419,518</b>	<b>1,431,053</b>	<b>1,442,667</b>	<b>1,454,385</b>	<b>1,466,209</b>	<b>1,478,140</b>	<b>1,490,052</b>	<b>1,502,109</b>	<b>1,514,237</b>

**Billing Determinants**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>PowerStream</b>													
Residential	2,828,190,170	2,877,921,785	2,928,007,023	2,978,739,135	3,030,868,493	3,083,687,789	3,137,427,572	3,192,103,885	3,247,733,049	3,304,331,668	3,337,374,984	3,370,748,734	3,404,456,222
General Service < 50 kW	1,075,545,191	1,088,051,530	1,100,623,866	1,113,328,195	1,126,362,507	1,139,380,951	1,152,549,862	1,165,870,979	1,179,346,060	1,192,976,886	1,204,906,655	1,216,955,721	1,229,125,279
General Service > 50kW to 4999 kW	12,697,329	12,978,928	13,260,527	13,544,663	13,833,873	14,135,222	14,443,135	14,757,756	15,079,230	15,407,707	15,561,784	15,717,402	15,874,576
Large User	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221
Unmetered Scattered Load	13,457,713	13,775,576	14,147,163	14,572,473	15,055,984	15,463,229	15,881,489	16,311,062	16,752,255	17,205,382	17,377,436	17,551,210	17,726,722
Sentinal Lighting	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213
Street Lighting	183,160	186,500	189,860	193,257	196,737	200,286	203,899	207,577	211,321	215,133	217,284	219,457	221,652
<b>Total</b>													

	2016	2017	2018	2019	2020	2021							
<b>Enersource</b>													
Residential	1,554,881,961	1,567,010,041	1,579,232,719	1,591,550,734	1,603,964,830	1,616,475,755	1,629,084,266	1,641,954,032	1,654,925,469	1,667,999,380	1,681,176,575	1,692,608,576	1,704,118,314
General Service < 50 kW	646,855,448	654,941,141	661,818,023	668,767,112	675,789,167	682,884,953	690,055,245	693,643,532	697,250,478	700,876,181	704,520,737	708,184,245	711,795,985
General Service > 50kW to 4999 kW	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000
Large User	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
Unmetered Scattered Load	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400

	2016	2017	2018	2019	2020	2021							
<b>Hydro One Brampton</b>													
Residential	1,286,902,659	1,309,531,882	1,332,322,014	1,355,406,490	1,379,126,751	1,403,160,953	1,427,614,001	1,452,493,195	1,477,805,962	1,503,559,857	1,518,595,456	1,533,781,410	1,549,119,224
General Service < 50 kW	348,210,753	352,259,715	356,330,044	360,443,106	364,663,001	368,877,758	373,141,230	377,453,979	381,816,574	386,229,592	390,091,888	393,992,807	397,932,735
General Service > 50kW to 4999 kW	5,094,048	5,207,022	5,319,997	5,433,990	5,550,018	5,670,917	5,794,448	5,920,671	6,049,644	6,181,426	6,243,240	6,305,672	6,368,729
Large User	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200
Unmetered Scattered Load	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580
Super Use	-	-	-	-	-	-	-	-	-	-	-	-	-

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Horizon</b>													
Residential	1,648,107,555	1,661,560,605	1,675,516,030	1,688,773,134	1,701,791,287	1,714,909,792	1,728,129,424	1,741,450,960	1,754,875,188	1,768,402,898	1,782,034,889	1,795,771,964	1,809,614,933
General Service < 50 kW	592,420,176	594,696,469	597,061,184	599,307,812	603,927,664	608,583,128	613,274,479	618,001,995	622,765,953	627,566,635	632,404,323	637,279,304	642,191,864
General Service > 50kW to 4999 kW	5,235,875	5,302,258	5,369,553	5,439,933	5,481,867	5,524,125	5,566,709	5,609,620	5,652,863	5,696,439	5,740,351	5,784,601	5,829,192
Large User	626,465	626,465	626,465	626,465	631,294	636,161	641,065	646,006	650,986	656,004	661,061	666,157	671,292
Unmetered Scattered Load	11,397,660	11,397,660	11,397,660	11,397,660	11,485,521	11,574,058	11,663,279	11,753,187	11,843,788	11,935,087	12,027,091	12,119,803	12,213,231
Sentinal Lighting	1,241	1,241	1,241	1,241	1,251	1,260	1,270	1,280	1,290	1,300	1,310	1,320	1,330
Street Lighting	110,006	110,006	110,006	110,006	110,854	111,709	112,570	113,437	114,312	115,193	116,081	116,976	117,878
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976
Super Use	1,884,533	1,884,533	1,884,533	1,884,533	1,899,060	1,913,699	1,928,451	1,943,317	1,958,297	1,973,393	1,988,606	2,003,935	2,019,383

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>MergeCo</b>													
Residential	7,318,082,345	7,416,024,312	7,515,077,786	7,614,469,494	7,715,751,362	7,818,234,289	7,922,255,263	8,028,002,073	8,135,339,667	8,244,293,803	8,319,181,904	8,392,910,684	8,467,308,693
General Service < 50 kW	2,663,031,568	2,689,948,855	2,715,833,117	2,741,846,226	2,770,742,338	2,799,726,790	2,829,020,816	2,854,970,484	2,881,179,065	2,907,649,293	2,931,923,603	2,956,412,077	2,981,045,862
General Service > 50kW to 4999 kW	33,837,252	34,298,208	34,760,077	35,228,586	35,675,758	36,140,263	36,614,292	37,098,048	37,591,737	38,095,572	38,355,375	38,617,675	38,882,498
Large User	3,258,886	3,258,886	3,258,886	3,258,886	3,263,715	3,268,581	3,273,485	3,278,427	3,283,407	3,288,425	3,293,482	3,298,578	3,303,713
Unmetered Scattered Load	41,173,626	41,491,489	41,863,076	42,288,387	42,859,758	43,355,540	43,863,021	44,382,503	44,914,297	45,458,723	45,722,780	45,989,267	46,258,207
Sentinal Lighting	2,454	2,454	2,454	2,454	2,463	2,473	2,483	2,492	2,502	2,512	2,522	2,532	2,543
Street Lighting	467,151	470,491	473,851	477,249	481,577	485,980	490,454	495,000	499,618	504,311	507,351	510,418	513,514
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556
Super Use	1,884,533	1,884,533	1,884,533	1,884,533	1,899,060	1,913,699	1,928,451	1,943,317	1,958,297	1,973,393	1,988,606	2,003,935	2,019,383

**Billing Determinants**

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>PowerStream</b>											
Residential	3,438,500,784	3,472,885,792	3,507,614,650	3,542,690,796	3,578,117,704	3,613,898,881	3,650,037,870	3,686,538,249	3,723,403,631	3,760,637,667	3,798,244,044
General Service < 50 kW	1,241,416,531	1,253,830,697	1,266,369,004	1,279,032,694	1,291,823,021	1,304,741,251	1,317,788,663	1,330,966,550	1,344,276,216	1,357,718,978	1,371,296,167
General Service > 50kW to 4999 kW	16,033,322	16,193,655	16,355,592	16,519,148	16,684,339	16,851,183	17,019,694	17,189,891	17,361,790	17,535,408	17,710,762
Large User	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221	188,221
Unmetered Scattered Load	17,903,990	18,083,030	18,263,860	18,446,498	18,630,963	18,817,273	19,005,446	19,195,500	19,387,455	19,581,330	19,777,143
Sentinal Lighting	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213
Street Lighting	223,868	226,107	228,368	230,651	232,958	235,288	237,640	240,017	242,417	244,841	247,290
<b>Total</b>											

**Enersource**

Residential	1,715,706,319	1,727,373,122	1,739,119,259	1,750,075,710	1,761,101,187	1,772,196,125	1,783,360,960	1,794,596,134	1,804,825,332	1,815,112,837	1,825,458,980
General Service < 50 kW	715,426,144	719,074,817	722,742,099	726,428,084	729,188,510	731,959,427	734,740,873	737,532,888	740,335,513	744,481,392	747,310,421
General Service > 50kW to 4999 kW	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000	10,810,000
Large User	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
Unmetered Scattered Load	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400

**Hydro One Brampton**

Residential	1,564,610,417	1,580,256,521	1,596,059,086	1,612,019,677	1,628,139,874	1,644,421,272	1,660,865,485	1,677,474,140	1,694,248,881	1,711,191,370	1,728,303,284
General Service < 50 kW	401,912,062	405,931,183	409,990,494	414,090,399	418,231,303	422,413,616	426,637,752	430,904,130	435,213,171	439,565,303	443,960,956
General Service > 50kW to 4999 kW	6,432,416	6,496,740	6,561,708	6,627,325	6,693,598	6,760,534	6,828,139	6,896,421	6,965,385	7,035,039	7,105,389
Large User	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200	718,200
Unmetered Scattered Load	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253	5,818,253
Sentinal Lighting	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585	97,585
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580	54,580
Super Use	-	-	-	-	-	-	-	-	-	-	-

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Horizon</b>											
Residential	1,823,564,613	1,837,621,825	1,851,787,400	1,866,062,172	1,880,446,984	1,894,942,682	1,909,550,123	1,924,270,168	1,939,103,684	1,954,051,546	1,969,114,637
General Service < 50 kW	647,142,293	652,130,884	657,157,929	662,223,727	667,328,574	672,472,774	677,656,628	682,880,442	688,144,525	693,449,187	698,794,741
General Service > 50kW to 4999 kW	5,874,128	5,919,409	5,965,040	6,011,022	6,057,359	6,104,053	6,151,107	6,198,524	6,246,306	6,294,456	6,342,978
Large User	676,467	681,682	686,937	692,232	697,568	702,945	708,364	713,825	719,327	724,872	730,460
Unmetered Scattered Load	12,307,378	12,402,251	12,497,856	12,594,197	12,691,282	12,789,114	12,887,701	12,987,048	13,087,160	13,188,044	13,289,706
Sentinal Lighting	1,340	1,350	1,361	1,371	1,382	1,393	1,403	1,414	1,425	1,436	1,447
Street Lighting	118,786	119,702	120,625	121,555	122,492	123,436	124,387	125,346	126,312	127,286	128,267
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	-	-	-	-	-	-	-	-	-	-	-
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976	290,976
Super Use	2,034,949	2,050,636	2,066,444	2,082,373	2,098,425	2,114,601	2,130,902	2,147,328	2,163,881	2,180,562	2,197,371

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>MergeCo</b>											
Residential	8,542,382,132	8,618,137,259	8,694,580,395	8,770,848,355	8,847,805,749	8,925,458,961	9,003,814,439	9,082,878,691	9,161,581,529	9,240,993,421	9,321,120,944
General Service < 50 kW	3,005,897,031	3,030,967,580	3,056,259,526	3,081,774,903	3,106,571,409	3,131,587,068	3,156,823,916	3,182,284,010	3,207,969,425	3,235,214,860	3,261,362,286
General Service > 50kW to 4999 kW	39,149,866	39,419,805	39,692,339	39,967,495	40,245,296	40,525,770	40,808,941	41,094,836	41,383,481	41,674,903	41,969,130
Large User	3,308,888	3,314,103	3,319,357	3,324,653	3,329,989	3,335,366	3,340,785	3,346,246	3,351,748	3,357,293	3,362,881
Unmetered Scattered Load	46,529,621	46,803,534	47,079,969	47,358,949	47,640,498	47,924,641	48,211,400	48,500,801	48,792,869	49,087,628	49,385,103
Sentinal Lighting	2,553	2,563	2,574	2,584	2,595	2,605	2,616	2,627	2,638	2,649	2,660
Street Lighting	516,640	519,794	522,978	526,191	529,435	532,709	536,013	539,348	542,715	546,113	549,542
Embedded Distribution	-	-	-	-	-	-	-	-	-	-	-
Distributed Generation	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715	113,715
Energy from Waste Generation	-	-	-	-	-	-	-	-	-	-	-
Backup/Standby	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556	345,556
Super Use	2,034,949	2,050,636	2,066,444	2,082,373	2,098,425	2,114,601	2,130,902	2,147,328	2,163,881	2,180,562	2,197,371



**B-SEC-19**

**Reference(s): Exhibit B, Tab 6, Schedule 1, p. 4 and Attachment 2, p. 9**

**Preamble:**

- a) 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.

**Response:**

- 1 Please see the Applicants' response to Interrogatory B-SEC-11e).

**B-SEC-20**

**Reference(s): Exhibit B, Tab 6, Schedule 2, p. 1**

**Preamble:**

- a) **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.**

**Response:**

- 1 a) Please see the Applicants’ response to Interrogatory B-STAFF-9a) for a breakdown of the  
2 consolidation costs.  
3  
4 The Applicants confirm that the costs “borne by each of the Applicants”, i.e., the transaction  
5 development costs, are not included in the \$96.3MM of consolidation costs.  
6  
7 The Applicants have not provided the quantum of the transaction development costs, as this  
8 is not being borne by ratepayers and is therefore out of scope.

**B-SEC-21**

**Reference(s): Exhibit B, Tab 6, Schedule 2, p. 2, Figure 28**

**Preamble:**

- a) 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.

**Response:**

- a) Please see the Applicants' response to Interrogatory B-AMPCO-6c) for the forecast of FTEs by category in the merged scenario. An employee forecast, in the form stipulated by the Board in Appendix 2-K, for the period until the next rebasing, does not exist. The time and resources required to attempt to develop employee forecasts until the next rebasing for each of the Applicants and HOBNI in the form of Appendix 2-K would place an onerous and unreasonable burden on the Applicants that would be significantly disproportionate to the value, if any, of the information that might be provided as a result of this very time consuming effort.

Table 1 below provides the forecast payroll savings, by employee category, of \$306.9MM for the ten years post consolidation.

**Table 1-Payroll Savings 2016-2025**

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Executive Managment	565,105	1,024,615	1,670,295	1,660,336	1,918,138	1,918,138	1,918,138	1,918,138	1,918,138	1,918,138
Management	2,172,122	5,471,002	8,267,448	8,957,406	9,702,558	9,702,558	9,702,558	9,702,558	9,702,558	9,702,558
Non-union	332,968	1,872,046	5,507,838	6,852,361	7,455,733	7,455,733	7,455,733	7,455,733	7,455,733	7,455,733
Union	3,645,444	9,142,442	12,473,283	17,151,944	17,628,979	17,628,979	17,628,979	17,628,979	17,628,979	17,628,979
Total	6,715,639	17,510,104	27,918,864	34,622,047	36,705,409	36,705,409	36,705,409	36,705,409	36,705,409	36,705,409

**B-SEC-22**

**Reference(s): Exhibit B, Tab 6, Schedule 3, p. 1**

**Preamble:**

- a) 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.**

**Response:**

- 1 a) Please see the Applicants' response to Interrogatory B-Staff-28a). The forecast future cash  
2 flows as used in the valuation model were used in deliberations and negotiations leading up  
3 to the final transaction and will not be provided, in accordance with the OEB's *Handbook to*  
4 *Electricity Distributor and Transmitter Consolidations*.

**B-SEC-23**

**Reference(s): Exhibit B, Tab 6, Schedule 5, p. 5**

**Preamble:**

- a) 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.**
- b) 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.**

**Response:**

- 1 a) The forecasts of net income, shareholder benefits, distribution revenues and customer  
2 benefits assume a 4% cost of debt for the HOBNI acquisition.  
3
- 4 b) The excel model used for the Business Case Model was prepared by Deloitte consultants.  
5 There was discussion on the appropriate interest rate to use and 4% was agreed upon  
6 based on market forecasts at that time. There was no modeling performed at various fixed  
7 rate levels.

**B-SEC-24**

**Reference(s): Exhibit B, Tab 6, Schedule 6**

**Preamble:**

**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.**

**Response:**

1  
2 a) The Applicants confirm that all of the current debt of the Applicants is expected to be  
3 retained in either LDC Co or Merge Co with the exception of the debt issued by  
4 Infrastructure Ontario ("IO") to Collingwood Utilities and the Solar division of  
5 PowerStream Inc. Collingwood Utilities and the Solar division of PowerStream Inc.  
6 currently qualify for financing of capital investments by IO as municipal corporations  
7 which meet the following criteria: *"Section 142 of the Electricity Act, 1998, all the shares*  
8 *of which are held by one or more municipal corporations."*

9  
10 BPC Energy Corporation ("Borealis"), a wholly owned subsidiary of the Ontario  
11 Municipal Employees Retirement System ("OMERS") currently owns 10% of Enersource  
12 Corporation (Exhibit B, Tab 1, Schedule 1, page 3) and is not a municipal corporation.  
13 Borealis will own 3% of the proposed consolidated entity (Exhibit B, Tab 5, Schedule 1,  
14 page 6). As such, LDC Co will no longer qualify for financing by IO; the IO debt issued  
15 to Collingwood Utilities and the Solar division of PowerStream Inc. may have to be  
16 repaid prior to maturity.  
17

b) There are no plans or proposals to refinance the debt of the consolidated companies after closing at current rates. The Applicants will cause LDC Co to work diligently to establish a new Holdco trust indenture, within the first year of operations, under which Holdco will issue long-term debt instruments to replace the short term financing for the HOBNI acquisition and provide a more permanent source of financing for its long-term assets (Exhibit B, Tab 6, Schedule 5, page 4).

c) As stated in the Applicants' response to part b) above, LDC Co/ MergeCo is not planning to refinance the existing debt of the consolidated companies. The Applicants confirm that 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.

**B-SEC-25**

**Reference(s): Exhibit B, Tab 7, Schedule 2, p. 1**

**Preamble:**

- a) 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.

**Response:**

- 1 a) Please also see the Applicants' responses to Interrogatories ATTACH2-BOMA-16iii) and  
2 B-CCC-2.



**B-SEC-26**

**Reference(s): Exhibit B, Tab 7, Schedule 2, p. 2**

**Preamble:**

- a) 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.**

**Response:**

- 1 a) The Applicants are not proposing changes to rates (with the exception of the treatment  
2 of existing rate riders) in this Application, as issues related to rate-making are not in  
3 scope for this proceeding.

**ATTACH2-SEC-27**

**Reference(s): Attachment 2, p.3**

**Preamble:**

**a) Please provide the full financial model referred to, in live Excel format.**

**Response:**

- 1 a) This is being provided in confidence for the reasons and on the terms set out in the
- 2 covering letter.

**ATTACH2-SEC-28**

**Reference(s): Attachment 2, p. 6**

**Preamble:**

**a) Please provide the full calculation of each of the figures on this table.**

**Response:**

- 1 a) Please see the Applicants' response to Interrogatory ATTACH2-SEC-27.

**ATTACH2-SEC-29**

**Reference(s): Attachment 2, p. 9**

**Preamble:**

**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																								

Sources: Attachment 2, pages 6, 8 and 9

## Response:

1 a) The table is analyzed as follows under each of its headings:

2

3 *Distribution Revenue vs. Status Quo*

4 The Applicants confirm these results.

5

6 *DX Revenue Savings*

7 The “% of DX Revenue” descriptor is more properly characterized as “Cumulative Dx  
 8 Revenue Savings as a percentage of Cumulative Merged Distribution Revenue”.

9

10 Otherwise, the Applicants confirm these results.

*Dx Bills per Customer*

The Applicants confirm these results.

*Savings per Customer*

The “% of Dx Bills” is more properly characterized as “Cumul Savings per Customer/ Cumul Merged Dx Bills per Customer” based on the formulas in the reference table.

Savings should be determined based on *status quo* Dx Bills per Customer (rather than the Merged statistic used by SEC). There is one small data change identified in red below.

Savings Per Customer		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual		- 4	2	3	4	14	27	31	38	35	32	63	61
Cumulative	(a)	-	2	1	5	19	46	77	115	150	182	245	306
DX Bills per Customer (\$)		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Status Quo		519	540	550	560	581	603	617	635	641	648	660	673
Cumulative	(b)		1,059	1,609	2,169	2,750	3,353	3,970	4,605	5,246	5,894	6,554	7,227
% of Dx Bills	= (a) / (b)			0.06%	0.23%	0.69%	1.37%	1.94%	2.50%	2.86%	3.09%	3.74%	4.23%

Savings Per Customer		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Annual		59	57	56	57	57	58	59	59	60	61	61	62
Cumulative	(a)	365	422	478	535	592	650	709	768	828	889	950	1,012
DX Bills per Customer (\$)		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Status Quo		687	701	713	729	742	755	768	775	787	800	813	827
Cumulative	(b)	7,914	8,615	9,328	10,057	10,799	11,554	12,322	13,097	13,884	14,684	15,497	16,324
% of Dx Bills	= (a) / (b)	4.61%	4.90%	5.12%	5.32%	5.48%	5.63%	5.75%	5.86%	5.96%	6.05%	6.13%	6.20%

*Net Income vs. Status Quo*

The Applicants confirm these results.

The Applicants provide the following clarification on the basis of these statistics:

The *status quo* net income is the aggregate net income of the merging parties: Horizon Holdings Inc.; Enersource Corporation; and PowerStream Inc. Such net income includes both regulated and non-regulated income but excludes the non-regulated income corresponding to the PowerStream Inc. Solar/PV assets.

The “Merged” net income is based on: the *status quo* net income; merger costs and savings; and the acquired net income of HOBNI net of corresponding acquisition financing costs.

*Increased Income to Shareholders*

The “% Income Increases” is more properly characterized as “Cumul Increased Income to Shareholders/ Cumul Status Quo Net Income” based on the formulas in the reference table.

Otherwise, the data is confirmed.

A portion of the increase in “% Income Increases” is attributable to the acquired net income of HOBNI net of corresponding acquisition financing costs.

*Income as % of Distribution Revenues*

The Applicants confirm these results.

The difference between the Merged and *status quo* statistics is as follows:

- From 2016-2025: i) merger savings less costs; ii) the acquired net income of HOBNI net of corresponding acquisition financing costs;
- From 2026-2039: the acquired net income of HOBNI net of corresponding acquisition financing costs.

*Benefit as % of Distribution Revenues*

The Applicants confirm these results.

However, the Applicants fail to see the relevance/ meaningfulness of computing a Shareholder benefit relative to Distribution Revenues. Please refer to the analysis under *Income as % of Distribution Revenues*. The only contributing factor to increased shareholder income post-rebasing is the income contribution of the former HOBNI rate base net of financing costs.

- b) Please see the Applicants’ response to Interrogatories B-Staff-3b and B-SEC-18 for a detailed list of assumptions used.

c) The Applicants confirm that the annual and cumulative shareholder and customer benefits in Table 3 are a fair representation of those benefits as currently forecast, other than as further analyzed or qualified in a) above.

d) The rationale for the allocation of the benefits is as follows:

- i. With respect to costs incurred and retention of savings by shareholders, such is consistent with Board rate-making associated with distributor consolidation;
- ii. With respect to the ongoing income associated with the acquisition of HOBNI rate base, such is consistent with the notion that shareholders, and not ratepayers, incurred the cost of acquiring such rate base;
- iii. Shareholders of the acquiring parties accepted the merger and acquisition on the basis of i. and ii. with further recognition of the associated risks of realizing the savings/benefits along the timelines and in amounts provided for in the business case.

e) Section 1(1) of the *Ontario Energy Board Act, 1998* ("OEBA") identifies the objectives of the Board with respect to carrying out its responsibilities in relation to electricity. Such objectives include:

- *"To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service";*
- *"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."*

The concepts of "appropriateness", "public interest", and "just and reasonable" in the context of the Interrogatory are matters that are the direct responsibility of the OEB in setting its policies including rate-making associated with distributor consolidation. The OEB's policies incorporate these concepts and the Applicants do not presume to offer anything further with respect to OEB policy and underlying rationale other than reference thereto.



92        Lastly, the Applicants note that shareholders may recover costs and savings for a finite ten  
93        year period under OEB policy, while customers continue to benefit from the savings in  
94        perpetuity thereafter.

**MPA-SEC-30**

**Reference(s): Merger Participation Agreement, p. 5**

**Preamble:**

**a) Please advise the status of the Competition Act Approval.**

**Response:**

- 1 a) Please see the Applicants' response to Interrogatory A-VECC-7.

**MPA-SEC-31**

**Reference(s): Merger Participation Agreement, p. 7**

**Preamble:**

- a) Please provide a copy of the Corporation Shareholders Agreement in its current draft form.**
- b) Please provide copies of the current Enersource Shareholder Agreement, Horizon Shareholder Agreement, and Powerstream Shareholders Agreement.**

**Response:**

- 1 a) The Corporation Shareholders Agreement exists only in draft form and remains the subject  
2 of negotiations.

3 The draft agreement is not relevant to this proceeding based on the guidance provided by  
4 the OEB at pages 9-10 of its *Handbook to Electricity Distributor and Transmitter*  
5 *Consolidations* (the "Handbook"), dated January 19, 2016. At page 9, the OEB states that  
6 the following information should not be filed as it is not considered relevant to the  
7 proceeding:

8  
9 *"Draft share purchase agreements and other draft confidential agreements*  
10 *and documents utilized in the course of the negotiation process."*  
11

12 Because the draft agreement is among the documents that the OEB does not consider  
13 relevant to the proceeding, it is not being filed.

- 14 b) Schedule 2 to the Handbook consists of the Filing Requirements for consolidation  
15 applications. On page 5, the Filing Requirements direct applicants to *"Provide all final legal*  
16 *documents to be used to implement the proposed transaction."* The current Enersource  
17 Shareholder Agreement, Horizon Shareholder Agreement, and PowerStream Shareholders  
18 Agreement are not among those documents. The documents setting out the current  
19 relationships between the Applicants and their respective shareholders are not relevant to  
20 this proceeding because, as the OEB states at page 9 of the Handbook, "the application of

21 the 'no harm' test is limited to the effect of the proposed transaction before the OEB when  
22 considered in light of the OEB's statutory objectives."

**MPA-SEC-32**

**Reference(s): Merger Participation Agreement, p. 30, 33**

**Preamble:**

- a) 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.**
- b) Please confirm that in this agreement both amounts include unregulated businesses as well as the regulated businesses.**

**Response:**

1 a) The Deemed Working Capital Allowance ("WCA") for rate-making purposes in the model, as  
2 at the assumed closing date of December 31, 2015, is effectively 13% based on the Board  
3 approved benchmark. In fact, since the parties have selected a ten year re-basing deferral  
4 period, this WCA value assumption has no implication to rates until the first re-basing in year  
5 eleven post-merger (2026 in the model).

6  
7 The model provides an assumed WCA for rate-making purposes in 2026 (year 11 post-  
8 merger) of 7.5%. The 2026 WCA rate assumption was set with recognition of the Board's  
9 June 3, 2015 letter that established a WCA default value of 7.5% and that all parties will be  
10 on monthly billing and, as a consequence, regulatory working capital requirements will be  
11 lower at that time. The 2026 WCA rate assumption of 7.5% has been used consistently for  
12 both merged and status quo rate revenue scenarios presented in the Application.

13  
14 Regulatory WCA is established based on lead-lag studies that, among other evaluations,  
15 examine leads and lags between cash inflows and outflows over a period of time.

16  
17 The actual closing adjustment with respect to working capital ("WC Adjustment") provided in  
18 section 2.3(4)(a) of the Merger Participation Agreement ("MPA") is determined without  
19 reference to the Board-approved deemed WCA.

20 The WC Adjustment is effectively based on the difference between: i) an accounting based  
21 computation of working capital; less ii) a 5% allowance applied to the sum of Cost of Power  
22 ("COP") and Operations, Maintenance and Administrative ("OM&A") expense. Such  
23 adjustment will include non-regulated balances in i) and ii). This is effectively a point-in-time  
24 adjustment as of the closing date. An illustration of this calculation is provided in Schedule  
25 2.3 of the MPA.

26  
27 This approach to the WC Adjustment is not intended to be a proxy for or somehow align to  
28 the determination of WCA allowance for regulatory purposes. This approach was resolved,  
29 somewhat arbitrarily, to normalize the balance sheets of the parties prior to closing with  
30 corresponding closing adjustments. The 5% value was a negotiated outcome.

31  
32 b) The WC Adjustment includes non-regulated balances. Please refer to the following sections  
33 of the MPA: 2.3(4)(a); 2.3(6)(d); 2.3(6)(i).

**MPA-SEC-33**

**Reference(s): Merger Participation Agreement, p. 48, 55, 59**

**Preamble:**

**a) 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.**

**Response:**

Please find attached the 2015 Audited Financial Statements and Quarter 1 unaudited statements for the following entities in the below mentioned appendices:

- MPA-SEC-33-ATTACH1: Horizon Holdings Inc. Annual Audited 2015 Financial Statements
- MPA-SEC-33-ATTACH2: Horizon Holdings Inc. Unaudited 2016 Quarter 1 results
- MPA-SEC-33-ATTACH3: Horizon Utilities Corporation Annual Audited 2015 Financial Statements
- MPA-SEC-33-ATTACH4: Horizon Utilities Corporation Unaudited 2016 Quarter 1 results
- MPA-SEC-33-ATTACH5: Enersource Corporation Annual Audited 2015 Financial Statements
- MPA-SEC-33-ATTACH6: Enersource Corporation Unaudited 2016 Quarter 1 results
- MPA-SEC-33-ATTACH7: Enersource Hydro Mississauga Inc. Annual Audited 2015 Financial Statements
- MPA-SEC-33-ATTACH8: Enersource Hydro Mississauga Inc. Unaudited 2016 Quarter 1 results
- MPA-SEC-33-ATTACH9: PowerStream Holdings Inc. Annual 2015 Audited Financial Statements
- MPA-SEC-33-ATTACH10: PowerStream Holdings Inc. Unaudited 2016 Quarter 1 results
- MPA-SEC-33-ATTACH11: PowerStream Inc. Annual 2015 Audited Financial Statements
- MPA-SEC-33-ATTACH12: PowerStream Inc. Unaudited 2016 Quarter 1 results

**MPA-SEC-34**

**Reference(s): Merger Participation Agreement, p. 48**

**Preamble:**

- a) 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.

**Response:**

- 1 a) The Merger Participation Agreement provides that the decision by the OEB on  
2 PowerStream's rate application shall not have a Material Adverse Effect on LDC Co. The  
3 definition of Material Adverse Effect does not refer to a threshold of \$250,000. Rather the  
4 definition is:  
5  
6 ***"Material Adverse Effect means: .... (e) where used in respect of Merge Co***  
7 ***LDC, a material adverse effect on Merge Co LDC or its business or the***  
8 ***operations, assets, liabilities, capital, property, condition (financial or otherwise)***  
9 ***or results of operation of the business of Merge***  
10 ***Co LDC"***



**MPA-SEC-35**

**Reference(s): Merger Participation Agreement, p. 59**

**Preamble:**

**a) Please provide a copy of the Non-Disclosure Agreement.**

**Response:**

- 1 a) The Applicants have attached a copy of the Non-Disclosure Agreement as MPA-SEC-HÍ Ě
- 2 ATTACH1.

## CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT made in triplicate this 15<sup>th</sup> day of December, 2014, between and among Enersource Corporation, PowerStream Holdings Inc. and Horizon Holdings Inc. (individually also referred to as a "Party" and collectively referred to as "Parties").

WHEREAS the Parties wish to enter into discussions with each other concerning the possibility of amalgamating or otherwise combining themselves and/or their subsidiaries and/or affiliates which possible amalgamation or business combination is hereinafter referred to as ("the Project").

AND WHEREAS in the course of their dealings with each other to discuss the Project, each Party would be disclosing, to the others, information which it considers proprietary or sensitive but which it wishes to disclose to the others solely for the purposes of the Project:

AND WHEREAS each of the Parties wishes to maintain its proprietary rights to and the confidentiality of the information it discloses to the others solely for the purposes of the Project.

NOW THEREFORE in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties agree as follows:

1. For the purposes of this Agreement, the following definitions will apply:

- (a) "Confidential Information" means all information, whether transmitted orally, electronically or in written form, relating to the business, operations, processes or technology of the Disclosing Party or any of its affiliates, which shall include but not be limited to all data, reports, memorandums, interpretations, financial statements, forecasts and records containing or otherwise reflecting information concerning the Disclosing Party or any of its subsidiaries or affiliates which the Receiving Party or its Representatives may receive from the Disclosing Party in the course of discussions, and whether or not marked confidential, including without limitation, general business and marketing plans and strategies (including pricing policies, cost and profit information, customer information, supplier information and the like), financial models, product development plans, information relating to the design of equipment or facilities or products, trade secrets, together with other documents, which contain or otherwise reflect information regarding the Disclosing Party and/or any of its affiliates, which the Disclosing Party (and/or its affiliates) treats as confidential or proprietary. Without limiting the generality of the foregoing, Confidential Information shall specifically include the information and fact that discussions, negotiations and/or investigations are taking place between and among the Parties in respect of the Project, the status, terms, conditions or any other facts with respect to the Project and the fact that the Receiving Party (or any of its Representatives) has been provided with the Confidential Information;
- (b) "Disclosing Party" means the Party disclosing the Confidential Information;
- (c) "person" shall include individuals, trusts, partnerships, firms and corporations or any other legal entity;
- (c) "Receiving Party" means the Party receiving Confidential Information and such of its Representatives;
- (d) "Representative" means a person controlling or controlled by or under common control of a Party and each of the respective directors, officers, employees, consultants, agents or financial or professional advisers of a Party or of such person.

2. **Recitals**

The recitals in this Agreement are acknowledged as true and correct in substance and in fact and are hereby incorporated into and form part of this Agreement.

3. **Exchange of Confidential Information**

Pursuant to the terms and conditions contained herein, each of the Parties may disclose at its sole discretion and may receive Confidential Information for the purposes of the Project. Notwithstanding any such disclosure, the Confidential Information shall remain the sole and exclusive property of the Disclosing Party that has disclosed the Confidential Information and the Disclosing Party shall retain all right, title and interest in and to the Confidential Information it has disclosed to the Receiving Party. The Receiving Party shall at all times maintain the Confidential Information in strict confidence and shall use the Confidential Information solely for purposes of the Project. In addition, the Receiving Party shall not, subject to section 5 below, publish, reproduce, copy, disseminate or disclose the Confidential Information to others without the Disclosing Party's prior written consent.

4. **Information that is not confidential**

Confidential Information shall not include information which:

- (a) is previously known to or lawfully in the possession of the Receiving Party prior to the date of disclosure as evidenced by the Receiving Party's written record;
- (b) is independently known to or discovered by the Receiving Party, without any reference to the Confidential Information;
- (c) is obtained by the Receiving Party from an arm's length third party having a bona fide right to disclose same and who was not otherwise under an obligation of confidence or fiduciary duty to the Disclosing Party or its Representatives;
- (d) is or becomes public knowledge through no fault or omission of, or breach of this Agreement by, the Receiving Party or its Representatives; or
- (e) is required to be disclosed pursuant to a final judicial or governmental order or other legal process.

The onus of establishing the existence of any of the foregoing exceptions shall be on the Party wishing to rely on any such exception.

5. Disclosure to Representatives

The Receiving Party is permitted to disclose the Confidential Information only to such of its Representatives who need to know the Confidential Information for the purposes of the Project and only if such Representatives have agreed in writing or are otherwise contractually bound to the Receiving Party to be bound by the terms hereof or have entered into an agreement with the Receiving Party that includes confidentiality obligations that are no less stringent than those contained in this Agreement. The Receiving Party hereby specifically covenants and agrees that it shall ensure that its Representatives comply with and are bound by the terms and conditions of this Agreement. The Receiving Party further covenants and agrees that it shall defend, indemnify and hold harmless the Disclosing Party and its successors and assigns, its employees, agents, contractors and subcontractors from and against all suits, actions, damages, claims and costs arising out of any breach of this Agreement by the Receiving Party or any of its Representatives. For greater certainty it is acknowledged and agreed that neither Party nor any of its Representatives shall be entitled at any time, or for any reason whatsoever, to disclose any of the other Party's Confidential Information to any third party whatsoever.

6. Compelled Disclosure

In the event that a Receiving Party, or anyone to whom a Receiving Party transmits Confidential Information pursuant to this Agreement or otherwise, becomes legally compelled to disclose any Confidential Information, the Receiving Party will provide the Disclosing Party with prompt notice so that the Disclosing Party may seek injunctive relief or other appropriate remedies and/or waive compliance with the provisions of this Agreement. In the event that the Disclosing Party is unable to obtain injunctive relief or other remedies, the Receiving Party will exercise reasonable efforts to prohibit the further transmission of the Confidential Information. In the event that both Parties are unable to prevent the further transmission of the Confidential Information, the Receiving Party will, or will use reasonable efforts to cause such person to whom the Receiving Party transmitted the Confidential Information to furnish only that portion of the Confidential Information which the Receiving Party is advised by written opinion of counsel is legally required to be furnished by the Receiving Party to such person and exercise reasonable efforts to obtain assurances that confidential treatment will be afforded to that portion of the Confidential Information so furnished.

7. Records with respect to Confidential Information

The Receiving Party shall keep a record of all written Confidential Information furnished to it and of the location of such Confidential Information. All Confidential Information, including that portion of the Confidential Information which is contained in analyses, compilations, studies or other documents prepared by the Receiving Party or by its Representatives, is the Disclosing Party's property and will be returned immediately to the Disclosing Party upon its request or at its option, may be destroyed with the Receiving Party providing a certificate to the Disclosing Party confirming such destruction. The Receiving Party agrees not to retain any copies, extracts or other reproductions in whole or in part save for one copy which may be retained by its legal counsel for archival purposes. The Receiving Party shall not make copies of the Confidential Information unless it receives the written authorization of the Disclosing Party to make such copies.

8. Liability of Disclosing Party

The Disclosing Party shall not be deemed to have made any representation or warranty as to the accuracy or completeness of any Confidential Information furnished hereunder. The Disclosing Party shall have no liability to the Receiving Party resulting from its use of the Confidential Information, unless such liability is created under some further contractual obligation between and among the Parties. Further, each Party agrees that it shall assume full responsibility for all conclusions it derives from the Confidential Information. The Disclosing Party nor any of its Representatives shall have any liability with respect thereto.

... Receiving Party agrees that Disclosing Party would be irreparably injured by a breach of this Agreement and that the Disclosing Party shall be entitled to equitable relief, including a restraining order, injunctive relief, specific performance and/or other relief as may be granted by any court to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any action instituted in any court having subject matter jurisdiction, in addition to any other remedy to which the Disclosing Party may be entitled at law or in equity in the event of any breach of the provisions hereof. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available at law or equity.

#### 10. Assignment

No Party may assign this Agreement nor any of its rights and obligations hereunder without the prior written consent of the other Parties, which consent may be unreasonably withheld. Subject to the foregoing, this Agreement shall extend to, be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

#### 11. Term

This Agreement shall be effective as of the date written above and shall remain in force for a period of five (5) years from the said date unless otherwise agreed in writing between and among the Parties.

#### 12. Notices

Notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been properly given four business days after dispatch by registered mail, the first business day after dispatch by fax transmission, addressed to the Party to whom it was sent at the address, or fax number, of such Party set forth below or at such other address or fax as the Party shall subsequently designate to the other Parties by notice given in accordance with this paragraph, or on the date of actual delivery if delivered by hand or by courier.

##### In respect of Enersource Corporation

3240 Mavis Rd., Mississauga, Ontario L5C 3H1

Attention: Peter Gregg  
Title: President and CEO  
Telephone: (905) [283-4071]  
Fax: (905) [566-2701]

##### In respect of Horizon Holdings Inc.

55 John Street North, Hamilton, Ontario L8R 3N3

Attention: Max Cananzi  
Title: President and CFO  
Telephone: (905) [317-4762]  
Fax: (905) [522-0119]

##### In respect of PowerStream Holdings Inc.

161 Cityview Blvd.  
Vaughan, Ontario L4H 0A9

Attention: Brian Bentz  
Title: President and CEO  
Telephone: (905) 532-4616  
Fax: (905) 532-4616

### 13. Severability

If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provision of this Agreement which shall otherwise remain in full force and effect and be enforced in accordance with its terms and the effect of such holding, declaration or pronouncement shall be limited to the territory or jurisdiction in which made.

### 14. No Waiver

The failure of any Party to exercise any right, power or option or to enforce any remedy or to insist upon the strict compliance with the terms, conditions and covenants under this Agreement shall not constitute a waiver of the terms, conditions and covenants herein with respect to that or any other or subsequent breach thereof nor a waiver by the Party at any time thereafter to require strict compliance with all terms, conditions and covenants hereof, including the terms, conditions and covenants with respect to which the Party has failed to exercise such right, power or option. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the Party which expressly or impliedly waives a right, power or option under this Agreement.

### 15. Announcements

Except as required by law, no public announcement, press release, or other public disclosure concerning this Agreement or the Confidential Information provided pursuant to this Agreement shall be made by any Party, without the consent and approval of the others. Each Party may take such actions as it deems necessary to prevent such disclosure if in its sole opinion such disclosure is not mandatory. No Party shall make any statements or submissions on behalf of the others concerning this Agreement, the Confidential Information or the Project, without the express written consent of the others.

### 16. Entire Agreement

This Agreement constitutes the entire agreement between and among the Parties respecting the subject matter hereof and supersedes all prior negotiations, representations, understanding or agreements, written or oral, between and among the Parties.

### 17. Amendment

No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the Parties with the same degree of formality as the execution of this Agreement.

### 18. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein, and the Parties irrevocably attorn to the exclusive jurisdiction of the courts of Ontario in the event of a dispute hereunder.

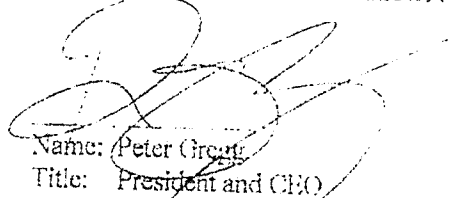
erparts

9.

This Agreement may be executed in one or more counterparts and/or by fax, each of which shall be deemed an original and together shall constitute one and the same agreement.


IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed, as of the date first written above, by their respective representatives duly authorized in that behalf.

ENERSOURCE CORPORATION



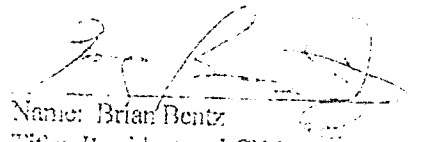
Name: Peter Grotz  
Title: President and CEO  
I have authority to bind the Corporation.

HORIZON HOLDINGS INC.



Name: Max Caranzy  
Title: President and CEO  
I have authority to bind the Corporation.

POWERSTREAM HOLDINGS INC.



Name: Brian Bentz  
Title: President and CEO  
I have authority to bind the Corporation.

**MPA-SEC-36**

**Reference(s): Merger Participation Agreement, p. 62**

**Preamble:**

**a) Please describe the current status of the co-branding strategy. If it has been completed, please file a copy.**

**Response:**

- 1 a) The co-branding strategy will be developed as part of LDC Co's overall branding strategy,
- 2 which is currently being developed.



**MPA-SEC-37**

**Reference(s): Merger Participation Agreement, p. 63**

**Preamble:**

**a) Please advise the persons appointed to the Transitional Committee by each party, and the budget for that committee.**

**Response:**

- 1 a) The Transitional Committee's authority ends upon the closing of the consolidation. The
- 2 Transitional Committee's composition and budget are beyond the scope of this Application.

**MPA-SEC-38**

**Reference(s): Merger Participation Agreement, p. 63**

**Preamble:**

- a) 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.**

**Response:**

- 1 a) The “initial strategic plan” is in the early stages of planning and development. Ongoing
- 2 discussions will be taking place over the next few months to develop and plan the initial
- 3 strategy for both the regulated and non-regulated business, which will lead to the
- 4 development of the initial strategic plan.

**MPA-SEC-39**

**Reference(s): Merger Participation Agreement, p. 79**

**Preamble:**

**a) 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.**

**Response:**

1 Shareholder approvals were given on the basis of both a merger of the parties and an  
2 acquisition of HOBNI. In the event that it is clear that the acquisition will not close, and the  
3 merger has not yet closed at the time of such determination, then parties would be compelled to  
4 revisit the merger transaction with respective shareholders.

5  
6 Section 4.3(4) of the Share Purchase Agreement ("SPA") provides that the Purchaser or the  
7 Vendor may terminate such if the Closing (as defined therein) has not occurred by the end of  
8 December 31, 2016. Consequently, there is a risk that the purchase/ sale of HOBNI may not be  
9 realized if the Board does not approve the Application with sufficient time to conclude the  
10 purchase/ sale of Hydro One Brampton by December 31, 2016.

11  
12 Section 8.1(1) of the Merger Participation Agreement ("MPA") provides that any of the municipal  
13 holding companies may terminate the merger in the event that the Share Purchase Agreement  
14 is terminated.

15  
16 Consequently, it is imperative to the Parties that the OEB approve the Application reasonably in  
17 advance of December 31, 2016, such that both transactions under the MPA and SPA can close  
18 by December 31, 2016. Otherwise, there is a clear risk inherent in the provisions to the MPA  
19 and SPA that both transactions may fail.

20  
21 The above notwithstanding, the Applicants cannot confirm any intention of the Applicants to  
22 terminate the MPA at some future date.

**MPA-SEC-40**

**Reference(s): Merger Participation Agreement, p. 87**

**Preamble:**

**a) 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.**

**Response:**

a) As confirmed in the *Handbook to Electricity Distributor and Transmitter Consolidations* (page 8), incremental transaction costs for a MAADs transaction are generally not recoverable through rates. Such costs were addressed in the Application, as follows:

*"Each of the Applicants retained its own legal and financial advisors. Additionally, the Applicants engaged joint legal and financial advisors to facilitate the development of the consolidation. Such costs are borne by each of the Applicants and do not carry into the new merged entity. These costs are not recoverable by the Applicants through electricity distribution rates."*

Given that these transaction costs do not carry into the merged entity and are not recoverable by the Applicants through electricity distribution rates, detailed information about the costs has no relevance to the application of the no harm test, which is limited to the effect of the proposed transaction when considered in light of the OEB's statutory objectives.

In any case, the Applicants confirm that no party to the agreement was obligated to pay any brokerage fees, commissions, or finder's fees in connection with the transactions.

**CAA-SEC-41**

**Reference(s): Corporation Amalgamation Agreement, p. 6**

**Preamble:**

**a) Please provide a list of the expected directors and officers of the Amalgamated Corporation after the Closing Date.**

**Response:**

- 1
- 2 a) The officers and directors of the Amalgamated Corporation (LDC Co.) have not yet been
- 3 determined, save and except for:
- 4
- 5
- 6
- Brian Bentz, President and CEO (designate), Holdco
  - Max Cananzi, President (designate), LDC Co
  - Peter Gregg, President (designate), Innovation, Growth and Corporate Services

**AA-SEC-42**

**Reference(s): Merge Co LDC Amalgamation Agreement, p. 4**

**Preamble:**

- a) 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.

**Response:**

- 1 a) The Unanimous Shareholder Agreement, referred to in the Merger Participation Agreement,
- 2 is still in draft form only.

**AA-SEC-43**

**Reference(s): Merge Co LDC Amalgamation Agreement, p. 5**

**Preamble:**

- a) Please provide a list of the expected directors and officers of the Amalgamated Corporation (LDC Co) after the Closing Date.**

**Response:**

- 1 a) Please see the Applicants' response to Interrogatory CAA-SEC-41.