



August 30, 2016

**By RESS and Courier**

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON, M4P 1E4

Dear Ms. Walli;

**Re: Enersource, Horizon Utilities and PowerStream (collectively, the “Applicants”) MAADs Application (EB-2016-0025)**

On August 24<sup>th</sup>, 2016, the Ontario Energy Board (“OEB” or the “Board”) held a Technical Conference for the Applicants’ MAADs Application. In the Technical Conference, the Applicants agreed to provide responses to undertakings JTC1.1 through JTC1.19.

Attached herewith, the Applicants provide their complete responses to those undertakings. Please note, that undertaking JTCx1.5 and JTCx1.17 were identified in the Technical Conference as containing potentially confidential information. They are being filed in confidence with the Board in hard copy. They will be provided to any party that has signed the Board’s Declaration and Undertaking on Confidentiality.

Undertaking JTC1.1 relates to the Business Case Model. The Applicants had a conference call with the representative from the School Energy Coalition. A pdf file for the Business Case Model will be provided by no later than August 31, 2016, through the OEB’s RESS system.

A live excel file is being provided for the response to Undertaking JTC1.3.

Finally, in advance of the Oral Hearing, which is scheduled to commence on September 7, 2016, the Applicants provide one additional curriculum vitae for Ms. Kathy Lerette, who will be added to Panel 2 – Operations Panel.

If you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,

Indy J. Butany-DeSouza, MBA  
Vice President, Regulatory Affairs  
Horizon Utilities Corporation

Gia M. DeJulio  
Enersource Hydro Mississauga Inc.  
(905) 283-4098  
gdejulio@enersource.com

Indy J. Butany-DeSouza  
Horizon Utilities Corporation  
(905) 317-4785  
indy.butany@horizonutilities.com

Colin MacDonald  
PowerStream Inc.  
(905) 532.4649  
colin.macdonald@powerstream.ca

cc: Maureen Helt, OEB  
Judith Fernandes, OEB  
Daniel Kim, OEB  
Gia DeJulio, Enersource  
Colin MacDonald, PowerStream  
Fred Cass, Aird & Berlis LLP  
James Sidlofsky, Borden Ladner Gervais LLP  
Intervenor of Record

## Curriculum Vitae of Witness

## **CURRICULUM VITAE OF KATHY LERETTE, C.E.T.**

### **Work Experience:**

Horizon Utilities Corporation (2005 to Present)

Vice President, Utility Operations

Director Engineering, Operating & Operational Improvement

Director, Design and Construction

Hamilton Hydro Inc. (2000 to 2005)

Director, Construction and Maintenance Services

Manager, Engineering Design

Stoney Creek Hydro-Electric Commission (1982 to 2000)

Engineering Supervisor

Various Technical Positions

### **Education:**

Electrical Engineering Technologist, Control, Mohawk College (1997)

Electrical Engineering Technician, Power, Mohawk College (1994)

### **Industry Activities:**

Member, Ontario Association of Certified Engineering Technicians and Technologists

### **Appearances Before the Ontario Energy Board:**

EB-2014-0002	Horizon Utilities 2015-2019 Custom IR Application
EB-2012-0047	Horizon Utilities/HONI Service Area Amendment Application
EB-2010-0131	Horizon Utilities 2011 Cost of Service Application
EB-2009-0332	Horizon Utilities Z-Factor Application
EB-2009-0228	Horizon Utilities Corporation 2010 Electricity Distribution Rate Application

**Undertaking No. JTC1.1**

**Reference: Page 11 of Transcripts Volume 1**

**Provide a non-live version of the Deloitte model with no algorithms and no formulas; and a printed version, both with confidential numbers redacted.**

**Response:**

- 1 In response to Undertaking No. JTC1.1, the Applicants arranged a meeting via conference call
- 2 with the representative for the School Energy Coalition, which was held on August 30, 2016. A
- 3 “pdf” version of the Deloitte model will be filed by no later than September 1, 2016.

**Undertaking No. JTC1.2**

**Reference: Page 22 of Transcripts Volume 1**

**To provide the internal rate-of-return calculations for the acquisition of Hydro One Brampton.**

**Response:**

- 1 The internal rate of return ("IRR") for the acquisition of Hydro One Brampton Networks Inc.
- 2 ("HOBNI") has been calculated in the Business Case Model, and can be found in the tab "IRR &
- 3 Payback". Please refer to the tables for the calculations of IRR for each of the Applicants, provided
- 4 in Attachment "JTC1.2\_Attachment IRR Calculations".

## **JTC1.2\_ATTACHMENT IRR CALCULATIONS**

**Project Titan**  
**IRR Calculations - PowerStream**

**Key Assumptions**

Merger / Standalone LDC Scenario  [Note: LDC Standalone Rate Reset Process is based on annual rebasing / Custom IR]

Rate Base (2015 - Forecasted) (\$M)

**Cost of Capital**

Cost of Debt (Long-Term)

Cost of Equity

[Note: Discount rate used for calculated of NPV of Net Equity Cash Flows]

**LDC Relative Shareholding in Merge Co**

Regulated Only

Regulated & Non-Regulated

**HOBNI Acquisition**

**\$M**

HOBNI Rate Base (2015)

Acquisition Premium

**HOBNI Acquisition Price**

**\$607.0**

**Include Non-Regulated Businesses**

[Note: 0 = "No"; 1 = "Yes"]

Includes cash flows, debt, and equity from non-regulated businesses within the IRR and NPV analysis

**Payback Period**

No. of Years of Payback Period for Analysis

**Key Outputs**

**IRR Analysis Summary - PowerStream**

Initial Equity Investment - Share Capital	\$354.2
Initial Equity Investment - Retained Earnings	\$99.4
Equity Investment in HOBNI Acquisition	\$120.0
<b>Total Equity Investment</b>	<b>\$573.5</b>
<b>IRR (Post-Tax)</b>	<b>9.57%</b>
<b>IRR (Pre-Tax)</b>	<b>13.02%</b>

**IRR Calculations - PowerStream**

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mid-Year Period	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
Flag - merges	0	1	2	3	4	5	6	7	8	9	10	11
Flag - retesting years	0	0	1	0	0	0	0	0	0	0	0	0
	1	0	1	1	1	1	1	0	0	0	0	0
Total Revenue			\$ 246,033,296	\$ 254,852,275	\$ 261,818,989	\$ 268,956,420	\$ 276,973,142	\$ 284,083,783	\$ 291,388,733	\$ 298,847,409	\$ 306,509,677	\$ 314,381,403
OM&A			\$ (107,540,856)	\$ (109,375,400)	\$ (111,523,099)	\$ (113,805,379)	\$ (117,427,734)	\$ (122,125,299)	\$ (124,524,815)	\$ (127,000,576)	\$ (129,553,264)	\$ (132,144,531)
Merger OPEX Savings			\$ (6,262,797)	\$ 4,134,464	\$ 10,808,864	\$ 17,595,902	\$ 19,292,602	\$ 19,530,093	\$ 19,530,093	\$ 19,530,093	\$ 19,530,093	\$ 19,530,093
Depreciation			\$ (56,530,209)	\$ (59,600,391)	\$ (60,372,626)	\$ (61,017,299)	\$ (63,091,235)	\$ (66,467,273)	\$ (69,549,269)	\$ (75,472,962)	\$ (75,952,629)	\$ (76,782,301)
Net Interest Expense			\$ (30,497,909)	\$ (32,454,972)	\$ (33,870,225)	\$ (35,162,732)	\$ (36,525,623)	\$ (38,168,114)	\$ (39,966,310)	\$ (41,375,660)	\$ (42,369,047)	\$ (43,428,507)
Income before Taxes			\$ 45,201,525	\$ 57,555,976	\$ 66,861,903	\$ 76,566,912	\$ 79,221,153	\$ 76,853,189	\$ 76,878,432	\$ 74,528,304	\$ 78,164,829	\$ 81,556,156
Taxes			\$ (8,136,274)	\$ (10,360,076)	\$ (12,035,143)	\$ (13,782,044)	\$ (14,259,808)	\$ (13,833,574)	\$ (13,838,118)	\$ (13,415,095)	\$ (14,069,669)	\$ (14,680,108)
Unadjusted Net Income			\$ 37,065,250	\$ 47,195,900	\$ 54,826,760	\$ 62,784,868	\$ 64,961,345	\$ 63,019,615	\$ 63,040,314	\$ 61,113,209	\$ 64,095,160	\$ 66,876,048
ICM Revenue (Net of Tax)			\$ 1,400,336	\$ 2,315,504	\$ 2,753,194	\$ 3,354,933	\$ 3,889,342	\$ 4,784,029	\$ 6,029,091	\$ 7,280,874	\$ 8,242,623	\$ 9,157,734
Depreciation			\$ 56,530,209	\$ 59,600,391	\$ 60,372,626	\$ 61,017,299	\$ 63,091,235	\$ 66,467,273	\$ 69,549,269	\$ 75,472,962	\$ 75,952,629	\$ 76,782,301
Cash Flow from Non-Regulated Businesses (Excl. PS Solar)			\$ 1,958,155	\$ 2,197,351	\$ 2,410,528	\$ 2,651,865	\$ 2,762,573	\$ 2,814,340	\$ 2,867,174	\$ 2,918,382	\$ 2,556,919	\$ 2,904,925
Cash Flow from PS Solar Business (Class A Shareholders Only)			\$ 16,080,640	\$ 12,599,009	\$ 10,828,789	\$ 9,873,802	\$ 9,387,184	\$ 9,194,514	\$ 8,810,304	\$ 8,793,158	\$ 8,494,451	\$ 8,546,323
CAPEX (Net of Synergies)			\$ (130,832,589)	\$ (118,041,995)	\$ (114,891,676)	\$ (119,688,590)	\$ (125,310,111)	\$ (139,416,721)	\$ (139,461,751)	\$ (129,092,672)	\$ (126,136,877)	\$ (136,530,025)
ΔWCA			\$ (1,979,570)	\$ (2,089,595)	\$ (2,165,189)	\$ (2,233,652)	\$ (2,364,242)	\$ (2,483,496)	\$ (2,436,052)	\$ (2,509,347)	\$ (2,584,760)	\$ (2,660,402)
Net Long-Term Debt Additions / (Repayments) (+)			\$ 55,708,852	\$ 35,403,191	\$ 28,278,513	\$ 29,010,851	\$ 31,518,307	\$ 42,700,136	\$ 39,012,194	\$ 23,091,200	\$ 18,129,793	\$ 26,165,392
Cash Flow to Equity			\$ 35,931,283	\$ 39,179,756	\$ 42,413,547	\$ 46,771,376	\$ 47,935,635	\$ 47,079,689	\$ 47,410,545	\$ 47,067,766	\$ 48,749,940	\$ 51,242,296
Tax Shield on Premium			\$ 1,291,408	\$ 1,201,010	\$ 1,116,939	\$ 1,038,753	\$ 966,040	\$ 898,418	\$ 835,528	\$ 777,041	\$ 722,648	\$ 672,063
TV of Tax Shield on Premium												
Tax Shield on Rate Base and UCC Differential			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TV of Tax Shield on Rate Base and UCC Differential												
Terminal Value of Cash Flows												
Initial Equity Investment - Share Capital		\$ (354,182,707)										
Initial Equity Investment - Retained Earnings		\$ (99,406,455)										
Equity Investment in HOBNI Acquisition		\$ (119,951,703)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Equity Investment		\$ (573,540,865)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Equity Cash Flows		\$ (573,540,865)	\$ 37,222,691	\$ 40,380,766	\$ 43,530,486	\$ 47,810,129	\$ 48,901,676	\$ 47,978,107	\$ 48,246,073	\$ 47,844,808	\$ 49,472,589	\$ 51,914,359
PowerStream IRR (Post-Tax)		9.57%										
PowerStream IRR (Pre-Tax)		13.02%										

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	30-Jun-33	30-Jun-34	30-Jun-35	30-Jun-36	30-Jun-37	30-Jun-38	30-Jun-39	
12	13	14	15	16	17	18	19	20	21	22	23	24	25	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1	1	1	1	1	1	1	1	1	1	1	1	1	1	
\$ 319,142,018	\$ 329,690,224	\$ 340,936,632	\$ 352,289,798	\$ 362,478,235	\$ 373,840,373	\$ 384,141,015	\$ 394,506,220	\$ 404,527,668	\$ 411,994,186	\$ 421,829,610	\$ 432,579,973	\$ 443,980,737	\$ 455,269,643	
\$ (114,866,727)	\$ (117,164,062)	\$ (119,507,343)	\$ (121,897,490)	\$ (124,335,440)	\$ (126,822,149)	\$ (129,358,592)	\$ (131,945,764)	\$ (134,584,679)	\$ (137,276,372)	\$ (140,021,900)	\$ (142,822,338)	\$ (145,678,785)	\$ (148,592,360)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ (78,390,253)	\$ (82,055,760)	\$ (86,380,053)	\$ (90,821,450)	\$ (93,797,937)	\$ (97,906,427)	\$ (101,282,022)	\$ (104,707,716)	\$ (107,744,787)	\$ (107,957,971)	\$ (110,350,625)	\$ (113,663,440)	\$ (117,575,112)	\$ (121,339,439)	
\$ (44,778,270)	\$ (46,234,654)	\$ (47,665,046)	\$ (49,019,952)	\$ (50,478,544)	\$ (51,888,197)	\$ (53,032,824)	\$ (54,112,195)	\$ (55,142,822)	\$ (56,253,364)	\$ (57,395,054)	\$ (58,452,756)	\$ (59,458,281)	\$ (60,400,889)	
\$ 81,106,768	\$ 84,235,748	\$ 87,384,190	\$ 90,550,906	\$ 93,866,314	\$ 97,223,602	\$ 100,467,578	\$ 103,740,546	\$ 107,055,381	\$ 110,506,479	\$ 114,062,031	\$ 117,641,438	\$ 121,268,559	\$ 124,936,955	
\$ (14,599,218)	\$ (15,162,435)	\$ (15,729,154)	\$ (16,299,163)	\$ (16,895,936)	\$ (17,500,248)	\$ (18,084,164)	\$ (18,673,298)	\$ (19,269,969)	\$ (19,891,166)	\$ (20,531,166)	\$ (21,175,459)	\$ (21,828,341)	\$ (22,488,652)	
\$ 66,507,550	\$ 69,073,314	\$ 71,655,036	\$ 74,251,743	\$ 76,970,377	\$ 79,723,353	\$ 82,383,414	\$ 85,067,248	\$ 87,785,412	\$ 90,615,313	\$ 93,530,865	\$ 96,465,979	\$ 99,440,219	\$ 102,448,303	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 78,390,253	\$ 82,055,760	\$ 86,380,053	\$ 90,821,450	\$ 93,797,937	\$ 97,906,427	\$ 101,282,022	\$ 104,707,716	\$ 107,744,787	\$ 107,957,971	\$ 110,350,625	\$ 113,663,440	\$ 117,575,112	\$ 121,339,439	
\$ 2,953,869	\$ 3,003,912	\$ 3,055,055	\$ 3,107,309	\$ 3,160,690	\$ 3,215,218	\$ 3,266,688	\$ 3,121,544	\$ 3,108,315	\$ 3,175,195	\$ 3,238,806	\$ 3,303,582	\$ 3,369,653	\$ 3,437,046	
\$ 8,782,698	\$ 8,744,181	\$ 8,712,154	\$ 8,685,937	\$ 8,665,272	\$ 8,707,814	\$ 7,850,033	\$ 5,538,667	\$ 4,673,687	\$ 421,599	\$ -	\$ -	\$ -	\$ -	
\$ (141,526,826)	\$ (144,145,623)	\$ (149,077,777)	\$ (150,988,124)	\$ (163,586,886)	\$ (157,596,014)	\$ (159,766,104)	\$ (163,052,745)	\$ (165,732,121)	\$ (172,297,783)	\$ (171,975,423)	\$ (175,927,341)	\$ (178,736,685)	\$ (182,629,560)	
\$ (1,742,874)	\$ (2,799,834)	\$ (2,882,680)	\$ (2,967,989)	\$ (3,055,833)	\$ (3,146,289)	\$ (3,239,435)	\$ (3,335,350)	\$ (3,434,117)	\$ (3,535,821)	\$ (3,640,549)	\$ (3,748,393)	\$ (3,859,445)	\$ (3,973,800)	
\$ 32,312,045	\$ 31,150,792	\$ 30,653,553	\$ 27,003,766	\$ 35,450,887	\$ 24,154,968	\$ 21,782,363	\$ 20,458,927	\$ 18,895,258	\$ 27,967,634	\$ 26,655,793	\$ 26,229,291	\$ 24,046,960	\$ 23,083,408	
\$ 45,676,714	\$ 47,082,502	\$ 48,495,393	\$ 49,914,091	\$ 51,402,444	\$ 52,965,477	\$ 53,558,980	\$ 52,506,007	\$ 53,041,220	\$					



**Project Titan**  
**IRR Calculations - Enersource**

**Key Assumptions**

Merger / Standalone LDC Scenario	<input type="text" value="Merger"/>	[Note: LDC Standalone Rate Reset Process is based on annual rebasing / Custom IR]
Rate Base (2015 - Forecasted) (\$M)	<input type="text" value="\$698.5"/>	
<b>Cost of Capital</b>		
Cost of Debt (Long-Term)	<input type="text" value="5.09%"/>	
Cost of Equity	<input type="text" value="9.30%"/>	[Note: Discount rate used for calculated of NPV of Net Equity Cash Flows]
<b>LDC Relative Shareholding in Merge Co</b>		
Regulated Only	<input type="text" value="31.6%"/>	
Regulated & Non-Regulated	<input type="text" value="31.0%"/>	
<b>HOBNI Acquisition</b>		<b>\$M</b>
HOBNI Rate Base (2015)	<input type="text" value="50%"/>	<input type="text" value="\$405.0"/>
Acquisition Premium		<input type="text" value="\$202.0"/>
<b>HOBNI Acquisition Price</b>		<b>\$607.0</b>
<b>Include Non-Regulated Businesses</b>	<input type="text" value="1"/>	[Note: 0 = "No"; 1 = "Yes"]
Includes cash flows, debt, and equity from non-regulated businesses within the IRR and NPV analysis		
<b>Payback Period</b>		
No. of Years of Payback Period for Analysis	<input type="text" value="10"/>	

**Key Outputs**

**IRR Analysis Summary - Enersource**

Initial Equity Investment - Share Capital	\$156.7
Initial Equity Investment - Retained Earnings	\$107.3
Equity Investment in HOBNI Acquisition	\$62.1
<b>Total Equity Investment</b>	<b>\$326.2</b>
<b>IRR (Post-Tax)</b>	<b>10.22%</b>
<b>IRR (Pre-Tax)</b>	<b>13.91%</b>

**IRR Calculations - Enersource**

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mid-Year	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
Period	0	1	2	3	4	5	6	7	8	9	10	11
Flag - merges	0	0	1	0	0	0	0	0	0	0	0	0
Flag - retesting years	1	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OM&A												
Merger OPEX Savings												
Depreciation												
Net Interest Expense												
<b>Income before Taxes</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Taxes												
<b>Unadjusted Net Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
ICM Revenue (Net of Tax)												
Depreciation												
Cash Flow from Non-Regulated Businesses (Excl. PS Solar)												
Cash Flow from PS Solar Business (Class A Shareholders Only)												
CAPEX (Net of Synergies)												
ΔWCA												
<b>Net Long-Term Debt Additions / (Repayments) (+)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flow to Equity</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Tax Shield on Premium												
TV of Tax Shield on Premium												
Tax Shield on Rate Base and UCC Differential												
TV of Tax Shield on Rate Base and UCC Differential												
Terminal Value of Cash Flows												
Initial Equity Investment - Share Capital	\$	(156,682,000)										
Initial Equity Investment - Retained Earnings	\$	(107,326,003)										
Equity Investment in HOBNI Acquisition	\$	(62,148,297)	\$	-	\$	-	\$	-	\$	-	\$	-
Total Equity Investment	\$	(326,156,300)	\$	-	\$	-	\$	-	\$	-	\$	-
<b>Net Equity Cash Flows</b>	<b>\$</b>	<b>(326,156,300)</b>	<b>\$</b>	<b>16,325,130</b>	<b>\$</b>	<b>20,948,365</b>	<b>\$</b>	<b>24,352,027</b>	<b>\$</b>	<b>27,971,227</b>	<b>\$</b>	<b>29,127,133</b>
<b>Enersource IRR (Post-Tax)</b>	<b>10.22%</b>											
<b>Enersource IRR (Pre-Tax)</b>	<b>13.91%</b>											

Page 4 of 6

Project Titan  
IRR Calculations - Horizon Utilities

## Key Assumptions

Merger / Standalone LDC Scenario	<input type="text" value="Merger"/>	[Note: LDC Standalone Rate Reset Process is based on annual rebasing / Custom IR]
Rate Base (2015 - Forecasted) (\$M)	<input type="text" value="\$479.1"/>	
<b>Cost of Capital</b>		
Cost of Debt (Long-Term)	<input type="text" value="3.77%"/>	
Cost of Equity	<input type="text" value="9.30%"/>	[Note: Discount rate used for calculated of NPV of Net Equity Cash Flows]
<b>LDC Relative Shareholding in Merge Co</b>		
Regulated Only	<input type="text" value="22.5%"/>	
Regulated & Non-Regulated	<input type="text" value="23.0%"/>	
<b>HOBNI Acquisition</b>		<b>\$M</b>
HOBNI Rate Base (2015)	<input type="text" value="50%"/>	<input type="text" value="\$405.0"/>
Acquisition Premium		<input type="text" value="\$202.0"/>
<b>HOBNI Acquisition Price</b>		<b>\$607.0</b>
<b>Include Non-Regulated Businesses</b>	<input type="text" value="1"/>	[Note: 0 = "No"; 1 = "Yes"]
Includes cash flows, debt, and equity from non-regulated businesses within the IRR and NPV analysis		
<b>Payback Period</b>		
No. of Years of Payback Period for Analysis	<input type="text" value="10"/>	

## Key Outputs

## IRR Analysis Summary - Horizon Utilities

Initial Equity Investment - Share Capital	\$127.1
Initial Equity Investment - Retained Earnings	\$116.3
Equity Investment in HOBNI Acquisition	
<b>Total Equity Investment</b>	<b>\$243.4</b>
<b>IRR (Post-Tax)</b>	<b>10.18%</b>
<b>IRR (Pre-Tax)</b>	<b>13.85%</b>

## IRR Calculations - Horizon Utilities

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mid-Year	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
Period	0	1	2	3	4	5	6	7	8	9	10	11
Flag - merges	0	0	1	0	0	0	0	0	0	0	0	0
Flag - retesting years	1	1	1	1	1	1	0	0	0	0	0	0
Total Revenue			\$ 123,319,983	\$ 127,740,345	\$ 131,232,291	\$ 134,809,807	\$ 138,828,052	\$ 142,392,139	\$ 146,053,620	\$ 149,792,154	\$ 153,632,735	\$ 157,578,303
OM&A			\$ (53,903,015)	\$ (54,822,549)	\$ (55,899,046)	\$ (57,043,000)	\$ (58,858,644)	\$ (61,213,218)	\$ (62,415,934)	\$ (63,656,867)	\$ (64,936,358)	\$ (66,235,187)
Merger OPEX Savings			\$ (3,139,120)	\$ 2,072,330	\$ 5,417,758	\$ 8,819,645	\$ 9,670,087	\$ 9,789,125	\$ 9,789,125	\$ 9,789,125	\$ 9,789,125	\$ 9,789,125
Depreciation			\$ (28,334,801)	\$ (29,873,677)	\$ (30,260,747)	\$ (30,583,878)	\$ (31,623,403)	\$ (33,315,584)	\$ (34,860,382)	\$ (37,829,532)	\$ (38,069,957)	\$ (38,485,816)
Net Interest Expense			\$ (15,286,555)	\$ (16,267,500)	\$ (16,976,871)	\$ (17,624,718)	\$ (18,307,844)	\$ (19,131,114)	\$ (20,032,430)	\$ (20,738,842)	\$ (21,236,760)	\$ (21,767,797)
Income before Taxes			\$ 22,656,491	\$ 28,848,949	\$ 33,513,386	\$ 38,377,855	\$ 39,708,248	\$ 38,521,347	\$ 38,533,999	\$ 37,356,038	\$ 39,178,784	\$ 40,878,629
Taxes			\$ (4,078,168)	\$ (5,192,811)	\$ (6,032,409)	\$ (6,908,014)	\$ (7,147,485)	\$ (6,933,842)	\$ (6,936,120)	\$ (6,724,087)	\$ (7,052,181)	\$ (7,358,153)
Unadjusted Net Income			\$ 18,578,323	\$ 23,656,138	\$ 27,480,976	\$ 31,469,841	\$ 32,560,764	\$ 31,587,505	\$ 31,597,880	\$ 30,631,951	\$ 32,126,603	\$ 33,520,476
ICM Revenue (Net of Tax)			\$ 701,895	\$ 1,160,607	\$ 1,379,992	\$ 1,681,603	\$ 1,949,466	\$ 2,397,913	\$ 3,021,979	\$ 3,649,414	\$ 4,131,474	\$ 4,590,158
Depreciation			\$ 28,334,801	\$ 29,873,677	\$ 30,260,747	\$ 30,583,878	\$ 31,623,403	\$ 33,315,584	\$ 34,860,382	\$ 37,829,532	\$ 38,069,957	\$ 38,485,816
Cash Flow from Non-Regulated Businesses (Excl. PS Solar)			\$ 981,492	\$ 1,101,385	\$ 1,208,236	\$ 1,329,202	\$ 1,384,693	\$ 1,410,640	\$ 1,437,122	\$ 1,462,789	\$ 1,281,612	\$ 1,456,044
Cash Flow from PS Solar Business (Class A Shareholders Only)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX (Net of Synergies)			\$ (65,577,598)	\$ (59,166,531)	\$ (57,587,488)	\$ (59,991,859)	\$ (62,809,550)	\$ (69,880,248)	\$ (69,902,818)	\$ (64,705,494)	\$ (63,223,953)	\$ (68,433,340)
ΔWCA			\$ (992,226)	\$ (1,047,374)	\$ (1,085,264)	\$ (1,119,580)	\$ (1,185,036)	\$ (1,244,810)	\$ (1,221,029)	\$ (1,257,767)	\$ (1,295,567)	\$ (1,333,481)
Net Long-Term Debt Additions / (Repayments) (+)			\$ 29,455,641	\$ 19,384,814	\$ 15,876,587	\$ 16,308,967	\$ 17,633,600	\$ 23,308,715	\$ 21,533,314	\$ 13,629,109	\$ 11,221,122	\$ 15,330,686
Cash Flow to Equity			\$ 11,482,326	\$ 14,962,715	\$ 17,533,785	\$ 20,262,052	\$ 21,157,340	\$ 20,895,299	\$ 21,326,829	\$ 21,239,533	\$ 22,311,249	\$ 23,616,357
Tax Shield on Premium			\$ 647,296	\$ 601,985	\$ 559,847	\$ 520,657	\$ 484,211	\$ 450,316	\$ 418,794	\$ 389,479	\$ 362,215	\$ 336,860
TV of Tax Shield on Premium												
Tax Shield on Rate Base and UCC Differential			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TV of Tax Shield on Rate Base and UCC Differential												
Terminal Value of Cash Flows												
Initial Equity Investment - Share Capital		\$ (127,109,000)										
Initial Equity Investment - Retained Earnings		\$ (116,302,316)										
Equity Investment in HOBNI Acquisition		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Equity Investment		\$ (243,411,316)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Equity Cash Flows		\$ (243,411,316)	\$ 12,129,623	\$ 15,564,701	\$ 18,093,632	\$ 20,782,709	\$ 21,641,551	\$ 21,345,616	\$ 21,745,624	\$ 21,629,012	\$ 22,673,464	\$ 23,953,217
Horizon Utilities IRR (Post-Tax)		10.18%										
Horizon Utilities IRR (Pre-Tax)		13.85%										

Payback Period = 4 Years

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	30-Jun-33	30-Jun-34	30-Jun-35	30-Jun-36	30-Jun-37	30-Jun-38	30-Jun-39
12	13	14	15	16	17	18	19	20	21	22	23	24	25
0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	1
\$ 159,964,480	\$ 165,251,587	\$ 170,888,657	\$ 176,579,237	\$ 181,686,017	\$ 187,381,095	\$ 192,544,116	\$ 197,739,497	\$ 202,762,577	\$ 206,505,041	\$ 211,434,879	\$ 216,823,315	\$ 222,537,753	\$ 228,196,124
\$ (57,574,983)	\$ (58,726,483)	\$ (59,901,012)	\$ (61,099,033)	\$ (62,321,013)	\$ (63,567,434)	\$ (64,838,782)	\$ (66,135,558)	\$ (67,458,269)	\$ (68,807,434)	\$ (70,183,583)	\$ (71,587,255)	\$ (73,019,000)	\$ (74,479,380)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (39,291,774)	\$ (41,129,047)	\$ (43,296,524)	\$ (45,522,699)	\$ (47,014,612)	\$ (49,073,922)	\$ (50,765,882)	\$ (52,482,952)	\$ (54,005,232)	\$ (54,112,087)	\$ (55,311,364)	\$ (56,971,856)	\$ (58,932,515)	\$ (60,819,319)
\$ (22,444,342)	\$ (23,174,330)	\$ (23,891,289)	\$ (24,570,413)	\$ (25,301,507)	\$ (26,008,071)	\$ (26,581,796)	\$ (27,122,812)	\$ (27,639,396)	\$ (28,196,037)	\$ (28,768,290)	\$ (29,298,445)	\$ (29,802,447)	\$ (30,274,913)
\$ 40,653,381	\$ 42,221,729	\$ 43,799,831	\$ 45,387,093	\$ 47,048,885	\$ 48,731,668	\$ 50,357,656	\$ 51,998,175	\$ 53,659,679	\$ 55,389,483	\$ 57,171,643	\$ 58,965,759	\$ 60,783,792	\$ 62,622,512
\$ (7,317,609)	\$ (7,599,911)	\$ (7,883,970)	\$ (8,169,677)	\$ (8,468,799)	\$ (8,771,700)	\$ (9,064,378)	\$ (9,359,671)	\$ (9,658,742)	\$ (9,970,107)	\$ (10,290,896)	\$ (10,613,837)	\$ (10,941,083)	\$ (11,272,052)
\$ 33,335,772	\$ 34,621,817	\$ 35,915,861	\$ 37,217,416	\$ 38,580,085	\$ 39,959,968	\$ 41,293,278	\$ 42,638,503	\$ 44,000,937	\$ 45,419,376	\$ 46,880,747	\$ 48,351,923	\$ 49,842,709	\$ 51,350,460
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 39,291,774	\$ 41,129,047	\$ 43,296,524	\$ 45,522,699	\$ 47,014,612	\$ 49,073,922	\$ 50,765,882	\$ 52,482,952	\$ 54,005,232	\$ 54,112,087	\$ 55,311,364	\$ 56,971,856	\$ 58,932,515	\$ 60,819,319
\$ 1,480,576	\$ 1,505,659	\$ 1,531,294	\$ 1,557,485	\$ 1,584,242	\$ 1,611,573	\$ 1,637,371	\$ 1,564,621	\$ 1,557,989	\$ 1,591,512	\$ 1,623,396	\$ 1,655,864	\$ 1,688,981	\$ 1,722,761
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (70,937,902)	\$ (72,250,529)	\$ (74,722,686)	\$ (75,680,216)	\$ (81,995,130)	\$ (78,992,307)	\$ (80,080,028)	\$ (81,727,401)	\$ (83,070,392)	\$ (86,361,318)	\$ (86,199,740)	\$ (88,180,572)	\$ (89,588,707)	\$ (91,539,944)
\$ (873,586)	\$ (1,403,369)	\$ (1,444,894)	\$ (1,487,654)	\$ (1,531,684)	\$ (1,577,024)	\$ (1,623,711)	\$ (1,671,787)	\$ (1,721,292)	\$ (1,772,270)	\$ (1,824,763)	\$ (1,878,818)	\$ (1,934,481)	\$ (1,991,799)
\$ 18,496,588	\$ 18,002,788	\$ 17,845,200	\$ 16,110,966	\$ 20,443,750	\$ 14,884,465	\$ 13,801,773	\$ 13,249,046	\$ 12,580,151	\$ 15,251,876	\$ 13,360,761	\$ 13,146,984	\$ 12,053,128	\$ 11,570,163
\$ 20,793,223	\$ 21,605,414	\$ 22,421,299	\$ 23,240,697	\$ 24,095,876	\$ 24,960,597	\$ 25,794,565	\$ 26,535,935	\$ 27,352,625	\$ 28,241,263	\$ 29,151,764	\$ 30,067,237	\$ 30,994,145	\$ 31,930,960
\$ 313,280	\$ 291,350	\$ 270,956	\$ 251,989	\$ 234,350	\$ 217,945	\$ 202,689	\$ 188,501	\$ 175,306	\$ 163,034	\$ 151,622	\$ 141,008	\$ 131,138	\$ 121,958
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,835
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 591,753,940
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 21,106,503	\$ 21,896,764	\$ 22,692,255	\$ 23,492,686	\$ 24,330,226	\$ 25,178,542	\$ 25,997,254	\$ 26,724,436	\$ 27,527,931	\$ 28,404,298	\$ 29,303,386	\$ 30,208,245	\$ 31,125,282	\$ 624,502,693

**Undertaking No. JTC1.3**

**Reference: Page 49 of Transcripts Volume 1**

**To provide the supporting information that backs up Figure 1 entitled “Distribution Revenue Trends” on page 3 of the Interrogatory B-AMPCO-9f); by means of a spreadsheet if possible.**

**Response:**

- 1 The Applicants provide the supporting information that backs up Figure 1 entitled “Distribution
- 2 Revenue Trends” on page 3 of the Interrogatory B-AMPCO-9f) in the live spreadsheet “JTC1.3
- 3 Attachment\_Distribution Revenue Trends”.

**Undertaking No. JTC1.4**

**Reference: Page 51 of Transcripts Volume 1**

**What contractual commitments have been made to the communities of each LDC? Did the Applicants contractually commit to maintain 3 head offices?**

**Response:**

- 1 The Shareholders of the Applicants have agreed that:
- 2 • MergeCo will maintain the Corporate head office at Mississauga; the LDC head office in  
3 Hamilton; and the Sustainability & Innovation head office in Vaughan for at least ten years  
4 following consolidation unless all of the Shareholders agree to change any of those  
5 locations before the ten years expire; and
  - 6 • MergeCo will maintain call centres in Vaughan and St. Catharines for at least ten years  
7 following consolidation, unless the directors, after consulting with all of the Shareholders,  
8 determine there is a commercially sound business reason to relocate either of the call  
9 centres before the ten years expire.

## Undertaking No. JTCx1.5

**Reference: Page 68 of Transcripts Volume 1**

**Provide the analysis which supports the breakdown of the number of executive management and management FTEs in Table 3 of the response to Interrogatory B-AMPCO-6c).**

**Response:**

Upon review of Table 3 of the response to Interrogatory B-AMPCO-6c) the Applicants identified an error in the categorization of FTEs. Some Non-Union and Executive Management FTEs were incorrectly categorized as Management in the version of Table 3 filed in the Interrogatory response. There is no change to the total number for FTEs.

The Applicants provide a corrected version of Table 3 in Table 1 below. The answer to Undertaking JTCx1.5 is provided using the information in the revised Table 3. This table has also been updated to reflect the overall percentage of FTE reductions by category (Year 5 FTE as compared to Original FTE). Tables 2 and 3 below identify the original table filed in the response to Interrogatory B-AMPCO-6c) and the corrections required, respectively.

### Table 1 – Revised Table 3 – Forecast of FTEs

[illegible]

The FTE reductions for executive management and management are reflective of role duplication across the four utilities and represent an overall reduction of [REDACTED]. The Applicants will continue to explore opportunities for further FTE reductions following the transition period, and take appropriate action as necessary while ensuring that customer service levels are maintained and operational needs are met.

19 **Table 2 – Original Table 3 – Forecast of FTEs**

20

21

22 **Table 3 – Corrections to Table 3 – Forecast of FTEs**

23

23



**Undertaking No. JTC1.6**

**Reference: Page 74 of Transcripts Volume 1**

**Provide the Board-Approved Distribution System Plans for Horizon Utilities, PowerStream and Hydro One Brampton; and the draft Distribution System Plan for Enersource.**

**Response:**

1 The Applicants have provided the Distribution System Plans filed with the Ontario Energy Board  
2 (“OEB”) in the most recent rebasing applications for Horizon Utilities, PowerStream and HOBNI  
3 as the following files, respectively:

4

5 “JTC1.6\_Horizon\_DSP\_EB-2014-0002.pdf”;  
6 “JTC1.6\_HOBNI\_DSP\_EB-2014-0083.pdf”; and  
7 “JTC1.6\_PowerStream\_DSP\_EB-2015-0003.pdf”.

8

9 The Applicants have provided the draft Distribution System Plan for Enersource as file  
10 “JTC1.6\_Enersource\_Draft\_DSP\_EB-2015-0065.pdf”.

11

12 Electronic copies will be provided to the OEB and all intervenors on USB drives due to the size of  
13 the documents, and as agreed to by the School Energy Coalition on page 73 of Transcripts  
14 Volume 1 of the Technical Conference. These will be delivered via courier. One hard copy will  
15 be provided to the OEB.

**Undertaking No. JTC1.7**

**Reference: Page 83 of Transcripts Volume 1**

**Provide a year-by-year breakdown of the numbers in Table 1 of the response to Technical Conference Question TC-AMPCO-1.**

**Response:**

The requested breakdown is provided in Table 1, below. Please note that all amounts in the table are draft pending the final rate order, other than ‘Applied for Distribution Revenue’, which is based on PowerStream’s 2016-2020 Custom IR Application (EB-2015-0003), as updated in August 2016, following the OEB’s decision in that application.

**Table 1 – Impact of OEB Decision on PowerStream Custom IR Application (EB-2015-0003)**

<b>\$MM</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Applied for Distribution Revenue		\$187.0	\$210.3	\$221.4	\$232.0	\$241.6	\$1,092.3
Applied for Distribution Revenue, adjusted for business case assumptions	A	\$180.7	\$203.2	\$213.3	\$223.2	\$232.6	\$1,053.0
Decision <sup>1</sup>	B	\$167.7	\$203.2	\$209.5	\$216.1	\$222.8	\$1,019.3
Difference in Distribution Revenue	C=(A-B)	(\$13.0)	\$0.0	(\$3.8)	(\$7.1)	(\$9.8)	(\$33.7)

1. Amounts in this undertaking response are based on the preliminary estimate of the decision impact, before final rate order.

**Undertaking No. JTC1.8**

**Reference: Page 86 of Transcripts Volume 1**

**Update the response to part a) of the response to Interrogatory ATTACH3-Staff-30 to take into account the PowerStream decision.**

**Response:**

- 1 The Applicants estimate that, based on the Business Case assumptions, the total incremental
- 2 capital to be sought via ICM until the end of the rebasing deferral period would increase by
- 3 approximately \$70MM, as result of the Decision of the OEB in PowerStream's Custom IR
- 4 Application. This may translate to approximately \$13MM of incremental ICM revenue, above that
- 5 which has already been identified in the MAADs Application.

**Undertaking No. JTC1.9**

**Reference: Page 86 of Transcripts Volume 1**

**Add two lines to Table 1 of the response to Interrogatory B-CCC-22b) as follows:**

- a) Return on Equity in dollars; and,**
- b) Return on Equity in percentage terms.**

**Response:**

- 1 The Applicants provide a revised Table 1 of the response to Interrogatory B-CCC-22b) to include a) Return on Equity in dollars; and b)
- 2 Return on Equity in percentage terms in Table 1 below.

3

**4 Table 1 – Revised Table 1 Estimated ROE for Rebasing Deferral Period**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Forecast Rate Base in Model, \$MMs (A)	\$2,696.7	\$2,851.0	\$2,984.2	\$3,117.9	\$3,260.7	\$3,419.5	\$3,586.5	\$3,732.8	\$3,858.0	\$3,990.2
Deemed Equity % (B)	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Forecast Deemed Equity, \$MMs (C)=(A)*(B)	\$1,078.7	\$1,140.4	\$1,193.7	\$1,247.2	\$1,304.3	\$1,367.8	\$1,434.6	\$1,493.1	\$1,543.2	\$1,596.1
Value of 300bps ROE on Forecast Deemed Equity, \$MMs 3%*(C)	\$32.4	\$34.2	\$35.8	\$37.4	\$39.1	\$41.0	\$43.0	\$44.8	\$46.3	\$47.9
ROE in Business Case Model, \$MM	\$76.8	\$100.3	\$116.3	\$132.6	\$137.8	\$133.0	\$132.9	\$128.2	\$133.8	\$139.0
ROE in Business Case Model, %	7.1%	8.8%	9.7%	10.6%	10.6%	9.7%	9.3%	8.6%	8.7%	8.7%

5

**Undertaking No. JTC1.10**

**Reference: Page 104 of Transcripts Volume 1**

**Provide an explanation of whether the \$98MM referenced in the response to Interrogatory B-Staff-22b) is a plus or minus; and the rationale.**

**Response:**

- 1 The \$98MM referenced in the response to Interrogatory B-Staff-22b) is a 'minus', i.e., if the *status*
- 2 *quo* rebasing assumptions were used for the merged scenario, the distribution revenue received
- 3 in the first 10 years would be higher. The \$98MM represents the difference in NPV of Distribution
- 4 Revenue between the *status quo* and merged scenarios; this is approximately \$80MM, after-tax.

**Undertaking No. JTC1.11**

**Reference: Page 108 of Transcripts Volume 1**

**Reconcile the numbers provided in response to Interrogatory B-Staff-8 with Table 1 in response to Interrogatory B-Staff-3a).**

**Response:**

Upon review of the response to Interrogatory B-Staff-8 the Applicants identified an error in the gross operating savings reported. Gross operating savings were reported as \$377.4MM instead of \$354.6MM. Additionally, the allocation of dollars to each category was incorrect. The capital savings reported were correct.

The Applicants provide a corrected version of the operating savings in Table 1 below. The total operating savings of \$354.6MM reconcile to Table 1 in the response to Interrogatory B-Staff-3a). Table 2 below identifies the operating savings of \$377.4MM originally filed in the response to Interrogatory B-Staff-8. Table 3 below identifies the correction of (\$22.8MM) by category.

Table 4 below provides a reconciliation of the numbers provided in response to Interrogatory B-Staff-8 with Table 1 in response to Interrogatory B-Staff-3a) for years 1-5. The operating savings of \$212.5MM in years 6-10 identified in Table 1 below reconcile to Table 1 provided in response to Interrogatory B-Staff-3a).

**Table 1 – Revised Operating Savings - Interrogatory Response to B-Staff-8**

<b>\$MM</b>	<b>Yrs 1-5</b>	<b>Yrs 6-10</b>	<b>Total</b>
Operations/Control Room	39.0		39.0
Finance	22.2		22.2
Procurement and Strategic Sourcing	18.2		18.2
Customer Service/Billing/Call Centres	17.9		17.9
Human Resources	8.9		8.9
Other	35.9	212.5	248.4
<b>Total</b>	<b>142.1</b>	<b>212.5</b>	<b>354.6</b>

18 **Table 2 – Originally Filed Operating Savings - Interrogatory Response to B-Staff-8**

\$MM	Yrs 1-5	Yrs 6-10	Total
Operations/Control Room	36.8		36.8
Finance	26.2		26.2
Procurement and Strategic Sourcing	24.4		24.4
Customer Service/Billing/Call Centres	21.3		21.3
Human Resources	18.6		18.6
Other	37.6	212.5	250.1
<b>Total</b>	<b>164.9</b>	<b>212.5</b>	<b>377.4</b>

20 **Table 3 – Correction to Operating Savings - Interrogatory Response to B-Staff-8**

\$MM	Yrs 1-5	Yrs 6-10	Total
Operations/Control Room	2.2	0.0	2.2
Finance	(4.0)	0.0	(4.0)
Procurement and Strategic Sourcing	(6.2)	0.0	(6.2)
Customer Service/Billing/Call Centres	(3.4)	0.0	(3.4)
Human Resources	(9.7)	0.0	(9.7)
Other	(1.7)	0.0	(1.7)
<b>Total</b>	<b>(22.8)</b>	<b>0.0</b>	<b>(22.8)</b>

22 **Table 4 – Reconciliation of B-Staff-8 to B-Staff-3a) for Years 1-5**

Category	B-Staff-3 (\$MM)						B-Staff-8 (\$MM)	
	2016	2017	2018	2019	2020	Years 1-5	Category	Years 1-5
Construction, Control Room, Trouble Response	3.7	7.7	9.3	9.1	9.2	39.0	Operations/Control Room	39.0
Finance	1.4	2.0	3.6	4.2	4.6	15.8		
Regulatory	(0.1)	0.6	1.6	1.7	2.6	6.4		
Total Finance/Regulatory	1.3	2.6	5.2	5.9	7.2	22.2	Finance	22.2
Procurement	0.4	0.6	1.2	1.4	1.4	5.0		
Facilities, Logistics, Fleet	0.8	2.9	3.1	3.2	3.2	13.2		
Total Procurement, Facilities, Logistics, Fleet	1.2	3.5	4.3	4.6	4.6	18.2	Procurement and Strategic Sourcing	18.2
Customer Service	0.0	0.8	2.0	7.6	7.5	17.9	Customer Service/Billing/Call Centres	17.9
Human Resources	(0.8)	1.4	2.3	3.0	3.0	8.9	Human Resources	8.9
Asset Management & Engineering	0.9	2.5	2.3	2.5	2.5	10.7		
Corporate	0.1	0.1	0.8	0.8	0.8	2.6		
Information Technology	0.5	0.5	4.3	5.5	6.0	16.8		
Metering	0.3	1.0	1.2	1.6	1.7	5.8		
Total Other	1.8	4.1	8.6	10.4	11.0	35.9	Other	35.9
<b>Total Operating Savings</b>	<b>7.2</b>	<b>20.1</b>	<b>31.7</b>	<b>40.6</b>	<b>42.5</b>	<b>142.1</b>		<b>142.1</b>

**Undertaking No. JTC1.12**

**Reference: Page 116 of Transcripts Volume 1**

**Provide the most recent and approved Appendix 2-AB for each of Horizon Utilities, Hydro One Brampton and PowerStream. Provide a similar schedule for Enersource which identifies future capital expenditures and was filed with the last rebasing application, if available.**

**Response:**

- 1 The Applicants have provided the most recent Appendix 2-AB for each of Horizon Utilities,
- 2 HOBNI, and PowerStream in Tables 1 to 3, below. A similar schedule for Enersource, that was
- 3 filed as part of the Fourth Generation Incentive Rate-setting ("Price Cap IRM and ICM")
- 4 application (EB-2015-0065) is provided in Table 4, below.



**Table 1: Horizon Utilities Appendix 2-AB (EB-2014-0002)**

CATEGORY	Historical Period							Forecast Period (planned)				
	2010 (CGAAP)	2011 (CGAPP)	2011 (MIFRS)	2012 (MIFRS)	2013 (MIFRS)	2014 (MIFRS)	2015	2016	2017	2018	2019	
	Actual	Actual	Actual	Actual	Actual	Plan						
	\$ '000											\$ '000
System Access	13,558	8,914	5,629	6,602	6,369	7,540	8,063	8,040	7,464	7,660	7,841	
System Renewal	14,082	22,475	17,171	14,091	18,425	14,872	16,450	26,926	31,800	33,040	34,538	
System Service	3,583	3,125	2,374	2,885	2,151	4,101	4,140	295	535	2,032	2,057	
General Plant	6,208	4,584	4,584	8,748	12,559	10,760	9,487	5,887	5,827	4,411	5,036	
TOTAL EXPENDITURE BEFORE SMART METERS	37,432	39,098	29,758	32,326	39,505	37,273	38,140	41,148	45,626	47,143	49,472	
Smart Meter Implementation				23,278			-					
TOTAL EXPENDITURE INLCUDING SMART METERS	37,432	39,098	29,758	55,604	39,505	37,273	38,140	41,148	45,626	47,143	49,472	
Hydro One Contribution	-	-	-	10,000	-	-	-					
TOTAL EXPENDITURES	37,432	39,098	29,758	65,604	39,505	37,273	38,140	41,148	45,626	47,143	49,472	
Change in WIP	- 2,841	743	743	4,654	- 1,597	2,019	175					
TOTAL ADDITIONS	34,590	39,841	30,501	70,258	37,908	39,292	38,315	41,148	45,626	47,143	49,472	

Horizon Utilities Custom IR EB-2014-0002, Appendix 2-AB

**Table 2: HOBNI Appendix 2-AB (EB-2014-0083)**

CATEGORY							Forecast Period (planned)				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Bridge Year	As Settled				
	\$ '000						\$ '000				
System Access	26,058	22,210	11,601	15,198	11,970	18,399	17,759	14,999	14,445	14,878	15,081
System Renewal	4,090	7,289	7,169	8,694	12,123	9,073	8,880	9,311	10,330	10,121	9,007
System Service	1,135	1,843	942	1,439	1,475	715	1,485	600	530	624	677
General Plant	2,010	4,387	4,365	2,181	4,505	3,697	9,741	9,289	3,966	3,982	3,741
Total Expenditure	33,294	35,730	24,077	27,512	30,073	31,885	37,865	34,197	29,271	29,605	28,505

Hydro One Brampton Networks Inc. Cost of Service Rate Application EB-2014-0083 Ex. 2, Tab 5, Schedule 1 and Settlement Proposal filed October 9, 2014, page 16

**Table 3: PowerStream Appendix 2-AB (EB-2015-0003)**

CATEGORY	Historical Period					Proposed				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Actual	Plan					
	\$ '000					\$ '000				
System Access	21,007	19,888	17,030	26,229	24,145	28,232	28,470	29,561	28,726	31,867
System Renewal	11,527	16,974	22,254	39,186	42,388	48,715	51,500	52,052	52,971	52,406
System Service	22,885	13,770	34,780	17,946	27,322	38,322	32,072	29,920	26,963	23,022
General Plant	7,877	24,200	19,593	26,148	24,545	17,531	19,458	13,867	16,741	18,106
Sub-Total	63,296	74,832	93,657	109,509	118,400	132,800	131,500	125,400	125,401	125,401
Non-Rate Base	2,278	1,196	2,628	1,364	2,489					
Grand Total	65,574	76,028	96,285	110,873	120,889	132,800	131,500	125,400	125,401	125,401

PowerStream Inc. Custom IR EB-2015-0003, Ex. G, Tab 2, Page 3

**Table 4: Enersource Historical and Forecasted Capital Expenditures (gross capex values) (EB-2015-0065)**

CATEGORY	Historical Period					Proposed					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Actual	Actual						
	\$ '000										
System Access	11,858	9,860	10,712	11,228	16,497	17,200	13,015	13,130	12,825	13,105	13,490
System Renewal	11,422	16,224	20,887	31,257	36,058	34,735	37,243	38,240	40,280	38,570	38,490
System Service	14,326	11,493	10,055	9,474	16,452	12,408	17,916	18,123	18,162	17,238	10,568
General Plant	9,052	29,220	6,831	6,230	10,682	12,796	11,337	10,281	10,794	10,755	9,984
Sub-Total	46,658	66,797	48,485	58,189	79,689	77,139	79,511	79,774	82,061	79,668	72,532
Churchill Meadows CCRA Payment					40,479						
TOTAL EXPENDITURES	46,658	66,797	48,485	58,189	120,168	77,139	79,511	79,774	82,061	79,668	72,532

Enersource Hydro Mississauga Inc. Price Cap IRM and ICM Application EB-2015-0065, Interrogatory Response Supp-Staff-15, page 167

## Undertaking No. JTC1.13

Reference: Page 123 of Transcripts Volume 1

Review the response to B-SEC-18. Correct the response and table in B-SEC-18 as necessary to identify only capital which is incremental to previously Board-approved capital expenditures. Confirm if the ICM requests depart from previously Board-approved capital expenditures.

### Response:

- 1 Please see Table 1 below which includes an added column for totals and some clarifying
- 2 formatting and labeling changes. There is no need for changes to the dollar amount entries
- 3 relative to the table provided in response to Interrogatory B-SEC-18e), as the original table is
- 4 correct. By definition, "Incremental Capital" and "Net Incremental Capital" are incremental to
- 5 Board-approved capital expenditures.

6

### 7 Table 1 - Revision to Table B-SEC-18e)

Total Incremental Capital (\$MM)												
Enersource	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2015-2025
Incremental Capital	55.4	24.6	17.3	13.6	16.6	16.6	23.2	24.6	26.1	27.5	29.2	274.5
Depreciation	1.4	0.6	0.4	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.4	6.5
Net Incremental Capital	54.0	24.0	16.9	13.3	16.2	16.2	22.6	24.0	25.4	26.8	28.8	268.0
ICM Revenue - Included in I/S - 1 Year Lag	-	3.7	5.4	6.5	7.4	8.6	9.7	10.8	12.1	13.4	14.8	92.3
PowerStream	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2015-2025
Incremental Capital	45.0	40.5	23.4	4.7	9.1	0.7	22.3	21.6	-	-	5.0	172.2
Depreciation	1.1	1.0	0.6	0.1	0.2	0.0	0.6	0.5	-	-	0.1	4.2
Net Incremental Capital	43.9	39.5	22.8	4.6	8.9	0.7	21.8	21.0	-	-	4.9	168.0
ICM Revenue - Included in I/S - 1 Year Lag	-	-	-	-	-	-	-	1.0	2.0	2.0	2.0	7.2
Hydro One Brampton	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2015-2025
Incremental Capital	4.0	10.9	-	9.5	4.3	4.2	7.8	8.5	9.2	9.9	10.8	79.1
Depreciation	0.1	0.3	-	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.1	1.8
Net Incremental Capital	3.9	10.6	-	9.3	4.2	4.1	7.6	8.3	9.0	9.7	10.7	77.2
ICM Revenue - Included in I/S - 1 Year Lag	-	-	0.8	0.8	1.5	1.8	2.1	2.5	2.9	3.4	4.0	19.7
Horizon Utilities	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2015-2025
Incremental Capital	1.5	0.3	1.5	0.4	2.0	15.7	14.8	13.5	16.2	11.1	17.2	94.3
Depreciation	0.0	0.0	0.0	0.0	0.1	0.4	0.4	0.3	0.4	0.3	0.2	2.1
Net Incremental Capital	1.5	0.3	1.5	0.4	2.0	15.3	14.4	13.2	15.8	10.8	17.0	92.1
ICM Revenue - Included in I/S - 1 Year Lag	-	-	-	-	-	-	1.0	1.6	2.3	3.0	3.5	11.4
Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2015-2025
Total Incremental Capital	103.2	74.4	41.2	27.6	31.2	36.2	66.3	66.5	50.2	47.3	61.4	605.4
Total Net Incremental Eligible Capital	54.0	34.6	16.9	22.6	20.3	35.5	66.3	66.5	50.2	47.3	-	414.2
Total Forecast ICM Revenue	-	3.7	6.1	7.3	8.9	10.3	12.7	16.0	19.3	21.9	24.3	130.6

8

9 "Total Net Incremental Eligible Capital" is the total amount that is both incremental to Board-  
10 approved capital expenditures pursuant to each distributor's last rebasing application, as well as  
11 being eligible for ICM treatment due to coinciding with an IRM year.

**Undertaking No. JTC1.14**

**Reference: Page 153 of Transcripts Volume 1**

**Provide the dividend payout percentage for Hydro One Brampton for the last five years.**

**Response:**

- 1 The dividend payout percentage for Hydro One Brampton Networks Inc. ("HOBNI") from 2011-15
- 2 was 58.8%.

## Undertaking No. JTC1.15

Reference: Page 154 of Transcripts Volume 1

Provide the amount of the incremental payment made by PowerStream to its shareholders at the proposed dividend policy/payout percentage versus the existing dividend policy/payout percentage.

### Response:

- 1 The Applicants provide the amount of the incremental payment (dividends and interest) forecast  
 2 to be made by PowerStream to its shareholders at the proposed dividend policy/payout  
 3 percentage versus the existing dividend policy/payout percentage in Table 1 below. Table 2  
 4 below provides the dividends and interest payments under the existing (*status quo*) dividend  
 5 policy/payout percentage. Table 3 below provides the dividends and interest payments under the  
 6 proposed (LDC Co) dividend policy/payout percentage.

7

### 8 Table 1 – Incremental Payments to PowerStream Shareholders

INCREMENTAL PAYMENTS \$MM		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Vaughan		2.4	4.8	6.5	8.3	8.5	7.6	7.3	6.6	7.2	7.8
Markham		1.8	3.6	4.9	6.3	6.4	5.7	5.5	5.0	5.5	5.9
Barrie		1.1	2.2	2.9	3.8	3.8	3.4	3.3	3.0	3.3	3.5
<b>Total Incremental Dividends (regulated business)</b>		<b>5.4</b>	<b>10.6</b>	<b>14.3</b>	<b>18.3</b>	<b>18.8</b>	<b>16.8</b>	<b>16.2</b>	<b>14.6</b>	<b>16.0</b>	<b>17.1</b>
Interest on the promissory notes		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Vaughan	\$ 78.24	(0.9)	(0.9)	(0.9)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Markham	\$ 67.89	(0.8)	(0.8)	(0.8)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Barrie	\$ 20.00	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Interest</b>		<b>(1.9)</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.6)</b>
<b>Total Incremental Dividends and Interest</b>		<b>3.4</b>	<b>8.6</b>	<b>12.4</b>	<b>15.7</b>	<b>16.2</b>	<b>14.2</b>	<b>13.6</b>	<b>12.0</b>	<b>13.4</b>	<b>14.5</b>

9

### 10 Table 2 – Existing (*status quo*) Payments to PowerStream Shareholders

EXISTING (STATUS QUO) PAYMENTS \$MM		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Dividends (50% payout)</u>											
Vaughan	45.32%	8.4	9.1	9.7	10.2	10.8	11.4	12.0	12.6	13.0	13.5
Markham	34.19%	6.4	6.9	7.3	7.7	8.2	8.6	9.1	9.5	9.8	10.2
Barrie	20.50%	3.8	4.1	4.4	4.6	4.9	5.2	5.5	5.7	5.9	6.1
<b>Total Status Quo Dividends (Regulated Business)</b>		<b>18.6</b>	<b>20.2</b>	<b>21.4</b>	<b>22.6</b>	<b>23.9</b>	<b>25.2</b>	<b>26.6</b>	<b>27.8</b>	<b>28.8</b>	<b>29.9</b>
Interest on the promissory notes		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Vaughan	\$ 78.24	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Markham	\$ 67.89	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Barrie	\$ 20.00	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
<b>Total Interest</b>		<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>
<b>Total Dividends and Interest</b>		<b>28.6</b>	<b>30.1</b>	<b>31.3</b>	<b>32.5</b>	<b>33.8</b>	<b>35.1</b>	<b>36.5</b>	<b>37.7</b>	<b>38.7</b>	<b>39.8</b>

11

12 **Table 3 – Proposed (LDC Co) Payments to PowerStream Shareholders**

<b>PROPOSED (LDC Co) PAYMENTS \$MM</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>
Total LDC Co Dividends (60% payout)		52.2	66.8	77.6	89.0	92.6	91.3	93.0	92.1	97.3	102.2
Vaughan	20.84%	10.9	13.9	16.2	18.5	19.3	19.0	19.4	19.2	20.3	21.3
Markham	15.73%	8.2	10.5	12.2	14.0	14.6	14.4	14.6	14.5	15.3	16.1
Barrie	9.43%	4.9	6.3	7.3	8.4	8.7	8.6	8.8	8.7	9.2	9.6
<b>Total LDC Co Dividends (Regulated Business)</b>		<b>24.0</b>	<b>30.7</b>	<b>35.7</b>	<b>40.9</b>	<b>42.6</b>	<b>42.0</b>	<b>42.8</b>	<b>42.4</b>	<b>44.8</b>	<b>47.0</b>
<b>Interest on the promissory notes</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>
Vaughan	\$ 78.24	3.8	3.8	3.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Markham	\$ 67.89	3.3	3.3	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Barrie	\$ 20.00	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
<b>Total Interest</b>		<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>
<b>Total Dividends and Interest</b>		<b>32.0</b>	<b>38.7</b>	<b>43.7</b>	<b>48.2</b>	<b>49.9</b>	<b>49.3</b>	<b>50.1</b>	<b>49.7</b>	<b>52.1</b>	<b>54.3</b>

13

**Undertaking No. JTC1.16**

**Reference: Page 156 of Transcripts Volume 1**

**Provide the asset replacement rate as a percentage for each individual LDC for the years 2010 to 2015 and forecast for 2016; and the forecast asset replacement rate for LDC Co. for the 10-year period and show the calculation.**

**Response:**

1 The asset replacement rate as a percentage of total assets for each of Enersource, Horizon  
2 Utilities, Hydro One Brampton ("HOBNI") and PowerStream is not available. The asset  
3 replacement rate has not been computed on a historical (2010-2015) or forecast basis (2016) for  
4 any of the individual LDCs. The forecast asset replacement rate for the ten year period from  
5 2017-2026 has not been determined, as yet.

6  
7 As stated in the Applicant's response to Interrogatory B-SEC-17, the Applicants have not  
8 prepared a Distribution System Plan ("DSP") for LDC Co, as yet. The Applicants expect to file a  
9 DSP for all four rate zones no later than 2019, at which time information on asset replacement for  
10 LDC Co will be available.

11  
12 Individual DSPs have been filed in response to Undertaking JTC1.6. The DSPs for Horizon  
13 Utilities and HOBNI are for a five-year term expiring in 2019. The DSPs for Enersource (draft)  
14 and PowerStream expire in 2020.

15  
16 The Applicants expect to continue with the level of capital investment for the distribution system,  
17 as identified in each LDC's DSP. In each of the service areas (or rate zones), the electricity  
18 distribution system will need to be expanded and refurbished (Exhibit B, Tab 6, Schedule 1, page  
19 1). As identified in the response to Interrogatory B-Staff-8, the Applicants anticipate capital  
20 savings to be generated from business areas that do not impact the reliability of the distribution  
21 system such as Information Technology and Procurement.



22 Additionally, Horizon Utilities, in its settlement agreement for its Custom IR (EB-2014-0002), is  
23 required to, at a minimum, invest at the same level of capital investment approved in its DSP. It  
24 is the Applicants' intention to continue to be compliant with the Settlement Agreement, subject to  
25 changes in OEB policy as identified in its response to Interrogatory B-CCC-15.

**Undertaking No. JTCx1.17**

**Reference: Page 162 of Transcripts Volume 1**

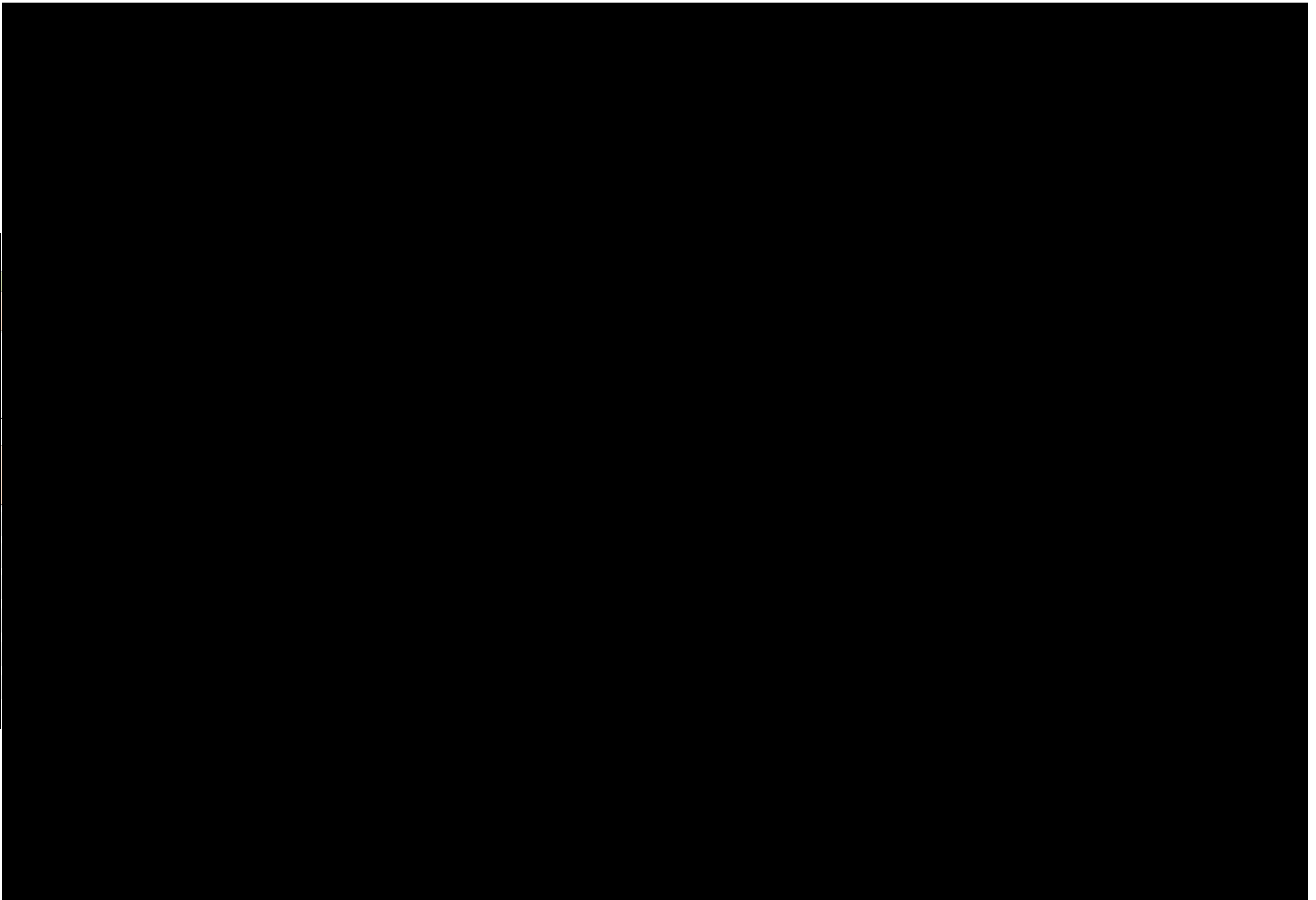
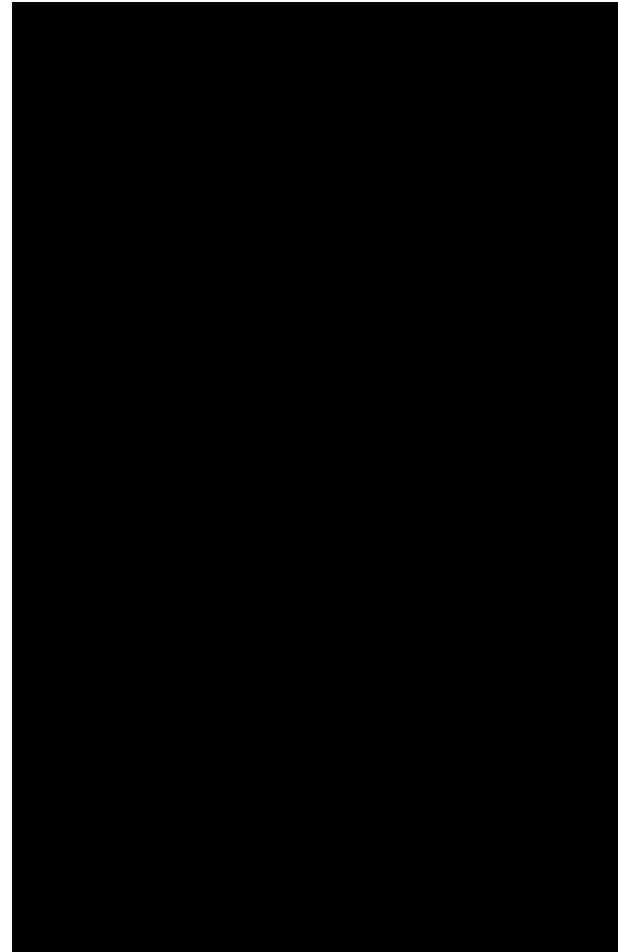
**Use best efforts to provide the most current organizational chart for the management structure of LDC Co. The chart is not to provide names, but rather positions of the managements structure of the utility.**

**Response:**

- 1 The [REDACTED] executive positions reporting directly to the CEO and Presidents have been approved
- 2 and the organizational chart provided as attachment "JTCx1.17 Attachment\_Draft Executive
- 3 Organizational Structure". The management structure below this level is currently under review
- 4 and will be finalized following the appointment of these executive positions.

**JTCx1.17\_ATTACHMENT DRAFT EXECUTIVE ORGANIZATIONAL STRUCTURE**

**MergeCo**



## Undertaking No. JTC1.18

Reference: Page 166 of Transcripts Volume 1

Provide additional details for the four IT projects listed in Table 3 on page 4 in the response to Interrogatory B-BOMA-10d).

Table 3 – Breakdown of Implementation Capital Cost

Implementation Capital Cost	2016	2017	2018	2019-2025	Total
IT - CIS Consolidation	13.8	9.1	2.0	-	25.0
IT - ERP Consolidation	5.9	2.0	-	-	7.9
IT - Engineering Systems Consolidation	4.8	3.1	2.4	-	10.3
IT - Infrastructure Consolidation	7.5	0.5	-	-	8.0
Corporate Branding	1.4	-	-	-	1.4
Consolidation of other operational activities	0.4	0.4	-	-	0.8
<b>TOTAL</b>	<b>33.7</b>	<b>15.2</b>	<b>4.4</b>	<b>-</b>	<b>53.3</b>

### Response:

- The Applicants provide additional details for the four IT projects listed in Table 3 on page 4 in the response to Interrogatory B-BOMA-10d) in Tables 1 to 4 below.

#### Table 1 - IT - CIS Consolidation

Project/ Initiative	Year 1	Year 2	Year 3	Total
CIS Consolidation - Foundation	1.3			1.3
CIS Consolidation - Horizon	6.5	3.4		9.9
CIS Consolidation - Enersource	-	2.4	2.0	4.4
CIS Consolidation - HOB	6.0	3.4		9.4
<b>Totals</b>	<b>13.8</b>	<b>9.1</b>	<b>2.0</b>	<b>25.0</b>

The IT - CIS Consolidation has been broken down into four distinct phases:

- **CIS Consolidation - Foundation** [Phase 1] includes hardware, software, consulting services and internal labour to create the backend infrastructure required to support a consolidated Oracle CC&B CIS system based on the existing PowerStream Oracle CC&B system.
- **CIS Consolidation – Horizon** [Phase 2] includes: data cleansing and migration, consulting services, and internal labour to migrate Horizon Utilities from Daffron CIS to the consolidated Oracle CC&B CIS.

- **CIS Consolidation – Enersource** [Phase 3] includes: data cleansing and migration, consulting services, and internal labour to migrate Enersource from Oracle CC&B to the consolidated Oracle CC&B CIS.
- **CIS Consolidation – HOBNI** [Phase 4] includes: data cleansing and migration, consulting services, and internal labour to migrate HOBNI from its legacy custom CIS to the consolidated Oracle CC&B CIS.

**Table 2 - IT - ERP Consolidation**

Project/ Initiative	Year 1	Year 2	Year 3	Total
ERP Consolidation - Foundation	0.3			0.3
ERP Consolidation - Horizon	2.8			2.8
ERP Consolidation - Enersource		2.0		2.0
ERP Consolidation - HOB	2.8			2.8
<b>Totals</b>	<b>5.9</b>	<b>2.0</b>	<b>-</b>	<b>7.9</b>

The IT - ERP Consolidation has been broken down into four distinct phases:

- **ERP Consolidation - Foundation** [Phase 1] includes: hardware, software, consulting services and internal labour to create the backend infrastructure required to support a consolidated JD Edwards ERP system based on the existing PowerStream JD Edwards system.
- **ERP Consolidation – Horizon** [Phase 2] includes: data cleansing and migration, consulting services, and internal labour to migrate Horizon Utilities from IFS ERP to the consolidated JD Edwards ERP.
- **ERP Consolidation – Enersource** [Phase 3] includes: data cleansing and migration, consulting services, and internal labour to migrate Enersource from JD Edwards to the consolidated JD Edwards ERP.
- **ERP Consolidation – HOBNI** [Phase 4] includes: data cleansing and migration, consulting services, and internal labour to migrate HOBNI from its legacy custom ERP to the consolidated JD Edwards ERP.

35 **Table 3 - IT – Engineering Systems**

Project/ Initiative	Year 1	Year 2	Year 3	Total
GIS-OMS Integration - Horizon	1.4			1.4
GIS-OMS Integration - Powerstream		2.2	2.2	4.4
GIS-OMS - HOBNI	1.4			1.4
SCADA Integration	1.8	0.9		2.7
OSI Soft (SCADA Data Integration)	0.1	-	0.2	0.2
Cascade CMMS	0.1			0.1
<b>Totals</b>	<b>4.8</b>	<b>3.1</b>	<b>2.4</b>	<b>10.3</b>

- 36
- 37 • **GIS-OMS Integration – Horizon** includes data cleansing and migration, hardware, software,
- 38 consulting services and internal labour to support the consolidation of Horizon Utilities’
- 39 Intergraph GIS-OMS system with the Enersource Intergraph GIS-OMS systems.
- 40 • **GIS-OMS Integration – PowerStream** includes data cleansing and migration, hardware,
- 41 software, consulting services and internal labour to support consolidation of PowerStream’s
- 42 ESRI GIS-OMS system with the Enersource Intergraph GIS-OMS systems.
- 43 • **GIS-OMS Integration – HOBNI** includes data cleansing and migration, hardware, software,
- 44 consulting services and internal labour to support consolidation of HOBNI’s Intergraph GIS
- 45 and Survalent OMS systems with the Enersource Intergraph GIS-OMS systems.
- 46 • **SCADA Integration** includes data cleansing and migration, hardware, software, consulting
- 47 services and internal labour to support consolidation of the Survalent SCADA systems of
- 48 Horizon Utilities and HOBNI, and the PowerStream Schneider SCADA system with the
- 49 Enersource Survalent system which will be the LDC Co standard.
- 50 • **OSI Soft Data Integration** project includes data mapping, hardware, software, consulting
- 51 services and internal labour to integrate data from all SCADA systems into the Operational
- 52 Data Store used by PowerStream for analytics to support system operation, planning and
- 53 maintenance.
- 54 • **Cascade CMMS** project includes data mapping, hardware, software, consulting services and
- 55 internal labour to extend the Computerized Maintenance Management System used by
- 56 PowerStream for substation asset management to the Horizon Utilities, Enersource, and
- 57 HOBNI service areas.

58 **Table 4 - IT – Infrastructure Consolidation**

<b>Project/ Initiative</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
Email Consolidation	0.2			0.2
Telecommunications	0.3			0.3
Phone System Consolidation	0.8			0.8
IT Security Consolidation	1.2			1.2
Data Centre Consolidation	3.7			3.7
IT Service Desk Consolidation	0.0			0.0
Data Backup & Archiving	0.7			0.7
Misc. System Standardizations	0.5	0.5		1.0
<b>Totals</b>	<b>7.5</b>	<b>0.5</b>	<b>-</b>	<b>8.0</b>

59

60 The objectives of these projects are to implement a common, consolidated IT infrastructure to

61 support the new company in Years 1 and 2. This consolidation will drive IT efficiencies and

62 synergies. This IT infrastructure consolidation includes utilization of existing assets where

63 possible. Costs include: hardware, software, consulting services and internal labour to support

64 the infrastructure consolidation.



**Undertaking No. JTC1.19**

**Reference: Page 172 of Transcripts Volume 1**

**To provide some of the non-payroll-related savings associated with the functions set out in Table 1, in response to Board Staff 3.**

**Response:**

- 1 The non-payroll-related savings associated with the functions identified in Table 1 in response to
- 2 Interrogatory B-Staff-3a) represent \$47.7MM of the \$354.6MM anticipated reductions in operating
- 3 expenditures. The Applicants have recast this table to isolate the non-payroll related savings in
- 4 Table 1 below. The total non-payroll-related savings of \$47.7MM are consistent with Table 1 in
- 5 the response to Interrogatory B-Staff-7a).

6

**7 Table 1 - Anticipated Reductions in non-payroll Operating Expenditures by Function by**  
**8 Year (\$MM)**

Functions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
<b>Centralized</b>	<b>0.4</b>	<b>1.0</b>	<b>2.5</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>31.9</b>
Asset Management & Engineering	-	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.8
Corporate	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Finance	0.1	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	3.6
Human Resources	0.3	0.8	1.1	1.3	1.3	1.3	1.3	1.3	1.3	1.3	11.3
Information Technology	-	(0.4)	0.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	12.8
Regulatory	-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.6
<b>De-centralized</b>	<b>0.1</b>	<b>1.6</b>	<b>1.2</b>	<b>2.1</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>15.8</b>
Customer Service	-	-	(0.1)	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Metering	-	0.1	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	3.0
Facilities, Logistics, Fleet	-	0.8	1.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	11.7
Construction, Control Room, Trouble Response	0.1	0.7	0.1	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.4
<b>Grand Total</b>	<b>0.5</b>	<b>2.6</b>	<b>3.7</b>	<b>6.1</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>47.7</b>

- 9 The Asset Management & Engineering savings relate to Geospatial Information System ("GIS")
- 10 and Outage Management System ("OMS") development (\$0.9MM); and a reduction in third party
- 11 services for asset management and analysis (\$0.9MM).

12

- 13 The Corporate savings are due to a reduction in consulting costs (\$0.8MM).

14

- 15 The Finance savings are primarily due to a reduction in third party consulting costs (\$3.6MM).

16 The Human Resources savings are due to the harmonization of benefits, incentive plans and  
17 other HR-related programs across the four utilities (\$11.3MM).

18  
19 The Information Technology savings are primarily attributable to reductions in managed services  
20 and maintenance contracts (\$10.1MM); and third party support (\$1.8MM).

21  
22 Regulatory savings are primarily due to a reduction in recurring operating expenses (\$1.6MM).

23  
24 The Customer Service savings are primarily attributable to a reduction in Customer Information  
25 Systems ("CIS") maintenance (\$1.1MM), a reduction in consulting costs (\$0.7MM), and volume  
26 discounts on billing and collecting costs (\$0.7MM); partly offset by increases in outsourcing for  
27 field collections (\$0.9MM) and printing and mailing costs (\$0.9MM).

28  
29 The Metering savings are attributable to the replacement of third party services with in-house  
30 services for Advanced Metering Infrastructure ("AMI") and Metering Service Provider ("MSP")  
31 solutions (\$3.0MM).

32  
33 The Facilities, Logistics, Fleet savings are primarily attributable to reductions in maintenance  
34 contracts (\$5.9MM), volume discounts on inventory purchases (\$2.5MM), and the termination of  
35 the sub-lease for PowerStream's Jane Street office (\$1.7MM).