

Unredacted version filed Sept. 6,  
2016 in response to Sept. 2, 2016  
OEB Decision on Confidentiality  
Requests

**B-BOMA-8**

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

**Preamble:**

- a) **The evidence suggests that growth opportunities will be pursued, where prudent. Does the merged utility have a particular optimal size for the utility, in terms of assets or numbers of customers, etc., or an idea of what geographic region it would eventually like to occupy?**
- b) **Given that the new utility will embrace the space of many large municipalities, including St. Catharines, Hamilton, Mississauga, Vaughan, Markham, Barrie, which reflect a substantial variation in economic strength and attractiveness to investing companies, how will the utility manage the competing pressure for investment in utility infrastructure, to facilitate economic development in each of the various municipalities?**
- c) **To what extent will the new utility be consistent with the configuration of six regional utilities proposed by the committee on utility consolidation [McFadden, Elston, Laughren]?**
- d) **The merger proposes three head offices for the utility. While one can understand the reluctance of municipalities and utility executives to give up a head office, especially when expensive new facilities have been constructed, why is it necessary to have a head office to "effectively utilize existing facilities"? Did the company assess the feasibility of selling or leasing some or all of the current PowerStream head office as an efficiency and consolidation measure?**
- e) **Why do "sustainability and innovation" need a separate "head office"? Are not sustainability and innovation desired characteristics for the organization rather than facilities which require their own facilities, much less a "head office"?**
- f) **What functions are included within sustainability and innovation? How many people work for each of these "functions"? Please provide an organization chart for these functions.**
- g) **Where will the ESCO head office be located? Please provide the service level agreements between the LDC Co. and the ESCO, which underpin sharing of common facilities costs with the ESCO.**

**Response:**

1 a) The Applicants do not have an optimal size for the utility. The Application before the  
2 OEB is for the consolidation of the four utilities: Enersource, Horizon Utilities,  
3 PowerStream and HOBNI. The service territories of the four utilities comprise the  
4 intended geographic region that LDC Co will occupy.  
5

6 b) It is not a requirement of the utility to facilitate economic development but, rather, to  
7 comply with its license requirements including investments to provide customer  
8 connections and maintain/ replace distribution system infrastructure.  
9

10 Such requirements are satisfied through the distribution system plans of the merging  
11 utilities, which continue in the new merged entity.  
12

13 There is no expectation of “competing pressure” as contemplated by the question nor do  
14 the Applicants believe this is relevant to the operation of the utility.  
15

16 c) The recommendations of the report of the Ontario Distribution Sector Panel (the “ODSP  
17 Report”) referred to in the question above as the “committee on utility consolidation  
18 [McFadden, Elston, Laughren]” were not accepted by the provincial government. Any  
19 measure against the ODSP Report is not germane to this Application. The government  
20 subsequently accepted the recommendations of the Premier’s Advisory Committee on  
21 Government Assets (the “Clark Panel Report”), which addressed distribution  
22 consolidation in general through its review of Hydro One Networks Inc. and Hydro One  
23 Brampton Networks Inc.  
24

25 d) The Applicants have not reviewed the feasibility of selling or leasing some or all of the  
26 current PowerStream head office. Please see the Applicants’ response to Interrogatory  
27 B-AMPCO-3b).  
28

29 e) The Sustainability and Innovation office requires separate space because this facility  
30 houses all of the administration functions with respect to shared services (i.e., Human

Resources, Supply Chain Management, Information Technology). This office also houses CDM and non-regulated functions.

f) The functions and the forecast of staff levels at the Sustainability and Innovation office are as follows:

Conservation & Demand Management	66
Information Technology	39
Customer Services/Call Centre	36
Network Services	36
Human Resources & Health & Safety	26
Control Room/P&C/Stations	25
Supply Chain/Finance/Corporate Relations/etc.	29

Please see Exhibit B, Tab 5, Schedule 5 and the Presentation Day presentation, slide 11 for a description of the functions in the Sustainability and Innovation office.

g) The ES Co head office will be located at the Sustainability and Innovation office. The service level agreements have not yet been prepared.