

Related Application for an Electricity Distribution Licence

Together with this application, is An application ~~will also be made~~ for an Electricity Distribution Licence that would allow LDC Co to own and operate the distribution systems serving the former Enersource, Horizon Utilities, PowerStream and HOBNI service areas and become the licenced electricity distributor for approximately 960,000 customers.

Other Matters

LDC Co's rebasing will be deferred for a period of ten years following the completion of the consolidation. The Applicants intend for LDC Co to integrate the distribution systems of the predecessor distributors following the completion of the consolidation, and during the rebasing deferral period.

3.0 OEB APPROVALS SOUGHT

The relief requested by the Applicants is the following:

1. LDC acquisitions and transfers of Enersource, Horizon Utilities, PowerStream and HOBNI distribution systems, licences and rate orders to LDC Co:

- (a) leave for Enersource Holdings Inc. to acquire all of the issued and outstanding shares of Enersource pursuant to Section 86(2)(a) of the OEB Act;
- (b) leave for Enersource, Horizon Utilities and PowerStream to amalgamate and continue as a corporation referred to as LDC Co, pursuant to Section 86(1)(c) of the OEB Act;
- (c) leave for LDC Co to acquire all of the issued and outstanding shares of HOBNI pursuant to Section 86(2)(b) of the OEB Act;
- (d) leave for HOBNI to transfer its distribution system to LDC Co pursuant to Section 86(1)(a) of the OEB Act;

- 1 (e) leave for LDC Co and HOBNI to amalgamate and continue as LDC Co,
2 pursuant to Section 86(1)(c) of the OEB Act;
- 3 (f) leave for Enersource, Horizon Utilities, PowerStream and HOBNI to
4 transfer their distribution licences and rate orders to LDC Co, pursuant to
5 Section 18 of the OEB Act;
- 6 (g) leave for LDC Co to acquire the 50% of the shares of Collus
7 PowerStream Utility Services Corp. currently owned by PowerStream,
8 pursuant to Section 86(2)(a) of the OEB Act.;
- 9 (h) the issuance of a new electricity distribution licence for LDC Co under
10 Section 60 of the OEB Act that will come into existence on the completion
11 of the transfers of the distribution-related assets of the former
12 Enersource, Horizon Utilities, PowerStream and HOBNI to LDC Co, to be
13 followed immediately by the cancellation of the distribution licences of
14 Enersource, Horizon Utilities, PowerStream and HOBNI. ~~The licence
15 application is being filed separately from the current Application.~~

16 At this time, the Applicants intend to maintain all distribution activities, including
17 applicable licences and rate orders in LDC Co.

18 2. Deferred Rebasing:

- 19 a) The Applicants confirm that they have chosen to defer LDC Co's rebasing
20 for ten years from the date of closing the last of the proposed
21 transactions, consistent with the Board's March 26, 2015 Report on Rate-
22 Making Associated with Distributor Consolidation (the "Consolidation
23 Policy") and with the Handbook.
- 24 b) The Applicants have relied upon the guidance in the Consolidation Policy
25 and in the Handbook in the structuring of the transaction. The Handbook
26 states that "Consolidating entities that propose to defer rebasing beyond
27 five years, must implement an [Earnings Sharing Mechanism ("ESM")] for
28 the period beyond five years." (Handbook, p.16)