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March 26, 2018

Ms. Kirsten Walli
Board Secretary, Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Energy Probe Research Foundation (“Energy Probe”) is proposing to file evidence in the EB-2017-0306/07 proceeding. Energy Probe will be relying on its own consultants – led by Tom Ladanyi and Brady Yauch – to conduct a regulatory review of mergers and acquisitions across North America in the last eight years.

Energy Probe’s analysis will provide a review of recent regulatory decisions and orders regarding mergers and acquisitions in the utility sector across North America. In the current proceeding, Enbridge and Union (“the applicants”) have proposed to defer rebasing for a decade after their current incentive regulation terms expire at the end of 2018. They are also proposing an Earnings Sharing Mechanism (ESM) in years six through ten for all earnings in excess of 300 basis points of their regulated earnings. The applicants have proposed that this application meets the Board’s “no harm” threshold for mergers and acquisitions in the province’s utility sector.

Energy Probe will conduct an analysis of the regulatory approvals of more than 30 mergers and acquisitions – totaling more than \$140 billion – over the last eight years, largely in the United States where there has been significant merger and acquisition activity. We believe the Board, and the many gas ratepayers across the province that have expressed interest to our organization in this proceeding, would be greatly assisted in a comparison of the terms and conditions being proposed by the applicants with those proposed and approved by regulators in other mergers in the utility sector.

While the applicants maintain they have met the “no harm” threshold, that threshold has been interpreted and implemented differently in many jurisdictions. We believe the Board would be assisted in a detailed look at other interpretations and proposals from utilities for meeting the “no harm” test.

Energy Probe estimates the cost of this evidence to be around \$17,950, which will include 35 hours of work for one consultant and 30 hours for the other consultant (including research, preparation of report, answering IRs and hearing attendance).

Should you require additional information, please do not hesitate to contact me.

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Sincerely,
Brady Yauch

A handwritten signature in black ink, appearing to be 'Brady Yauch', written in a cursive style.

Consultant for Energy Probe Research Foundation