

**Ontario Energy Board Staff Interrogatories on the Evidence of Energy Probe  
Enbridge Gas Distribution and Union Gas Limited Amalgamation and Rate-Setting  
Application**

**EB-2017-0306 and EB-2017-0307**

**Staff IR – 1**

**Ref: Energy Probe Evidence, Section 5, Pages 7-9**

In its evidence, Energy Probe summarizes a number of common “stipulations and conditions of approval”. It is not apparent that all of these pertain to the proposed merger of Union Gas and Enbridge Gas Distribution. For example, “Protection from the Premium Paid” applies to transactions whereby one utility is acquiring another utility, and is paying a premium to the shareholders of the utility being acquired. While this may have been an issue when Enbridge Inc. acquired Spectra, following approval and completion of that transaction a year ago, Enbridge Gas Distribution and Union Gas are affiliated companies under common ownership ultimately.

**Question:**

Did any of the transactions reviewed by Energy Probe involve a situation where the corporate parents of the consolidating entities had themselves already consolidated?

**Staff IR – 2**

**Ref: Energy Probe Evidence, Pages 11-20**

**Preamble:**

Some of the mergers and acquisitions reviewed appear to involve companies serving in non-contiguous areas and states throughout the United States. For example, reference 6, Southern Company – AGL Resources Inc.<sup>1</sup> lists Maryland, New Jersey and Georgia as the states from which state regulatory approval was sought. Maryland and New Jersey, Illinois and Georgia are all non-contiguous with each other.

---

<sup>1</sup> Appendix B, page 26

**Questions:**

- a) How many of the mergers and acquisitions reviewed by Energy Probe in its evidence involve utilities with contiguous service territories where there was/is the possibility for direct operational synergies and efficiencies in serving customers in the former service territories, a situation also present where Union Gas and Enbridge Gas Distribution currently have adjoining service territories?
- b) What, if any, conditions or commitments were established through settlement agreements or as a result of regulatory decisions that pertain to savings or other expected benefits from consolidation of operations in adjoining service territories?
- c) What methodology (including the criteria) did Energy Probe adopt to select the utilities that were reviewed in the report? What sources were used to compile the research?

**Staff IR – 3**

**Ref: Energy Probe Evidence, Executive Summary**

**Preamble:**

Energy Probe has provided evidence to inform the OEB of applications for approval of a utility merger or acquisition by regulatory commissions across the United States and Canada, and has expressed certain opinions, for example on the appropriate deferred rebasing period for the proposed Amalco. The normal rule is that only witnesses with special knowledge or expertise, who are qualified as experts, may provide opinion (as opposed to fact) evidence.

**Question:**

Should the authors of this report be considered as expert witnesses for purposes of this proceeding? If so, please explain your reasons.