

KOSKIE MINSKY

June 7, 2018

Ernie A. Schirru
Direct Dial: 416-595-2142
Direct Fax: 416-204-2893
eschirru@kmlaw.ca

Via Courier & Via Email (BoardSec@oeb.ca)

Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4

Attention: Ms. Kristi Sebalj, Registrar

Dear Ms. Sebalj:

**Re: Alectra Utilities Corporation and Guelph Hydro Electric Systems Inc. –
OEB File No. EB-2018-0014
Our File No. 180642**

As you are aware, we are counsel to the International Brotherhood of Electrical Workers, Local 636 (the “IBEW”) and have been retained with respect to this matter.

It has come to our attention that there was a clerical error in the numbering system in the Interrogatories we submitted to the Board and all parties yesterday. As such, we are serving and filing an amended version with corrected numbering.

We confirm that two (2) hard copies will be sent to the Board via courier and kindly ask that this corrected version replace the previously submitted.

Yours truly,

KOSKIE MINSKY LLP



Ernie A. Schirru
EAS:ai
Enclosure

c. IBEW Local 636
Attention: Messrs. Barry Brown & Brian Manninger

Ontario Energy Board
Attention: Ms. Saleh Lavaee, Case Manager & Mr. Ian Richler, OEB Counsel

Alectra Utilities Corporation
Attention: Ms. Indy Butany-DeSouza

Guelph Hydro Electric Systems Inc.
Attention: Ms. Cristina Birceanu

Alectra Utilities Corporation and Guelph Hydro Electric Systems Inc.
c/o Torys LLP
Attention: Mr. Charles Keizer

Chrysalis Consulting
Attention: Ms. Evelyn (Lin) Grist

Mr. John Barker & Ms. Barbara Barker

Power Workers' Union
Attention: Mr. Paul Reece

Power Workers' Union
c/o Paliare Roland Rosenberg Rothstein LLP
Attention: Mr. Richard Stephenson

Power Workers' Union
c/o Elenchus Research Associates Inc.
Attention: Mr. Bayu Kidane & Ms. Kim McKenzie

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application for Approval of Consolidation of Alectra Utilities Corporation and Guelph Hydro Electric Systems Inc. under Section 86 of the *Ontario Energy Board Act, 1998* in the manner set out in the Application.

INTERROGATORIES FROM IBEW Local 636

EB-2018-0014

1. Reference: Ex. B/T2/S1

What is the primary objective of the proposed consolidation?

**2. Reference: Ex. B/T2/S1
Reference: Ex. B/T5/S1**

Please confirm that under the Applicants' proposals it is possible that ratepayers will not receive any benefit associated with the merger savings until ten years from the completion of the consolidation.

3. Reference: Ex. B/T5/S1/P2

Which specific "redundant roles in centralized and back office functions" are the Applicants referring to? How many positions will the Applicants declare redundant? What workforce restructuring and alignment are the Applicants contemplating?

4. Reference: p. 1 Letter from Keizer to Ms. Walli March 7, 2018

The covering letter states the Application is reflective of the terms of the proposed consolidation - resulting from many months of negotiations – as approved by the Applicants' respective shareholders and principals.

- a) Please explain the extent to which the LDC customers, those most impacted by this transaction, were engaged regarding the proposed consolidation discussions and how their views impacted the negotiations;
- b) Did the LDCs specifically undertake surveys or focus groups related to the proposed transaction and the rate proposals that form part of the Application? If not, why not? If so, please provide all materials related to these engagement activities;

- c) How were the proposals embodied in the Application impacted by customer engagement?
- d) Please provide all communication provided to date to the LDCs' customers regarding the proposed transaction.

5. Reference: Ex. B/T2/S1/p. 2
Reference: Ex. B/T5/S1/ p.1

The evidence states that over the course of the 10 year rebasing deferral period, customers will benefit from rates that are lower than they would have been had the status quo. How will Guelph Hydro's customers benefit in the first ten years of the rebasing deferral period with respect to rates? How will Alectra's customers benefit in the first ten years of the rebasing deferral period with respect to rates?

6. Reference: Ex. B/T2/S1/p. 2
Reference: Ex. B/T5/S1/ p.1

The evidence further states that customers will benefit indirectly from synergies/savings during the deferral period. Please provide a detailed list of the specific areas where these synergies/savings are expected to occur. Please indicate when these synergies/savings are expected to occur.

7. Reference: Ex. B/T2/S1/p. 2
Reference. Ex. B/T5/S4/ p.1

The evidence states that it is the Applicants' submission that the proposed consolidation meets the Board's "no harm" test. The evidence states that the proposed transaction will positively impact the customers of the Parties with respect to the price and the adequacy, reliability and quality of the electrical service. How specifically will the proposed transaction improve the reliability and quality of the electrical service as opposed to the status quo? How exactly will Guelph Hydro customers benefit from being served by a larger utility? Please confirm Alectra will maintain the seven existing service centres at the same staffing levels for each centre and if any of these positions are being reviewed for "synergies" or "redundancies".

8. Reference: Ex. B/T2/S1/p/4

Please provide copies of the requests for Tax Rulings from the Ministry of Finance.

9. Reference: Ex. B/T2/S1/p. 4

Please explain how being the largest municipally owned-LDC in Ontario necessarily benefits the customer base.

10. Reference: Ex. B/T6/S1/p.1

How will transition costs impact the total anticipated savings? How do the applicants arrive at a total anticipated savings of \$37.0MM in operating costs and \$3.8MM in avoided capital costs. How do the Applicants arrive at the figure of \$4.0MM for sustained operating, maintenance and administration in light of \$24.2MM in payroll reductions. Clarify how the payroll reductions will be made.

11. Reference: Ex. B/T4/S3/P.1

Please provide copies of all presentations and reports made to each relevant municipal council (those involved in the consolidation) regarding the merger

12. Reference: Ex. B/T4/S3/P.1

Did Guelph city council approve the transaction based on the "no harm" test? If not, what was the approval based on? Did Guelph approve the merger on the basis of increased dividends or on the basis of benefits to LDC ratepayers?

13. Reference: Ex. B/T5/S2/p. 1

Please provide all assumptions used to create Figure 15 – Comparison of Status Quo v. Post Consolidation OM&A.

14. Reference: Ex. B/T6/S1/p. 5

Please provide all assumptions used to create the Table "Customer Benefits Distribution Revenue Trends".

15. Reference: Ex. B/T6/S2/p. 1

The aggregate consolidation costs are estimated to be \$14.3 MM. Please set out a schedule that provides details of these cost estimates with the inclusion of all assumptions. Please explain how these costs will be recovered over the deferral rebasing period. Please indicate the process being proposed as to how the OEB will determine the prudence of these costs.

16. Reference: Ex. B/T7/S1/p.1

The evidence states that during the rebasing deferral period Alectra may apply for rate adjustments using the Board's ICM (Incremental Capital Module) as may be necessary in accordance with applicable Board policies with respect to eligibility for, and the use of the ICM. Please explain how the ICM would work.

17. Reference: Ex. B/T6/S3/p.1

Do the Applicants believe it is more appropriate to take the savings that result from the merger and flow those savings to the municipalities for other purposes outside the electricity sector, rather than flowing those savings back to the electricity sector and the electricity ratepayers? If so, please explain why.