

June 8, 2018

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61 Essex Street  
Goderich, Ontario  
Canada, N7A 2H5Attention: Kirsten Walli  
O.E.B. Secretary  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario. M4P 1E4

Fax To: 416-440-7656

Total Pages: 15 p.

Dear Ms. Walli:

**Re: Goderich Hydro Merger with ERTH Corporation  
OEB File EB-2018-0082 MADD Application  
Interrogatories of Gord Garland**

In response to Procedural Orders No. 1 and 2 enclosed are the interrogatories of Gord Garland with respect to the above application.

**Specific Instructions:**

Further to my May 30, 2018 phone conversation and agreement with Case Manager Mr. Andrew Bishop and Associate Registrar Mr. Rudra Mukherji, the OEB will serve the other parties according to the requirements of Procedural Order No. 1.

If I am not available to sign, couriers delivering paper copies of replies should be instructed to leave those between the front doors at my mailing address.

**Follow-up Questions:**

Ms. Walli, what procedure will be used for follow-up questions to this first round of interrogatories, based on the responses or lack thereof.

**Intervenor Status: Eligibility for Cost Award**

Thank you for approving, in Procedural Orders No. 2, my eligibility to apply for an award of costs. I note that I am the only Intervenor explicitly representing the interests of the citizens of Goderich who are both the shareholders and customers of Goderich Hydro. Further, I have requested analysis and input from a Chartered Accountant concerning the transaction with ERTH Corporation and want to ensure their services are cost eligible. On May 30<sup>th</sup> I requested a copy of the OEB's *Rules of Practice and Procedure* (s. 26 & 27) and *Practice Direction on Cost Awards* but have yet to receive them.

Thank you for your attention to these matters.

Yours very truly,



Gord Garland / and  
Concerned Citizens of Goderich

Ph. 519-524-6618 / Fax 519-612-1011

Attachment: 14 p.

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**REQUESTOR NAME:** Gord Garland  
**TO:** Erie Thames Powerlines Corporation (ETPL)  
West Coast Huron Energy Inc. (WCHE)  
a.k.a. Goderich Hydro (GH)  
ERTH Corporation  
**DATE:** June 8, 2018  
**CASE NO.:** EB-2018-0082  
**APPLICATION NAME:** ETPL / WCHE MAAD Application

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**GARLAND IR # 1**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

February 21, 2018 Letter to the Editor of the Signal Star (1 p.) [attached]

**Preamble:**

The report does not present major milestones in Goderich Hydro's history. One major milestone was the April 20, 2006 Ontario Energy Board (OEB) decision that Goderich Hydro overcharged Sifto Salt Canada \$1,093,132. The OEB decided this amount should be repaid, with interest by Goderich Hdro's other customers through sharply higher hydro rates. I believe the full amount owed has now been paid off.

**WCHE / GH Questions:**

- a) What was the total amount owed Sifto including Sifto's costs awarded by the OEB?
- b) What was the interest rate charged by the OEB on the amount owed?
- c) What was the repayment schedule?
- d) How much was repaid by Goderich Hdro's other customers through sharply higher hydro rates, and what was the rate increase attributable to repayment?
- e) Has the full amount owed been paid off with rates reduced and, if so, when?

**GARLAND IR # 2**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

**Preamble:**

A second major milestone was damage caused to Goderich Hydro infrastructure (eg. hydro poles, wires etc.) by the August 21, 2011 F3 Tornado. Repair costs should have been covered by insurance, unless there were significant 'upgrades' or the damage was overstated. In that case there would be extraordinary expenses not covered by insurance.

**WCHE / GH Questions:**

- a) What was the total dollar value of damage to Goderich Hydro infrastructure attributable to the F3 Tornado?

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- b) Were repair costs totally covered by insurance and, if not, why not and what was the dollar value not covered?
- c) Was the shortfall in insurance coverage, if any, made up through other sources and if so what amounts were received from what sources, if any?
- d) Was a claim made to ODRAP and if so what was the \$ value claimed and the amount received, if any?
- e) Were significant 'upgrades', not covered by insurance, made at the time of repair and what was the purpose and dollar value of same, if any?
- f) Were there 'extraordinary expenses' not covered by insurance or other sources as a result of the F3 Tornado and what was the dollar value of same, if any?
- g) Were these 'extraordinary expenses', if any, then passed on in higher hydro rates or absorbed as debt?

### **GARLAND IR # 3**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

#### **Preamble:**

The report does not indicate whether Compass Minerals' new 'continuous drilling' equipment resulted in the need for major utility upgrades to meet their power requirements. In that case higher capital costs should be recoverable through higher utility rates from Compass Minerals.

#### **WCHE / GH Questions:**

- a) Did Compass Minerals' new 'continuous drilling' equipment result in the need for utility 'upgrades' to meet their power requirements and when?
- b) What was the dollar value of the required 'upgrades', if any?
- c) Were the resulting higher capital costs, if any, recoverable through higher utility rates (and/or higher utility delivery charges) from Compass Minerals?
- d) Were these higher capital costs, if any, passed on to Goderich Hydro's other customers through higher hydro rates or absorbed as debt?

### **GARLAND IR # 4**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

#### **Preamble:**

The report notes that Goderich Hydro has a debt of \$3 Million owed to the Town of Goderich (p. 40). But, nowhere is it stated how this debt was created or what caused it.

#### **WCHE / GH Questions:**

- a) When and how was this debt created and what caused the debt?
- b) Did \$2 Million of this debt come out of a Town reserve fund in 2012?
- c) If the proposed 'merger' goes through does the Town have to replace money, if any, taken out of a reserve fund?
- d) What percent of Goderich Hydro usage did Compass Minerals represent in 2010 compared to the percent of usage in 2016?

- e) Does Goderich Hydro provide hydro service by 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> party agreement to the Rio-Can Plaza consisting of Zehrs, Wal-Mart etc. and/or to the Canadian Tire store, all located south east of the Town's official boundaries off Highway 8? If not, then who does? Similarly, does Goderich Hydro provide hydro service by 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> party agreement to the 'Jockey' factory off Highway 21 and Mitchell St. south of the Town's official boundaries, and If not, then who does?
- f) Does Goderich Hydro's present service area extend beyond the Town's official boundaries and, if so, please provide a Map showing both?

#### **GARLAND IR # 5**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

The Corporation of the Town of Ingersoll Notes to Consolidated Financial Statements, December 31, 2016 (2 p.) [attached].

#### **Preamble:**

The report shows that in 2016 Goderich Hydro returned \$463,000 to the Town in interest, dividends and other annual payments (p. 41, 42) and that dividends paid total \$965,000 from 2000 to 2016. However, it does not indicate if ERTH Corporation ever pays dividends to their shareholders and what amounts if any and when.

#### **WCHE / GH and ERTH Corporation Questions:**

- a) If ERTH Corporation pays dividends to their shareholders, what were the annual total amounts, and by shareholder, for the corresponding years shown for Goderich Hydro on page 41 of the report (2000 – 2016).

#### **GARLAND IR # 6**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

OEB approved "2016 Yearbook of Electricity Distributors" (4 p.) [attached].

#### **Preamble:**

The report does not state what Goderich Hydro's annual revenue and operating expenses are, or what its current asset value is. However, the "2016 Yearbook of Electricity Distributors" provides financial information for both Erie Thames Powerlines Corporation (ET) and West Coast Huron Energy Inc. (WCHE or Goderich Hydro).

#### **WCHE / GH and ETPL Questions:**

- a) The Yearbook shows Goderich Hydro had "cash and cash equivalents" of \$1.53 Million while ET had "cash and cash equivalents" of \$0.00 and that Goderich Hydro had inventory of \$0.4 Million compared to ET's \$0.08 Million. Please confirm?
- b) The Yearbook shows Goderich Hydro had "Property plant and equipment" worth \$9.33 Million in 2016. What was Goderich Hydro's current asset value in 2016?
- c) How was a value of \$6.095 Million established for GH? The calculations for an 'asset value' evaluation would be as follows:

#### **Primary Calculation:**

Goderich Hydro value = Assets \$9.3 M – Long Term Debt \$3 M = \$6.3 Million

**Secondary Calculations: + or - Adjustments**

Goderich Hydro value = \$6.3 M + or – Adjustments = \$6.095 Million

Is this a reasonable approximation of how the GH value was calculated in the merger?

- c) Was there ever a value established for Goderich Hydro if it was sold, and if so what was that dollar value at December 31, 2016?

**GARLAND IR # 7**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

MADD Exhibit B, Tab 3, Schedule 2, (p. 1 & 2)

MADD Exhibit B, Tab 4. Schedule 3 and referenced Attachment 5

**Preamble:**

While the GH report portrays the merger as being "a potential merger of West Coast Huron Energy Inc. (Goderich Hydro) and Erie Thames Powerlines" (p. 1 Executive Summary), the 'Letter of Intent' legal document in the report shows the proposed merger is with ERTH Corporation (p. 43-47). ETPL is one of four operating companies owned by ERTH (p. 14) and the one that WCHE / GH would be amalgamated with.

**WCHE / GH and ETPL and ERTH Corporation Questions:**

- a) Please confirm that the proposed merger is with ERTH Corporation and that ET is merely one of four operating companies wholly owned by ERTH (GH p.14)?
- b) How do you reconcile four operating companies wholly owned by ERTH (GH p.14): Erie Thames Powerlines, ERTH Business Solutions, ERTH Infrastructure Services, ERTH Business Technologies, with three operating companies wholly owned by ERTH (MADD 1<sup>st</sup> ref. above)?
- c) Please provide a copy of the "ERTH Shareholder Agreement" cited in the 'Letter of Intent' at GH page 45 clause 7.
- d) 'Legal Agreements to Implement the Transaction' are mentioned (MADD 2<sup>nd</sup> ref.) but only *the Share Purchase Agreement* "terms and conditions" are included in the referenced Attachment 5. Please provide copies of the Schedules cited in clause 2 (MADD 2<sup>nd</sup> ref. p. 10), none of which appear to be attached to Attachment 5. Specifically, please provide copies of Schedule 1.138 "Letter of Intent" which appears in G.H. Report (p. 43 - 47), Schedule 1.13 "Amalgamation Agreement", and Schedule 1.1.26(b) "ERTH Corporation Consolidated 2015 Financial Statement".

**GARLAND IR # 8**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

The Corporation of the Town of Ingersoll Notes to Consolidated Financial Statements, December 31, 2016 (2 p.) [attached].

MADD Exhibit B, Tab 6, Schedule 6, (p. 1)

MADD Attachments 7, 8, 9, 10

OEB approved "2016 Yearbook of Electricity Distributors" (4 p.) [attached].

**Preamble:**

While the report portrays ERTH as a private company for which financial information is 'private and confidential,' a summary of the financial position and operations of ERTH Corporation is publicly available (Source: The Corporation of the Town of Ingersoll, Notes to Consolidated Financial Statement, December 31, 2016, Note 3.).

**WCHE / GH and ETPL and ERTH Corporation Questions:**

- a) Please confirm that the above referenced Ingersoll information is an accurate summary of ERTH according to the Town of Ingersoll?
- b) Please confirm that in 2016 ERTH had a Long-term Debt of \$33.9 Million while ET had a Long-term Debt of \$19.9 Million, meaning that the other three operating companies of ERTH contributed \$14.0 Million of debt to ERTH's 2016 Long-term Debt?
- c) Please confirm that in 2016 ERTH had a Total Income of \$1.16 Million of which ET contributed \$1.08 Million, meaning that the other three operating companies of ERTH contributed only \$0.08 Million to ERTH's 2016 Total Income?
- d) Please confirm that shares in ERTH Corporation have no known intrinsic value, other than the assigned \$1 per share assigned by ERTH Corporation itself, and that ERTH raises share capital by simply printing more shares and exchanging those for tangible assets?
- e) Please confirm that the intrinsic value of ERTH shares is untested in the market, and that as a result those shares are high risk and speculative with unknown value [see p. 40 point 3) in GH report]?
- f) ERTH Corporation is clearly a major party to the transaction yet no audited ERTH financial statements are included in MADD Attachments 7 through 10. Please provide copies of ERTH audited financial statements for 2016 and 2015 with detailed notes and identify the auditor.
- g) Why were financial statements of ERTH Corporation that are public [eg. The Corporation of the Town of Ingersoll Notes to Consolidated Financial Statements, December 31, 2016 (2 p.)] not made public in the GH Report, in open sessions of Goderich Town Council, and in the MADD?
- h) How do you reconcile the differences between the 2016 financial statements in the MADD Attachments 7, 9 and the financial information in the OEB approved "2016 Yearbook of Electricity Distributors" (p. 19, 27, 31, 39)? For example ETPL 2016 'Property, plant and equipment' in MADD Attachment 7 is \$36.8 Million while in the 2016 Yearbook it is listed as \$37.3 Million, an 'actual' difference of \$487,594.

**GARLAND IR # 9**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.  
MADD Attachment 6 (p. 1, 2)

**Preamble:**

Under the proposed merger agreement's 'Letter of Intent' Goderich Hydro is valued at \$6.095 Million and the Town of Goderich will give Goderich Hydro to ERTH for 6.095 Million ERTH shares. The Town of Goderich will then own 22.5% of 2018 ERTH Corporation and have 1 voting share (11.1%) out of a new total of 9 voting shares.

**WCHE / GH and ETPL and ERTH Corporation Questions:**

- a) Under the proposed "merger" will the Town of Goderich ultimately be responsible for any of ERTH Corporation's current or future debt?
- b) What is the financial risk of ERTH Corporation, and how will Goderich realize the value of its proposed \$6.095 Million shares in ERTH?
- c) If the proposed 'merger' goes through, will Council be able to openly discuss ERTH Corporation business in public at its regular Council Meetings?
- d) If the proposed 'merger' goes through, what ongoing information will be available to both Council and citizens regarding Goderich's investment in ERTH?

**GARLAND IR # 10**

Reference: June 26, 2017 'Goderich Hydro Report' (34+ p. = 47 p.) to Town Council on the proposed merger.

MADD Exhibit B, Tab 4, Schedule 4, (p. 1)

MADD Attachment 6 (p. 1, 2)

**Preamble:**

The Letter of Intent referenced in the July 17, 2017 Goderich Town Council Meeting Resolution "in the form attached to this resolution as Schedule A" ( MADD 3<sup>rd</sup> ref. p. 2, clause 1.) is not attached.

**WCHE / GH Questions:**

- a) Please provide a copy of the above referenced 'Letter of Intent' which makes it clear that the merger is with ERTH Corporation.
- b) Please provide the dates of Council Meetings where the proposed merger was discussed by Council. For each meeting please provide detailed minutes of discussion, the motions voted upon by Council, recorded votes by motion and a DVD copy of that portion of each meeting where the proposed merger was discussed and dealt with by Council including deputations to Council.

**GARLAND IR # 11**

Reference: MADD Exhibit B, Tab 3, Schedule 3, (p. 1)

MADD Exhibit B, Tab 3, Schedule 5, (p. 1)

MADD Exhibit B, Tab 5, Schedule 1, (p. 2, 3)

Attachments 4

**Preamble:**

The merged entity is to move its North operations centre in Mitchell to Goderich (MADD 1<sup>st</sup> & 2<sup>nd</sup> ref. above).

**WCHE / GH and ETPL Questions:**

- a) In the absence of the merger would WCHE / GH maintain its operations centre at 240 Huckins Street in Goderich?
- b) How would the proposed move from Mitchell to Goderich create operational efficiencies for ETPL's existing customers?

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- c) The proposed move would be to the extreme north west of ETPL's North service area with the Goderich location having no service area to the west, which is anticipated to remain occupied by Lake Huron. How could response times be better from Goderich than Mitchell for ETPL's North service area customers?
- d) In the absence of the merger would ETPL maintain its operations centre in Mitchell?

**GARLAND IR # 12**

Reference: MADD Exhibit B, Tab 6, Schedule 3, (p. 1)

**Preamble:**

It is stated under the title "Valuation of Assets and Shares" that "BDO Canada LLP was jointly hired by the Parties to complete a valuation of the issued and outstanding shares of ERTH and WCHEI for purposes of merger negotiations ..." However no valuation of assets and shares is provided.

**WCHE / GH and ETPL and ERTH Questions:**

- a) Please describe any previous dealings that each of the applicants, including ERTH, have had with 'BDO Canada LLP' or its principals.
- b) Please provide copies of the valuation reports prepared by BDO Canada LLP for WCHE and ERTH Corporation.
- c) Did WCHE / GH independently test to see whether ERTH shares were worth \$1 per share? If so, how was this check done, by whom, and what were the calculations?
- d) It is my understanding that Goderich Town Council, by majority vote, voted 'No' to an Independent Evaluation of the proposed transaction by a specialist in mergers and acquisitions. Did WCHE / GH, ETPL or ERTH advise Council, or individual Council members, not to proceed with an Independent Evaluation of the transaction?
- d) Did WHCE / GH receive verbal or written assurances from ERTH as to the present or future value of ERTH shares and, if so, what were those assurances?

**Attachments:**

- 1) February 21, 2018 Letter to the Editor of the Signal Star (1 p.) [attached]
- 2) The Corporation of the Town of Ingersoll Notes to Consolidated Financial Statements, December 31, 2016 (2 p.) [attached].
- 3) OEB approved "2016 Yearbook of Electricity Distributors" (4 p.) [attached].

- End of Document (7 p.) + Attachments (7 p.) = 14 Pages Total -



GODERICH SIGNAL STAR ■ WEDNESDAY, FEBRUARY 21, 2018



**POSTMEDIA**

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Goderich

**Signal Star**

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## Letters to the Editor

### 'Goderich Hydro Referendum'

*Dear Editor,*

This year is a municipal election year and it is my understanding that Goderich Town Council is proposing a merger of Goderich Hydro with Erie Thames Powerlines.

I believe that the citizens of Goderich are the real shareholders of Goderich Hydro, and they should have the final say in a municipal referendum where they vote 'yes' or 'no' to the proposed merger.

Maybe the referendum can take place at a minimal cost on municipal Election Day, October 22, when we are voting already.

Before a possible referendum, I believe we all need more information and better understand the 'pros' and 'cons' of the proposed merger. Key information is lacking and needs to be addressed before a possible public information meeting. Then maybe we can review Council's decision.

I agree with James McCartney's concerns ('Reconsider the merger with Erie Thames', Signal Star, Nov. 1, 2017, Page 6) but for different reasons. I obtained a copy of the June 26, 2017 'Goderich Hydro Report' (34+ pages) and I read it; it is my opinion that it does not contain basic information for decision-making.

It is my understanding of the report that it states that Goderich Hydro is "not sustainable", but presents no evidence to sub-

stantiate that claim. I believe that the real shareholders of Goderich Hydro are the citizens of Goderich, who built the utility with tax dollars and are its major customers out of 3,800.

While reading the report, I noticed that it does not present what I believe to be major milestones in Goderich Hydro's history.

First, the April 20, 2006 Ontario Energy Board (OEB) decision that Goderich Hydro overcharged Sifto Salt Canada \$1,093,132. It is my understanding that the OEB decided that amount be repaid with interest by Goderich Hydro's other customers through sharply higher hydro rates. I believe the amount has now been paid off.

Second, the damage caused to hydro poles and wires by the Aug. 21, 2011 F3 tornado. It is my understanding that repair costs should have been covered by insurance, unless there were significant 'upgrades' or if the damage was overstated. In that case, there would be extraordinary expenses not covered by insurance.

The report notes that Goderich Hydro has a debt of \$3M owed to the Town of Goderich, but after reading it, I couldn't find any statement on how this debt was created or what caused it.

In the report, the option of 'Professional Management' for Goderich Hydro is mentioned then dismissed without discussion of its current management and their decisions.

The report shows that in the 2016 Goderich Hydro returned

\$463,000 to the Town in interest, dividends and other annual payments (Page 41 and 42 of the report). However, in my understanding of the report, it does not indicate if Erie Thames (ET) ever pays dividends to their shareholders and what amounts if any and when.

Furthermore, it is my opinion that the report does not state what Goderich Hydro's annual revenue and operating expenses are, or what its current asset value is.

I believe that we need the corresponding information for ET and its parent company ERTH Corporation. What is being proposed is a merger or 'marriage' where both parties need to clearly understand each other before they tie the knot.

Clearly, I believe that key information is lacking and needs to be addressed before a public information meeting takes place and before we make our decisions. I believe, then, as shareholders and informed citizens, we can all vote on this very important issue when we elect a new Council, a scant eight months from now.

*Yours very truly,  
Gord Garland  
Goderich*

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**2. Land for Resale**

The Land for resale is zoned for commercial purposes. The land is recorded at net realizable value which is less than cost.

**3. Investment in Government Business Enterprise**

- (a) ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Ingersoll owns 38.91% (2015 - 38.91%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2016	2015
Promissory note receivable	\$ 4,543,500	\$ 4,543,500
Class A shares	1	1
Class B shares	4,543,499	4,543,499
Share of equity earnings	<u>647,067</u>	<u>192,944</u>
	<u>\$ 9,734,067</u>	<u>\$ 9,279,944</u>
	2016	2015
Share of equity earnings, beginning of year	<u>\$ 192,944</u>	<u>\$ 93,794</u>
Share in net income	454,123	99,150
Less: Dividends	-	-
Increase from government business enterprise	<u>454,123</u>	<u>99,150</u>
Share of equity earnings, end of year	<u>\$ 647,067</u>	<u>\$ 192,944</u>

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2015 - 7.25%). The term of the note is undefined but no principal repayments are expected within the next twelve months. Interest received in the year and included in other income is \$329,404 (2015 - \$329,404). During the year, ERTH Corporation declared and paid dividends totaling \$Nil (2015 - \$Nil). The proportionate share of these dividends received by the Corporation of the Town of Ingersoll and included in the municipality's share of retained earnings was \$Nil (2015 - \$Nil).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**3. Investment in Government Business Enterprise (continued)**

- (b) The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

	<u>2016</u>	<u>2015</u>
<b>Financial position</b>		
Current	\$ 18,845,749	\$ 18,045,167
Capital	41,552,100	38,961,468
Regulatory and other assets	19,609,084	17,810,941
<b>Total Assets</b>	<u>\$ 80,006,933</u>	<u>\$ 74,817,576</u>
<b>Liabilities</b>		
Current	\$ 23,688,356	\$ 20,969,790
Long-term debt	33,955,421	34,005,880
Regulatory and other liabilities	8,271,670	6,917,532
<b>Total Liabilities</b>	<u>\$ 65,915,447</u>	<u>\$ 61,893,202</u>
<b>Equity</b>		
Share capital	\$ 12,428,501	\$ 12,428,501
Retained earnings	1,700,525	655,841
Accumulated other comprehensive income (loss)	(37,540)	(159,967)
	<u>\$ 14,091,486</u>	<u>\$ 12,924,375</u>
<b>Results of Operations</b>		
Revenue	\$ 91,044,239	\$ 83,471,032
Expenses	89,999,555	83,214,987
Net income before other comprehensive income	<u>1,044,684</u>	<u>256,045</u>
Other comprehensive income (loss)	<u>122,427</u>	<u>(1,225)</u>
<b>Total comprehensive income (loss) for the year</b>	<u>\$ 1,167,111</u>	<u>\$ 254,820</u>
 Corporation of the Town of Ingersoll's Share 38.91% (2015 - 38.91%)	 \$ 454,123	 \$ 99,150
	<u>2016</u>	<u>2015</u>
Retained earnings, beginning of year	\$ 495,874	\$ 241,054
Net Income before other comprehensive income	1,044,684	256,045
Other comprehensive income (loss)	\$ 122,427	\$ (1,225)
Retained earnings, end of year	<u>\$ 1,662,985</u>	<u>\$ 495,874</u>
 Corporation of the Town of Ingersoll's Share 38.91% (2015 - 38.91%)	 \$ 647,067	 \$ 192,944

<b>Balance Sheet</b>	<b>Enersource Hydro</b>	<b>Entegrus</b>	<b>EnWin Utilities</b>	<b>Erie Thames</b>	<b>Espanola</b>	<b>Essex Powerlines</b>
<b>As of</b>	<b>Mississauga Inc.</b>	<b>Powerlines Inc.</b>	<b>Ltd.</b>	<b>Powerlines</b>	<b>Regional Hydro</b>	<b>Corporation</b>
<b>December 31</b>				<b>Corporation</b>	<b>Corporation</b>	<b>Corporation</b>
Cash & cash equivalents	\$ -	\$ 3,799,744	\$ 15,144,551	\$ -	\$ 2,283,367	\$ -
Receivables	178,271,607	20,099,368	56,329,710	12,663,383	2,026,332	14,682,238
Inventory	4,663,410	880,440	5,194,682	88,158	75,846	643,381
Inter-company receivables	311,707	26,096	3,766,885	141,813	-	129,503
Other current assets	9,236,951	817,442	1,817,839	528,702	53,557	182,414
<b>Current assets</b>	<b>192,483,674</b>	<b>25,623,090</b>	<b>82,253,667</b>	<b>13,422,056</b>	<b>4,439,103</b>	<b>15,637,536</b>
Property plant & equipment	846,642,249	93,554,234	298,190,511	40,244,413	9,620,090	79,924,145
Accumulated depreciation & amortization	(150,450,221)	(10,947,388)	(62,956,322)	(2,922,578)	(5,466,631)	(28,997,793)
Regulatory assets	696,192,028	82,606,845	235,234,190	37,321,835	4,153,459	50,926,352
Inter-company investments	16,887,851	4,823,447	8,139,242	7,312,864	2,450,752	8,373,107
Other non-current assets	26,253,963	-	3,698,575	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 931,817,517</b>	<b>\$ 113,053,383</b>	<b>\$ 342,024,077</b>	<b>\$ 58,098,986</b>	<b>\$ 11,053,140</b>	<b>\$ 74,936,995</b>
Accounts payable & accrued charges	\$ 123,651,276	\$ 15,161,656	\$ 36,471,565	\$ 12,173,901	\$ 3,236,164	\$ 16,585,585
Other current liabilities	-	195,627	546,066	-	86,243	240,367
Inter-company payables	1,783,020	-	13,976,314	351,076	-	-
Loans and notes payable, and current portion of long term debt	119,047,226	-	326,359	2,700,479	-	5,471,551
<b>Current liabilities</b>	<b>244,481,523</b>	<b>15,357,282</b>	<b>51,320,305</b>	<b>15,225,456</b>	<b>3,322,407</b>	<b>22,297,503</b>
Long-term debt	-	-	51,000,000	19,929,303	2,322,067	16,105,746
Inter-company long-term debt & advances	334,000,000	49,523,326	-	-	1,524,511	373,943
Regulatory liabilities	26,933,126	5,636,887	22,818,892	4,199,775	349,918	6,791,864
Other deferred amounts & customer deposits	48,896,855	4,150,837	24,813,230	3,320,763	356,701	1,060,667
Employee future benefits	5,446,047	3,883,836	59,627,762	797,100	-	4,080,582
Deferred taxes	386,435	-	-	-	34,523	540,840
<b>Total Liabilities</b>	<b>660,143,985</b>	<b>78,552,168</b>	<b>209,580,188</b>	<b>43,472,396</b>	<b>7,910,127</b>	<b>51,251,146</b>
Shareholders' Equity	271,673,532	34,501,215	132,443,889	14,626,589	3,143,012	23,685,849
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 931,817,517</b>	<b>\$ 113,053,383</b>	<b>\$ 342,024,077</b>	<b>\$ 58,098,986</b>	<b>\$ 11,053,140</b>	<b>\$ 74,936,995</b>



<b>Balance Sheet</b>	<b>Veridian Connections Inc.</b>	<b>Wasaga Distribution, Inc.</b>	<b>Waterloo North Hydro Inc.</b>	<b>Welland Hydro-Electric System Corp.</b>	<b>Wellington North Power Inc.</b>	<b>West Coast Huron Energy Inc.</b>
<b>As of December 31</b>						
Cash and cash equivalents	\$ 4,953,074	\$ 1,931,169	\$ 3,194	\$ 1,551,660	\$ -	\$ 1,536,278
Receivables	66,475,406	4,231,802	45,445,488	8,338,997	3,138,069	2,580,216
Inventories	3,030,587	-	3,237,595	508,355	127,105	407,257
Inter-company receivables	-	-	-	133,578	-	-
Other current assets	1,201,897	310,421	785,745	176,226	244,804	16,859
<b>Current assets</b>	<b>75,660,964</b>	<b>6,473,392</b>	<b>49,472,022</b>	<b>10,708,815</b>	<b>3,509,979</b>	<b>4,540,610</b>
Property plant & equipment	287,143,341	13,973,675	356,112,684	60,377,949	10,526,620	10,432,837
Accumulated depreciation & amortization	(34,406,783)	(1,840,155)	(151,182,998)	(30,983,471)	(1,271,259)	(1,097,210)
	252,736,558	12,133,521	204,929,686	29,394,478	9,255,361	9,335,627
Regulatory assets	7,825,315	1,330,987	3,738,636	677,054	659,919	742,391
Inter-company investments	-	-	-	-	-	-
Other non-current assets	3,898,337	341,344	1,221,393	1,371,745	152,145	-
<b>TOTAL ASSETS</b>	<b>\$ 340,121,174</b>	<b>\$ 20,279,243</b>	<b>\$ 259,361,737</b>	<b>\$ 42,152,092</b>	<b>\$ 13,577,404</b>	<b>\$ 14,618,628</b>
Accounts payable & accrued charges	\$ 45,155,177	\$ 2,692,677	\$ 39,153,002	\$ 7,137,790	\$ 2,522,148	\$ 2,170,307
Other current liabilities	566,642	81,825	2,344,338	205,539	-	16,088
Inter-company payables	-	-	1,000,100	-	-	-
Loans and notes payable, and current portion of long term debt	968,724	-	6,257,014	-	775,445	2,705,286
<b>Current liabilities</b>	<b>46,690,543</b>	<b>2,774,501</b>	<b>48,754,454</b>	<b>7,343,330</b>	<b>3,297,593</b>	<b>4,891,681</b>
Long-term debt	63,940,295	-	104,679,646	-	5,037,357	2,520,658
Inter-company long-term debt & advances	74,688,000	3,593,269	-	13,499,953	-	-
Regulatory liabilities	13,116,083	2,349,902	6,240,327	2,385,877	532,762	699,598
Other deferred amounts & customer deposits	35,104,828	155,662	4,381,082	957,920	619,202	518,239
Employee future benefits	-	-	4,426,109	1,572,730	176,872	291,961
Deferred taxes	2,510,541	-	-	-	176,471	43,409
<b>Total Liabilities</b>	<b>236,050,290</b>	<b>8,873,335</b>	<b>168,481,618</b>	<b>25,759,810</b>	<b>9,840,257</b>	<b>8,965,546</b>
Shareholders' Equity	104,070,884	11,405,909	90,880,119	16,392,282	3,737,148	5,653,082
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 340,121,174</b>	<b>\$ 20,279,243</b>	<b>\$ 259,361,737</b>	<b>\$ 42,152,092</b>	<b>\$ 13,577,404</b>	<b>\$ 14,618,628</b>



<u>Income Statement</u> For the year ended December 31	Enersource Hydro Mississauga Inc.	Entegrus Powerlines Inc.	EnWin Utilities Ltd.	Ene Thames Powerlines Corporation	Espanola Regional Hydro Distribution Corporation	Essex Powerlines Corporation
Power and Distribution Revenue	\$ 1,026,384,371	\$ 139,232,107	\$ 334,094,633	\$ 70,067,200	\$ 9,488,529	\$ 83,704,839
Cost of Power and Related Costs	897,270,594	121,128,611	281,993,088	60,034,318	7,846,388	71,601,477
Distribution Revenue	129,113,777	18,103,497	52,101,544	10,032,882	1,642,141	12,103,362
Other Income (Loss)	8,237,370	2,014,886	4,617,409	392,736	135,426	(122,643)
Expenses						
Operating	12,376,304	1,281,676	2,445,426	91,574	293,867	1,050,289
Maintenance	12,057,111	1,747,848	2,028,985	286,802	353,215	1,439,707
Administrative	38,449,640	7,500,775	21,221,448	5,736,465	739,499	4,414,633
Depreciation and Amortization	33,305,664	3,846,009	10,501,504	1,712,622	129,660	1,493,988
Financing	18,077,874	2,846,129	2,892,954	1,553,622	165,261	946,282
	114,266,593	17,222,438	39,090,318	9,381,085	1,681,502	9,344,898
Net Income Before Taxes	23,084,555	2,895,945	17,628,635	1,044,533	96,065	2,635,820
PILs and Income Taxes						
Current	1,163,158	455,998	5,230,316	35,000	(24,151)	170,308
Deferred	134,707	-	-	-	-	-
	1,297,865	455,998	5,230,316	35,000	(24,151)	170,308
Net Income (Loss)	21,786,690	2,439,947	12,398,320	1,009,533	120,216	2,465,512
Other Comprehensive Income (Loss)	641,506	(524,826)	(2,120,549)	71,969	(1,329)	-
Comprehensive Income (Loss)	\$ 22,428,196	\$ 1,915,121	\$ 10,277,771	\$ 1,081,502	\$ 118,887	\$ 2,465,512



<b>Income Statement For the year ended December 31</b>	<b>Veridian Connections Inc.</b>	<b>Wasaga Distribution Inc.</b>	<b>Waterloo North Hydro Inc.</b>	<b>Welland Hydro- Electric System Corp.</b>	<b>Wellington North Power Inc.</b>	<b>West Coast Huron Energy Inc.</b>
<b>Power and Distribution Revenue</b>	\$ 374,559,004	\$ 20,866,951	\$ 220,340,937	\$ 57,513,491	\$ 15,160,221	\$ 13,603,740
<b>Cost of Power and Related Costs</b>	322,536,491	16,918,837	186,434,129	48,433,330	12,571,629	11,271,592
<b>Distribution Revenue</b>	52,022,513	3,948,115	33,906,808	9,060,161	2,588,592	2,332,148
<b>Other Income (Loss)</b>	3,956,208	520,968	2,333,217	768,019	132,757	195,253
<b>Expenses</b>						
Operating	5,905,265	97,379	5,986,134	1,461,617	442,995	136,320
Maintenance	3,722,893	732,972	1,560,653	1,815,064	218,122	297,310
Administrative	17,817,915	2,224,530	5,746,284	3,466,056	1,096,431	1,400,308
Depreciation and Amortization	11,349,987	542,441	8,271,633	1,365,712	365,478	279,897
Financing	5,046,716	147,480	4,851,251	876,389	198,269	222,487
	43,842,776	3,744,802	26,415,955	8,984,839	2,321,295	2,336,322
<b>Net Income Before Taxes</b>	12,135,945	724,280	9,824,070	863,341	400,054	191,079
<b>PILs and Income Taxes</b>						
Current	1,156,419	139,918	551,449	(42,968)	(23,610)	23,526
Deferred	(73,450)	48,266	288,927	(81,826)	-	22,970
	1,082,969	188,214	840,376	(124,794)	(23,610)	46,496
<b>Net Income (Loss)</b>	11,052,976	536,066	8,983,694	988,135	423,664	144,563
<b>Other Comprehensive Income (Loss)</b>	(76,548)	-	93,538	-	-	-
<b>Comprehensive Income (Loss)</b>	\$ 10,976,428	\$ 536,066	\$ 9,077,232	\$ 988,135	\$ 423,664	\$ 144,563