

August 3, 2018

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61 Essex Street
Goderich, Ontario
Canada, N7A 2H5

Attention: Kirsten Walli
O.E.B. Secretary
2300 Yonge Street, 27th Floor
Toronto, Ontario. M4P 1E4

Fax To: 416-440-7656

Total Pages: 2 p.

Dear Ms. Walli:

Re: Goderich Hydro Merger with ERTH Corporation
OEB File EB-2018-0082 MADD Application
Correction - Notice of Motion

Further to my August 2, 2018 phone conversation with Mr. Andrew Bishop, Case Manager, below and attached is a correction to the Consolidated Notice of Motion (Motion 2) submitted July 31, 2018.

The correction is to paragraph 17, p. 10 of 18, and is as follows (~~removed~~) (**added**):

17. Additionally, it is submitted that the Applicants provide a full and complete response to Garland IR #7(a) ~~in light of the new (step 1) section 86(2)(a) Application 12(b) by providing a new valuation report not used in negotiations.~~ Alternatively, the OEB could simply require a new valuation report to meet the section 86(2)(a) Application Filing Requirements. **(Rev. August 3, 2018)**

The corrected paragraph 17 is included on the new attached p. 10 of 18 and now reads as follows:

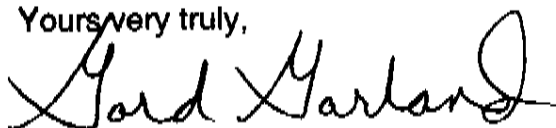
17. Additionally, it is submitted that the Applicants provide a full and complete response to Garland IR #12(b) by providing a new valuation report not used in negotiations. Alternatively, the OEB could simply require a new valuation report to meet the section 86(2)(a) Application Filing Requirements. **(Rev. August 3, 2018)**

Specific Instructions:

Please serve the other parties according to the requirements of Procedural Order No. 1, as set out in my July 31, 2018 covering letter.

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: 1 p.

13. It is also respectfully submitted that ERTH is the exception given the near total lack of financial information currently available for ERTH Corporation and that this requirement not be waived by the Board without damaging the Board's reputation for 'transparency'.

14. This valuation of the assets or shares of ERTH Corporation and assets or shares of WCHEI (or Goderich Hydro) held by the Town of Goderich, would contain more than numbers and would necessarily include ERTH's subsidiaries or operating companies. The report should describe how the values were determined and note the strength and weakness of the companies from an accountant's view.

15. Examples of notes that could be in the "relative valuation" section of the report are:

- WCHEI cash balance of \$1,500,000 should remain in ERTH Corporation, not in ETPL, leveraging better returns in ERTH's non-regulated businesses
- merger with a willing company, good relations for business
- amalgamation with a company with cash, updated infrastructure and good maintenance record reduces ETPL's long term costs
- cash flow in 45 days with no cash outlay
- \$6,000,000 of WCHEI equity at no cost, parent company ERTH Corporation issues shares
- WCHEI has newer (compact urban) infrastructure, less maintenance than older infrastructure of former ETPL
- more resources can be directed to old (dispersed rural) infrastructure of ETPL
- 10 year rebasing may be too long, yet if ETPL's expenses cannot be controlled go back to OEB for an increase of rates.

16. It is respectfully submitted that any information in the "valuation" report should be in the scope of the OEB's "no harm" review. An accountant's view of the facts and numbers would impact price, financial viability, reliability, efficiency, and a financially viable electricity industry.

17. Additionally, it is submitted that the Applicants provide a full and complete response to Garland IR #12{b} by providing a new valuation report not used in negotiations. Alternatively, the OEB could simply require a new valuation report to meet the section 86(2)(a) Application Filing Requirements. (Rev. August 3, 2018)

18. To meet Filing Requirements the full and complete response would be for the Applicants to:

- Provide a valuation of any assets or shares that will be transferred in the proposed transaction. Describe how this value was determined.

Both approaches would require a new valuation report not used in negotiations, putting a 'Chinese Wall' around the valuation reports by BDO Canada LLP so they do not influence the new valuation report, and choosing a valuation approach and 'arms length' evaluator in consultation with the OEB.

19. ERTH is playing the "no harm" game, using the "no harms" test as both a shield and a sword. A shield to fend off questions and a sword to narrow the Board's focus to