

October 19, 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 - Submission**

Below and attached is a correction to my Submission dated October 5, 2018.

The correction is to the last sentence of the last paragraph on p. 2 of 8, which carries over to p. 3 of 8, corrected as follows (~~removed~~) (**added**):

... We also know, ~~from the Yearbook,~~ that in 2016 ERTH had a Total Income of \$1.16 Million **and, from the Yearbook,** of which ETPL contributed \$1.08 Million, meaning that the other three operating companies of ERTH (**Rev. Oct. 19, 2018**)

The corrected last sentence on p. 2 of 8 is included on the new attached p. 2 of 8 and now reads as follows:

We also know that in 2016 ERTH had a Total Income of \$1.16 Million and, from the Yearbook, ETPL contributed \$1.08 Million, meaning that the other three operating companies of ERTH (Rev. Oct. 19, 2018)

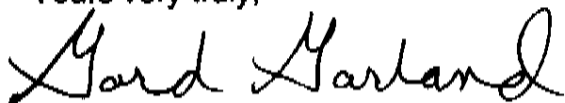
I am also following up with Intervenor James McCartney regarding section 1 of his October 5, 2018 Submission.

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.

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 (valued by ERTH Corp. at \$1 per share). 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.

Goderich Hydro Asset Value:

The 2016 Yearbook shows Goderich Hydro had "Property plant and equipment" worth \$9.33 Million. The Yearbook also shows Goderich Hydro had "Long-term debt" of \$2.52 Million. However, the Goderich Hydro report to Town Council (June 26, 2017, p. 40) shows a larger long-term debt and states:

"The current debt is \$2.974M. The Offer specifies a limit of \$ 3M."

What was Goderich Hydro's asset value in 2016? How was a value of \$6.095 Million established for Goderich Hydro?

The calculations for an 'asset value' evaluation of WCHEI 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

In terms of Adjustments, the Yearbook shows Goderich Hydro had "cash and cash equivalents" of \$1.53 Million while Erie Thames had "cash and cash equivalents" of \$0.00 and that Goderich Hydro had inventory of \$0.4 Million compared to Erie Thames \$0.08 Million. These would result in positive adjustments to WCHEI value, however there could also be negative adjustments that we are unaware of that resulted in the 'final valuation' of \$6.095 Million.

ERTH Corp. Asset Value *after merger*:

Similar calculations can be made for ERTH Corporation using the 2016 Ingersoll information. From that source we know that in 2016 ERTH had Capital of \$41.5 Million and a Long-term Debt of \$33.9 Million. Adding in the corresponding Goderich Hydro values results in the following.

Primary Calculation:

ERTH Corp. Assets = \$41.5 M + \$9.3 M (WCHEI) = \$50.8 Million

ERTH Corp. Long Term Debt = \$33.9 M + \$ 3 M (WCHEI) = \$36.9 Million

Net Asset Value = \$13.9 Million

Secondary Calculations: + or - Adjustments

ERTH Corp. value = \$13.9 M + or – Adjustments = \$unknown Million

In terms of adjustments, from the Yearbook, we know ETPL 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. We also know that in 2016 ERTH had a Total Income of \$1.16 Million and, from the Yearbook, ETPL contributed \$1.08 Million, meaning that the other three operating companies of ERTH (Rev. Oct. 19, 2018)