



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

Ontario

DECISION AND ORDER

EB-2019-0135

CHAPLEAU PUBLIC UTILITIES CORPORATION

**Application for approval to amalgamate Chapleau Public Utilities
Corporation and Chapleau Energy Services Corporation**

BEFORE: Emad Elsayed
Presiding Member

Robert Dodds
Vice-Chair and Member

Cathy Spoel
Member

December 19, 2019

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1 INTRODUCTION AND SUMMARY

This is the Decision and Order of the Ontario Energy Board (OEB) regarding an application (Application) filed by Chapleau Public Utilities Corporation (CPUC). The transaction proposed in the Application was for OEB approval, pursuant to section 86 of the *Ontario Energy Board Act, 1998* (OEB Act)¹, for CPUC to amalgamate with CPUC's affiliate, Chapleau Energy Services Corporation (CESC), effective January 1, 2018. Both CPUC and CESC are wholly owned by the Corporation of the Township of Chapleau (Township).

A unique element of the Application was that CPUC requested a retrospective amalgamation approval effective January 1, 2018. CPUC also requested the following approvals:

- Approval to transfer its licence and rate orders to the amalgamated entity; and
- Permission to continue to track costs to existing deferral and variance accounts

CPUC requested that, if approval to amalgamate is granted with an effective date of January 1, 2018, these additional requests be granted with the same effective date.

CPUC also sought an exemption under section 71(4) of the OEB Act permitting CPUC to undertake certain business activities beyond the distribution of electricity as a result of exceptional circumstances.

The OEB has assessed the application for amalgamation by applying the “no harm” test and concluded that the proposed transaction meets the test. The OEB therefore grants CPUC leave to amalgamate with CESC and has decided to grant the approval with an effective date of December 31, 2017. The reason that this approval is effective December 31, 2017 instead of January 1, 2018, which is the date referenced throughout this proceeding, is that this allows for a one-day gap between this approval and the January 1, 2018 date of endorsement of the certificate of amalgamation.²

With respect to the request for an exemption under section 71(4) of the OEB Act, the OEB has determined that it will grant the requested exemption on a time-limited basis effective as of the date of this Decision and Order. The OEB directs CPUC to report annually, as part of its Incentive Rate Mechanism (IRM) applications and until its next

¹ S.O. 1998, c. 15 Schedule B

² CPUC Reply Submission, p. 10, footnote 17

rebasing application, on the nature of the activities being performed together with confirmation that these activities do not result in any incremental cost to ratepayers.

2 APPLICATION AND PROCEEDING OVERVIEW

2.1 The Application

CPUC sought OEB approval under section 86 of the OEB Act to amalgamate with its affiliate, CESC, effective January 1, 2018. In addition, CPUC also requested the following orders of the OEB, also effective January 1, 2018:

- Approval for CPUC to transfer its licence and rate orders to the amalgamated entity pursuant to section 18 of the OEB Act
- Approval for the amalgamated entity to be granted permission to continue to track costs to existing deferral and variance accounts
- Authorization of an exemption under section 71(4) of the OEB Act permitting CPUC to undertake certain business activities beyond the distribution of electricity as a result of exceptional circumstances

2.2 Application Context and Considerations

CPUC operated as a “virtual utility” between 2012 and 2017. CPUC was the regulated distributor that owned the distribution system, but retained its affiliate, CESC, to provide the necessary services to operate and maintain the distribution system. CESC was able to reduce the costs allocated to CPUC by also providing services to non-CPUC customers, such as Hydro One. However, in 2016, Hydro One discontinued the material use of CESC for work, other than on an emergency basis, which left a material gap in the allocation of CESC’s resources.³

CPUC still required CESC to provide a full staff complement and all of its assets, but the allocation methodology did not fully compensate CESC for maintaining such assets and staffing complement. To address this, there were three alternatives:

1. CPUC and CESC could update the allocation methodology to ensure CESC was being compensated for maintaining the staff and assets required by CPUC
2. Directly transfer the assets of CESC to CPUC

³ CPUC Argument-in-Chief, pp. 3-4

3. Amalgamate CPUC with CESC, with the effect that the assets of CESC and CPUC would be held together within the amalgamated entity

The first alternative was rejected as it would result in CPUC continuing to operate as a “virtual utility” and CESC continuing to operate, including the associated regulatory and administrative burden of doing so.⁴ The Township determined that amalgamating CPUC and CESC was the simplest means to combine the distribution system with the staff and assets used to operate and maintain the distribution system.

It was discovered during CPUC’s 2019 cost of service application (Rate Application)⁵ that CPUC and CESC amalgamated on January 1, 2018, prior to obtaining approval of the OEB. Since January 1, 2018, CPUC had ostensibly been operating as an amalgamated entity as it had filed Articles of Amalgamation, pursuant to the *Ontario Business Corporations Act* (OBCA), with the Ministry of Government and Consumer Services (MGCS) in December 2017. The Articles of Amalgamation were endorsed by the MGCS Director on January 1, 2018, and such endorsement constitutes a Certificate of Amalgamation.⁶

Although CPUC and CESC amalgamated effective January 1, 2018, for the purposes of the OBCA, no application had been filed with the OEB requesting approval of the amalgamation pursuant to section 86(1)(c) of the OEB Act. Section 86(6.2) of the OEB Act states that a certificate of amalgamation is void if it is endorsed before leave of the OEB for the amalgamation is granted.

CPUC stated that the fact that it did not apply to the OEB for leave to amalgamate before it filed the Articles of Amalgamation for endorsement by the MGCS was inadvertent and was discovered only after it obtained the Certificate of Amalgamation.

While the Application is assessed in the context of the OEB’s “no harm” test, given that the Application was filed after CPUC and CESC ostensibly amalgamated, the effective date of the amalgamation is an additional consideration in this proceeding.

2.3 The Process

The OEB issued a Notice of Hearing on September 16, 2019. No letters of comment were filed with the OEB and no parties applied for intervenor status.

⁴ CPUC Argument-in-Chief, p. 4

⁵ EB-2018-0087

⁶ OBCA, R.S.O. 1990, c.B.16, section 178

In accordance with Procedural Order No. 1, OEB staff filed interrogatories on October 10, 2019 and CPUC filed responses to interrogatories on October 29, 2019. CPUC filed its Argument-in-Chief (AIC) on November 7, 2019 and OEB staff filed its submission on November 22, 2019. CPUC filed a reply submission on December 6, 2019 (Reply Submission).

3 REGULATORY PRINCIPLES

3.1 The “No Harm” Test

The OEB applies the “no harm” test when assessing applications for approval of utility consolidations. The “no harm” test was first established by the OEB in 2005 through its decision in an adjudicative proceeding,⁷ and has been used to guide OEB decision making on mergers, acquisitions, amalgamations and divestitures (MAADs) applications since then.

The *Handbook to Electricity Distributor and Transmitter Consolidations* (MAADs Handbook), issued by the OEB on January 19, 2016, confirmed that the OEB will continue its practice of applying the “no harm” test when adjudicating utility consolidation requests. The OEB considers whether the “no harm” test is satisfied based on an assessment of the cumulative effect of the transaction on the attainment of its statutory objectives. The OEB Act states:⁸

Board objectives, electricity

1(1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:⁹

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
 - 1.1. To promote the education of consumers.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer’s economic circumstances.
4. To facilitate the implementation of a smart grid in Ontario.

⁷ RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257

⁸ OEB Act, Section 1

⁹ Note that on a date to be named by proclamation of the Lieutenant Governor, paragraph 1 of subsection 1 (1) will be repealed and replaced with “To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service”, and paragraph 1.1 will be repealed.

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5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connections of renewable energy generation facilities. 2004, c. 23, Sched. B, s. 1; 2009, c. 12, Sched. D, s. 1; 2015, c. 29, s. 7

If the proposed transaction has a positive or neutral effect on the attainment of these objectives, the OEB will approve the consolidation.¹⁰

¹⁰ MAADs Handbook, pp. 3-4

4 DECISION ON THE ISSUES

4.1 Assessment of Application Against the “No Harm” Test

The following factors are considered in applying the “no harm” test:

- Price, economic efficiency and cost effectiveness
- Service quality and reliability
- Financial viability

The OEB findings for each of these factors are provided below. Based on these findings, the OEB concludes that the proposed transaction meets the “no harm” test.

Impact on Price, Economic Efficiency and Cost Effectiveness

CPUC provided details in the Application and interrogatories about how the proposed amalgamation does not affect prices that CPUC customers pay for distribution of electricity. The proposed amalgamation is not a consolidation of two utilities with separate distribution systems, but instead, it is the amalgamation of two affiliates, CPUC and CESC. CPUC also stated that costs associated with the amalgamation will not be recovered from ratepayers.¹¹

CPUC submitted that the approval of rates in the Rate Application, which is based on a post-amalgamation cost structure, supports the conclusion that the proposed amalgamation has no adverse impact on price.¹² In its submission, OEB staff referenced the Decision and Order in the Rate Application¹³ which stated:

The parties agreed that the settlement of the revenue requirement is based on ensuring that [CPUC] has adequate resources to continue operating the utility, and not on an assumption that the amalgamation application (filed on April 6, 2019) will be approved by the OEB. The parties acknowledged that the application for leave to amalgamate will be considered in a separate proceeding.

In its responses to interrogatories, CPUC highlighted that the proposed amalgamation did not, and was not, intended to change, in any material way, the manner in which CPUC operated and maintained its distribution system.¹⁴ CPUC further stated in its AIC

¹¹ Response to Interrogatories OEB 1-Staff-5 (a) and (b)

¹² CPUC AIC, p. 6

¹³ OEB Staff Submission, pp. 8-9, referring to Decision and Order in EB-2018-0087

¹⁴ Response to Interrogatory OEB 1-Staff-9 (a)

that the maintenance and operation of the distribution system, and the cost to do so, are unaffected by the amalgamation in any material way. The only element materially affected is a reduction in regulatory and administrative burden associated with operating a “virtual utility”.¹⁵

OEB staff submitted that from a price, economic efficiency and cost effectiveness standpoint, the proposed amalgamation will have a neutral effect on the ratepayers of CPUC as there are no synergies or savings experienced, nor will there be any transaction and transition costs recovered from ratepayers.¹⁶

Findings

The OEB finds that the proposed amalgamation has no adverse impact on price, economic efficiency or cost effectiveness. Any costs associated with this amalgamation will not be collected from ratepayers and, therefore, the resulting impact on ratepayers is expected to be neutral. From an operational perspective, the amalgamation is not intended to change the way the distribution system is operated. The amalgamation is a merger of two entities that are already owned by the same shareholder.

Impact on Service Quality and Reliability

The MAADs Handbook requires consolidating utilities to indicate the impact that the proposed transaction will have on customers with respect to quality and reliability of electricity service. In considering the impact of a proposed transaction on the quality and reliability of electricity service, and whether the “no harm” test has been met, the OEB is informed by, among other things, the metrics provided by the distributor in its annual reporting to the OEB and published in its annual scorecard.¹⁷

CPUC stated that the proposed amalgamation has no adverse impact on the adequacy, reliability and quality of electricity service provided by CPUC and reiterated that the proposed amalgamation does not change the nature of the distribution system owned and operated by CPUC, or the resources available to CPUC.¹⁸

OEB staff submitted that, based on the evidence provided by CPUC, the service quality and reliability levels in the CPUC service area are likely to be maintained and the

¹⁵ CPUC AIC, p. 6

¹⁶ OEB Staff Submission, p. 8

¹⁷ MAADs Handbook, p. 7

¹⁸ CPUC AIC, p. 7

proposed amalgamation, therefore, meets the “no harm” test with regard to service quality and reliability.¹⁹

OEB staff also accepted that the proposed amalgamation does not in any way change the nature of the distribution system owned and operated by CPUC as well as the resources available to it. Additionally, OEB staff noted that there are no proposed reductions to line crew or operations staff, which will help to ensure adequate staffing levels for addressing outages and maintaining electricity service.²⁰

Findings

The OEB finds that the proposed amalgamation has no adverse impact on service quality or reliability as it does not change any of the underlying factors such as the nature of the distribution system, the resources available to address the quality and reliability of service, or the customer base.

Impact on Financial Viability

The MAADs Handbook indicates that the impact of a proposed transaction on the acquiring utility’s financial viability for an acquisition, or on the financial viability of the consolidated entity in the case of a merger, will be assessed. The OEB’s primary considerations in this regard are:

- The effect of the purchase price, including any premium paid above the historic (book) value of the assets involved
- The financing of incremental costs (transaction and transition costs) to implement the consolidation transaction

CPUC stated that it is related by virtue of a common shareholder (the Township) with CESC, and that the assets were transferred over at the net book value as of the date of the amalgamation, and therefore CPUC did not require financing.²¹ OEB staff agreed that there would not be any negative impacts on the financial viability of CPUC as the assets were transferred over at net book value and that, from a financial viability perspective, the proposed amalgamation met the “no harm” test.²² CPUC submitted that the amalgamation serves to facilitate the maintenance of a financially viable electricity

¹⁹ OEB Staff Submission, p. 10

²⁰ OEB Staff Submission, p. 10

²¹ Application, p. 9

²² OEB Staff Submission, p. 11

industry and that the financial viability of CPUC, as an amalgamated entity, was confirmed through the approval of rates in its Rate Application where the OEB approved a cost and rate structure for CPUC based on the proposed amalgamated entity.²³

Findings

The OEB finds that the proposed amalgamation has no adverse impact on CPUC's financial viability. The distribution assets were transferred to the amalgamated entity at the net book value.

4.2 Other Matters

Amalgamation Effective Date

CPUC requested that, if the OEB approves the amalgamation of CPUC and CESC, the OEB should grant an amalgamation effective date of January 1, 2018. CPUC stated that, by making an order with a retrospective effective date, the Certificate of Amalgamation would not become void pursuant to section 86(6.2) of the OEB Act. In its Reply Submission, CPUC stated that, on reflection, an order backdated to December 31, 2017, allowing for amalgamation effective January 1, 2018, may be the appropriate form of an order, should the OEB approve the requested relief.²⁴

CPUC submitted that the OEB has the jurisdiction under the OEB Act to make an order for a retrospective effective date and noted that granting leave to amalgamate under section 86(1)(c) of the OEB Act is under the OEB's exclusive jurisdiction, as is the interpretation and application of section 86(6.2) of the OEB Act.²⁵

In its submission, OEB staff submitted that it is not clear, from the statutory language, that the OEB can grant leave to amalgamate with a retrospective effective date and that a retrospective power can only be granted through clear legislative language.²⁶

In its Reply Submission, CPUC submitted that OEB staff's review focuses on a narrow interpretation of section 86(1)(c) and 86(6.2) without having regard to the overall

²³ CPUC AIC, p. 7

²⁴ CPUC Reply Submission, p. 10, footnote 17

²⁵ CPUC AIC, p. 8

²⁶ OEB Staff Submission, pp. 14-15, referring to *Beau Canada Exploration Ltd. v. Alberta (Energy & Utilities Board)*, 2000 ABCA 132 (Alberta Court of Appeal) at para 28. See also *Northwestern Utilities Ltd. v. Edmonton (City)* 1978 CarswellAlta 141 (Supreme Court of Canada) at paras 7 and 9 and *Re West Energy Ltd.*, 2007 CarswellAlta 1057 (Alberta Energy and Utilities Board) at para 18

scheme of the OEB Act.²⁷ In referring to a court decision cited in OEB staff's submission, CPUC argued that the court analyzed the entire statutory scheme as it related to the operative sections of the subject legislation and noted that there were other sections of the subject statute that specifically permitted retroactive orders on the basis of the unfairness that the exercise of such power would create in the context of the specific relief requested.²⁸

CPUC argued that the interpretive analysis of the OEB's jurisdiction must also recognize the OEB's objectives under the OEB Act – of which the second objective for electricity is the most directly relevant.²⁹

Relying on a decision of the Supreme Court of Canada, CPUC submitted that there were several factors that a court considers when faced with a request to make a “back-dated” order including, but not limited to considering whether the order would have been granted had it been sought at the appropriate time, such that the timing of the order is merely an irregularity, and the irregularity is not intentional.³⁰

CPUC set out several reasons in its AIC, and reiterated in its Reply Submission, for why it would be appropriate for the OEB to order a retroactive effective date including:

- There will be no adverse impact on any customers or any other potentially interested party
- CPUC already had rates approved effective 2019 onwards based on a cost structure that assumes an amalgamation effective January 1, 2018
- No parties have come forward to intervene and/or provide any objection to the requested relief
- Had CPUC applied for approval prior to January 1, 2018, as per the normal course, it would have been approved without qualification
- Failure to seek leave to amalgamate prior to January 1, 2018 was through inadvertence and granted no benefit to the amalgamating corporations

²⁷ CPUC Reply Submission, p. 5

²⁸ CPUC Reply Submission, p. 7 referring to *Beau Canada Exploration Ltd. v. Alberta*, *supra*, at paras 30-39

²⁹ CPUC Reply Submission, p. 8 and referring to OEB objective 2: “To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry”

³⁰ CPUC Reply Submission, p. 9 referring to *Canadian Imperial Bank of Commerce v. Green* [2015] 3 S.C.R. at para 90

CPUC stated that there are no competing interests in the case of the amalgamation of CPUC and CESC. Specifically, there is no negative effect on any party as a result of granting the retrospective amalgamation effective date, and only negative consequences on CPUC and, indirectly, its customers if the requested relief is not granted.³¹

CPUC submitted that, in the absence of an order with a retrospective amalgamation effective date, CPUC would need to revive the “corporate lives” of the predecessor companies and restate the accounting for both companies. The consequence of this, according to CPUC, is that it would materially impact the cost effectiveness and financial viability of CPUC – a specific concern of the OEB when carrying out its responsibility and exercising its jurisdiction.³²

Findings

OEB staff submitted that the OEB’s discretionary power is more limited in an amalgamation case (section 86 of the OEB Act) than it would be in a rate case (section 78 of the OEB Act) where retrospective or retroactive application of the regulator’s order can be granted under special circumstances. According to OEB staff, this is primarily because the language in section 86 is more temporally specific.

In the OEB’s view, this is a unique case in a number of aspects that warrants special consideration for the following reasons:

- CPUC did not realize any benefits by failing to apply for leave to amalgamate in a timely fashion.
- Granting the leave effective December 31, 2017 will have no adverse impact on CPUC’s ratepayers or any other potentially interested party.
- Not granting the leave effective December 31, 2017 would necessitate a significant effort and cost for CPUC that is not balanced by the benefits of strict adherence to legislative language.

The OEB also makes an observation from a procedural perspective regarding the Certificate of Amalgamation. Section 86(6.2) of the OEB Act states that a certificate of amalgamation is void if it is endorsed before leave of the OEB for the amalgamation is granted. However, in this case, the Certificate of Amalgamation was endorsed by the MGCS Director without the amalgamation being granted by the OEB. Although these

³¹ CPUC Reply Submission, p. 7

³² CPUC Reply Submission, p. 8

are two separate organizations, it would seem that some level of coordination needs to be put in place such that a certificate is not endorsed before the amalgamation is granted by the OEB. In other words, OEB's approval should be a prerequisite for endorsing the certificate. If this had been done in this case, many of the issues that the OEB is dealing with would have been avoided.

The OEB finds that an effective date of December 31, 2017 is appropriate under the unique circumstances of this case.

Section 71(4) Request

CPUC requested the OEB grant an exemption under section 71(4) of the OEB Act so that it could continue to provide non-distribution services to CPUC and non-CPUC customers.³³ CPUC also requested that, if the OEB grants leave to amalgamate effective January 1, 2018, the exemption under section 71(4) of the OEB Act should also have an effective date of January 1, 2018.

In its interrogatory responses³⁴, CPUC provided detailed information about the non-distribution activities provided by CPUC. In its AIC, CPUC indicated that the activities include customer-specific needs that are met by allowing customers occasional access to CPUC/CESC resources (i.e., the linemen and their vehicles that are on staff with CPUC/CESC).³⁵ In its Reply Submission, CPUC stated that the non-distribution activities relate to "providing to the local community access to CPUC's resources in the form of the labour of CPUC's (2) linemen and equipment in the form of, for the most part, CPUC's boom truck".³⁶

OEB staff submitted that the OEB should defer addressing the section 71(4) request in a separate proceeding and stated that additional clarity, with regard to the scope and frequency of non-distribution activities, could be attained in a separate hearing.³⁷ CPUC responded that delaying such a decision to a separate hearing is not necessary due to the relatively small scope of activities provided by CPUC, the fact that the revenue from the activities has already been credited fully to ratepayers, as well as information available on the records of the Rate Application and this Application.³⁸

³³ Response to Interrogatory OEB 1-Staff-2 (b)

³⁴ Response to Interrogatory OEB 1-Staff-3 (d)

³⁵ CPUC AIC, p. 12

³⁶ CPUC Reply Submission, p. 11

³⁷ OEB Staff Submission, p. 17

³⁸ CPUC Reply Submission, p. 11

CPUC suggested that permission under section 71(4) of the OEB Act could be granted on a time-limited basis until its next rebasing. CPUC suggested the OEB could require CPUC to provide a report – at the time it files for annual IRM-related adjustments – describing the nature of the activities that CPUC has provided. This would allow the OEB a means to attain further information, should it require so, on activities that CPUC provides.³⁹

Findings

The OEB grants the requested exemption on a time-limited basis effective as of the date of this Decision and Order. Based on the evidence in this case, the non-distribution activities carried out by CPUC do not appear to have an adverse impact on ratepayers. The activities seem to be aimed at the efficient utilization of existing resources with no incremental cost involved. While the OEB shares OEB staff's concern about the nature and frequency of these activities, the OEB finds CPUC's proposal in its Reply Submission to be reasonable.

The OEB, therefore, directs CPUC to report annually, as part of its IRM applications, on the nature of the non-distribution activities being performed together with confirmation that these activities do not result in any incremental cost to the ratepayers. These reports shall include the following for the reporting period:

- Description of the type(s) of non-distribution services that CPUC provided to CPUC and non-CPUC customers
- Summary of revenues and costs related to the non-distribution services
- Whether CPUC intends to provide non-distribution services in the next reporting period and, if so, which services
- Whether CPUC anticipates providing any new or additional non-distribution services that it currently does not provide
- Description of any risks and liabilities associated with the non-distribution services and how CPUC manages such risks

This reporting shall continue while CPUC remains on IRM. CPUC shall address this issue going forward in its next rebasing application if it intends to continue carrying out non-distribution activities.

³⁹ CPUC Reply Submission, p. 11

Transfer of Licence and Rate Orders

CPUC sought approval to transfer its licence and rate orders to the amalgamated entity as well as approval to continue to track costs to existing deferral and variance accounts. CPUC submitted that, if the OEB grants leave to amalgamate with an effective date of January 1, 2018, then permission to transfer CPUC's licence and rate orders and permission to continue existing deferral and variance accounts should be granted with an effective date of January 1, 2018.

OEB staff submitted that, if the OEB grants leave to amalgamate, it should approve such ancillary requests, but the effective date for such requests should be that of the Decision and Order.⁴⁰ CPUC did not make submissions specific to the effective date of the additional requests, on the assumption that the effective date for all other requested relief will be determined by the effective date of the leave to amalgamate order, if granted.⁴¹

Findings

The OEB approves CPUC's request to transfer the licence, rate orders and existing deferral and variance accounts to the amalgamated entity effective December 31, 2017. The amalgamated entities cease to exist on that date and the amalgamated entity is a distinct new entity from the amalgamating companies.

⁴⁰ OEB Staff Submission, p. 18

⁴¹ CPUC Reply Submission, p. 4

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Chapleau Public Utilities Corporation is granted leave to amalgamate with Chapleau Energy Services Corporation, effective December 31, 2017.
2. The leave granted in paragraph 1 above shall expire 18 months from the date of this Decision and Order.
3. Chapleau Public Utilities Corporation shall promptly notify the OEB of the completion of the transaction referred to in paragraph 1 above.
4. Chapleau Public Utilities Corporation is granted an exemption under section 71(4) of the OEB Act on a time-limited basis effective as of the date of this Decision and Order until its next rebasing application and, until then, shall report annually on the nature of the activities being performed together with confirmation that these activities do not result in any incremental cost to the ratepayers.
5. Chapleau Public Utilities Corporation shall address the issue of non-distribution activities going forward at the time of its next rebasing application if it intends to continue carrying out these activities.
6. Chapleau Public Utilities Corporation is granted approval to transfer the licence, rate orders and existing deferral and variance accounts to the amalgamated entity effective December 31, 2017.
7. Chapleau Public Utilities Corporations shall pay the OEB's costs of, and incidental to, this proceeding immediately upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the file number, **EB-2019-0135**, be made in a searchable/unrestricted PDF format and sent electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and email address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have computer access are required to file seven paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

DATED at Toronto December 19, 2019

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary