



EB-2008-0335

NOTICE OF APPLICATION AND HEARING
LEAVE TO AMALGAMATE
PowerStream Inc. and Barrie Hydro Distribution Inc.

The Application

Power Stream Inc. ("PowerStream") and Barrie Hydro Distribution Inc. ("Barrie Hydro"), both licensed electricity distributors, have filed an application with the Ontario Energy Board, received on October 16, 2008, under section 86(1)(c) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) (the "Act"), seeking leave to amalgamate PowerStream and Barrie Hydro. PowerStream and Barrie Hydro are collectively referred to as "Applicants" in this Notice of Application and Hearing. The Board has assigned the application file number EB-2008-0335.

If the Board grants leave to the Applicants to amalgamate and the proposed transaction closes:

- (a) Barrie Hydro has requested, under section 77(5) of the Act, that its electricity distribution licence be canceled; and
- (b) PowerStream has requested, under section 74 of the Act, that its distribution licence be amended to include in its service area the area currently served by Barrie Hydro.

The closing date for the proposed transaction is December 31, 2008.

Currently, Markham Enterprises Corporation holds 43% of the shares of PowerStream, and Vaughan Holdings Inc. owns 57% of the shares of PowerStream. Markham Enterprises Corporation and Vaughan Holdings Inc. are wholly owned by the Town of Markham and the City of Vaughn respectively. Barrie Hydro Holdings Inc. which is wholly owned by the City of Barrie holds 100% of the shares of Barrie Hydro. Power Stream, Barrie Hydro and their respective shareholders are parties to the proposed transaction.

Upon completion of the proposed transaction, the shares of the amalgamated corporation will be held by the parties as follows:

- (a) the City of Barrie through Barrie Hydro Holdings Inc. will hold 20.5% of the shares;
- (b) the City of Vaughan through Vaughan Holdings Inc. will hold 45.3% of the shares; and
- (c) the Town of Markham through Markham Enterprises Corporation will hold 34.2% of the shares.

The new amalgamated corporation will use "PowerStream Inc." as a corporate name. However, for one year following the closing date of the transaction, the amalgamated corporation will co-brand itself "Powerstream Inc. Barrie Hydro Distribution" with respect to customers in the service area currently served by Barrie Hydro.

The Applicants have stated that the proposed amalgamation protects the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service. The Applicants have also stated that the projected cost savings by amalgamating the two distributors will be in the range \$5,000,000 to \$5,500,000 per year. The Applicants stated that the one-time transaction costs are expected to be approximately \$5,000,000 and capital expense savings are expected to average approximately \$850,000 each year over 10 years.

Currently, the rates charged for the delivery of electricity to customers in the PowerStream and Barrie Hydro service areas are not equal. The application states that the amalgamated utility will maintain the existing rates for customers in each of the service areas for 3 to 5 years after the date of closing of the proposed transaction and will harmonize rates within 3 to 5 years from the date of closing of the proposed transaction. The Applicants further state that the amalgamated utility will defer its rate rebasing up to five years from the date of closing the proposed transaction.

How to see the Application

Copies of the application are available for inspection at the Board's office in Toronto, and at PowerStream and Barrie Hydro's offices.

How to Participate

You may participate in this proceeding in one of three ways:

1. Send a Letter with your Comments to the Board

Your letter with comments will be provided to the Board members deciding the application, and will be part of the public record for the application. Your letter must be received by the Board no later than **30 days** from the publication or service date of this notice. The Board accepts letters of comment by either post or e-mail at the addresses below.

2. Become an Observer

Observers do not actively participate in the proceeding but monitor the progress of the proceeding by receiving documents issued by the Board. You may request observer status in order to receive documents issued by the Board in this proceeding. If you become an observer, you need to contact the Applicants and others in order to receive documents that they file in this proceeding and they may charge you for this. Most documents filed in this application will also be available on the Board's website. Your request for observer status must be made in writing and be received by the Board no later than **10 days** from the publication or service date of this notice. The

Board accepts observer request letters by either post or e-mail at the addresses below; however, two paper copies are also required. You must also provide a copy of your letter to the Applicants.

3. Become an Intervenor

You may ask to become an intervenor if you wish to actively participate in the proceeding. Intervenor status is eligible to receive evidence and other material submitted by participants in the hearing. Likewise, intervenors will be expected to send copies of any material they file to all parties to the hearing.

Your request for intervenor status must be made by letter of intervention and be received by the Board no later than **10 days** from the publication or service date of this notice. Your letter of intervention must include a description of how you are, or may be, affected by the outcome of this proceeding; and if you represent a group, a description of the group and its membership. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the Applicants and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicants.

The Board may proceed in this matter by way of a written hearing or an oral hearing. The Board will not hold a written hearing if a party satisfies the Board that there is good reason for holding an oral hearing. Your letter of intervention should indicate your preference for a written or oral hearing, and the reasons for that preference.

If you already have a user ID, please submit your intervention request through the Board's web portal at www.errr.oeb.gov.on.ca. Additionally, two paper copies are required. If you do not have a user ID, please visit the Board's website under e-filings and fill out a user ID password request. For instructions on how to submit and naming conventions please refer to the RESS Document Guidelines found at www.oeb.gov.on.ca, e-Filing Services.

The Board also accepts interventions by e-mail, at the address below, and again, two additional paper copies are required. Those who do not have internet access are required to submit their intervention request on a CD or diskette in PDF format, along with two paper copies.

How to Contact Us

In responding to this Notice, please include Board file number EB-2008-0335 in the subject line of your e-mail or at the top of your letter. It is also important that you provide your name, postal address and telephone number and, if available, an e-mail address and fax number. 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.

Need More Information?

Further information on how to participate may be obtained by visiting the Board's website at www.oeb.gov.on.ca or by calling our Consumer Relations Centre at 1-877-632-2727.

IMPORTANT

IF YOU DO NOT NOTIFY THE BOARD OF YOUR INTENTION TO PARTICIPATE IN THIS PROCEEDING IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED WITHOUT YOUR PARTICIPATION AND YOU WILL NOT BE ENTITLED TO FURTHER NOTICE IN THE PROCEEDING.

ADDRESSES

The Board:

Post:
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Board Secretary

Filings : www.errr.oeb.gov.on.ca
E-mail: Boardsec@oeb.gov.on.ca

Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

The Applicants:

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Fax: 705-722-6159

DATED at Toronto, October 29, 2008.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary