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File No. 17129.26

September 2, 2025

BY EMAIL & RESS

Mr. Ritchie Murray
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Mr. Murray:

Re: Windsor Canada Utilities Ltd. ("WCUL") Phase 1 MAADs Application to Acquire E.L.K. Energy Inc. ("E.L.K. Energy") and Related Approvals ("Application") (EB-2025-0172)
Argument in Chief and Review of Confidentiality Decision

On August 25, 2025, the Ontario Energy Board ("**OEB**") issued Decision on Confidentiality and Procedural Order No. 2 ("**Decision**") directing the Applicants to file a written argument-in-chief with the OEB and serve it on all intervenors by September 2, 2025. Please find enclosed the Applicants' argument-in-chief.

On August 27, 2025, the Applicants filed their notice of intention to appeal or seek review of the Decision in respect of "Appendix E: Resolution by Parties Approving the Proposed Transaction" ("**Appendix E**"). Further to this letter, the Applicants wish to clarify that Appendix E will be disclosed to existing approved intervenors who have already signed the declaration and undertaking, however given the extremely sensitive nature of the information in Appendix E the Applicants reserve the right to review and object to any new declaration and undertakings. Notwithstanding this, the Applicants reiterate their request to review the initial Decision in respect of Appendix E.

The Applicants trust this is sufficient to maintain the proceeding schedule set out in the Decision. The Applicants will shortly provide Appendix E to existing approved intervenors that have executed a declaration and undertaking.

Yours truly,

BORDEN LADNER GERVAIS LLP

Colm Boyle

CB/JV

ONTARIO ENERGY BOARD

IN THE MATTER OF an application made by Windsor Canada Utilities Ltd. for leave to acquire 100% of the issued and outstanding shares of E.L.K. Energy Inc. from The Corporation of the Town of Essex, made pursuant to section 86(2)(a) of the *Ontario Energy Board Act, 1998.*

AND IN THE MATTER OF a Notice of Proposal made by Windsor Canada Utilities Ltd. under sections 80 and 81 of the Ontario Energy Board Act, 1998.

WINDSOR CANADA UTILITIES LTD.
ARGUMENT-IN-CHIEF

FILED: September 2, 2025

Board File No. EB-2025-0172

WINDSOR CANADA UTILITIES LTD.

ARGUMENT-IN-CHIEF

1. On May 13, 2025, Windsor Canada Utilities Ltd ("**WCUL**") filed a Merger, Acquisition, Amalgamation and Divestitures ("**MAADs**") application (the "**Application**") with the Ontario Energy Board ("**OEB**"), under section 86(2)(a) of the Ontario Energy Board Act, 1998 ("**OEB Act**") to purchase all of the issued and outstanding shares in E.L.K. Energy Inc. ("**E.L.K. Energy**") from The Corporation of the Town of Essex (the "**Seller**") (the "**Transaction**"). WCUL also submitted a Notice of Proposal under sections 80 and 81 of the OEB Act. The Transaction contemplated in this OEB Application is the first of two phases.

2. On May 27, 2025, the OEB issued a letter acknowledging receipt of the Notice of Proposal under sections 80 and 81 of the OEB Act and separately assigned file number EB-2025-0173 to this matter. On July 10, 2025, the OEB issued a letter indicating it did not intend to issue a notice of review of the proposal. Thus, the Notice of Proposal no longer forms part of the present proceeding.

3. For the reasons that follow, WCUL and E.L.K. Energy (the "**Applicants**") submit that the Transaction meets the 'no harm' test. The Transaction is not expected to adversely impact the price, reliability and quality of electricity service to customers. In fact, E.L.K. Energy customers can expect to benefit from the administrative resources and experience of ENWIN Utilities Ltd. ("**ENWIN Utilities**"). The Transaction is also consistent with the legislative objectives of the OEB Act.

I. THE APPLICANTS

4. WCUL is a holding company and the sole owner of ENWIN Utilities and ENWIN Energy Ltd.

5. The Seller is the sole shareholder of E.L.K. Energy, which operates under Electricity Distribution Licence ED-2003-0015. E.L.K. Energy's distribution system serves approximately 13,000 mostly residential and commercial customers. E.L.K. Energy is bounded by Hydro One Networks Inc. **("Hydro One")** on all service territory boundaries. E.L.K. Energy is a fully embedded distributor who receives electricity at distribution level voltages from Hydro One. E.L.K. Energy is also a host distributor to Hydro One.

II. THE TRANSACTION

6. On March 12, 2025, WCUL and the Seller entered into a Purchase and Sale Agreement whereby the Seller has agreed to sell and WCUL has agreed to purchase:

    a. all of the issued and outstanding shares in the capital of E.L.K. Energy owned or held by the Seller (the "**E.L.K. Purchased Shares**"); and

b. 10,000 Class B Common shares in the capital of E.L.K. Solutions Inc. ("ESI") owned or held by the Seller which represents 50% of the issued and outstanding shares in the capital of ESI (the "**ESI Purchased Shares**");

(collectively, the E.L.K. Purchased Shares and the ESI Purchased Shares are referred to as the "**Purchased Shares**").

7. The Applicants seek OEB approval of the following aspects of the Transaction:

   a. Pursuant to section 86(2) of the OEB Act, approval for the Seller to sell, and WCUL to acquire, all of the E.L.K. Purchased Shares;

   b. Exemption from the requirements of sections 2.2.5 to 2.2.8 of the *Handbook to Electricity Distributor and Transmitter Consolidations* ("**MAADs Handbook**") until the Phase 2 Application is filed.

   c. Approval to continue to separately track applicable costs in the deferral and variance accounts currently approved by the OEB for each utility.

8. The transaction is intended to put E.L.K. Energy on a path towards operational and financial viability moving forward, while maintaining a strong local presence and commitment to the communities and customers which E.L.K. Energy serves.

9. The Applicants are seeking an exemption from section 2.2.5 to 2.2.8 of the MAADs Handbook because E.L.K. Energy is not being amalgamated as part of the Phase 1 Transaction, thus these provisions of the MAADs Handbook relating to amalgamating entities would not apply here. It is currently anticipated that E.L.K. Energy will be amalgamated as part of the Phase 2 Transaction and filing of this information would be more appropriate at that time.

10. The Applicants expect to close the Transaction within 60 days after receipt of OEB approval of this Application, but no later than the Termination Date as defined in the Purchase and Sale Agreement.[1]

III. DEFERRED REBASING

11. Consolidation in the electricity distribution sector has been the subject of much discussion since the late 1990s when the sector was first restructured under the *Energy Competition Act, 1998*.[2]

12. In 2012, the Ontario Distribution Sector Review Panel issued a report entitled *Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First,* which advocated for voluntary consolidation of electricity distribution companies.

13. To encourage consolidations within the sector, the OEB has subsequently introduced policies on rate-making that provide consolidating distributors with an opportunity to offset transaction

[1] IR Response OEB Staff – 6(b)

[2] July 3, 2014 Decision approving the sale of Norfolk Power to Hydro One (Board File Nos. EB-2013-0196, EB-2013-0187 and EB-2013-0198) at page 2.

costs with savings achieved as a result of the consolidation. The *Report of the Board on Rate-Making Associated with Distributor Consolidation* permits consolidating distributors to defer rebasing for up to ten years from the closing of the transaction.

14. More recently, the Ontario Government has noted that they expect the electricity distribution sector to aggressively pursue efficiencies through consolidation or enhanced shared services[3], and the OEB has made amendments to its MAADs Handbook to address barriers and provide a more predictable regulatory environment for parties that are considering consolidation, while ensuring that customers are protected.[4]

15. Following the close of the Transaction, the Applicants anticipate both E.L.K. Energy and ENWIN Utilities will submit separate rebasing applications as currently scheduled by the OEB for rates effective May 1, 2027 and January 1, 2028, respectively. The intent for separate, independent rebasing applications are an integral and non-severable component of the overall Transaction structure.

16. Rebasing will restore financial and operational viability of E.L.K. Energy, which the OEB stressed in Decision and Rate Order EB-2023-0013 that E.L.K. Energy "...examine all strategic options for the utility, including an early rebasing" as a result of low return on equity ("**ROE**") in 2022 (-1.97%). E.L.K. Energy's ROE only got worse in 2023 (-22.33%) and 2024.[5]

17. Rebasing will also allow both utilities to file updated distribution system plans and load forecasts to more accurately reflect anticipated capital planning and load growth on a stand-alone basis. Moreover, rebasing will allow both utilities to dispose of accumulated Group 2 balances. While the Applicants acknowledge that this OEB panel cannot bind a future OEB panel that will hear these rate applications, the OEB has previously found such a proposal to be reasonable.[6]

18. The Applicants expect the second phase of the Transaction will involve an application to the OEB to amalgamate E.L.K. Energy and ENWIN Utilities, with the amalgamated entity continuing under the name ENWIN Utilities Ltd. pursuant to section 86(1)(c) of the OEB Act ("**Phase 2 Transaction**"). The OEB approved a similar transaction between Espanola Regional Hydro Holdings Corporation and North Bay (Espanola) Acquisition Inc. in EB-2019-0015. This amalgamation will be the subject of a future proceeding and no specific approvals with respect to Phase 2 are being sought in this Application, however the Applicants have been transparent in describing their rationale for the two-phase approach to demonstrate that there will not be a deterioration of price, economic efficiency or cost effectiveness as a result of the Transaction being separated into multiple phases.[7]

19. The Applicants are not proposing a deferred rebasing period as part of the first phase of the Transaction as both E.L.K. Energy and ENWIN Utilities will be operated separately and rebased as scheduled. A deferred rebasing period may be proposed as part of Phase 2

[3] October 21, 2022 Letter of Direction from the Minister of Energy to the OEB Chair at page 3.
[4] *Handbook to Electricity Distributor and Transmitter Consolidations*, revised July 11, 2024.
[5] IR Response SEC – 9.
[6] Decision and Order EB-2019-0015 at page 25.
[7] IR Response VECC – 8.

Transaction for the combined utilities, however the proposed deferred rebasing period in the Phase 2 Transaction will not exceed 10 years after the OEB approval of this Phase 1 Transaction Application.

IV. THE "NO HARM" TEST

20. The legal test adopted by the OEB to consider applications for leave to acquire shares under section 86 of the OEB Act was first established in the Combined MAADs Decision (RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257):

> "The Board is of the view that its mandate in these matters is to consider whether the transaction that has been placed before it will have an adverse effect relative to the status quo in terms of the Board's statutory objectives. It is not to determine whether another transaction, whether real or potential, can have a more positive effect than the one that has been negotiated to completion by the parties."[8]

21. The MAADs Handbook provides guidance to applicants and stakeholders on applications to the OEB for approval of distributor and transmitter consolidations and subsequent rate applications. The OEB states that the OEB has, and will continue, to apply its "no harm" test.

22. The "no harm" test considers whether the proposed transaction is expected to have an adverse effect on the matters prescribed in these statutory objectives, as set out in section 1 of the OEB Act. The OEB will consider whether the "no harm" test is satisfied based on an assessment of the cumulative effect of the transaction on the matters prescribed in its statutory objectives. If the proposed transaction is expected to have a positive or neutral effect on these matters, the OEB will approve the application.[9]

23. The statutory objectives to be considered by the OEB in relation to electricity are set out in the OEB Act as follows:

    a. To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.

    b. 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.

    c. 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.

    d. To facilitate innovation in the electricity sector.

24. While the OEB has broad statutory objectives, in applying the "no harm" test the OEB's focus is on the objectives that are most directly relevant to the impact of the proposed transaction,

[8] RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257 Decision dated August 31, 2005 at page 6.
[9] MAADs Handbook at page 7.

namely, price, reliability and quality of electricity service to customers, as well as the cost-effectiveness, economic efficiency and financial viability of the consolidating utilities.[10]

V. NO HARM TEST APPLIED

25. There is sufficient evidence on record of this proceeding for the OEB to conclude that the 'no harm' test has been met. Specifically, the evidence demonstrates that the proposed Transaction will have a positive or neutral effect with respect to the price, economic efficiency and cost effectiveness, reliability and quality of electricity service, and financial viability of the electricity distribution sector.

A. Price, Economic Efficiency and Cost Effectiveness

26. To demonstrate "no harm" in respect of price, the MAADs Handbook states applicants must show that there is a reasonable expectation based on underlying cost structures that the costs to serve acquired customers following a consolidation will be no higher than they otherwise would have been. The OEB will assess the underlying cost structures of the consolidating utilities, with a primary focus on the expected impact on customers of the acquired utility. The Transaction is expected to have a positive or neutral effect on price.

27. The structure of this transaction is unique, in that a deferred rebasing period is not being sought as part of this Application but rather will be addressed as part of the Phase 2 Transaction. WCUL is simply seeking Board approval for the purchase of E.L.K. Energy shares pursuant to section 86(2)(a) of the OEB Act, and then to continue to separately run and rebase each LDC over the coming two-year period, as would have been scheduled to occur absent the transaction.

28. The revenue requirement proposed by the Applicants and requested to be recovered through distribution rates for each utility will be the subject of relatively near-term and fulsome cost of service proceedings before the OEB. This will establish a more suitable baseline for the OEB's assessment of underlying cost structures in a Phase 2 Transaction, particularly in light of the significant current risks to E.L.K. Energy's financial viability.

29. Proceeding with the scheduled rebasing of each LDC before amalgamation will provide a vital opportunity to undertake a comprehensive review of cost structures, resolve concerns regarding E.L.K. Energy's historical investment levels, reinforce compliance with safety and service obligations, and ensure the utilities are positioned to respond effectively to the challenges of a rapidly evolving energy sector.

30. However, WCUL does expect some modest O&M savings over the short-term for E.L.K. Energy compared to a status quo scenario absent the Transaction, primarily driven by not filling certain vacant executive vacancies at E.L.K. Energy, which would result in a reduction to what the collective revenue requirements of each LDC otherwise would have been.[11] This is set out in Table 8 and Table 9 from the Application below.

[10] Decision and Order EB-2023-0328 at page 7; Decision and Order in EB-2016-0025/EB-2016-0360 at pages 5-6.
[11] Application at page 25.

Table 8: Forecasted Revenue Requirements

Revenue Requirement - No Transaction										
(dollars in thousands)	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM	IRM
E.L.K. Energy	$ 3,983	$ 4,063	$ 5,485	$ 5,594	$ 5,706	$ 5,820	$ 5,937	$ 7,124	$ 7,267	$ 7,412
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM
ENWIN Utilities	$ 58,864	$ 59,952	$ 61,089	$ 62,922	$ 64,180	$ 65,464	$ 66,773	$ 68,108	$ 70,152	$ 71,555
No Transaction Total	**$ 62,847**	**$ 64,015**	**$ 66,574**	**$ 68,516**	**$ 69,886**	**$ 71,284**	**$ 72,710**	**$ 75,232**	**$ 77,418**	**$ 78,967**
Revenue Requirement - Phase 1 and Phase 2 Transaction				Year 4 - 2028 MAADs						
(dollars in thousands)	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM						
E.L.K. Energy	$ 3,983	$ 4,063	$ 5,485	$ 5,594						
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	IRM	IRM
ENWIN Utilities	$ 58,864	$ 59,952	$ 61,089	$ 62,922	$ 69,886	$ 71,284	$ 72,710	$ 74,164	$ 75,647	$ 77,160
Synergies		*-25*	*-50*	*-50*	*-100*	*-125*	*-150*	*-200*	*-205*	*-210*
Phase 1/2 Transaction Total	**$ 62,847**	**$ 63,990**	**$ 66,524**	**$ 68,466**	**$ 69,786**	**$ 71,159**	**$ 72,560**	**$ 73,964**	**$ 75,442**	**$ 76,950**
Difference	***$ -***	***-$ 25***	***-$ 50***	***-$ 50***	***-$ 100***	***-$ 125***	***-$ 150***	***-$ 1,269***	***-$ 1,976***	***-$ 2,016***

Table 9: Forecasted OM&A

OM&A Costs *(dollars in thousands)*	**Phase 1**				**Phase 2**	**Post-Consolidation Period**					
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027 E.L.K. COS Test Year	Year 4 - 2028 ENWIN COS Test Year	Year 4 - 2028 MAADs Application	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
E.L.K.	$ 4,544	$ 4,772	$ 5,010	$ 5,110	$ 5,110						
ENWIN	$ 33,493	$ 33,972	$ 34,995	$ 36,485	$ 36,485						
E.L.K. + ENWIN	$ 38,037	$ 38,744	$ 40,005	$ 41,595	$ 41,595	$ 42,872	$ 44,388	$ 45,471	$ 46,580	$ 47,717	$ 48,671
Synergies		*-$ 25*	*-$ 50*	*-$ 50*	*-$ 50*	*-$ 100*	*-$ 125*	*-$ 150*	*-$ 200*	*-$ 205*	*-$ 210*
Forecast OM&A	**$ 38,037**	**$ 38,719**	**$ 39,955**	**$ 41,545**	**$ 41,545**	**$ 42,772**	**$ 44,263**	**$ 45,321**	**$ 46,380**	**$ 47,512**	**$ 48,461**
OM&A / Customer											
E.L.K.	**$ 358.42**	**$ 376.40**	**$ 395.17**	**$ 403.06**	**$ 403.06**						
ENWIN	**$ 366.13**	**$ 371.37**	**$ 382.55**	**$ 398.84**	**$ 398.84**	**$ 410.65**	**$ 424.97**	**$ 435.13**	**$ 445.29**	**$ 456.16**	**$ 465.28**

31. The proposed combination of Phase 1 and Phase 2 Transactions are also expected to provide the opportunity for sustainable cost efficiencies over the longer-term which will ultimately be reflected in rates of the amalgamated utility following the Phase 2 Transaction.[12]

32. E.L.K. Energy would receive services from ENWIN Utilities pursuant to an Affiliate Relationships Code compliant services agreement; ENWIN Utilities would otherwise continue to operate its business as usual. Modest synergies are possible as ENWIN Utilities is not planning to hire any additional employees to provide the managed services to E.L.K. Energy, and thereby the cost of those employees can be shared across a slightly larger customer base. The acquisition of E.L.K. Energy results in a reduced OM&A cost per customer for both E.L.K. Energy and ENWIN Utilities customers relative to a status quo scenario.[13]

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[12] IR Response SEC – 4.
[13] Application at page 25.

33. As a result, the acquisition of E.L.K. Energy eventually has the potential to create economic efficiencies and cost effectiveness due to ENWIN Utilities being skilled at operating a utility that services the same types of customer classes served by E.L.K. Energy as well as in a service territory with similar characteristics and terrain as E.L.K. Energy.[14]

34. The Transaction will also provide E.L.K. Energy with the benefit of being a part of a larger strategic plan that focuses on driving the LDC forward. The core strengths of ENWIN Utilities, such as community building, reliability, safety, operations, customer service, and solid financial performance will be leveraged by E.L.K. Energy through one integrated management team. The combined Phase 1 and Phase 2 Transactions are anticipated to provide the platform to generate sustainable administrative cost efficiencies as a result of centralizing back-office functions including management, billing, customer service, finance and regulatory functions.[15]

B. Adequacy, reliability and quality of electricity service

35. To demonstrate "no harm" in respect of the adequacy, reliability and quality of electricity service, the MAADs Handbook states that the OEB will be informed by the metrics provided by the distributor in its annual reporting to the OEB and published in its annual scorecard. Continuous improvement will be demonstrated by a distributor's ability to deliver improved reliability performance without an increase in costs or to maintain the same level of performance at a reduced cost.

36. E.L.K. Energy and ENWIN Utilities have strong System Average Interruption Duration Index ("**SAIDI**") and System Average Interruption Frequency Index ("**SAIFI**") metrics. The 2020-2024 SAIDI and SAIFI results indicate that both LDCs have provided their customers with excellent reliability and shows how both utilities have expertise in handling elements and conditions which affect reliability.[16] The transaction will have no negative impact on this quality of service for either utility into the future.

37. The quality of service is reflected currently in the 2023 scorecards of both E.L.K. Energy and ENWIN Utilities.[17] Both scorecards demonstrate extremely strong performance and trending in the areas of customer service and reliability and demonstrate a further alignment of objectives aimed at maintaining or improving service levels.

38. E.L.K. Energy customers may expect further improvements to reliability and quality of service because of this Transaction and will benefit from the services agreement with ENWIN Utilities. Service maintenance and/or benefits are expected to include:[18]

    a. Having a local physical presence no different than what E.L.K. Energy's customers experience today.

[14] Application at page 26.
[15] Application at page 26-27.
[16] Application at page 22.
[17] Application at Appendix F.
[18] Application at pages 21-23.

b. Front-line operations staff who currently respond to outages and power quality issues are expected to continue serving the same communities, and response times are not anticipated to decline, and the ability to offer mutual assistance may improve.

c. Merging of technologies, adoption of best work practices, and system control.

d. Technology enhancements in the E.L.K. Energy service territory that would otherwise not be economical or practical to implement, such as SCADA, GIS, outage maps, social media platforms and information technology.

e. E.L.K. Energy will have access to fully resourced operations, engineering and customer service departments at ENWIN Utilities, providing a larger internal pool of resources to handle and improve all aspects of system adequacy, reliability and quality of electrical service.

f. E.L.K. Energy's electrical system will be displayed, managed, and operated from the ENWIN Utilities 24/7/365 Control Room, an element of operation that is currently lacking at E.L.K. Energy.

g. Implementation of a stable, secure information technology backbone, aligned with current cyber security regulatory requirements.

39. The Applicants expect the above benefits are likely to improve service quality following close of the Transaction, particularly when unadjusted figures for Loss of Supply and Major Event Days show a significant delta for both duration and frequency of customer outages over the 2020-2024 period for actual customer reliability experience in the E.L.K. Energy service territory.[19] The Applicants note the resources and expertise ENWIN Utilities can bring to E.L.K. Energy and its customers, especially given the similar operating characteristics, customer classes, proximity and geography of the service areas.

Table 6: 2020-2024 E.L.K. Energy Historical Reliability Performance Metrics (unadjusted for Loss of Supply and Major Event Days)

Not Adjusted for LOS and MED						
Service Quality Indicators - Unadjusted for Loss of Supply and Major Event Days						
	2020	**2021**	**2022**	**2023**	**2024**	**5-year average**
SAIDI						
E.L.K.	5.853	2.872	6.025	21.608	0.02	**7.28**
ENWIN	0.88	0.86	1.25	4.13	0.87	**1.60**
SAIFI						
E.L.K.	2.334	0.91	1.597	0.655	0.72	**1.24**
ENWIN	2.23	1.68	2.15	3.35	1.61	**2.20**

[19] Application at page 22.

C. Financial Viability

40. The MAADs Handbook indicates that the impact of a proposed transaction on the acquiring utility's financial viability (in the case of an acquisition) or on the consolidated entity's financial viability (in the case of a merger) will be assessed. The OEB's primary considerations in this regard are: (i) The effect of the purchase price, including any premium paid above the historic (book) value of the assets involved; and (b) The financing of incremental costs (transaction and integration costs) to implement the consolidation transaction.[20]

41. In the proposed Phase 1 transaction, the acquiring entity is WCUL, a holding company, so there will be no effect on the financial viability of a utility. For further assurance, the estimated purchase price is not expected to have a material impact on the overall financial viability of WCUL, as it only represents approximately 5% of WCUL's total assets.[21] WCUL also has sufficient lending capacity available to finance the Transaction.[22]

42. Incremental one-time transaction and transition costs are expected to be approximately $1 million. These costs will not be included in the revenue requirement of E.L.K. Energy, ENWIN Utilities, or the new ENWIN Utilities Ltd. and thus will not be funded by ratepayers.[23]

VI. <u>CONCLUSION</u>

43. In conclusion, the approvals sought in this Application will provide E.L.K. Energy the opportunity to chart a path towards financial and operational viability moving forward. The present status and operating conditions of E.L.K. Energy are not sustainable, where their financial viability and ability to continue to provide electricity distribution service will continue to be challenged should the status quo approach continue.

44. This Application provides an opportunity to begin rectifying this current situation, an initial step by allowing WCUL to assume control of E.L.K. Energy and begin the phased process of enhancing E.L.K. Energy's viability so it can continue to provide the necessary electricity distribution services in a prudent manner customers expect.

45. The Applicants submit that the OEB should approve the Transaction on the basis that it meets the 'no harm' test regarding the impact of the proposed Transaction, on price, reliability and quality of electricity service to customers, and that the Transaction is consistent with the legislative objectives of the Ontario Energy Board Act.

[20] Decision and Order EB-2023-0328 at page 14.
[21] Application at page 28.
[22] IR Response OEB Staff – 2 c).
[23] Application at page 27.

All of which is respectfully submitted this 2nd day of September, 2025.

Colm Boyle / John Vellone
Counsel to Windsor Canada Utilities Ltd.