EB-2026-0137

ONTARIO ENERGY BOARD

ERTH Corporation acquisition of
Westario Power Inc.

POLLUTION PROBE INTERROGATORIES
(Related to WPI specific questions)

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WPI-PP-16

Please explain why Westario Power Inc. is being acquired via ERTH (Westario) Acquisition Inc., when THI is being acquired directly by ERTH Corporation. What is the purpose of the additional corporate structure and does this get removed following Phase 2?

WPI-PP-17

Was there any public consultation conducted to engage the community and ratepayers during this process? If not, why not. If yes, please provide copies of the materials used and copies of the feedback collected.

WPI-PP-18

Please provide responses (if any) to community and ratepayer input/comments, including (but not limited to) those filed with the OEB.

WPI-PP-19

Please provide a copy of any business case, presentations or similar documents provided to the WPI and/or EPC Board of Directors and/or their direct or indirect shareholders with respect to the approval transaction (either preliminary or final approval).

WPI-PP-20

a) Please describe how local planning and delivery (including municipal energy and emissions planning and support aligned with the Distribution System Plan) will be impacted if the acquisition is approved. If incremental benefits will result to enhance energy and emissions planning, alignment and activities in the municipality, please provide details.

b) Please describe what utility activities (including eDSM promotion and delivery) the acquisition will maintain or enhance to support ratepayer programs and regulated energy and emissions reporting and reductions requirements under Ontario requirements for municipalities and all broader public sector buildings served.

WPI-PP-21

Reference: The Applicant intends to maintain a local physical presence no different than what Westario's customers experience today. WPI's existing service center will continue to operate in Walkerton and front-line operations staff that currently respond to outages and power quality issues are expected to continue to serve the same communities. [Page 26]

a) Please explain any expected decrease in functions at the WPI office in Walkerton following Phase 1 and/or Phase 2 transactions. Please explain where those functions will move to and the expected decrease in WPI office space. If annual savings estimates are available, please also provide them.

b) Please provide the most recent three years of (OM&A and Capital) costs related to the WPI office in Walkerton.

c) Does WPI or ERTH have an estimate of costs and/or benefits (OM&A and Capital) if the WPI office is downsized or closed. If yes, please provide them.

WPI-PP-22

Reference: For purposes of this Application, it is critical to note that Westario's existing cost structures have recently been approved by the OEB as necessary to maintain ongoing financial and operational viability. It can reasonably be assumed that maintaining Westario's existing expenditure levels is sustainable from an operational and financial perspective over the rebasing period proposed in this Application. [Page 26]

a) Please provide a table of the OEB approved budgets by major category for the current approved rate term and add columns to extrapolate those out to the end of the 9 year rates deferral term requested.

b) Please provide a copy of the table requested in part a, removing the proposed synergies, by year.

c) Please provide the total OM&A and Capital funding difference between the responses for part a and b, above.

WPI-PP-23

References: The transition begins with the Phase 1 Transaction, which is the subject matter of this Application. Phase 1 is expected to produce moderate synergies. These modest cost savings are possible related to the elimination of costs related to the WPI President & CEO role discussed below and a reduction in various redundant expenses (e.g. board remuneration, industry associations, etc.), which will be largely offset by cost of the shared corporate services provided by ERTH. ERTH intends to expand its corporate resources and reallocate corporate resources from its competitive businesses to provide oversight and management of WPI. [Page 22] and Table 5: Forecasted Revenue Requirements – Status Quo vs. Post Transaction

a) Please provide the costs related to the individual management role and the various redundant expenses expected to be reduced.

b) Please provide the details of the annual synergies in Table 5 - Forecasted Revenue Requirements – Status Quo vs. Post Transaction. If an excel sheet is available for the synergy details, please provide a copy.

c) Please explain the impact of the OEB approving Phase 1, but rejecting Phase 2. If there is an impact to proposed synergies, please provide an update to Table 5 based on only approval of Phase 1.

d) Please reconcile and explain the differences in WPI Synergies in Table 5 with the WPI Synergies by year identified in Table 5 of the ERTH-Tillsonburg Application (EB-2026-0145), which also includes WPI synergies.

WPI-PP-24

Reference: Accordingly, the proposed transaction is forecasted to positively impact the customers of WPI with respect to adequacy, reliability, and quality of electricity service due to the efficiencies expected to be generated from the transaction. [Page 27]

a) Please provide the estimated improvements expected with respect to WPI adequacy, reliability, and quality of electricity service due to the efficiencies expected to be generated from the transaction. Please also explain how these will be tracked and reported to the OEB in comparison to historical results in Table 8.

b) Would a single set of results for the merged utility be reported following Phase 2? If yes, please explain how that will enable comparison to the historical WPI results.

<u>WPI-PP-25</u>

Reference: There will be a large benefit to Westario customers through all future phases of the transaction in the form of technology enhancements in the Westario service territory that would otherwise not be economical or practical to implement. The proposed transaction incorporates the benefits to be realized through voluntary consolidation; it will deliver cost synergies and economy of scale benefits and will promote the Board's objectives. [Page 27-28, including list of examples]

a) Please provide annual OM&A and Capital savings expected from the cost synergies and economy of scale benefits noted.

b) Please indicate how these cost synergies and economy of scale benefits will be tracked for WPI over the deferred rates period and reported to the OEB at the time of rebasing.

c) Please explain any incremental distribution energy resource or non-wire solutions opportunities that the enhanced technology and capacity would enable.

d) What specific incremental results and benefits are expected for WPI as a result of access to ERTH's enhanced environmental, social and governance (ESG) functions.

<u>WPI-PP-26</u>

Reference: WPI will have access to ERTH's customer service practices which recently resulted in an increase in its OEB regulated Customer Satisfaction Survey results from 76% in 2023 to 94% in 2025. [Page 28]

a) Please update Table 9 including 2025 results for all THI and EPC Customer Focus Statistics.

b) WPI Customer Satisfaction Survey results appear to be consistently higher than ERTH's. Please explain how leveraging ERTH's customer service practices will improve WPI customer results.

<u>WPI-PP-27</u>

Please explain if there are any issues should the OEB approve a WPI deferred rates period of up to 9 years approved on an interim basis and subject to the Phase 2 application review within 5 years. If the Phase 2 application is not filed within 5 years, then deferred rates period becomes 5 years for WPI. If this impacts the business case or benefits flowing to ratepayers, please identify what would specifically change.

WPI-PP-28

Reference: The integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 transaction. As always, there will be timing differences between expense outlays and their recovery. [Page 31]

a) Please identify the integration costs from Phase 1, but before Phase 2.

b) How will Phase 1 productivity costs be funded?

c) Please explain how the relevance of Phase 2 anticipated productivity savings for OEB consideration in this Phase 1 application?

d) How would this be treated if Phase 2 is not approved.

WPI-PP-29

Reference: Accordingly, the Applicants propose the WPI ESM to be effective years six to nine of the rebasing deferral period proposed in this Application with the following structure: [Page 34]

- The ESM will apply to actual achieved return on equity (ROE) of WPI relative to the OEB-approved ROE for WPI for the applicable rate year.
- The ESM will be triggered when WPI's achieved ROE exceeds the OEB-approved ROE by more than 300 basis points.
- For earnings in excess of this threshold, the Applicants propose a 50/50 sharing between customers and shareholders of WPI, consistent with the OEB's standard ESM design for consolidated utilities.
- The ESM will apply annually and will be calculated and reported as part of WPI's annual RRR filings and any subsequent OEB review processes.

a) Please explain how the WPI actual results can be used for ESM in years six through nine, if WPI no longer exists as a separate regulated utility following Phase 2 (e.g. prior to year six).

b) Please explain how ESM would be calculated for the merged utility.

WPI-PP-30

Reference: Rate harmonization may be addressed as part of the Phase 2 Transaction. [Page 34]

a) Please explain what factors would lead to rate harmonization not being included as part of the Phase 2 application.

b) Could the Phase 2 rate deferral period be a term different than the residual of the 9 year rate deferral period from the WPI Phase 1 proceeding? If yes, please explain how this would align with the Phase 1 decision requested.