July 15, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Mr. Murray,

**RE: EB-2026-0137 EB-2026-0145 Application for approval of ERTH Corporation to acquire 100% of the shares of Tillsonburg Hydro Inc.
Interrogatories of Energy Probe**

Attached are the interrogatories to the Applicants on evidence in the EB-2026-0137 EB-2026-0145 Application for approval of ERTH Corporation to acquire 100% of the shares of Tillsonburg Hydro Inc.

Submitted on behalf of Energy Probe.

Tom Ladanyi
Digitally signed by Tom Ladanyi
Date: 2026.07.15 15:01:35 -04'00'

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

EB-2026-0137 EB-2026-0145

Application for approval of ERTH Corporation to acquire 100% of the shares of Tillsonburg Hydro Inc.

Interrogatories of Energy Probe

July 15, 2026

EP-1
Reference: ERTH Corporation – Tillsonburg Hydro Inc., MAADs Application, Page 17
Preamble: "The parties have agreed to a number of post-closing covenants as set out in the Purchase and Sale Agreement, including:

a) all employees remain employed for three years …"

Questions:

a) Please confirm that Tillsonburg Hydro Inc. (THI) is a virtual utility and has no employees. All of THI's utility service work, including management, supervisions, operations, maintenance and administration is currently performed by employees of the Corporation of the Town of Tillsonburg (The Town of Tillsonburg).

b) Is the plan to maintain arrangement described in question a above for three years or is it to transfer the individuals performing this work for THI to EARTH Power Corporation (EPC)?

c) If the plan is to have the employees of the Town of Tillsonburg to continue to provide utility service work, will such work be provided by The Town of Tillsonburg to EPC under a services agreement? If the answer is yes, please file the services agreement if it is not already in evidence. If the answer is no, please explain why not.

EP-2
Reference: ERTH Corporation – Tillsonburg Hydro Inc., MAADs Application, Page 25
Preamble: "THI employees who are on call and live in or within close proximity to the Town of Tillsonburg will be permitted to take THI-owned work vehicles home allowing such employees to respond promptly to outages and other emergency situations without the need to return to an operations centre"

Questions:

a) Since THI is a virtual utility with no employees, please confirm that the sentence quoted in the preamble refers to the employees of the Town of Tillsonburg taking home vehicles owned by THI.

b) Are the employees in question a) above allowed personal use of the vehicles? If the answer is yes, is there a services agreement between the Town of Tillsonburg and THI that allows the employees of the Town to operate THI-owned vehicles and take them home? If the answer is yes, please file the services agreement if it is not already in evidence. If the answer is no, please explain why not.

EP-3
Reference: APPENDIX C Purchase and Sale Agreement dated April 27, 2026, between the Applicant and the Seller, *Appendix 3, Employees*

Question: Please confirm that all of the individuals listed by name in *Appendix 3 Employees* are employees of the Town of Tillsonburg and not of THI.

EP-4
Reference: Exhibit G, Customer Services Agreement,

Preamble: *"AND WHEREAS Seller will retain its customer service employees (the* **"***Customer Service Employees***")** *following completion of the transactions contemplated by the Purchase Agreement and will make such employees available to provide Customer Service Support to the Corporation in accordance with the terms and conditions hereof;"*

Question: Are the Customer Service Employees included in the list Appendix 3 Employees referred to in question EP-3?

EP-5
Reference: SPECIAL RESOLUTION OF THE SHAREHOLDERS
MERGER WITH TILLSONBURG HYDRO INC., Date: August 15, 2025, pages 2 and 3

Preamble: *"(4) negotiation and execution of the necessary post-closing agreements required upon closing including, without limitation, the terms and conditions regarding the transfer of <u>utility-related employees</u> and related equipment from Town to the merged LDC or EPC's competitive businesses and finalized contacts and any approvals required from the County of Oxford authorizing ERTH to undertake water billing for the Town shall be a condition of closing."*

Questions: Who are the "utility-related employees" in the text quoted in the preamble? Are they the individuals listed in *Appendix 3 Employees* referred to in question EP-3 or are some other individuals also included?

EP-6
Reference: SPECIAL RESOLUTION OF THE SHAREHOLDERS
MERGER WITH TILLSONBURG HYDRO INC., Date: August 15, 2025, pages 5

*“**Preamble: Job Guarantees** – The Merged LDC would provide job guarantees to all identified Town employees engaged in the THI operations. These employees will either be transferred to the Merged LDC or one of EPC’s competitive affiliates on or before the closing of the Proposed Transaction (the “**Transferred Employees**”). Seniority and service credits for these Transferred Employees will be maintained. For those Town employees unable or unwilling to be transferred, ERTH and EPC agree to maintain their respective services following the closing the Proposed Transaction via a service agreement with the Town, if required.”*

Questions:

a) Will THI cease to be a virtual utility when the transfer of Town employees is completed?

b) Please confirm that the Merged LDC will be a real utility with its own employees and not with virtual employees as THI was prior to the merger.

EP-7
Reference: EB-2023-0053 THI Settlement Proposal, pages 21 and 22

Preamble: The following is a quote from the Settlement Proposal referenced above.

“3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Full Settlement
The Parties accept the evidence of THI that all impacts of any changes to accounting standards, policies, estimates, and adjustments have been properly identified in the Application and the interrogatories and have been recorded and treated appropriately in the ratemaking process. The Parties note that THI continues to operate as a “virtual” utility; THI has no employees, it relies entirely on The Corporation of the Town of Tillsonburg (“the Town”) for its human and other resources including executive and senior management, some of which is provided to the Town by ERTH Power Inc. through a services agreement. The intervening Parties expressed concern as to how under this structure THI is able to meet the various obligations, including certain MIFRS accounting standards, imposed on THI as a regulated distributor.
In order to address these concerns, the Parties have agreed that THI will file an independent study in its next Cost of Service that reviews its virtual utility operating structure to confirm that it is meeting its various obligations as a distributor of electricity regulated by the OEB. Without limiting the generality of the foregoing, it is anticipated that the study will address the following identified concerns:

a) that the virtual utility model does not result in the rejection of alternatives that are *materially more cost efficient;*

b) *that the derivation of the costs provided to the THI virtual utility are appropriate and can be determined to be appropriate through clear and transparent information as to the Town's costs, including how any markups are derived and applied;*

c) *that, where appropriate, market price data for services provided to the virtual utility by its affiliate is obtained to confirm that the prices paid by the regulated entity to the Town are reasonable;*

d) *that the accounting standards and regulatory requirements as applicable to the virtual utility and its affiliate are being properly adhered to and applied to affiliate transactions;*

e) *that the "Shared Services" costs can be clearly distinguished in description and quantum from the Town's other costs;*

f) *that it can be clearly demonstrated that the Cost Allocation Model used to allocate costs from the Town to THI entity is being properly applied;*

g) *that an independent verification of the data underpinning the Cost Allocation Model can and has been undertaken;*

h) *that the fiduciary duties of the officers of the virtual utility and appropriate corporate governance over the virtual utility are being properly maintained within the virtual utility structure Specifically, that the study will examine the question of conflict, real or potential, which may arise in the circumstances where senior municipal officers of the Town (CEO, COO, CFO, etc.) share their time and act in the place of senior corporate officers of the virtual utility.*

The Parties recognize that it remains open to THI to change its corporate structure prior to its next Cost of Service application. If THI elects to do so and files its next cost of service application as a non-virtual utility, then the Parties agree that to the extent THI elects to change its corporate structure the scope of the independent study may be adjusted to reflect that change."

Questions:

a) Please confirm that the corporate structure of THI will be changed and the Merged LDC will not be a virtual utility.

b) Does the Merged LDC still plan to file the independent study? If the answer is yes, when will the independent study be filed? If the answer is no, why not?