Ontario Energy Board | Commission de l'énergie de l'Ontario

BY E-MAIL

July 15, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ritchie Murray:

Re: Ontario Energy Board (OEB) Staff Interrogatories

Application by ERTH (Westario) Acquisition Inc. under section 86(2)(a) and 86(1)(c) of the *Ontario Energy Board Act, 1998* to acquire 100% of the shares of Westario Power Inc. and to subsequently amalgamate Westario Power Inc. and ERTH (Westario) Acquisition Inc. to create a new company operating under the name Westario Power Inc.

- And -

Application by ERTH Corporation under section 86(2)(a) of the *Ontario Energy Board Act, 1998* to acquire 100% of the shares of Tillsonburg Hydro Inc.

Ontario Energy Board File Numbers: EB-2026-0137 and EB-2026-0145

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. The Applicants and all intervenors have been copied on this filing.

Any questions relating to this letter should be directed to Lizzie Zhang at lizzie.zhang@oeb.ca or at 416-440-8147. The OEB's toll-free number is 1-888-632 6273.

Yours truly,

Lizzie Zhang Digitally signed by Lizzie Zhang Date: 2026.07.15 15:51:03 -04'00'

Lizzie Zhang
Analyst, Distribution Rates and Economics
Attach.

OEB Staff Interrogatories
ERTH (Westario) Acquisition Inc. / Westario Power Inc. [EB-2026-0137]
and
ERTH Corporation / Tillsonburg Hydro Inc. [EB-2026-0145]

Please note, the Applicants are responsible for ensuring that all documents filed with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Glossary of Key Items for OEB Staff Interrogatories	
Definition	**Acronym / Label Used**
EB-2026-0137 Application by ERTH (Westario) Acquisition Inc. to acquire all shares of and subsequently amalgamate with Westario Power Inc.	WPI MAADs Application
EB-2026-0145 Application by ERTH Corporation to acquire all shares of Tillsonburg Hydro Inc.	THI MAADs Application
ERTH (Westario) Acquisition Inc.	EWAI
OEB's *Handbook to Electricity Distributor and Transmitter Consolidations* (July 11, 2024)	MAADs Handbook
Tillsonburg Hydro Inc.	THI
Westario Power Inc.	WPI
ERTH Corporation	ERTH Corporation or ERTH
ERTH Power Corporation	ERTH Power Corporation, ERTH Power, or EPC

This Interrogatories document is divided into three sections:
Section 1: Interrogatories solely for the EWAI/Westario proceeding (EB-2026-0137);
Section 2: Interrogatories solely for the ERTH/Tillsonburg proceeding (EB-2026-0145); and
Section 3: Combined interrogatories applicable to both proceedings. Each applicant is required to file its own responses to the questions in this section.

Section 1: EWAI/Westario Interrogatories

Staff-1
Share Purchase Agreement
Ref: WPI MAADs Application, Appendix C - Share Purchase Agreement

Preamble:
There are various references throughout the Share Purchase Agreement to a "Disclosure Schedule". For example, page 16 of the Share Purchase Agreement notes that "[t]he Disclosure Schedule contains a complete and accurate list of the Owned Lands, including complete legal descriptions, and the particulars of the Leased Premises and Real Property Leases."

OEB staff has been unable to locate the "Disclosure Schedule".

Questions:

(a) Please confirm where the "Disclosure Schedule" can be found in the WPI MAADs Application.
    i. If it is not in the current WPI MAADs Application, please provide it.
(b) Please confirm all other applicable appendices, schedules, etc., that make up the Share Purchase Agreement are included in the application.

Staff-2
Municipal Resolutions
Ref: WPI MAADs Application, Appendix C - Share Purchase Agreement, Resolutions, PDF p. 238-239

Question:

(a) Please confirm that the municipal resolution noted in the reference is for the Township of North Huron.

Staff-3
Regulatory Approval
Ref: WPI MAADs Application, Appendix C – Share Purchase Agreement, Section 12(a)(ii), p. 44 [PDF page 94 of 353]

Preamble:
A portion of reference 1 states the following: "Each of Buyer and Sellers will use its best efforts (which shall not be less than commercially reasonable efforts) to co-operate and assist the other, so that the OEB Approval can be obtained on or prior to May 30, 2026."

Questions:

(a) Please describe any impacts due to the difference in the date of OEB approval per the Share Purchase Agreement to the proposed WPI transaction.
(b) With respect to the WPI MAADs Application, if approved by the OEB, please advise on the expected transaction closing date.

Staff-4
WPI Prior Commitments / Directives
Ref 1: WPI MAADs Application, p. 7
Ref 2: EB-2023-0058, Decision and Rate Order, April 30, 2024
Ref 3: EB-2024-0060 WPI 2025 IRM Application
Ref 4: EB-2025-0002 WPI 2026 IRM Application

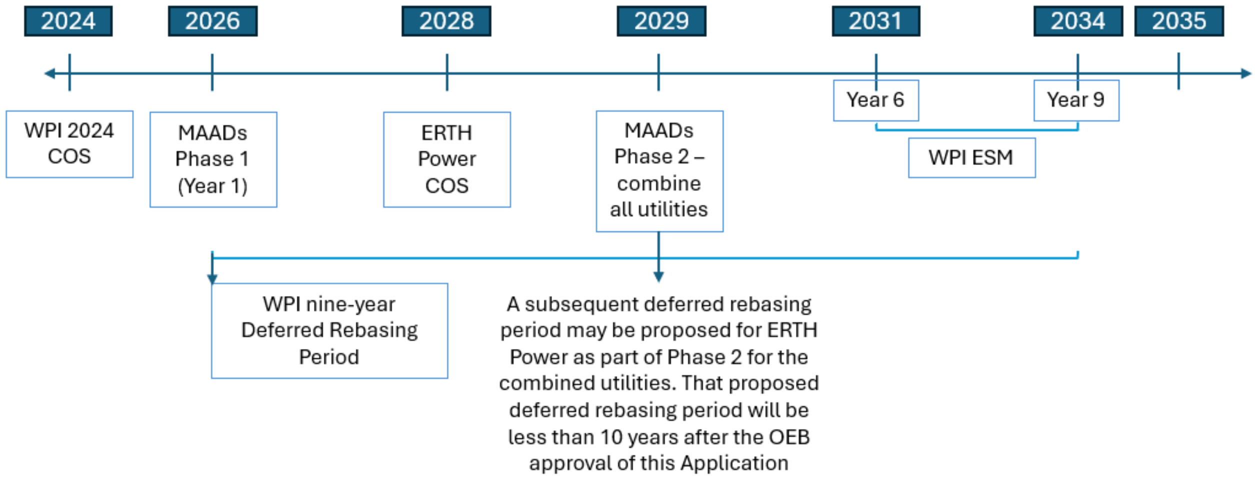
Preamble:
The Application states that WPI last rebased for rates effective January 1, 2024 (EB-2023-0058). Further, as part of Phase 1 of the transaction, WPI will remain a distinct legal entity operating under a separate licence with common corporate and financial oversight from ERTH Corporation.

OEB staff notes that in EB-2023-0058, the parties to that proceeding reached a complete settlement on all issues on the approved issues list. The OEB approved the settlement agreement.

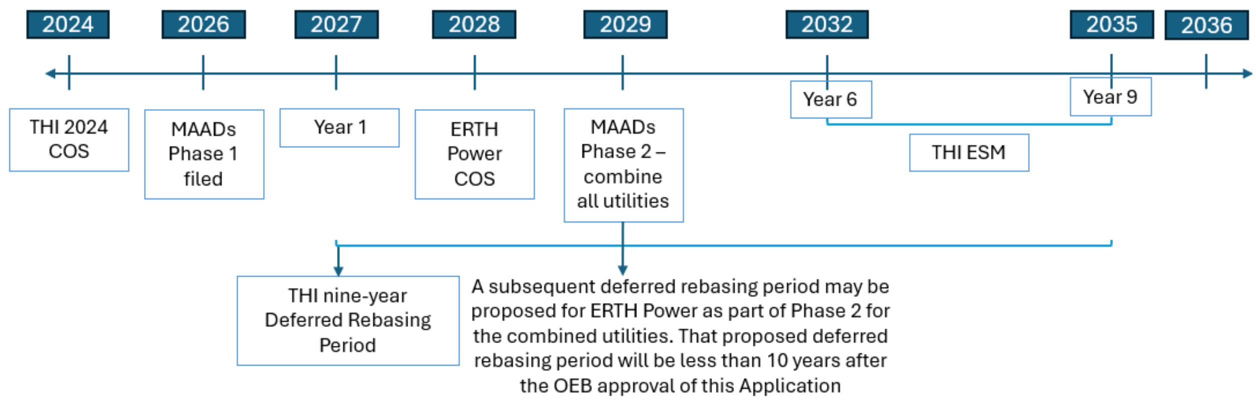
Questions:
(a) Please outline any commitments between parties resulting from the 2024 cost of service settlement agreement in EB-2023-0058 and/or any directives from the OEB in its decision.
(b) Please confirm that WPI, owned by ERTH Corporation, will implement and/or address the matters outlined pursuant to the 2024 cost of service settlement agreement and/or OEB decision in EB-2023-0058.
    i. For each commitment or directive, please specifically indicate in which future application they will be addressed.
(c) Please confirm if there are any OEB directives stemming from the decisions in references 3 and/or 4. If yes, please describe and identify if they have been or when they will be addressed.

Staff-5
Timelines
Ref 1: WPI MAADs Application, pp. 7-8, 20-21, 24, 33
Ref 2: THI MAADs Application, pp. 7-8, 19-20, 23, 31

Preamble:
Based on the information provided in the WPI MAADs Application, OEB staff has developed the timeline below.



Based on the information provided in the THI MAADs Application, OEB staff has developed the timeline below.



OEB staff also note that:

- Page 21 of reference 1 states, "It is the Applicant's intent at this point that a Phase 2 MAADs application would be filed in 2029". Page 19 of reference 2 states that the intent is that a Phase 2 MAADs application would be filed in 2029, while page 20 states the Phase 2 application will be submitted to the OEB in 2028.[1]

Questions:

(a) Please confirm or correct OEB staff's assessment above based on the information provided in the respective applications.

(b) Please explain why the WPI MAADs Application portrays 2026 as Year 1, with consideration given to the filing date of the application, the OEB's performance

[1] For purposes of the illustrated timelines in this interrogatory, OEB staff used 2029 as the filing year for the Phase 2 application, pending confirmation by the Applicant.

standards for processing MAADs applications,[2] and the potential time required for the transaction to close. OEB staff note that the THI MAADs Application portrays 2027 as Year 1.

i. Please provide a timeline or table clarifying the specific years for the following:
   - WPI Year 1
   - WPI Year 1 to Year 9 of the deferred rebasing period
   - The year that the Phase 2 application is expected to be submitted to the OEB

Staff-6
ERTH Power Corporation Rebasing
Ref: WPI MAADs Application, p. 7

Preamble:
Following the completion of Phase 1 transaction, ERTH Power Corporation will file its cost of service application for rates effective May 1, 2028.

Question:
(a) Please confirm that ERTH Power Corporation is to file its cost of service for May 1, 2028 rates by August 2027.
(b) Please provide thoughts of whether and how the rebasing application for ERTH Power Corporation following Phase 1 will account for the savings anticipated as part of Phase 2.

Staff-7
WPI Employees
Ref 1: MAADs Application, Appendix C – Share Purchase Agreement, Section 8(e)(ii)
Ref 2: WPI MAADs Application, p. 21

Preamble:
A portion of reference 1 states that “Buyer shall retain all Employees employed with the Corporation immediately prior to the Closing Date and shall ensure that each such Employee shall remain employed on substantially the same terms and conditions and at the same location for a minimum duration of three (3) years following the Closing Date.”

The Application seeks a nine-year deferred rebasing period for WPI. It is the Applicant’s intent at this point that a Phase 2 application would be filed in 2029, following the conclusion of ERTH Power Corporation’s cost of service application.

[2] OEB Letter, Updated Performance Standards for Consolidation Applications, March 27, 2025

Questions:

(a) Is it correct to infer from the above that following the Phase 1 transaction, all employees of WPI will, at a minimum, continue employment at WPI "on substantially the same terms and conditions and at the same location" until the Phase 2 application is filed?

(b) Will the Phase 2 application outline the plans for employees of the amalgamating LDCs?

(c) Please further explain the extent to which the Applicant foresees the Phase 1 transaction will impact the roles and functions of the existing WPI and ERTH Power Corporation staff, and in particular, all of the positions directly responsible for the maintenance of service quality and reliability of the distribution system.

Staff-8
Financial Statements
Ref 1: WPI MAADs Application, p. 33
Ref 2: WPI MAADs Application, p. 32

Preamble:
Audited financial statements for 2025 were not available for ERTH Power Corporation and WPI at the time of filing the Application.

Reference 2 states "CIBC will be preparing an annual covenant waiver for WPI's auditors with respect to the preparation of its audited 2025 financial statements. This waiver will be filed with the Board once it is received."

Question:

(a) Please file the 2025 audited financial statements for each utility.

(b) Please file the waiver noted in reference 2.

Staff-9
Affiliate Matters
Ref 1: WPI MAADs Application, p. 23
Ref 2: WPI MAADs Application, pp. 10-11
Ref 3: WPI MAADs Application, p. 30

Preamble:
Reference 1 states that if this Application is approved, all utilities owned by ERTH Corporation, including ERTH Power Corporation and WPI, receive shared common corporate and financial oversight from ERTH Corporation pursuant to *Affiliate Relationships Code* compliant services agreements.

Reference 2 identifies the business of the Applicant's affiliates.

Reference 3 states that the core strengths of ERTH Power Corporation and ERTH Corporation in community building, reliability, safety, operations, customer service, and solid financial performance will be leveraged by WPI through one integrated management team and board of directors. The anticipated savings will be passed on to customers through lower OM&A costs after Phase 2 of the transaction.

Questions:

(a) Please fully describe the extent to which EWAI foresees the new Westario Power utilizing the services of the affiliates identified in the Application post Phase 1. As part of the response, please populate the following tables to depict the expected future services received / provided.

Shared Services

Name of Company		Service Offered
From	To	

Corporate Cost Allocation

Name of Company		Service Offered
From	To	

(b) Given the excerpt noted in the preamble from reference 3, please specifically explain how compliance with 2.1.2 of the *Affiliate Relationships Code*, which requires that a utility ensure that at least one-third of its Board of Directors is independent from any affiliate, will be achieved.

(c) Please explain how ERTH Corporation will ensure there is no cross-subsidization between customers of WPI, ERTH Power Corporation, and THI.

Staff-10
Cost Savings
Ref 1: WPI MAADs Application, pp. 23-24
Ref 2: WPI MAADs Application, Table 5

Preamble:

The Application states that although the Phase 1 transaction will result in moderate transaction and transition costs, as well as management fees payable to ERTH

Corporation, these additional WPI costs will be offset by the modest cost savings for WPI described.

Question:

(a) Please confirm if the WPI synergies included in Table 5 are net of transaction and transition fees, as well as management fees payable to ERTH Corporation (pp. 23-24). If not, please explain and confirm if net synergies are still anticipated once all noted costs are considered.

Staff-11
Comparative Forecasted Revenue Requirement Analysis
Ref 1: WPI MAADs Application, pp. 23-25, Tables 5 and 6
Ref 2: WPI MAADs Application, p. 21

Preamble:
Table 5 of the Application provides the forecasted revenue requirements for each of WPI and ERTH Power Corporation for each year between 2026 and 2035 under post-consolidation and status quo scenarios. Table 6 outlines the assumptions regarding inflation, growth and productivity included in the analysis.

At reference 2, the Applicant requests that following Phase 1, WPI and ERTH Power be permitted to continue to operate as independent utilities until the Phase 2 application is filed.

Questions:

(a) Please explain why the difference in revenue requirement in the “post transaction” scenario is greater than the synergies achieved beginning in 2029.
(b) Please explain why the “no transaction” scenario in Table 5 does not include a rebasing application post 2029 for WPI, and post 2028 for ERTH Power Corporation.
(c) Please confirm if Table 5 needs to be updated to reflect EWAI’s response to OEB Staff-5 seeking clarification of various timelines.
(d) Please confirm OEB staff’s understanding that the synergies listed in Table 5 are solely OM&A-related.
    i. If yes, please describe any capital savings that are anticipated following the Phase 1 transaction. If none are expected as part of Phase 1, please explain why not.
    ii. Are there capital-related synergies anticipated as part of the Phase 2 transaction? If yes, please describe. If not, please explain why not.
(e) Please confirm if, for each year under the Phase 1 transaction in both the “no transaction” and “transaction” scenarios, the utility specific stretch factor for each

of WPI and ERTH Power Corporation was utilized. OEB staff observes that in Table 6 there is a combined stretch factor listed for these years (in addition to utility specific stretch factors for WPI and ERTH Power Corporation), but it is unclear what stretch factor is utilized in the analysis.

i. If a combined stretch factor was used for any of the years under Phase 1, please explain why given the proposal in reference 2 (i.e., that WPI and ERTH Power be permitted to continue to operate as independent utilities until Phase 2). OEB staff notes that as per the PEG Report to the OEB[3], WPI is in Group 2, and ERTH Power Corporation is in Group 3.

(f) Please re-file Tables 5 and/or 6 based on the responses to the above questions, if required. Please also include any updated commentary, if required, regarding updated figures / results in the status quo and post-consolidation scenarios.

Staff-12
Comparative Forecasted Revenue Requirement Analysis
Ref 1: MAADs Handbook, Schedule 2 Filing Requirements, pp. 9-10
Ref 2: WPI MAADs Application, pp. 23-25

Preamble:
The Filing Requirements state:

> Provide a statement confirming that at the time of the post consolidation rebasing application, the consolidated entity will produce an updated analysis comparing the revenue requirement (under both the consolidated scenario and the status quo) but based on information available on a reasonable efforts basis. Further, provide a statement confirming that this will be supplemented with a comparison and discussion of the consolidation application forecasts versus those filed in the post-consolidation rebasing application.

Question:

(a) Please confirm that at the time of the post consolidation rebasing application, the consolidated entity will produce an updated revenue requirement analysis which will be supplemented with a comparison and discussion of the consolidation application forecasts versus those filed in the post-consolidation rebasing application.

[3] August 18, 2025

Staff-13
OM&A Savings and Analysis
Ref: WPI MAADs Application, Table 7, p. 25

Preamble:
OEB staff has reproduced Table 7 below.

OM&A Costs (dollars in thousands)	Phase 1			Phase 2	Post Consolidation Period					
	Yr 1 - 2026	Yr 2 - 2027	Yr 3 - 2028 EPC Test Year	Yr 4 2029 MAADs Application	Yr 5 - 2030	Yr 6 - 2031	Yr 7 - 2032	Yr 8 - 2033	Yr 9 - 2034	Yr 10 - 2035
EPC	$ 11,103	$ 11,252	$ 11,388	$ 11,728	$ 12,052	$ 12,413	$ 12,786	$ 13,169	$ 13,564	$ 13,971
WPI	$ 8,381	$ 8,591	$ 8,806	$ 9,026	$ 9,251	$ 9,483	$ 9,720	$ 9,963	$ 10,212	$ 10,467
EPC + WPI	$ 19,484	$ 19,842	$ 20,193	$ 20,753	$ 21,303	$ 21,896	$ 22,506	$ 23,132	$ 23,776	$ 24,438
WPI Synergies	-$ 20	-$ 50	-$ 54	-$ 48	-$ 55	-$ 338	-$ 346	-$ 354	-$ 362	-$ 371
Forecasted OM&A	$ 19,464	$ 19,792	$ 20,139	$ 20,706	$ 21,248	$ 21,558	$ 22,160	$ 22,778	$ 23,414	$ 24,068
OM&A / Customer										
EPC	$ 444.85	$ 441.98	$ 447.33	$ 460.69	$ 418.42	$ 424.52	$ 436.37	$ 448.55	$ 461.07	$ 473.94
WPI	$ 337.56	$ 346.00	$ 354.65	$ 363.51						

Questions:

(a) Please provide 2025 actual OM&A costs per customer for each of ERTH Power Corporation and WPI.

(b) Please provide an explanation as to how the Applicant forecasted the OM&A for each utility on a standalone basis for year 1 and the growth for each subsequent year.

(c) Please explain all material assumptions made with respect to the forecasted OM&A cost savings.

(d) Please provide a breakdown of the OM&A cost savings indicating which are attributable to the following categories: administrative, governance, information technology, regulatory, finance, legal or other (please specify).

Staff-14
Service / Operations Centre
Ref 1: WPI MAADs Application, p. 29
Ref 2: WPI MAADs Application, p. 18

Preamble:
At reference 1, it is noted that the current operation centres will be maintained in the WPI and ERTH Power Corporation territories throughout the duration of the Phase 1 transaction. During Phase 2 and beyond, the main headquarters are expected to be ERTH Power Corporation's new office and operations centre in Ingersoll approved by the OEB in EB-2024-0021. Functions such as engineering, procurement, human resources, finance, legal, regulatory, information technology, and customer service will be administered and delivered from the Ingersoll location, with each location having operations staffing similar to current resourcing levels.

Reference 2 states that the parties to the proposed transaction have agreed to a number of post closing covenants. One of the items is an obligation to maintain Westario Power's administration and operations facility for 10 years.

Question:

(a) Please explain how successful coordination between the administration/operations centre of WPI and ERTH Power Corporation will be ensured, both post Phase 1 and post Phase 2 (if approved by the OEB), given that the service area boundaries of each utility are not contiguous.

(b) A portion of reference 1 indicates that during Phase 2 and beyond, customer service will be administered and delivered from ERTH Power's Ingersoll location. Please further clarify if and how any customer service functions that are currently administered at WPI's current location will change post Phase 1 vs. post Phase 2.

  i. Will there be any effect on the availability of services provided to WPI customers in the physical WPI service area?

Staff-15
Service Quality Statistics
Ref 1: WPI MAADs Application, p. 26
Ref 2: WPI MAADs Application, Appendix E, Scorecards of WPI and EPC [PDF p. 249]

Preamble:

Reference 1 states "Throughout both phases of this transaction, it is the intention of the Applicant to maintain the service levels of WPI through the merging of technologies, system control, adoption of best work practices, etc."

Based on the 2024 OEB Scorecards provided in the Application at reference 2, OEB staff has summarized the Customer Focus metrics for WPI and ERTH Power Corporation. OEB staff has highlighted certain results where WPI has achieved results slightly higher than ERTH Power Corporation.

		2020		2021		2022		2023		2024	
		Westario Power	ERTH Power	Westario Power	ERTH Power	Westario Power	ERTH Power	Westario Power	ERTH Power	Westario Power	ERTH Power
Service Quality	New Residential/Small Business Services Connected on Time	95.43%	98.59%	96.24%	95.84%	100.00%	97.05%	100.00%	95.76%	100.00%	95.11%
	Scheduled Appointments Met on Time	97.33%	100.00%	99.52%	99.06%	99.89%	100.00%	99.89%	99.18%	99.58%	99.53%
	Telephone Calls Anwered on Tine	86.73%	95.92%	88.45%	95.02%	86.03%	92.54%	87.42%	93.49%	86.84%	86.49%
Customer Satisfaction	First Contact Resolution	98.19%	99.58%	98.83%	99.26%	99.01%	99.43%	99.01%	99.66%	99.04%	99.91%
	Billing Accuracy	99.61%	99.75%	99.78%	99.85%	99.81%	99.62%	99.54%	99.69%	99.81%	97.01%
	Customer Satisfaction Survey Results	94.00%	77.00%	94.00%	77.00%	94.00%	76.00%	93.00%	76.00%	93.00%	76.00%

Question:

(a) Please provide 2025 results for WPI and ERTH Power Corporation.

(b) Please more fully describe how, at a minimum, current service levels of WPI will be maintained. As part of the response, please provide examples as to where / how service levels will be maintained and / or improved “through the merging of technologies, system control, adoption of best work practices.” As part of the response, please also specifically discuss how the two metrics highlighted by OEB staff will be, at minimum, maintained for WPI.

Staff-16
Incremental Transaction and Transition Costs
Ref: WPI MAADs Application, pp. 30-31

Preamble:

The Application states that,

- Incremental one-time transaction and transition costs are expected to be approximately $800k and will not be funded by ratepayers.
    - Incremental transaction costs include but are not limited to due diligence on the part of all parties, the costs associated with negotiating the terms of the purchase, costs associated with all regulatory, legal and statutory reviews to receive necessary regulatory approvals and internal resources.
    - Incremental transition costs that are expected as a result of the Phase 2 transaction include information technology, legal, and professional advisory services.
- Integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 transaction. These costs are primarily related to transition planning and execution, IT costs, communication costs, workforce training (p. 31).

Questions:

(a) Please clarify if the $800k includes transaction and transition costs relating to the Phase 1 transaction, the Phase 2 transaction, or both.
   i. If any of the costs relate to both Phase 1 and Phase 2, please clarify how much relate to each transaction / provide an estimated apportionment.
   ii. If any of the costs in Phase 1 are related to Phase 2, please comment on whether it is necessary to incur those costs during Phase 1, given that the Phase 2 application will be filed at a later date.

(b) Please clarify who will pay the incremental one-time transaction and transition costs and where the money will come from.

(c) Do the $800k transaction and transition costs include the “integration costs” noted in the preamble (bullet point 3), or are these separate costs?[4]
   i. If these are separate, please provide forecasts for all integration costs associated with the proposed transaction broken down by category and by year in which the costs are expected. OEB staff has provided a sample table below:

Projected Transition Costs	Year 1	Year 2	Year 3	…
Transition Planning	$xx			
IT	$xx			
Communications… etc.	$xx			
Total	$xx			

   ii. To the extent that there are any transition (integration) costs prior to Phase 2, how does the Applicant expect these costs to be financed in the interim given that “costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 Transaction.”

(d) If synergies and cost efficiencies do not materialize as expected, how does the Applicant plan to address any financial viability issues that may occur?

Staff-17
Purchase Price
Ref 1: WPI MAADs Application, pp. 18-19, 31
Ref 2: WPI MAADs Application, Appendix C – Share Purchase Agreement

Preamble:

[4] As noted in the MAADs Handbook, transaction costs can be defined as costs incurred that are directly attributable to the development of the proposed transaction and its execution. Transition costs can be defined as costs that are attributable to the consolidation and often relate to being able to operationalize efficiencies that the consolidation enables.

The Share Purchase Agreement notes that the aggregate purchase price is $112,529,875, which is equal to an amount obtained by multiplying 1.45 by the Estimated 2025 Rate Base, subject to the adjustments and conditions described in the Share Purchase Agreement. The “Estimated 2025 Rate Base” is $77,610,000.

The closing of the acquisition of the Purchased Shares is conditional upon the receipt of all required approvals, including the OEB’s approval of this Application.

Questions:

(a) Please explain “all required approvals” other than the OEB approval of this Application.
(b) Please confirm if an acquisition premium is being paid in the purchase price of the proposed transaction.
    i. If yes, please confirm the Applicant’s understanding that, per the MAADs Handbook, if a premium has been paid above the historic value of assets, that purchase price premium is not recoverable through distribution rates.
(c) Please confirm that the post closing adjustments are not expected to be material and will not affect ERTH Corporation’s financial liability or financing circumstances.

Staff-18
Financing
Ref: WPI MAADs Application, pp. 32-33

Preamble:
The Application states that the estimated purchase price is not expected to have a material impact on the overall financial viability of EWAI’s parent company, ERTH Corporation, or any of its affiliates. If Phase 1 is completed, WPI will represent approximately 45% of the total assets of ERTH Corporation.

Further, the proposed transaction will be 100% financed by new debt issued to ERTH Corporation. Upon completion of the Phase 1 transaction, ERTH will be deploying a plan to transition the LDCs to a 70:30 debt/equity ratio.

Questions:

(a) Please describe any expected impacts on the future rates of ERTH Corporation’s acquired distributors caused by costs associated with the proposed transaction.
(b) Please confirm if the “45% of total assets” statistic includes the proposed acquisition of THI. If not, please provide an updated percentage.

(c) Please provide more detail on the arrangements / terms and conditions of the loan, including but not limited to, the repayment term of the loan, interest rate (fixed/variable), collateralized assets, debt covenants imposed, etc.
   i. For any debt covenants of the loan, please comment on ERTH Corporation's ability to meet those covenants, and the ramifications of violating these covenants with specific reference to the financial viability of ERTH Corporation and / or WPI.

Staff-19
Post Consolidation Monitoring and Reporting
Ref 1: WPI MAADs Application, p. 35
Ref 2: MAADs Handbook, pp. 33-35

Preamble:
The Applicant states a mid-term report for WPI will be filed given that it is deferring rebasing for more than five years. The mid-term report will contain the required components as set out in the Post-Consolidation Monitoring and Reporting section of the MAADs Handbook. The Applicant also confirms that in its first rebasing application updates to the mid term report will be provided for any period not included in that report.

Questions:
(a) Please confirm the year that the mid-term report will be filed.
(b) Please confirm if the mid-term report proposed as part of this Phase 1 Application will detail the required components solely as it relates to WPI. If not, please explain.
(c) If the OEB approves the Phase 1 and Phase 2 transactions, how does the Applicant intend to report on the required components as set out in the Post-Consolidation Monitoring and Reporting section of the MAADs Handbook following Phase 2 and at the time of the rebasing of the consolidated entity? Please clarify the proposal with respect to post consolidation reporting.

Staff-20
Reliability Reporting
Ref: WPI MAADs Application, pp. 21, 35

Preamble:
The Application states that WPI and ERTH Power Corporation will continue to report separately.

ERTH Corporation will file Phase 2 of the transaction for approval by OEB to allow for the amalgamation of ERTH Power Corporation, WPI, and THI.

The Application states that **during the proposed deferred rebasing period** (emphasis added by OEB staff), WPI will continue to report system level reliability as part of its annual RRR filings to the OEB.

Questions:

(a) Please clarify whether, as part of this Application, the Applicant is proposing that WPI continue to report system level reliability separately to the OEB for the entirety of the proposed deferred rebasing period (i.e., 9 years), or will a separate proposal be brought forth in Phase 2 regarding reliability reporting for the consolidated entity (or the legacy utilities within the consolidated entity)?
   i. Please provide further supporting rationale for the proposal.

(b) Please provide further information on the anticipated post consolidation reliability reporting at the time of the Phase 2 application which will seek to combine the service areas to be served by a single merged utility. For example, will each utility continue to report system level reliability separately until the combined entity rebases as one?

Staff-21
SAIDI / SAIFI
Ref 1: WPI MAADs Application, Table 8, p. 27
Ref 2: WPI MAADs Application, Appendix E – 2024 Scorecards of WPI and EPC

Questions:

(a) Please provide 2025 SAIDI / SAIFI results.

(b) A review of ERTH Power Corporation's 2024 Electricity Utility Scorecard indicates that ERTH Power Corporation's System Reliability metrics did not meet the most recent OEB targets. Westario Power's System Reliability metrics exceeded OEB targets. How will ERTH Corporation ensure that the issues affecting this metric within ERTH Power Corporation's service area (and control) do not transition to the customers of Westario Power or downgrade the reliability indices for Westario Power customers?

Staff-22
Key Systems
Ref 1: WPI MAADs Application, section 4.1, pp. 23-25
Ref 2: WPI MAADs Application, Table 5

Preamble:
The Application states that the comments and tables in this section assumes that there is no need to replace any of the key systems identified in the WPI cost of service application during the applicable rate period (i.e. 2024-2028).

Questions:
(a) Please itemize the “key systems identified” in the WPI cost of service application.
(b) If any of the key systems identified do need replacement during the applicable rate period, please explain the impact this would have on the synergies anticipated from the proposed Phase 1 transaction, and anticipated Phase 2 transaction.

Staff-23
WPI 2026 IRM
Ref: Decision and Order, EB-2025-0002, section 7, pg. 7

Preamble:
In WPI’s 2026 IRM application, OEB staff notes that the OEB approved interim disposition of the 2024 balances for Account 1588 and 1589, recognizing material settlement errors (i.e. $1,613,081) have been recorded in the 2024 balance for both accounts and the inherent inter-relationship between these two accounts. WPI stated that it is prepared to carry the balance forward and request final disposition in its next IRM application.

Questions:
(a) Please clarify whether there are any cash flow impacts of the settlement errors identified in the 2026 IRM application on WPI.
    i. If so, please explain if and how the cash flow impact on WPI would impact the proposed merger in this application.

Staff-24
Accounting treatment (WPI)

Questions:
(a) Please describe any material differences in accounting policies or deferral and variance account treatment between EPC and WPI, including, but not limited to: capitalization policy, depreciation policy, and interest or carrying charge methodology of the DVAs.
    i. Please discuss any impacts on future consolidated reporting.
(b) Please confirm the regulatory accounting basis used for pension and OPEB expenses for EPC and WPI, i.e. accrual vs. cash basis.
    i. If the accounting basis differs between the two, please explain how the Applicant intends to harmonize these practices post-merger.

Staff-25
ESM
Ref 1: Westario_ERTH _MAADs Application, p. 21 & 33
Ref 2: Handbook to Electricity Distributor and Transmitter Consolidations, July 11, 2024, section 5.1 & 5.6
Ref 3: Westario_ERTH _MAADs Application, Appendix H

Preamble:
Per reference 1, the Applicant states that upon completion of the EPC CoS Application (and the acquisition of the Other LDC), ERTH will bring a second application to the Board to approve the second phase (“**Phase 2**”) of the transaction to allow for the amalgamation of EPC, WPI, and the Other LDC under section 86(1)(c) of the OEB Act. The ultimate amalgamated entity will operate under the name ERTH Power Corporation (“**New EPC**”).

The Applicant requests the OEB’s approval of a 9-year rate rebasing deferral period for WPI and proposes to implement earnings sharing mechanism (“ESM”) for WPI (the “Westario ESM”) for years six to nine of the rebasing deferral period.

OEB staff notes that the New EPC is the consolidated entity which will be established in Phase 2. It will be formed upon completion of the approved amalgamation of EPC, WPI, and the Other LDC.

Per reference 2, the OEB permits consolidating distributors to defer rebasing for up to ten years from the closing of the transaction. Consolidating entities that propose to defer rebasing beyond five years, must implement an ESM for the period beyond five years.

Per reference 3, OEB staff also notes the ESM Deferral Account is proposed to be established under WPI instead of the New EPC.

Questions:

(a) OEB staff understands that, following completion of Phase 2, EPC, WPI, and the Other LDC will amalgamate to form the New EPC.
    i. Please confirm whether the proposed nine-year deferral rebasing period is intended to apply to the amalgamated entity (New EPC).
    ii. If confirmed, please explain the rationale for applying a nine-year deferral rebasing period to WPI in Phase 1, while WPI is expected to cease to exist as a standalone distributor and become part of New EPC upon completion of Phase 2.
    iii. If this nine-year deferral rebasing period is not intended to apply to New EPC, please explain how the proposed deferral rebasing period would operate following the amalgamation of WPI into New EPC.

(b) Please confirm OEB staff’s observations that the proposed ESM Deferral Account would be established for WPI rather than for New EPC.

i. Please confirm whether the ESM Deferral Account is proposed to be established for WPI as a standalone entity.
ii. If yes, please explain the rational for establishing the ESM Deferral Account for WPI, given that WPI is expected to amalgamate with EPC and the Other LDC to form New EPC during Phase 2.
iii. Please discuss whether establishment of the ESM Deferral Account under New EPC would be more appropriate following completion of the amalgamation. If not, please explain why not.
iv. Please comment on the appropriateness of calculating the ESM based on the weighted-average achieved ROE of the amalgamated utilities (i.e., EPC, WPI, and the Other LDC), and identify the proposed ESM effective period, including the commencement and end dates.
v. Please explain how any ESM balances would be tracked, reported, and transferred (if applicable) following the amalgamation into New EPC.

(c) Per reference 3, with respect to the disposition of ESM balances, please discuss:
i. When the Applicant proposed to calculate and report any ESM amounts during the deferral rebasing period.
ii. When and through what proceeding(s) the Applicant proposes to seek disposition of any non-zero ESM balances.

Staff-26
DVA
Ref 1: Westario_ERTH _MAADs Application, p. 33-36
Ref 2: Handbook to Electricity Distributor and Transmitter Consolidations, July 11, 2024, section 5.9, Tracking of Accounts

Preamble:
Per reference 1, the Applicant requests the OEB's approval of a 9-year rate rebasing deferral period for WPI during which it will operate under the OEB's Price Cap IR framework. With respect to timing of Group 2 disposition, the Applicant states that EPC will be filing its rebasing applications as scheduled and Westario has recently had its rebasing application approved. There will be no impacts to intergenerational inequity because of this Phase 1 application as EPC and Westario will be maintaining the same disposition schedule for these accounts.

The Applicant requests the OEB's approval to continue to track costs in the deferral and variance accounts currently approved by the OEB for WPI.

Per reference 2, utilities may gain efficiencies by tracking accounts on a consolidated basis, rather than a rate zone basis. Given the nature of the Group 1 accounts and the reliance on data from various systems (e.g., billing system), it is likely practical and efficient for utilities to consolidate the Group 1 accounts for new activities post-closing of the transaction. Therefore, for Group 1 accounts, the OEB encourages utilities to consolidate the accounts as soon as it is practical.

Questions:

(a) Per reference 2, the OEB encourages utilities to consolidate the Group 1 accounts as soon as it is practical, please explain the Applicant's proposed approach to the treatment of Group 1 accounts following Phase 1, including:
   i. Whether and when the Applicant expects to consolidate the Group 1 accounts of WPI and EPC.
   ii. If the Group 1 accounts will not be consolidated, the reasons why and how the Applicant proposes to address the OEB's expectation that Group 1 accounts be consolidated as soon as practical.

(b) For the request of approving to continue tracking costs in DVAs currently approved by the OEB, please clarify whether this request applies to:
   i. Group 1 DVAs only; or
   ii. Both Group 1 and Group 2 DVAs.

   Please provide supporting rationale.

(c) If the Applicant begins receiving a consolidated IESO invoice, please explain:
   i. Whether separate Group 1 accounts balances for WPI and EPC can continue to be maintained;
   ii. How any separate balances would be tracked and supported; and
   iii. Whether the Applicant would consider consolidating the Group 1 accounts at that time rather than maintaining separate rate-zone-level accounts. If not, why not?

(d) Please confirm that EPC and WPI will continue to keep track and record the transactions separately for all Group 2 accounts during the post-amalgamation period, including Account 1592 sub-account CCA changes.
   i. If not, please explain the proposed alternative approach.

(e) Please clarify when/which year WPI will seek disposition of Group 2 accounts.
   i. If disposition is expected to occur more than five years after WPI's most recent rebasing application, please discuss the impact of intergenerational inequity and how the Applicant proposes to address them.

Staff-27
Corporate Services
Ref 1: Westario_ERTH _MAADs Application, p. 27

Question(s):

(a) Please confirm whether ERTH Corporation or EPC provided any corporate services or oversight to WPI prior to the Phase 1 transaction. If so, please identify and describe all such services.

Staff-28
Ref 1: Westario_ERTH _MAADs Application, p. 23

Preamble:
In the Reference above, the Applicant intends to eliminate the WPI President and CEO position and related costs.

Questions:
(a) Please confirm whether there are any costs associated with eliminating the WPI President and CEO position.
(b) If yes, please provide the amount of these costs and confirm whether they are included in the one-time transaction or transition costs, and offset by the productivity savings.
(c) If these costs are not included in the transaction or transition costs, please indicate who will be responsible for them.

Section 2: ERTH/Tillsonburg Interrogatories

Staff-29
Share Purchase Agreement
Ref 1: THI MAADs Application, Appendix C, Schedule A, p. 4 (pdf p.199)
Ref 2: THI MAADs Application, Appendix D, p.32 (pdf p.79)

Preamble:
OEB staff notes that the Local Presence section under Closing Covenants in Appendix C does not align with the corresponding section in Appendix D. Reference 2 includes closing provision allowing employees who are on call to take Buyer-owned vehicles home, while Reference 1 does not have.

Question(s):
a) Please explain the difference described in Preamble.
b) Please confirm whether Appendix C is the most up-to-date Purchase and Sale Agreement for reference.

Staff-30
Future Investment Plan
Ref 1: [Tillsonburg Hydro and ERTH Power: Building a Stronger, Hometown Utility Together - Town of Tillsonburg]
Ref 2: EB-2023-0053 Tillsonburg Hydro 2024 DSP Plan

Preamble:
OEB staff notes that, on THI's website, THI states that the main reason for collaborating with ERTH is that, as a stand-alone utility, THI faces challenges to require an investment of at least $29 million.

Question(s):
(a) Please confirm whether the estimated $29 million investment is entirely incremental to the DSP Plan approved in its last rebasing application. If not, please identify the portion that is incremental to the approved 2024 DSP Plan.
(b) Please provide the timeline of the projected construction for the $29 million portfolio, specifically whether this will be executed during the proposed 9-year deferred rebasing period.
(c) Please provide an estimate of the bill impacts on THI, WPI, and EPC customers associated with the estimated $29 million investment requirement.

Staff-31
Regulatory Approval
Ref: THI MAADs Application, Appendix C – Share Purchase Agreement, Section 13(a)(ii), p. 45 [PDF page 92 of 368]

Preamble:
A portion of reference 1 states the following: "Each of Buyer and Seller will use commercially reasonable efforts to co-operate and assist the other, so that the OEB Approval can be obtained on or prior to May 31, 2026."

Questions:
(a) Please describe any impact due to the difference in the date of OEB approval per the Share Purchase Agreement to the proposed THI transaction.
(b) With respect to the THI MAADs Application, if approved by the OEB, please advise on the expected close of the transaction.

Staff-32
THI Prior Commitments / Directives
Ref 1: THI MAADs Application, p. 7
Ref 2: EB-2023-0053, Decision and Rate Order, November 12, 2024
Ref 3: EB-2024-0056 THI 2025 IRM Application
Ref 4: EB-2025-0007 THI 2026 IRM Application

Preamble:
The Application states that THI last rebased for rates effective November 1, 2024 (EB-2023-0053). Further, as part of Phase 1 of the transaction, THI will remain a distinct

legal entity operating under a separate license with common corporate and financial oversight from ERTH Corporation.

OEB staff notes that in EB-2023-0053, the parties to that proceeding reached a complete settlement on all issues on the approved issues list. The OEB approved the settlement agreement.

Questions:

(a) Please outline any commitments between parties resulting from the 2024 cost of service settlement agreement in EB-2023-0053 and/or any directives from the OEB in its decision.
(b) Please confirm that THI, owned by ERTH Corporation, will implement and/or address the matters outlined pursuant to the 2024 cost of service settlement agreement and/or OEB decision in EB-2023-0053.
    i. For each commitment or directive, please specifically indicate in which future application they will be addressed.
(c) Please confirm if there are any OEB directives stemming from the decisions in references 3 and/or 4. If yes, please describe and identify if they have been or when they will be addressed.

Staff-33
Incremental Transaction and Transition Costs
Ref: THI MAADs Application, p. 30

Preamble:
The Application states that,

- Incremental one-time transaction and transition costs are expected to be approximately $250k and will not be funded by ratepayers.
    - Incremental transaction costs include but are not limited to due diligence on the part of all parties, the costs associated with negotiating the terms of the purchase, costs associated with all regulatory, legal and statutory reviews to receive necessary regulatory approvals and internal resources.
    - Incremental transition costs that are expected as a result of the Phase 2 transaction include information technology, legal, and professional advisory services.
- Integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 transaction. These costs are primarily related to transition planning and execution, IT costs, communication costs, workforce training.

Questions:

(a) Please clarify if the $250k includes transaction and transition costs[5] relating to the Phase 1 transaction, the Phase 2 transaction, or both.
   i. If any of the costs relate to both Phase 1 and Phase 2, please clarify how much relate to each transaction / provide an estimated apportionment.
   ii. If any of the costs in Phase 1 are related to Phase 2, please comment on whether it is necessary to incur those costs during Phase 1, given that the Phase 2 application will be filed as a later date.

(b) Please clarify who will pay the incremental one-time transaction and transition costs and where the money will come from.

(c) Do the $250k transaction and transition costs include the “integration costs” noted in the preamble (bullet point 3), or are these separate costs?
   iii. If these are separate, please provide forecasts for all integration costs associated with the proposed transaction broken down by category and by year in which the costs are expected. OEB staff has provided a sample table below:

Projected Transition Costs	Year 1	Year 2	Year 3	…
Transition Planning	$xx			
IT	$xx			
Communications… etc.	$xx			
Total	$xx			

   iv. To the extent that there are any transition (integration) costs prior to Phase 2, how does ERTH expect these costs to be financed in the interim given that “costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 Transaction.”

(d) If synergies and cost efficiencies do not materialize as expected, how does ERTH plan to address any financial viability issues that may occur?

Staff-34
Post Consolidation Monitoring and Reporting
Ref 1: THI MAADs Application, p. 33
Ref 2: MAADs Handbook, pp. 33-35

[5] As noted in the MAADs Handbook, transaction costs can be defined as costs incurred that are directly attributable to the development of the proposed transaction and its execution. Transition costs can be defined as costs that are attributable to the consolidation and often relate to being able to operationalize efficiencies that the consolidation enables.

Preamble:
The Applicant states a mid-term report for THI will be filed given that it is deferring rebasing for more than five years. The mid-term report will contain the required components as set out in the Post-Consolidation Monitoring and Reporting section of the MAADs Handbook. The Applicant also confirms that in its first rebasing application updates to the mid-term report will be provided for any period not included in that report.

Questions:

(a) Please confirm the year that the mid-term report will be filed.
(b) Please confirm if the mid-term report proposed as part of this Phase 1 Application will detail the required components solely as it relates to THI. If not, please explain.
(c) If the OEB approves the Phase 1 and Phase 2 transactions, how does ERTH intend to report on the required components as set out in the Post-Consolidation Monitoring and Reporting section of the MAADs Handbook following Phase 2 and at the time of the rebasing of the consolidated entity? Please clarify the proposal with respect to post consolidation reporting.

Staff-35
Reliability Reporting
Ref 1: THI MAADs Application, pp. 19, 33

Preamble:
The Application states that THI and ERTH Power Corporation will continue to report separately.

ERTH Corporation will file Phase 2 of the transaction for approval by OEB to allow for the amalgamation of ERTH Power Corporation, WPI, and THI.

The Application states that **during the proposed deferred rebasing period** (emphasis added by OEB staff), THI will continue to report system level reliability as part of its annual RRR filings to the OEB.

Questions:

(a) Please clarify whether, as part of this Application, the Applicant is proposing that THI continue to report system level reliability separately to the OEB for the entirety of the proposed deferred rebasing period (i.e., 9 years), or will a separate proposal be brought forth in Phase 2 regarding reliability reporting for the consolidated entity (or the legacy utilities within the consolidated entity)?
    ii. Please provide further supporting rationale for the proposal.

(b) Please provide further information on the anticipated post consolidation reliability reporting at the time of the Phase 2 application which will seek to combine the service areas to be served by a single merged utility. For example, will each utility continue to report system level reliability separately until the combined entity rebases as one?

Staff-36
THI Employees
Ref 1: MAADs Application, Appendix C – Share Purchase Agreement, Section 9(e)(ii)
Ref 2: THI MAADs Application, p. 19

Preamble:
Reference 1 states that "Buyer shall cause the Corporation to employ the Employees on substantially the same terms and conditions for a minimum duration of three (3) years following the Closing Date."

The Application seeks a nine-year deferred rebasing period for THI. It is the Applicant's intent at this point that a Phase 2 application would be filed in 2029, following the conclusion of ERTH Power Corporation's cost of service application.

Questions:

(a) Please confirm whether all THI employees will continue employment with THI on substantially the same terms and conditions until the Phase 2 application is filed.
(b) Will the Phase 2 application outline the plans for employees of the amalgamating LDCs?
(c) Please elaborate on how the Applicant expects the Phase 1 transaction to impact the roles and functions of THI and ERTH Power Corporation staff, especially those responsible for service quality and distribution system reliability.

Staff-37
Service / Operations Centre
Ref: THI MAADs Application, p. 28

Preamble:
The Application states that the current operation centre will be maintained in the THI and ERTH Power Corporation territories throughout the duration of the Phase 1 transaction. During Phase 2 and beyond, the main headquarters are expected to be ERTH Power Corporation's new office and operations centre approved by the OEB in EB-2024-0021. Functions such as engineering, procurement, human resources, finance, legal, regulatory, information technology, and customer service will be

administered and delivered from the Ingersoll location, with each location having operations staffing similar to current resourcing levels.

Questions:

(a) Please explain how successful coordination between the operations centre of THI and ERTH Power Corporation will be ensured, both post Phase 1 and post Phase 2 (if approved by the OEB) given that the service area boundaries of each utility are not contiguous.

(b) Please clarify if and how any customer service functions that are currently administered at THI's current location will change post Phase 1 vs. post Phase 2.

  i) Will there be any effect on the availability of services provided to THI customers in the physical THI service area?

Staff-38
Affiliate Matters
Ref 1: THI MAADs Application, p. 22
Ref 2: THI MAADs Application, pp. 10-11
Ref 3: THI MAADs Application, pp. 22, 29

Preamble:
Reference 1 states that if this Application is approved, all utilities owned by ERTH Corporation, including ERTH Power Corporation and THI, receive shared common corporate and financial oversight from ERTH Corporation pursuant to *Affiliate Relationships Code* compliant services agreements.

Reference 2 identifies the business of the Applicant's affiliates to the proposed transaction.

Reference 3 states that ERTH and its affiliates are in fact currently providing management oversight and other operational services to THI have been assisting THI for over 15 years by providing a variety of services and support (including billing, hosting, engineering, utility construction, metering, etc.).

Questions:

(a) Please fully describe the extent to which the THI has been utilizing the services of ERTH and its affiliates identified in the Application for the last 15 years. As part of the response, please populate the following tables to depict the services received / provided.

Shared Services

Name of Company	Service Offered

From	To	

Corporate Cost Allocation

Name of Company		Service Offered
From	**To**	

(b) Please confirm whether the services provided by ERTH and its affiliates will be updated as part of the Phase I application. If so, please also provide an updated version of the 2 tables above.
(c) Given the excerpt noted in the preamble from reference 2, please specifically explain how compliance with 2.1.2 of the *Affiliate Relationships Code*, which requires that a utility ensure that at least one-third of its Board of Directors is independent from any affiliate, will be achieved.

Staff-39
Cost Savings
Ref 1: THI MAADs Application, p. 22
Ref 2: THI MAADs Application, Table 5

Preamble:
The Application states that although the Phase 1 transaction will result in moderate transaction and transition costs, as well as management fees payable to ERTH Corporation, these additional THI costs will be offset by the modest cost savings for WPI described.

Question:
(a) Please confirm if the THI synergies included in Table 5 are net of transaction and transition fees, as well as management fees payable to ERTH Corporation (p.22). If not, please explain and confirm if net synergies are still anticipated once all these noted costs are considered.

Staff-40
Service Quality Statistics
Ref 1: THI MAADs Application, p. 25
Ref 2: WPI MAADs Application, Appendix E, Scorecards of WPI and EPC [PDF p. 249]

Preamble:
Reference 1 states "Throughout both phases of this transaction, it is the intention of the Applicant to maintain the service levels of WPI through the merging of technologies, system control, adoption of best work practices, etc."

Based on the 2024 OEB Scorecards provided in the Application at reference 2, OEB staff has summarized the Customer Focus metrics for THI and ERTH Power Corporation. OEB staff has highlighted certain results where THI has achieved results slightly higher than ERTH Power Corporation.

		2020		2021		2022		2023		2024	
		Tillsonburg	ERTH Power	Tillsonburg	ERTH Power	Tillsonburg	ERTH Power	Tillsonburg	ERTH Power	Tillsonburg	ERTH Power
Service Quality	New Residential/Small Business Services Connected on Time	100.00%	98.59%	99.51%	95.84%	95.34%	97.05%	100.00%	95.76%	99.62%	95.11%
	Scheduled Appointments Met on Time	99.36%	100.00%	98.21%	99.06%	99.30%	100.00%	98.60%	99.18%	99.79%	99.53%
Customer Satisfaction	First Contact Resolution	97.20%	99.58%	97.70%	99.26%	94.70%	99.43%	96.90%	99.66%	98.90%	99.91%
	Billing Accuracy	99.80%	99.75%	97.60%	99.85%	99.70%	99.62%	99.85%	99.69%	99.85%	97.01%

Questions:
(a) Please provide 2025 results for THI and ERTH Power Corporation.
(b) Please more fully describe how, at a minimum, current service levels of THI will be maintained. As part of the response, please provide examples as to where / how service levels will be maintained and / or improved "through the merging of technologies, system control, adoption of best work practices." As part of the response, please also specifically discuss how the metrics highlighted by OEB staff will be, at minimum, maintained for THI.

Staff-41
Comparative Forecasted Revenue Requirement Analysis
Ref 1: THI MAADs Application, pp. 22-24, Tables 5 and 6
Ref 2: THI MAADs Application, p. 21

Preamble:
Table 5 of the Application provides the forecasted revenue requirements for each of WPI and ERTH Power Corporation for each year between 2026 and 2035 under post-consolidation and status quo scenarios. Table 6 outlines the assumptions regarding inflation, growth and productivity included in the analysis.

In Reference 2, the Applicant requests that following Phase 1, WPI and ERTH Power be permitted to continue to operate as independent utilities until the Phase 2 application is filed.

Questions:
(a) Please explain why the difference in revenue requirement in the “post transaction” scenario is greater than the synergies achieved beginning in 2029.
(b) Please explain why the synergies for THI from Year 0 to Year 2 are not negative in Table 5.
(c) Please explain why the “no transaction” scenario in Table 5 does not include a rebasing application post 2029 for THI, and post 2028 for ERTH Power Corporation.
(d) Please confirm OEB staff’s understanding that the synergies listed in Table 5 are solely OM&A-related.
    i. If yes, please describe any capital savings that are anticipated following the Phase 1 transaction. If none are expected as part of Phase 1, please explain why not.
    ii. Are there capital-related synergies anticipated as part of the Phase 2 transaction? If yes, please describe. If not, please explain why not.
(e) Please confirm if, for each year under the Phase 1 transaction in both the “no transaction” and “transaction” scenarios, the utility specific stretch factor for each of THI and ERTH Power Corporation were applied. OEB staff observes that in Table 6 there is a combined stretch factor listed for these years (in addition to utility specific stretch factors for THI and ERTH Power Corporation), but it is unclear what stretch factor is utilized in the analysis.
    i. If a combined stretch factor was used for any of the years under Phase 1, please explain why given the proposal in reference 2 (i.e., that THI and ERTH Power be permitted to continue to operate as independent utilities until Phase 2). OEB staff notes that as per the PEG Report to the OEB[6], THI is in Group 2, and ERTH Power Corporation is in Group 3.
(f) Please re-file Tables 5 and/or 6 based on the responses to the above questions, if required. Please also include any updated commentary, if required, regarding updated figures / results in the status quo and post-consolidation scenarios.

[6] August 18, 2025

Staff-42
OM&A Savings and Analysis
Ref: THI MAADs Application, Table 7, p. 24

Preamble:
OEB staff has reproduced Table 7 below.

OM&A Costs (dollars in thousands)	Phase 1				Phase 2	Post Consolidation Period				
	Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028 EPC Test Year	Yr 3 2029 MAADs Application	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8- 2034	Yr 9 - 2035
EPC	$ 11,103	$ 11,252	$ 11,388	$ 11,728	$ 12,052	$ 12,413	$ 12,786	$ 13,169	$ 13,564	$ 13,971
THI	$ 3,557	$ 3,628	$ 3,700	$ 3,774	$ 3,738	$ 3,850	$ 3,965	$ 4,084	$ 4,207	$ 4,333
WPI				$ 9,026	$ 9,251	$ 9,483	$ 9,720	$ 9,963	$ 10,212	$ 10,467
EPC + THI + WPI	$ 14,659	$ 14,880	$ 15,088	$ 24,528	$ 25,041	$ 25,746	$ 26,471	$ 27,216	$ 27,983	$ 28,771
Synergies THI	$ 91	$ 78	$ 80	-$ 431	-$ 431	-$ 429	-$ 429	-$ 428	-$ 427	-$ 426
Synergies WPI				-$ 48	-$ 55	-$ 338	-$ 345	-$ 354	-$ 362	-$ 371
Forecasted OM&A	$ 14,750	$ 14,958	$ 15,168	$ 24,049	$ 24,555	$ 24,979	$ 25,697	$ 26,434	$ 27,194	$ 27,974
OM&A / Customer										
EPC	$ 444.85	$ 450.82	$ 456.27	$ 469.90	$ 420.89	$ 428.16	$ 440.47	$ 453.11	$ 466.13	$ 479.51
THI	$ 415.85	$ 424.16	$ 432.65	$ 441.30						

Questions:

(a) Please provide 2025 actual OM&A costs per customer for each of ERTH Power Corporation and THI.

(b) Please provide an explanation as to how the Applicant forecasted the OM&A for each utility on a standalone basis for year 1 and the growth for each subsequent year.

(c) Please explain all material assumptions made with respect to the forecasted OM&A cost savings.

(d) Please provide a breakdown of the OM&A cost savings indicating which are attributable to the following categories: administrative, governance, information technology, regulatory, finance, legal or other (please specify).

Staff-43
SAIDI / SAIFI
Ref 1: THI MAADs Application, Table 8, p. 26
Ref 2: THI MAADs Application, Appendix E – 2024 Scorecards of WPI and EPC

Questions:

(a) Please provide 2025 SAIDI / SAIFI results.

(b) Given that THI's 2024 SAIFI and SAIDI results exceeded EPC's, how will EPC ensure that THI customers' reliability is maintained and not adversely affected by the proposed transaction?

Staff-44
Timeline
Ref 1: THI MAADs Application, pp. 7-8, 19-20, 23, 31

Preamble:
Page 19 of reference 1 states that the intent is that a Phase 2 MAADs application would be filed in 2029, while page 20 states the Phase 2 application will be submitted to the OEB in 2028.

Question:
(a) Please explain the discrepancy in the preamble and confirm the year that the Phase 2 application will be submitted to the OEB.

Staff-45
Accounting treatment

Questions:
(a) Please describe any material differences in accounting policies or deferral and variance account treatment between EPC and THI, including, but not limited to: capitalization policy, depreciation policy, and interest or carrying charge methodology of the DVAs.
   i. Please discuss any impacts on future consolidated reporting.
(b) Please confirm the regulatory accounting basis used for pension and OPEB expenses for EPC and THI, i.e. accrual vs. cash basis.
   i. If the accounting basis differs between the two, please explain how the Applicant intends to harmonize these practices post-merger.

Staff-46
ESM
Ref 1: THI_ERTH _MAADs Application, p. 19 & 31
Ref 2: Handbook to Electricity Distributor and Transmitter Consolidations, July 11, 2024, section 5.1 & 5.6
Ref 3: THI_ERTH _MAADs Application, Appendix G

Preamble:
Per reference 1, the Applicant states that upon completion of the EPC CoS Application, EPC, WPI and THI will bring a second application to the Board to approve the second phase ("**Phase 2**") of the transaction to allow for the amalgamation of EPC, THI and WPI under section 86(1)(c) of the OEB Act. The ultimate amalgamated entity will operate under the name ERTH Power Corporation ("**New EPC**").

The Applicant requests the OEB's approval of a 9-year rate rebasing deferral period for THI assuming that the Phase 1 transaction is approved and closes in 2026, the end of the requested 9-year rate deferral period will occur in the 2035 rate year. It proposes to implement earnings sharing mechanism (“ESM”) for THI (the “THI ESM”) for years six to nine of the rebasing deferral periods.

OEB staff notes that the New EPC is the consolidated entity which will be established in Phase 2. It will be formed upon completion of the approved amalgamation of EPC, WPI, and THI.

Per reference 2, the OEB permits consolidating distributors to defer rebasing for up to ten years from the closing of the transaction. Consolidating entities that propose to defer rebasing beyond five years, must implement an ESM for the period beyond five years.

Per reference 3, OEB staff also notes the ESM Deferral Account is proposed to be established under THI instead of the New EPC.

Questions:

(a) OEB staff understands that, following completion of Phase 2, EPC, WPI, and THI will amalgamate to form the New EPC.
    i. Please confirm whether the proposed nine-year deferral rebasing period is intended to apply to the amalgamated entity (New EPC).
    ii. If confirmed, please explain the rationale for applying a nine-year deferral rebasing period to THI in Phase 1, while THI is expected to cease to exist as a standalone distributor and become part of New EPC upon completion of Phase 2.
    iii. If this nine-year deferral rebasing period is not intended to apply to New EPC, please explain how the proposed deferral rebasing period would operate following the amalgamation of THI into New EPC.

(c) Please confirm OEB staff’s observations that the proposed ESM Deferral Account would be established for THI rather than for New EPC.
    i. Please confirm whether the ESM Deferral Account is proposed to be established for THI as a standalone entity.
    ii. If yes, please explain the rational for establishing the ESM Deferral Account for THI, given that THI is expected to amalgamate with EPC and WPI to form New EPC during Phase 2.
    iii. Please discuss whether establishment of the ESM Deferral Account under New EPC would be more appropriate following completion of the amalgamation. If not, please explain why not.
    iv. Please comment on the appropriateness of calculating the ESM based on the weighted-average achieved ROE of the amalgamated utilities (i.e., EPC, WPI, and THI), and identify the proposed ESM effective period, including the commencement and end dates.
    v. Please explain how any ESM balances would be tracked, reported, and transferred (if applicable) following the amalgamation into New EPC.

(d) Per reference 3, with respect to the disposition of ESM balances, please discuss:
    i. When the Applicant proposed to calculate and report any ESM amounts during the deferral rebasing period.

ii. When and through what proceeding(s) the Applicant proposes to seek disposition of any non-zero ESM balances.

Staff-47
DVA
Ref 1: THI_ERTH MAADs Application, p. 31 & 33
Ref 2: Handbook to Electricity Distributor and Transmitter Consolidations, July 11, 2024, section 5.9, Tracking of Accounts

Preamble:
Per reference 1, the Applicant requests the OEB's approval of a 9-year rate rebasing deferral period for THI during which it will operate under the OEB's Price Cap IR framework. Assuming that the Phase 1 transaction is approved and closes in 2026, the end of the requested 9-year rate deferral period will occur in the 2035 rate year.

With respect to timing of Group 2 disposition, EPC will be filing its rebasing applications as scheduled and THI has recently had its rebasing application approved. There will be no impacts to intergenerational inequity because of this Phase 1 application as EPC and THI will be maintaining the same disposition schedule for these accounts.

The Applicant requests the OEB's approval to continue to track costs in the deferral and variance accounts currently approved by the OEB for THI.

Per reference 2, utilities may gain efficiencies by tracking accounts on a consolidated basis, rather than a rate zone basis. Given the nature of the Group 1 accounts and the reliance on data from various systems (e.g., billing system), it is likely practical and efficient for utilities to consolidate the Group 1 accounts for new activities post-closing of the transaction. Therefore, for Group 1 accounts, the OEB encourages utilities to consolidate the accounts as soon as it is practical.

Questions:

(a) Per reference 2, the OEB encourages utilities to consolidate the Group 1 accounts as soon as it is practical, please explain the Applicant's proposed approach to the treatment of Group 1 accounts following Phase 1, including:
   i. Whether and when the Applicant expects to consolidate the Group 1 accounts of THI and EPC.
   ii. If the Group 1 accounts will not be consolidated, the reasons why and how the Applicant proposes to address the OEB's expectation that Group 1 accounts be consolidated as soon as practical.

(b) For the request of approving to continue tracking costs in DVAs currently approved by the OEB, please clarify whether this request applies to:
   i. Group 1 DVAs only; or
   ii. Both Group 1 and Group 2 DVAs.

   Please provide supporting rationale.

(c) If the Applicant begins receiving a consolidated IESO invoice, please explain:

i. Whether separate Group 1 accounts balances for THI and EPC can continue to be maintained;
ii. How any separate balances would be tracked and supported; and
iii. Whether the Applicant would consider consolidating the Group 1 accounts at that time rather than maintaining separate rate-zone-level accounts. If not, why not?

(e) Please confirm that EPC and THI will continue to keep track and record the transactions separately for all Group 2 accounts during the post-amalgamation period, including Account 1592 sub-account CCA changes?
i. If not, please explain the proposed alternative approach.

(f) Please clarify when/which year THI will seek disposition of Group 2 accounts.
i. If disposition is expected to occur more than five years after THI's most recent rebasing application, please discuss the impact of intergenerational inequity and how the Applicant proposes to address them.

Staff-48
Ref 1: THI_ERTH _MAADs Application, p. 22

Preamble:
In the Reference above, the Applicant intends to eliminate various management roles and related costs.

Questions:
(a) Please confirm whether there are any costs associated with eliminating these various management roles.
(b) If yes, please provide the amount of these costs and confirm whether they are included in the one-time transaction or transition costs, and offset by the productivity savings.
(c) If these costs are not included in the transaction or transition costs, please indicate who will be responsible for them.

Section 3: EWAI/Westario & ERTH/Tillsonburg Combined Interrogatories

Staff-49
Proposed Rate Framework
Ref 1: WPI MAADs Application, pp. 7, 8, 20-21
Ref 2: THI MAADs Application, pp. 6-7,19

Preamble:

References 1 and 2 outline the “Proposed Rate Framework”. The respective applications note that the Proposed Rate Framework is an integral, and non-severable of the proposed two-phase transaction and the Applicant’s overall Application.

OEB staff’s understanding of the Proposed Rate Framework is summarized as follows:

- ERTH Power Corporation, WPI and THI will remain distinct legal entities operating under separate licenses following Phase 1.
- ERTH Power Corporation will file a cost of service application for rates effective May 1, 2028, following the completion of a nine-year deferred rebasing period approved by the OEB in EB-2018-0082.
- WPI will not rebase following Phase 1. EWAI seeks to defer rebasing of WPI for a nine-year period following the Phase 1 transaction.
- THI will not rebase following Phase 1. ERTH Corporation seeks to defer rebasing of THI for a nine-year period following the Phase 1 transaction.

Questions:

(a) Please confirm or correct OEB staff’s understanding of the elements of the “Proposed Rate Framework”.

(b) Prior to bringing forth the Proposed Rate Framework as stipulated, did the Applicant(s) consider any alternative frameworks? If yes, please describe. If not, please explain why not, including rationale for why the Proposed Rate Framework is the preferred approach.

(c) If the answer to (b) is yes, please explain why the Applicant(s) chose not to pursue an alternative approach.

Staff-50
Rate Harmonization
Ref 1: WPI MAADs Application, p. 34
Ref 2: THI MAADs Application, p.33
Ref 3: MAADs Handbook, July 11, 2024, p. 30

Preamble:
Reference 1 and 2 both states that the Applicants will not be harmonizing rates at the time of rebasing as part of the Phase 1 transaction. Rate harmonization may be addressed as part of the Phase 2 transaction.

Reference 3 states:

> A statement indicating whether the consolidated utility intends to undertake rate harmonization at the time of rebasing or, if not, an explanation for not doing so, should be included in the consolidation application. Where the utility does intend to harmonize rates, a brief description of the plan should also be provided. This

information can be informative to the OEB as to the intentions of the consolidated entity.

Question:

(a) Please confirm that, pursuant to the current MAADs Handbook, the Phase 2 application will indicate whether the consolidated utility intends to undertake rate harmonization at the time of rebasing or, if not, an explanation for not doing so. Where the utility does intend to harmonize rates, please confirm that a brief description of the plan will be provided.

Staff-51
Timelines
Ref 1: WPI MAADs Application, p. 8
Ref 2: THI MAADs Application, p. 8

Preamble:
Both Reference 1 and 2 state that: “A subsequent deferred rebasing period may be proposed for EPC as part of Phase 2 for the combined utilities, however ERTH commits that the proposed deferred rebasing period in Phase 2 will be less than 10 years after the OEB approval of this Application”.

Question:

(a) Please confirm if this means that if the OEB approves the Phase 1 transactions in the 2026 calendar year, the new ERTH Power Corporation resulting from Phase 2 would rebase as a consolidated entity no later than 2036.

Staff-52
DVA-Accounting Policy Changes
Ref 1: Handbook to Electricity Distributor and Transmitter Consolidations, July 11, 2024, section 5.9, Accounting Policy Changes
Ref 2: Westario_ERTH MAADs (EB-2026-0137)
Ref 3: THI_ERTH MAADs (EB-2026-0145)

Preamble:
Per reference 1, in all MAADs applications, a consolidated utility shall establish an account to record the impact of accounting policy changes, effective at the transaction’s closing date, unless the predecessor utilities provide sufficient justification as to why such an account is not needed.

OEB staff notes that the Applicant didn’t propose a DVA to record the impact of accounting policy changes in reference 2 & 3.

Question(s):

(a) Please explain why the DVA to record the impact of accounting policy changes was not proposed in this proceeding.

(b) If the applicant decides to propose this DVA, please provide a draft accounting order for the proposed account to record the impact of accounting policy changes for the OEB's consideration in this proceeding.