BY E-MAIL

August 10, 2026

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

Dear Ritchie Murray:

Re: Argument-in-Chief

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 the Argument-in-Chief in the above noted proceedings. The Applicants, Board staff, all intervenors, and ERTH's external legal counsel have been copied on this filing.

Any questions relating to this letter should be directed to Tyler Moore at tyler.moore@erthcorp.com or at 226-926-8654.

Yours truly,

Tyler Moore, LL.B.

cc: Chris White, ERTH Corporation
Kyle Pratt, Tillsonburg Hydro Inc.
Wally Malcolm, Westario Power Inc.
Lizzie Zhang/Faye Kidman, OEB
Tom Ladanyi, Energy Probe
Michael Brophy, Pollution Probe
John Vellone/Scott Pollack, BLG LLP

ONTARIO ENERGY BOARD

IN THE MATTER OF an application made by ERTH (Westario) Acquisition Inc. for (i) leave to acquire 100% of the issued and outstanding shares of Westario Power Inc. from The Corporation of the Town of Saugeen Shores, The Corporation of the Town of Hanover, The Corporation of the Municipality of Kincardine, The Corporation of the Municipality of Brockton, The Corporation of the Municipality of South Bruce, The Corporation of the Town of Minto, The Corporation of the Township of North Huron, The Corporation of the Township of Huron-Kinloss and FortisOntario Inc., made pursuant to section 86(2)(a) of the *Ontario Energy Board Act, 1998*, and (ii) leave to subsequently amalgamate Westario Power Inc. and ERTH (Westario) Acquisition Inc. to create a new company operating under the name Westario Power Inc. pursuant to section 86(1)(c) of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application made by ERTH Corporation for leave to acquire 100% of the issued and outstanding shares of Tillsonburg Hydro Inc. from The Corporation of the Town of Tillsonburg, made pursuant to section 86(2)(a) of the *Ontario Energy Board Act, 1998*.

ERTH (WESTARIO) ACQUISITION INC. and ERTH CORPORATION

ARGUMENT-IN-CHIEF

FILED: August 10, 2026

Board File No. EB-2026-0137 / EB-2026-0145

ERTH (WESTARIO) ACQUISTION INC. and ERTH CORPORATION ARGUMENT IN CHIEF

1. ERTH (Westario) Acquisition Inc. ("**EWAI**") and ERTH Corporation ("**ERTH**") (collectively, the "**Applicants**") filed applications to the Ontario Energy Board ("**OEB**") under section 86 of the *Ontario Energy Board Act, 1998* (the "**OEB Act**").[1]

2. In its application, filed April 14, 2026, EWAI, a wholly-owned subsidiary of ERTH Corporation, filed an application (the "**WPI Application**") with the OEB for approval (i) under section 86(2)(a) of the OEB Act to acquire 100% of the issued and outstanding shares in Westario Power Inc. ("**WPI**") from The Corporation of the Town of Saugeen Shores, The Corporation of the Town of Hanover, The Corporation of the Municipality of Kincardine, The Corporation of the Municipality of Brockton, The Corporation of the Municipality of South Bruce, The Corporation of the Town of Minto, The Corporation of the Township of North Huron, The Corporation of the Township of Huron-Kinloss and FortisOntario Inc. (collectively, the "**WPI Sellers**"), and (ii) under section 86(1)(c) of the OEB Act to subsequently amalgamate EWAI and Westario to create a new company operating under the name Westario Power Inc. The transactions contemplated in the WPI Application (the "**WPI Transaction**") is the first of two phases.

3. In its application, filed May 4, 2026, ERTH filed an application (the "**THI Application**") with the OEB for approval under section 86(2)(a) of the OEB Act to acquire 100% of the issued and outstanding shares in Tillsonburg Hydro Inc. ("**THI**") from The Corporation of the Town of Tillsonburg (the "**THI Seller**") The transaction contemplated in the THI Application (the "**THI Transaction**") is also the first of two phases.

4. As part of the THI and WPI Applications, the Applicants requested that the two applications be heard by a single panel of Commissioners in a combined proceeding pursuant to section 21(5) of the OEB Act.[2] The OEB granted ERTH's request for a combined proceeding and agreed that consolidating the proceedings could result in procedural efficiencies with respect to the hearing of evidence relevant to both applications.[3] Accordingly, the Applicants respectfully submits this single Argument In Chief for both matters as directed by the OEB.[4]

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[1] S.O. 1998, c. 15, Schedule B.
[2] THI Application, page 7, ERTH's Request for Combined Hearing and Confidential Treatment letter, dated May 1, 2026, page 2, and WPI Application, page 7.
[3] EB-2026-0137 / EB-2026-0145, Procedural Order No. 1 issued July 2, 2026, page 2.
[4] *Ibid*, page 5.

5. For the reasons that follow, the Applicants submit that both the proposed WPI Transaction and the proposed THI Transaction (collectively, the "**Transactions**") meet the "no harm" test. The Transactions are not expected to adversely impact the price, reliability and quality of electricity service to WPI or THI customers. In fact, WPI and THI customers can expect to benefit from the shared corporate resources of ERTH and its experience in successfully managing non-contiguous embedded utilities serving small urban centres in southwestern Ontario. The Transactions are also consistent with the legislative objectives of the OEB Act.

I. THE PARTIES

6. The WPI Sellers are the shareholders of WPI, which operates under Electricity Distribution License ED-2002-0515. WPI's distribution system serves approximately 25,000 mostly residential and commercial electricity customers in 15 rural urban communities in southwestern Ontario. WPI's office is located in the Town of Walkerton. WPI is bounded by Hydro One Networks Inc. ("**Hydro One**") on all service territory boundaries.[5]

7. The Purchaser of WPI is EWAI, a newly incorporated, wholly owned subsidiary of ERTH that will act as a special purpose vehicle for the express purposes of acquiring and then subsequently amalgamating with WPI. Accordingly, immediately following the closing of the Transaction, ERTH will be the direct owner of WPI.[6]

8. The THI Seller is the sole shareholder of THI, which operates under Electricity Distribution License ED-2003-0026. THI's distribution system serves approximately 8,600 mostly residential and commercial electricity customers in the Town of Tillsonburg. THI's office is located in the Town of Tillsonburg. THI is bounded by Hydro One on all service territory boundaries.[7]

9. The Purchaser of THI is ERTH, a parent holding company providing oversight and shared corporate services to its operating subsidiaries, which includes ERTH Power Corporation ("**EPC**"), operating under Electricity Distribution License ED-2002-0516[8], and a number of non-regulated affiliates ("**ERTH Competitive Affiliates**") that provide utility-related services to most of the licensed electricity distributors ("**LDCs**") in Ontario. [9] ERTH has a long history of acquiring and successfully integrating similar embedded non-contiguous utilities serving small urban communities in southwestern Ontario.[10]

10. EPC, WPI and THI are similar Southern Ontario utilities with comparable customer demographics operating in very similar service territories. Although EPC is not an applicant or a party to the Transaction, we have included EPC details for information purposes only.[11]

II. THE TRANSACTIONS\

11. On January 7, 2026, ERTH (subsequently assigned to EWAI) and the WPI Sellers entered into a Purchase and Sale Agreement whereby the WPI Sellers have agreed to sell and EWAI has agreed to purchase 100% of the issued and outstanding shares in the capital of WPI (the "**WPI Purchased Shares**").[12]

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

    a) Pursuant to section 86(2)(a) of the OEB Act, approval for the WPI Sellers to sell, and EWAI to acquire, all of the WPI Purchased Shares;
    b) Pursuant to section 86(1)(c) of the OEB Act, approval to immediately amalgamate WPI and EWAI to create a new company continuing under the name Westario Power Inc;
    c) Approval of a 9-year rate rebasing deferral period for WPI and an earnings sharing mechanism described in the Application;
    d) Exemption from the requirements of section 2.2.8 of the Handbook to Electricity Distributor and Transmitter Consolidations ("**MAADs Handbook**") until the Phase 2 application (described in paragraph 18 below) is filed; and
    e) Approval to continue to separately track applicable costs in the deferral and variance accounts currently approved by the OEB for WPI and EPC;

    (collectively, the aspects described in a) to d) above are referred to as "**WPI Phase 1**").

13. On April 27, 2026, ERTH and the THI Seller entered into a Purchase and Sale Agreement whereby the Seller has agreed to sell and ERTH has agreed to purchase 100% of the issued and outstanding shares in the capital of THI (the "**THI Purchased Shares**"). The purchase price for the THI Purchased Shares will not be paid in cash. Rather, as consideration for the purchase price, the THI Seller will become the 10th shareholder of ERTH and receive one

[5] WPI Application, page 9, 11 and 12.
[6] WPI Application, page 10, 19 and 20.
[7] THI Application, page 9, 11 and 12.
[8] WPI Application, page 10 and 12 and THI Application, page 10-11.
[9] WPI Application, page 10-11 and THI Application, page 10-11.
[10] IR Response Staff 14, page 29.
[11] WPI Application, page 6 and THI Application, page 6.
[12] WPI Application, page 18-19 and Appendix D – Purchase and Sale Agreement, page 51-58.

equal voting share and non-voting common shares in ERTH (representing a relative economic ownership position in the ERTH of 18.78%).[13]

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

    a) Pursuant to section 86(2)(a) of the OEB Act, approval for the THI Seller to sell, and ERTH to acquire, all of the THI Purchased Shares;
    b) Approval of a 9-year rate rebasing deferral period for THI and an earnings sharing mechanism described in the Application;
    c) Exemption from the requirements of section 2.2.8 of the MAADs Handbook until the Phase 2 application (described in paragraph 18 below) is filed; and
    d) Approval to continue to separately track applicable costs in the deferral and variance accounts currently approved by the OEB for THI and EPC;

    (collectively, the aspects described in a) to d) above are referred to as "**THI Phase 1**").

15. The Applicants propose that following both Transactions, WPI, THI and EPC be permitted to continue to operate business as usual as stand-alone utilities, while establishing common corporate ownership and governance, and attempting to take advantage of mutual benefits during Phase 1.[14] More particularly:

    - Existing operational and field staff at WPI, THI and EPC will continue to perform their current roles and responsibilities, while sharing operational best practices.
    - Staff responsible for distribution system operations, maintenance, outage response, vegetation management, engineering, system planning, asset management and reliability will remain in place and continue to support their respective service territories.
    - Existing operational procedures, emergency response practices, reliability programs and maintenance activities will continue unchanged, with a view to exchanging best practices between the two utilities.
    - Customers will continue to receive service from their existing utility under its distribution licence, with no changes to day-to-day utility operations resulting from Phase 1.

16. Although synergies associated with Phase 1 are projected to be minimal, the Transactions are projected to improve WPI's and THI's operational performance and financial viability, while maintaining a strong local presence and commitment to the communities and customers which

[13] THI Application, page 17, and Appendix D – Purchase and Sale Agreement, page 48-51.
[14] IR Response Staff-7(c), page 20-21 and IR Response Staff-36(c), page 73-74.

both utilities serve. [15] In addition, following the THI Phase 1 Transaction, THI employees who are on call and live in or within close proximity to the THI's service territory 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.[16]

17. THI has historically operated as a "virtual" utility with no employees. All THI's utility service work, including management, supervisions, operations, maintenance and administration is currently performed by municipal employees of the THI Seller or via a services agreement with ERTH. As a condition of the THI transaction, a process has been commenced pursuant to which all Town employees and assets related to THI's utility service work will be transferred from the Town to THI on or before the closing of the THI transaction.[17] Accordingly, THI will be in a position to operate as a stand-alone utility with its own employees and assets, with shared corporate oversight from ERTH during THI Phase 1.

18. The Applicants expect the second phase of the Transactions will involve an application to the OEB under section 86(1)(c) of the OEB Act to amalgamate THI, EPC and WPI, effective January 1, 2029, with the amalgamated entity continuing under the name ERTH Power Corporation ("**Phase 2 Application**").[18] The OEB has approved similar transactions in the past.[19] This amalgamation will be the subject of a future proceeding and no specific approvals with respect to Phase 2 are being sought in this Application, however the Applicants have been transparent in describing their rationale for the two-phase approach to demonstrate that there will not be a deterioration of price, economic efficiency or cost effectiveness as a result of the Transactions being separated into multiple phases.[20]

19. The Applicants are requesting a nine-year rate rebasing deferral for WPI and THI customers which will extend beyond the respective Phase 1 Transactions. If the Phase 2 Application is approved, the Applicants intend to establish a separate rate zone for WPI and THI ratepayers to continue the nine-year rate rebasing deferral.[21]

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[15] IR Response WPI-PP-23, page 7, IR Response WPI-PP-25, page 9-10, IR Response Staff 9(c), page 52, and IR Response THI-PP-10, page 60-61.
[16] IR Response Staff 9(c), page 52 and THI Application, section 4.1(ii), page 25.
[17] IR Response EP-1, page 48.
[18] WP Application, page 21-22 and THI Application, page 19-20.
[19] Decision and Order EB-2019-0015, North Bay (Espanola) Acquisition Inc., 22 August 2019, at page 25; Decision and Order EB-2025-0172, Windsor Canada Utilities Ltd. and E.L.K. Energy Inc., October 21, 2025, at page 16.
[20] WP Application, page 20 and THI Application, page 19.
[21] IR Response Staff-25, page 43 and IR Response Staff-46, page 86.

20. In both applications, the Applicants are seeking an exemption from section 2.2.8 of the MAADs Handbook because WPI and THI are not being amalgamated with another LDC as part of the Phase 1 Transactions and the LDCs will continue to maintain separate reporting and record keeping.[22] It is currently anticipated that WPI and THI will be amalgamated with EPC as part of the Phase 2 Application and filing of this information would be more appropriate at that time.

21. The Applicants expect to close both Transactions within 30 days after receipt of OEB approval of these Applications.[23]

III. DEFERRED REBASING

22. To encourage consolidations within the sector, the OEB has subsequently introduced policies on rate-making that provide consolidating distributors with an opportunity to offset transaction costs with savings achieved as a result of the consolidation. The *Report of the Board on Rate-Making Associated with Distributor Consolidation* permits consolidating distributors to defer rebasing for up to ten years from the closing of the transaction.

23. More recently, the Ontario Government has noted that they expect the electricity distribution sector to aggressively pursue efficiencies through consolidation or enhanced shared services[24], and the OEB has made amendments to its MAADs Handbook to address barriers and provide a more predictable regulatory environment for parties that are considering consolidation, while ensuring that customers are protected.[25]

24. Following the close of the Transactions, the Applicants anticipate that EPC will submit a rebasing application as currently scheduled by the OEB for rates effective May 1, 2028 (the "**EPC CoS Application**"), which marks the completion of a nine-year deferred rebasing period approved by the OEB in EB-2018-0082. The Applicants submit that the EPC CoS Application must proceed as scheduled for a number of reasons including (i) to ensure that the synergies that arose from the prior consolidation of EPC and West Coast Huron Energy Inc. in EB-2018-0082 are passed along to ratepayers; (ii) ending the Incremental Capital Modules ("**ICM**") rate rider and incorporating the new facility into base rates; and (iii) implement the OEB's direction in EB-2024-0021 to provide evidence on affiliate usage of new facility in order to determine appropriate recovery of costs previously excluded from the

[22] WPI Application, page 35 and THI Application, page 33.
[23] IR Response Staff-3, page 16 and IR Response Staff-31, page 67.
[24] October 21, 2022 Letter of Direction from the Minister of Energy to the OEB Chair at page 3.
[25] *Handbook to Electricity Distributor and Transmitter Consolidations*, revised July 11, 2024.

ICM period.[26] The Applicants are not proposing a deferred rebasing period for EPC as part of the Phase 1 Transactions as EPC is not a party to either Transactions, it will be operated separately and rebased as scheduled.

25. The Applicants have no plans to seek to rebase WPI or THI following the Phase 1 Transactions as WPI and THI last rebased for rates effective January 1, 2024 (EB-2023-0058) and November 1, 2024 (EB-2023-0053), respectively. Accordingly, the Applicants submit that there is not the same need to ensure WPI or THI rebases before the Phase 2 Application to maintain ongoing financial and operational viability.[27] Instead, the Applicants are seeking a deferred rebasing period of nine years for both WPI and THI following the Phase 1 Transactions.

26. The Applicants anticipate submitting the Phase 2 Application in 2028 requesting that the OEB approve the amalgamation of THI, EPC and WPI, effective January 1, 2029.[28] A subsequent deferred rebasing period may be proposed as part of Phase 2 for the combined LDC; however, the Applicants commit that the proposed deferred rebasing period in Phase 2 will be less than 10 years after the OEB approval of these Applications.[29] For example, if these Applications are approved in 2026, the Applicants commit that any future deferred rebasing period associated with the Transactions will not extend beyond 2036.

27. A timeline reflecting the two-phased transaction approach and the proposed rate framework described in paragraphs 24-26 above is set out below.[30]

Phase 1 MAADs		ERTH COS	Phase 2 MAADs						End of 9-Year Rate Deferral
Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028	Yr 3 2029	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8 - 2034	Yr 9 - 2035

The proposed rate framework reflected in the table above is an integral and non-severable component of the overall structure of the Transactions.[31]

28. The Applicants are not proposing rate harmonization at this time, and it may be addressed as part of the Phase 2 Application. Nonetheless, the Applicants reiterate that any subsequent

[26] IR Response Staff-49, page 94-95.
[27] WPI Application, page 7 and THI Application, page 7.
[28] IR Response Staff-44, page 84.
[29] IR Response WPI-PP-30, page 13 and IR Response THI-PP-14 , page 64.
[30] IR Response THI/WPI-PP-31, page 90.
[31] IR Response Staff-49, page 94.

deferred rebasing period will be less than 10 years after the OEB approval of these Applications.

IV. THE "NO HARM" TEST

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

> "The Board is of the view that its mandate in these matters is to consider whether the transaction that has been placed before it will have an adverse effect relative to the status quo in terms of the Board's statutory objectives. It is not to determine whether another transaction, whether real or potential, can have a more positive effect than the one that has been negotiated to completion by the parties."[32]

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

31. The "no harm" test requires the OEB to determine whether the proposed transaction is expected to have an adverse effect on the matters identified in the OEB's statutory objectives under section 1 of the OEB Act. In assessing whether the "no harm" test has been satisfied, the OEB considers the cumulative effects of the proposed transaction on those matters. Where the transaction is expected to result in a positive or neutral effect on the matters prescribed in the OEB Act, the OEB will find that the "no harm" test has been satisfied and approve the application.[33]

32. The statutory objectives to be considered by the OEB in relation to electricity are set out in the OEB Act as follows[34]:

a) To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.
b) To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

[32] RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257 Decision dated August 31, 2005 at page 6.
[33] MAADs Handbook at page 7.
[34] Section 1(1).

c) To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.

d) To facilitate innovation in the electricity sector.

33. While the OEB has broad statutory objectives, in applying the "no harm" test, the OEB's focus is on the objectives that are most directly relevant to the impact of the proposed transaction, namely, price, reliability and quality of electricity service to customers, as well as the cost-effectiveness, economic efficiency and financial viability of the consolidating utilities.[35]

V. "NO HARM" TEST APPLIED

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

A. Price, Economic Efficiency and Cost-Effectiveness

35. To demonstrate "no harm" in respect of price, the MAADs Handbook states applicants must show that there is a reasonable expectation based on underlying cost structures that the costs to serve acquired customers following a consolidation will be no higher than they otherwise would have been.[36] The OEB will assess the underlying cost structures of the consolidating utilities, with a primary focus on the expected impact on customers of the acquired utility. The Transactions are expected to have a positive or neutral effect on price.[37]

36. If the Transactions are approved, the ratepayers of WPI and THI will benefit from the rate stability covenant included in the purchase and sale agreements between the parties, which provides a commitment to limit WPI and THI rate increases solely to formulaic incentive rate mechanism inflationary increases for minimum period of eight years following the closing of the Phase 1 Transaction.[38] This commitment is reflected in the Applicant's request for a nine-year rate rebasing deferral for WPI and THI customers.

[35] Decision and Order EB-2023-0328 at page 7; Decision and Order in EB-2016-0025/EB-2016-0360 at pages 5-6.
[36] MAADs Handbook at page 29.
[37] MAADs Handbook at page 10.
[38] WPI Application, page 23 and THI Application, page 21.

37. The Applicants are simply seeking OEB approval for the purchase of WPI and THI shares, and then to continue to separately run WPI, THI and EPC over the coming two-year period. The revenue requirement requested to be recovered through distribution rates for each LDC has been (in the case of WPI and THI) or will be (in the case EPC) the subject of relatively near-term and fulsome cost of service proceedings before the OEB. Accordingly, the Applicants submit that the Phase 1 Application will not have a negative impact on the price, economic efficiency or cost-effectiveness of WPI, THI or EPC.

38. Following the proposed Transactions, the Applicants intend to eliminate certain executive positions and associated costs at WPI and THI[39] and both LDCs will receive shared corporate services from ERTH pursuant to an *Affiliate Relationships Code* compliant services agreement in a similar manner to EPC.[40] The LDCs would otherwise continue to operate its business as usual during Phase 1. To ensure that EPC continues to receive the same level corporate services and support from ERTH during Phase 1, ERTH intends to hire a new executive resource and reallocate existing corporate services resources currently supporting the ERTH Competitive Affiliates to ERTH's LDCs. Any additional costs associated with the above-referenced new executive resource will not be borne by the LDCs as these costs will be supported by revenues from the ERTH Competitive Affiliates.[41]

39. The Applicants do expect some modest O&M savings over the short-term for WPI and THI compared to a status quo scenario absent the Transactions, primarily driven by the elimination of certain executive roles and a reduction in board of director costs, which is partially offset by an increase in the cost of shared corporate services provide to WPI and THI by ERTH.[42] These O&M savings are illustrated in the tables below.[43]

Forecasted Revenue Requirements – Status Quo

Revenue Requirement - No Transaction										
(dollars in thousands)	Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028	Yr 3 2029	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8 - 2034	Yr 9 - 2035
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM
WPI	$ 14,568	$ 15,284	$ 15,486	$ 18,583	$ 19,650	$ 19,910	$ 20,174	$ 20,442	$ 23,509	$ 24,534
THI	$ 5,963	$ 6,256	$ 6,339	$ 7,607	$ 8,043	$ 8,150	$ 8,258	$ 8,368	$ 9,623	$ 10,042
	Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028	Yr 3 2029	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8 - 2034	Yr 9 - 2035
	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM	IRM
EPC	$ 17,766	$ 18,388	$ 23,132	$ 24,105	$ 24,460	$ 24,784	$ 25,113	$ 28,879	$ 30,138	$ 30,537
ICM	$ 2,317	$ 2,317								
No Transaction Total	**$ 40,614**	**$ 42,245**	**$ 44,957**	**$ 50,295**	**$ 52,153**	**$ 52,843**	**$ 53,545**	**$ 57,689**	**$ 63,270**	**$ 65,113**

[39] IR Response WPI-PP-23, page 7 and IR Response THI-PP-7, page 58.
[40] IR Response Staff-9, page 22-23 and IR Response Staff-38, page 76.
[41] WPI Application, page 22 and THI Application, page 20.
[42] IR Response WPI-PP-23, page 7 and IR Response THI-PP-7, page 58.
[43] IR Response Staff-11(f), page 25-26 and Staff IR-41(f), page 80-81.

Forecasted Revenue Requirements –Post Transaction

Revenue Requirement - Phase 1 and Phase 2 Transactions	Yr Phase 1 MAADs			Yr 4 Phase 2 MAADs						
(dollars in thousands)	Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028	Yr 3 2029	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8 - 2034	Yr 9 - 2035
	IRM	IRM	IRM	IRM	IRM	IRM	IRM	IRM	IRM	IRM
WPI	$ 14,568	$ 15,284	$ 15,486	$ 15,608	$ 15,815	$ 16,025	$ 16,238	$ 16,455	$ 16,675	$ 16,898
THI	$ 5,963	$ 6,256	$ 6,339	$ 6,389	$ 6,474	$ 6,560	$ 6,647	$ 6,736	$ 6,826	$ 6,917
	Yr 0 - 2026	Yr 1 - 2027	Yr 2 - 2028	Yr 3 2029	Yr 4 - 2030	Yr 5 - 2031	Yr 6 - 2032	Yr 7 - 2033	Yr 8 - 2034	Yr 9 - 2035
	IRM	IRM	COS	IRM	IRM	IRM	IRM	IRM	IRM	IRM
EPC	$ 17,766	$ 18,388	$ 23,132	$ 24,105	$ 24,460	$ 24,784	$ 25,113	$ 28,879	$ 30,138	$ 30,537
ICM	$ 2,317	$ 2,317								
Synergies THI	$ 91	$ 78	$ 80	-$ 431	-$ 431	-$ 429	-$ 429	-$ 428	-$ 427	-$ 426
Synergies WPI	-$ 20	-$ 50	-$ 54	-$ 48	-$ 55	-$ 338	-$ 345	-$ 354	-$ 362	-$ 371
Transaction Total	**$ 40,685**	**$ 42,272**	**$ 44,983**	**$ 45,623**	**$ 46,262**	**$ 46,601**	**$ 47,224**	**$ 51,288**	**$ 52,850**	**$ 53,555**

Forecasted OM&A

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	-$ 20	-$ 50	-$ 54	-$ 48	-$ 55	-$ 338	-$ 345	-$ 354	-$ 362	-$ 371
Forecasted OM&A	$ 14,731	$ 14,907	$ 15,114	$ 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						
WPI	$ 337.56	$ 346.00	$ 354.65	$ 363.51						

40. The proposed combination of Phase 1 and Phase 2 transactions are also expected to provide the opportunity for sustainable cost efficiencies over the longer-term which will ultimately be reflected in the underlying OM&A costs and the rates of the amalgamated utility following the approval of the Phase 2 Application.[44]

41. As a result, the acquisitions of WPI and THI eventually has the potential to create economic efficiencies and cost effectiveness due to ERTH being skilled and experienced at acquiring and operating embedded non-contiguous utilities that service the same types of customer classes served by WPI and THI in small urban territories with similar characteristics and terrain.[45]

42. The Transactions will also provide WPI and THI with the benefit of being a part of a larger strategic plan that focuses on driving the LDC forward. The core strengths of ERTH, such as community building, reliability, safety, operations, customer service, and solid financial

[44] WPI Application, page 22, 24 and 29, and THI Application, page 22, 24 and 30.
[45] IR Response Staff-14, page 28-29 and IR Response Staff-37, page 74.

performance will be leveraged by WPI and THI through one integrated management team.[46] The combined Phase 1 and Phase 2 transactions are anticipated to provide the platform to generate sustainable administrative cost efficiencies as a result of centralizing back-office functions including management, billing, customer service, finance and regulatory functions.[47]

B. Adequacy, Reliability and Quality of Electricity Servic

43. To demonstrate "no harm" in respect of the adequacy, reliability and quality of electricity service, the MAADs Handbook states that the OEB will be informed by the metrics provided by the distributor in its annual reporting to the OEB and published in its annual scorecard.[48] Continuous improvement will be demonstrated by a distributor's ability to deliver improved reliability performance without an increase in costs or to maintain the same level of performance at a reduced cost.

44. WPI, THI and EPC all have strong System Average Interruption Duration Index ("**SAIDI**") and System Average Interruption Frequency Index ("**SAIFI**") metrics that outperform the provincial averages. The 2021- 2025 SAIDI and SAIFI results set out in the table below indicate that the LDCs have provided their customers with excellent reliability and shows how the utilities have expertise in handling elements and conditions which affect reliability.[49] The Transactions will have no negative impact on this quality of service for the LDCs into the future.

Reliability Indicators (Excluding MED's & Loss of Supply Events)

Sum of SAIDI from Non Major events	**2021**	**2022**	**2023**	**2024**	**2025**	**5Yr. Average**
ERTH Power Corporation	2.17	0.93	1.31	1.51	0.61	1.31
Westario Power Inc.	1.79	1.55	1.82	1.19	1.00	1.47
Tillsonburg Hydro Inc	0.53	0.95	0.21	0.32	1.53	0.71
Sum of SAIFI from Non Major events	**2021**	**2022**	**2023**	**2024**	**2025**	**5Yr. Average**
ERTH Power Corporation	0.87	0.47	0.38	0.76	0.18	0.53
Westario Power Inc.	0.73	0.67	0.56	0.57	0.55	0.62
Tillsonburg Hydro Inc	0.37	0.99	0.26	0.46	1.44	0.70

45. The quality of service is reflected currently in the 2024 scorecards of WPI, THI and EPC.[50] All three scorecards demonstrate extremely strong performance and trending in the areas of

[46] IR Response Staff-9, page 22.
[47] WPI Application, page 30 and THI Application, page 29.
[48] MAADs Handbook, page 12.
[49] IR Response Staff-21, page 39 and IR Response Staff-43, page 83.
[50] WPI Application, Appendix E and THI Application, Appendix E

customer service and reliability and demonstrate a further alignment of objectives aimed at maintaining or improving service levels.

46. WPI and THI customers may expect further improvements to reliability and quality of service because of these Transactions and will benefit from shared corporate services agreement with ERTH. Service maintenance and/or benefits are expected to include:[51]

    a) Having a local physical presence no different than what the customers of WPI and THI experience today.

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

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

    d) The sharing of engineering and operational knowledge and expertise between all three utilities, which will lead to higher quality operations and maintenance plans that will benefit all customers.

    e) Access to EPC's knowledge and expertise in SCADA (Supervisory Control & Data Acquisition) and Geographic Information System (GIS) systems, improving response times and troubleshooting efforts.

    f) WPI and THI electrical system will be displayed, managed, and operated from the EPC control room.

    g) Extension of the ERTH social media platforms (Twitter, Facebook, LinkedIn) to include WPI and THI to aid in the promotion of distributor activities, engagement of customers, and communication of outage information.

    h) Emergency storm response resources will improve as all LDCs will have access to a larger pool of power line maintainers, inventory and equipment (which will be shared in accordance with the *Affiliate Relationships Code*).

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

47. The Applicants therefore submit that the Transaction will maintain or improve the adequacy, reliability and quality of electricity service for WPI and THI customers, and that all phases of

[51] IR Response Staff-15, page 30-31, IR Response THI-PP-9, page 60, and IR Response Staff-40, page 78.

the proposed transaction are projected to deliver improved reliability performance without an increase in costs and, ultimately, at a reduced cost.

C. Financial Viability

48. The MAADs Handbook indicates that the impact of a proposed transaction on the acquiring utility's financial viability (in the case of an acquisition) or on the consolidated entity's financial viability (in the case of a merger) will be assessed. The OEB's primary considerations in this regard are: (i) The effect of the purchase price, including any premium paid above the historic (book) value of the assets involved; and (b) The financing of incremental costs (transaction, transition, and integration costs) to implement the consolidation transaction.[52]

49. In the WPI Application, the acquiring entity is a holding company (namely ERTH, once EWAI, a special purpose vehicle, is consolidated with WPI), so there will be no effect on the financial viability of a utility.[53] For further assurance, ERTH has sufficient lending capacity available to finance the Transaction and its lender, Scotiabank is aware and supportive of the WPI Application based on conservative financial forecasts that assumes no post -transaction synergies or cost efficiencies [54]

50. In the THI Application, the purchaser is ERTH, a holding company, so there will be no effect on the financial viability of a utility.[55] For further assurance, the THI Seller will receive shares in ERTH as consideration for the THI shares and, as such, the proposed non-cash transaction will not have an adverse effect on the financial viability of ERTH.[56]

51. Incremental one-time transaction costs are expected to be approximately $800K.[57] Incremental one-time transaction costs associated with the THI Application are expected to be approximately $250K.[58] These costs (and any incremental transaction costs associated with the Phase 2 Application) will not be included in the revenue requirement of WPI, THI,

[52] Decision and Order EB-2023-0328 at page 14.
[53] WPI Application, page 31.
[54] IR Response Staff-18, page 35
[55] THI Application, page 31.
[56] Application and/or IRR reference
[57] IR Response Staff-16, page 31-33.
[58] IR Response Staff-33, page 68-69.

EPC, or the consolidated LDC formed via the amalgamation of the three LDCs in 2029, and thus will not be funded by ratepayers.[59]

VI. CONCLUSION

52. In conclusion, the Applicants submit that the OEB should approve the WPI Application and THI Application on the basis that they meet the "no harm" test regarding the impact of the proposed Transactions on price, reliability and quality of electricity service to customers, and that the proposed Transactions are consistent with the legislative objectives of the OEB Act.

All of which is respectfully submitted this 10th day of August 2026.



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[59] IR Response Staff-16, page 33 and IR Response Staff-33, page 69