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August 20, 2026

EB-2026-0145 ERTH Corporation acquisition of Tillsonburg Hydro Inc.
EB-2026-0137 ERTH Corporation acquisition of Westario Power Inc.
Pollution Probe Submission

Dear Mr. Murray

In accordance with Procedural Order No. 1 for the above-noted proceedings, please find Pollution Probe's submissions related to the applications below.

Given the commonality and relationship between these acquisitions, it was appropriate and efficient to consider them together within one joint proceeding. To the extent that comments relate specifically to only one of these applications, that is noted below. Overall, the same approach is recommended given the commonality of the Applications. It is also not possible to ignore the important interactions with the proposed Phased 2 Applications and the eventual rebasing of the consolidated utility. The OEB will need to consider how any Phase 1 approvals relate to those important future milestones, particularly given that the vast majority of estimated synergies and benefits occurs in Phase 2 or beyond. In some cases, it was not possible for the Applicants to forecast details related to some of those synergies and benefits at this time and that clarity would be available at a later date, presumably in the Phase 2 Applications. The Applicants suggested that forecasted synergies and benefits beyond Phase 1 are out of scope for this proceeding and not relevant to the approvals sought from the Ontario Energy Board (OEB). Pollution Probe disagrees with that basis and suggests that expected synergies and benefits from the multi-phase approach are relevant to the OEB's considerations for Phase 1, Phase 2 and eventual rebasing of the consolidated utility. The OEB may need to provide direction from this Phase 1 Decision on what it expects the minimum requirements and timing are related to future phases of the utility consolidation.

Pollution Probe does not believe that the phased approach poses a barrier to the OEB in considering approval of the Phase 1 applications, but it is important to understand what implications come from Phase 1, Phase 2 and eventual rebasing of the consolidated utility. The issues noted below are not meant to suggest that the Acquisitions not be approved, but are for OEB consideration so that the Phase 1 Applications Decision can consider the holistic and

integrated nature of the multi-phase approach proposed by the Applicants. The Applicants may wish to make certain suggestions in their Reply Argument for OEB consideration.

As noted by the applicants, 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 (OEB) Act. These applications are being collectively considered under this combined proceeding.

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.

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").

Many of the considerations in this proceeding equally apply to both the WPI Application and the THI Application, particularly given the shared services model and that a further consolidation of the utilities is planned under a Phase 2 application to be filed in 2028 and applied to 2029 and beyond. The Phase 2 proceeding will likely have a significantly larger scope since it includes the majority of forecasted synergies and benefits[1], the consolidation of the utilities and a potential deferred rebasing term request. Phase 1 is not independent of Phase 2 considerations, but the OEB is being asked to make a determination on Phase 1 as a stand-alone. It is not possible to consider Phase 1 as a silo without thinking through how it related to the future Phase 2 and eventual consolidated utility rebasing.

The Applicants note that following Phase 2 when the utilities become a merged utility, they expect that the OEB will want them to track the utility metrics for the legacy utilities. Ensuring that this information is provided in the Phase 2 Applications and at the time of the consolidated utility rebasing will be critical to understand differences against the baseline utilities and measure what the impacts from the utility acquisition and consolidation really are. Most of that

[1] THI/WPI-PP-32.

information is not available at this time. Being able to make an "apples to apples" comparison will be important. Including direction in this Phase 1 Decision, related to minimum requirements in Phase 2 and the future rebasing applications would ensure that the OEB has the appropriate information available to assess the outcomes of Phase 1 and Phase 2. Considering each phase in a siloed manner has limited value.

The Applicants note that to ensure that benefits and synergies are appropriately attributed and that double counting does not occur between the ERTH Power Corporation (EPC) rebasing application, the acquisitions of WPI and THI, and the eventual consolidation of the three utilities, the Applicant is currently planning to establish a centralized synergy tracking framework. This framework would maintain a record of each identified synergy, including the originating utility, transaction phase, implementation timing, financial impact, and methodology used to quantify the benefit. Clear ownership would be assigned for each synergy initiative, supported by consistent baseline methodologies, financial coding, and reporting practices to distinguish between efficiencies already reflected in approved rates, benefits arising from individual acquisitions, and incremental benefits resulting from future consolidation. Prior to each regulatory filing, the Applicant anticipates performing reconciliation reviews to confirm that previously identified synergies are not included again in subsequent applications and that any newly claimed benefits are incremental. Transaction-specific synergy schedules, documented approval processes, and periodic post-transaction reviews would be used to validate assumptions, monitor realized benefits, and ensure that efficiencies are appropriately allocated and reported throughout the transition and consolidation process[2].

This Phase 1 proceeding is being done as a precedent to a pending Phase 2 proceeding. Some estimated Phase 2 benefits have been assumed in the evidence provided by the utilities. In other words, the information and considerations in this Phase 1 proceeding is heavily influenced by the assumptions of what is expected to be included in the Phase 2 Applications. The Applicants note that 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 both utilities serve[3]. The expectation of net benefits or tracking metrics from the transaction help offset concerns related to potential harm occurring from the transitions.

There are several elements which the Applicants consider outside their consideration of the "no harm" test. It does not seem logical to include some local impacts of the Transactions and exclude others of a similar nature. Local utilities are an integrated part of the municipal and community energy and emissions plan development and execution. This can include utility delivery of programs such as the Provincial eDSM programs. The Applicants have noted that

[2] THI/WPI-PP-32b.
[3] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 16.

they do not consider those current municipal/community issues part of the scope of this proceeding[4]. Pollution Probe disagrees with that assessment and it will be important to ensure that coordination on local municipal/community energy and emission plan issues is maintained or enhanced during Phase 1 and Phase 2. There is no evidence on the record that the utilities would not ensure that those elements are a commitment of the merged utility, but suggesting that it is out of scope for consideration raises a concern.

As noted above, the applicants provide general consolidation benefits that are expected to come from the acquisitions, many of which that are expected to come from Phase 2. For example, the Applicants note that the Transactions will provide WPI and THI with the benefit of being a part of a larger strategic plan that focuses on driving the LDC forward. The Applicants note that the core strengths of ERTH, such as community building, reliability, safety, operations, customer service, and solid financial performance will be leveraged by WPI and THI through one integrated management team. It is not clear how those synergies and benefits will be measured and reported to the OEB (in the Phase 2 Applications and at rebasing) to ensure that the benefits can be objectively and transparently reviewed.

It is difficult to quantify the specific improvements that will result and when they are expected to be realized. Although the Applicants expected benefits and synergies to occurs, in many cases it was not possible for the Applicants to forecast those Phase 2 benefits at this time[5]. An attempt to estimate those benefits should be part of the requirements for the Phase 2 Application. The Applicants also note that the integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 transaction[6]. This directly relates to the allocation of those costs and what is expected during any deferred rebasing term. Determining the appropriate deferred rebasing term is difficult since it is expected to extend over multiple phases. Accounting by legacy utility and phase will be necessary to avoid double counting and clearly articulate the synergies and benefits from each phase.

The THI Application notes that incremental one-time transaction and transition costs are expected to be approximately $250,000 (Phase 1 only) and will not be funded by ratepayers[7]. The WPI Application notes that iincremental one-time transaction and transition costs are expected to be approximately $800,000 (Phase 1 only). These costs will not be included in the revenue requirement of Westario, EPC, or the new EPC and thus will not be funded by ratepayers. The details and costs related to Phase 2 will need to be included in the Phase 2

[4] WPI-PP-20 and THI-PP-4.
[5] E.g. adequacy, reliability, and quality of electricity service per WPI-PP-24a.
[6] THI_ERTH_MAADs Application_FINAL_Redacted_20260504, page 30 and Westario_ERTH_MAADs Application_13April2026_REDACTED(209144509_20260414, page 31.
[7] THI_ERTH_MAADs Application_FINAL_Redacted_20260504, page 30 and Westario_ERTH_MAADs Application_13April2026_REDACTED(209144509_20260414, page 30.

Applications. The Applicants note that rate harmonization may also be addressed as part of the Phase 2 Transaction.

The phased approach makes it more difficult for the OEB to consider the overall benefits (or the ability to ensure no harm) from the applications. As noted in the table below, certain estimated benefits are not expected to occur until Phase 2[8].

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**

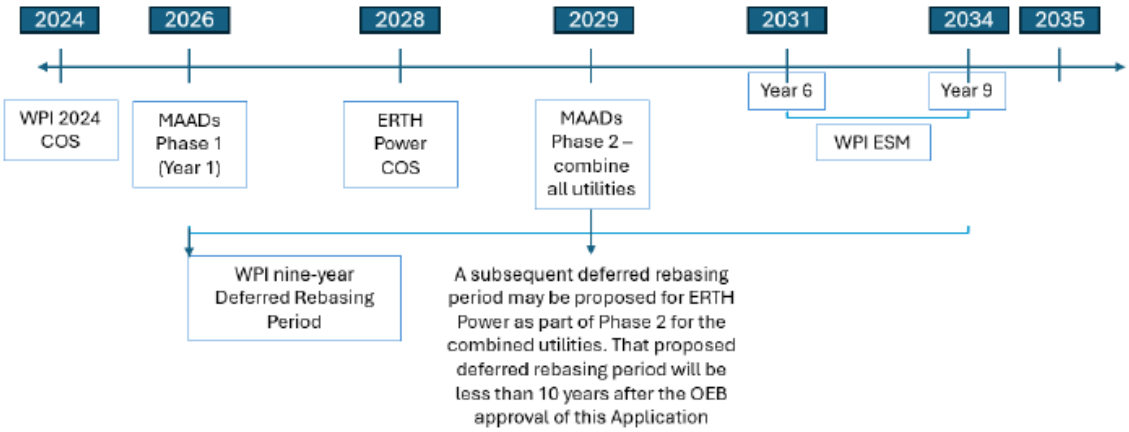
Pollution Probe agrees that potential benefits noted above could extend beyond Revenue Requirement metrics and scorecard performance. The Energy Transition and related policy/regulatory requirements are becoming more complex and having a more robust capacity to plan and react to those needs can result in more resilient grid and enablement of non-wire solutions. The enhanced technology and capacity described in the THI Application are expected to provide a number of incremental DER or non-wire solutions opportunities including, for example, optimizing THI's localized DER dispatch and improving real-time grid visibility for NWAs[9]. It will be important to provide details on benefits expected or achieved during the Phase 2 Application and eventual rebasing application.

The Applicants note that 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[10].

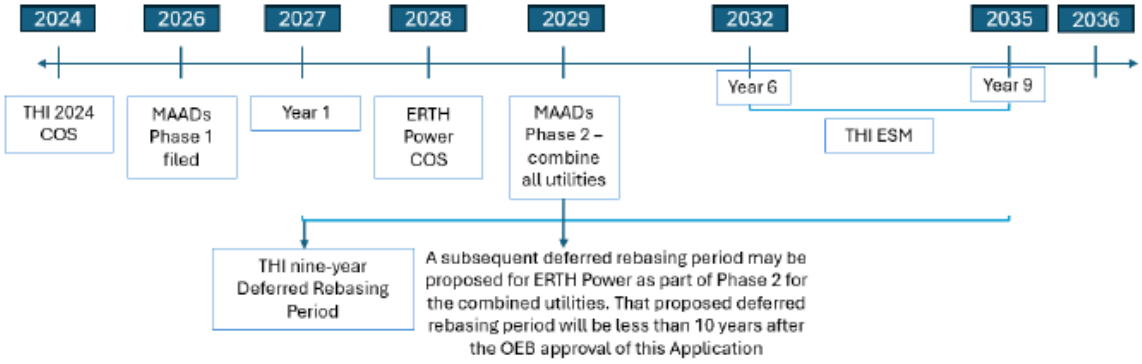
Helpful illustrative timelines were developed by OEB Staff and confirmed by the Applicants, as per below[11]. Although adjustments may result from the OEB Decision in this Phase 1 proceeding, these diagrams included the current proposed estimates from the Applicants.

[8] Figure from ERTH_WPI_THI_Argument in Chief_20260810, page 12.
[9] THI-PP-10 and WPI-PP-25.
[10] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 40.
[11] From Staff-5.

Estimated WPI Timeline



Estimated THI Timeline



This Phase 1 proceeding also assumes that a Phase 2 Applications will be brought forward in 2028 for 2029 implementation. EWAI noted that it is the Applicant's intent at this point that a Phase 2 MAADs application would be filed, following the conclusion of EPC's CoS Application. The Applicant submits that it is reasonable for the EPC CoS Application to be heard independently prior to Phase 2[12]. EPC (which is a wholly owned subsidiary of ERTH) and THI are at different stages in the ratemaking process. EPC is obligated to file its CoS application for rates effective May 1, 2028 (the "EPC CoS Application"), following the completion of a nine-year deferred rebasing period approved by the Board in EB-2018-0082.[13]

The Applicants are requesting a nine-year rate rebasing deferral period for WPI and THI customers which will extend beyond the respective Phase 1 Transactions. If the Phase 2

[12] Westario_ERTH_MAADs Application_13April2026_REDACTED(209144509_20260414, page 21.
[13] THI_ERTH_MAADs Application_FINAL_Redacted_20260504, page 7.

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[14].

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[15].

The Applicant expects the second phase will occur following the completion of the EPC CoS Application and will be to file an application to amalgamate THI, Westario, and EPC, with the amalgamated entity continuing under the name of ERTH Power Corporation ("Phase 2")[16].

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"). 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[17]. 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[18].

There are certain important elements which will not be available until the Phase 2 Applications. For example, a separate proposal will be brought forth in the Phase 2 application regarding reliability reporting for the consolidated entity (or the legacy utilities within the consolidated entity). Following Phase 2 and until the combined entity rebases as one., it is not expected that the merged entity will report separate reliability reporting, however New EPC will have the ability to track and report segmented (e.g. separated by rate zones) reliability statistic in its midterm and final report as part of its harmonizing rate application[19].

It will be difficult to clearly and transparently understand the baseline and projected (Phase 1 and Phase 2) benefits for a nine year deferred rebasing period applied to either transaction prior to the Phase 2 application. It may be more appropriate to approve an interim deferred rebasing period that is shorter than nine years (e.g. three to five years would align with the forecasted Phase 2 Applications in the 2029 timeframe) and allow the Applicants to provide a request with supporting evidence in the Phase 2 proceeding for the additional deferred rebasing period at that time. Not only would that provide better clarity on the expected synergies and net benefits over the requested deferred rebasing period, but it would also

[14] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 19.
[15] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 15.
[16] [16] THI_ERTH_MAADs Application_FINAL_Redacted_20260504, page 7.
[17] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 18.
[18] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 20.
[19] Staff-20.

incent a timely filing of the Phase 2 Applications. There is currently no requirement for filing a Phase 2 Application by a specific date, or at all. It is difficult to track each transactions net benefits independently and the OEB could decide to true up the timing and format of reporting in the Phase 2 proceeding. It would be difficult to make a determination related to a nine-year deferred rate term just based on the information provided in this Phase 1 proceeding.

Given that Phase 2 is forecast to deliver the bulk of benefits and synergies, it is not clear if the costs related to those will be included in the deferred rate term or if they will be incrementally added to rates in Phase 2. The Applicants could provide feedback on their expectations in their Reply Argument, but it is likely that greater clarity would need to be provided in the Phase 2 Applications.

The Applicants indicted that they anticipate submitting the Phase 2 Application in 2028 requesting that the OEB approve the amalgamation of THI, EPC and WPI, effective January 1, 2029. They indicate that a subsequent deferred rebasing period may be proposed as part of Phase 2 for the combined LDC[20]. Based on the approach Pollution Probe has highlighted above, the Applicants could request the residual of the desired nine year deferred rebasing period in the Phase 2 Application, or a different term if they believe there is the basis for such a request.

The Phase 2 proceeding may also be an appropriate time to evaluate the net benefits from Phase 1 and transparently set the remaining deferred rebasing net benefits expected from the Phase 2 period. Collectively, the Phase 1 and Phase 2 benefits over the deferred rebasing period represent the total to be assessed when the consolidated entity rebases following its Phase 2. Applications. To the extent possible, it would be beneficial for the Applicants to provide more specific details on how the synergies and net benefits will be measured in the Phase 2 Applications.

Finally, the utilities are requesting Phase 1 approval on the premise that they will enable functional abilities and synergies outlined in the applications. This is a typical approach and in most cases, merged or acquired utilities manage within the approach approved by the OEB during the deferred rebasing term. However, in some cases the plan does not match reality. This recently occurred with a geographically non-contiguous utility merger for the Elexicon service territory. Many of the synergies and net benefits expected seem to parallel those estimated in the Applications in this proceeding. As a result of the merger not being able to sustain expected results over the deferred rebasing term, Elexicon needed to end the deferred rate period early and request rebasing. Every case is deferent, but it is important to ensure that the plan and measurement of benefits are clear and robust enough to produce sustainable net benefits.

[20] ERTH_WPI_THI_Argument in Chief_20260810, paragraph 26.

Respectfully submitted on behalf of Pollution Probe.



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