

Rosemarie Leclair
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON M4P 1E4

October 21, 2015

Dear Ms. Leclair,



I am writing in follow up to the meeting the OEA recently held with your staff as part of your consultations on OEB processes as they relate to LDC consolidation. As you know, the 2015 Ontario budget introduced measures to remove some of the financial barriers to LDC consolidation transactions; the OEA was supportive of these measures but also recognizes the regulatory barriers that must be addressed if LDC consolidation is to take place in Ontario.

We are therefore most appreciative of the opportunity to provide the OEB with our views on those regulatory barriers and to discuss possible solutions with your staff. For your reference, the five issues that we identified are:

1. Equal Treatment Regardless of Size
2. Electrically Embedded Utilities
3. Greater Financial Incentives
4. OEB Capacity to Efficiently Process Transactions
5. Stability of Capital Structure and Return on Equity Policies

**Full details of the OEA's position and recommendations on LDC consolidation can be found in the enclosed background documents.*

In our discussions with your staff we identified three of these barriers as focus areas for resolution: OEB cost allocation (equal treatment), embedded utilities, and MAAD application processing.

We look forward to hearing from you and your staff on your progress in addressing these issues. If in the course of your work you or your staff have any further questions for the OEA with regards to our position on LDC consolidation or any of the above



recommendations we would be pleased to answer them for you.

All the best,

A handwritten signature in blue ink, appearing to read "B. Huggard", is positioned above the typed name.

Bob Huggard
President & CEO
Ontario Energy Association

cc: Brian Hewson, Lisa Brickenden (OEB)
Amanda Klein (Toronto Hydro)
Joanne Richardson, Jeffrey Smith (Hydro One)
Greg Van Dusen (Hydro Ottawa)

encl.: OEA submission to Ontario Distribution Sector Review Panel
OEA 2015 provincial pre-budget submission
OEA letter to Premier's Advisory Council on Government Assets
OEA letter to Minister Chiarelli re: regulatory recommendations