

AIRD BERLIS

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VIA COURIER, EMAIL AND RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Erie Thames Powerlines Corporation (“ETPL”)
2018 Distribution Rates
EB-2017-0038**

We are counsel to ETPL in the above noted proceeding. We offer the following comments on the submissions of VECC dated July 27, 2018 in regard to the issues list to be used in this proceeding.

Contrary to Board policy, it appears that VECC wishes to bring issues of the MAADs Application into this rate proceeding. This Application was filed with the Board almost 11 months ago, well before the MAADs application was submitted. This Application was rightfully submitted as a stand-alone rate application for ETPL. VECC's request for an expanded "leeway" should be denied. ETPL submits there should be no commingling of issues between this rate application and the MAADs application.

To encourage mergers and amalgamations and the achievement of long-term efficiencies for ratepayers, it has been the Board's policy to permit utilities to retain the actual savings following a merger or amalgamation. It appears that VECC is attempting to broaden issues to prevent ETPL from realizing these savings. Not only is it contrary to Board policy, but it may adversely impact the current MAADs Application and unnecessarily delay this proceeding even more than it already has been delayed. Further, it may discourage other utilities from pursuing such transactions and deprive ratepayers of the long run efficiencies resulting from such transactions.

We note, and VECC acknowledges, that most of VECC's comments go beyond the expressly stated areas of comment identified by the OEB.

First, VECC is attempting to revisit the capital spending of prior years and the rate base opening balances. VECC requests the opportunity to review the additions to rate base since the last rebasing. This is a collateral attack on the scoping decision and granting. VECC's request would essentially render this proceeding a traditional cost of service proceeding. Further, ETPL would note the muted impact that historical capital spending has on rates compared to OM&A

spending in the test year and submits that expanding this issue does not provide value in the review process.

In respect of Issue 4, the long-term debt, VECC again seeks to expand the issue beyond that provided in the scoping decision. ETPL would note that there is a single incorrect reference in the Application to a debt rate of 2.5%. All the long-term debt that is held with ETPL's affiliates is priced at 7.25%. ETPL notes the requested rate to be recovered from the ratepayer is priced in the Application at the Board's approved long-term debt rate for affiliate debt. The Board has repeatedly applied the deemed capital structure – even where the actual capital structure departs from the deemed structure. Given the Board's policies and practice, there is no benefit to be gained in granting VECC's request.

As such, ETPL would request the Board confirm that issues related to the potential MAADs application and the transaction with West Coast Huron Energy Inc. are beyond the scope of this proceeding. Further, ETPL would request the Board not permit the expansion of the Issues list in respect of the historical capital additions and long-term debt.

Thank you for the opportunity to make these submissions.

Yours truly,

AIRD & BERLIS LLP



Scott Stoll

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cc. List of Parties

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