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BY EMAIL and RESS

June 3, 2013
Our File No. EB-2013-0125

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2013-0125 – EnWin Request for Further COS Deferral

We are counsel for the School Energy Coalition. We have reviewed EnWin's application dated April 26, 2013 to have its 2014 rates set on the basis of Annual IR. We are writing this letter to set out preliminary comments, which we hope will assist the Board.

We note, with respect to EnWin's proposal, the following:

1. EnWin refinanced its long term debt in November, 2012, resulting in a reduction in its long term debt rate going forward from 6.45% to 4.134%. On EnWin's rate base, this results in a reduction in interest expense of about $3 million per year.

2. Also in November, 2012, EnWin entered into a Water System Operating Agreement under which it will take over and run the Windsor water system, formerly operated by the Windsor Utilities Commission. As part of that transaction, EnWin and WUC entered into an Employee Arrangement Agreement, under which all WUC employees were transferred to EnWin. Neither agreement was filed with the Application, and to the best of our knowledge neither is public nor has been provided to the Board. In 2012 "Services to WUC" totalled $12.1 million, but it is not clear the basis on which that is calculated, or whether that will change materially in 2013 and subsequent years.

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3. EnWin shows substantial increases in its obligations under employee benefit plans, and its annual costs associated with those plans. It discloses further material increases expected for 2013. Some part of those increases may be as a result of the transfer of employees from WUC, and some part may be as a result of the conversion to IFRS. A summary of all of the drivers of those increases is not, as far as we can see, included in the Application.

4. The financial statements provide some information on the January 1, 2014 conversion to IFRS. While the information is not in the Board's normal format (and so, for example, there is limited information on changes to the capitalization of overheads), it appears that EnWin will be accruing an obligation to repay ratepayers, through Account 1575, of close to $4 million per year from 2011 onwards.

5. EnWin has offered a comparison of rates on May 1, 2006 as compared to now. SEC has taken the following figures from the rate orders for May 1, 2006 and May 1, 2013. All figures are monthly charge plus volumetric rate only, and thus represent basic monthly distribution bills. We have used volumes of 800 kwhr for Residential, 2,000 kwhr for GS<50, and 250 kW for GS>50. (We are not intending to imply that these seven year increases are high, or low, but rather just providing the raw data.)

Class	2006	2013	Increase	Percent
Residential	$23.65	$26.98	$3.33	14.08%
GS<50	$51.21	$58.31	$7.10	13.86%
GS>50	$1,065.64	$1,270.44	$204.80	19.22%

SEC is not in this letter expressing an opinion on whether it is appropriate for the Board to allow EnWin to proceed on the basis of Annual IR for 2014, and our comments above should not be so interpreted. If submissions are requested in that regard, SEC may use that opportunity. However, in the meantime we felt it may assist the Board if we highlight the above information, which may be relevant when the Board is determining what procedural steps it should take to respond to this Application.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.

Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties