



## Jay Shepherd

Professional Corporation  
2300 Yonge Street,  
Suite 806  
Toronto, Ontario M4P 1E4

### **BY EMAIL and RESS**

October 27, 2014  
Our File No. 20140002

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

### **Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

### **Re: EB-2014-0002 – SEC Final Argument**

We are counsel for the School Energy Coalition. During SEC's oral argument in this matter, Board Member Spoel asked [Tr.5:109] if we could provide case references for our submission as to the method for adjusting revenue to cost ratios.

In our view, the best reference is the decision of the Board in EB-2013-0122, cited in argument in this proceeding by VECC. In that decision, the method of adjusting revenue to cost ratios to get all classes within the Board's ranges was specifically discussed. The Board said (at page 9 of the decision):

*"The Board supports VECC's submissions that the ratios of the GS<50 kW, GS>50 kW and Unmetered Scattered Load should be reduced to the upper end of the Board's respective policy range for each class. The Board's policy is that distributors should endeavor to move their revenue-to-cost ratios closer to one if this is supported by improved cost allocations. The Board has indicated that given the data limitations in the cost allocation models, as a practical matter, there may be little difference between a revenue-to-cost ratio of near one and the theoretical ideal of one.*

*In order to maintain revenue neutrality, CHEI should calculate a corresponding increases in the revenue-to-cost ratios for the Residential and Street Lighting classes. The ratio for the Street Lighting class should be moved to the same level as the Residential rate class, and that both ratios for these classes should then be increased in tandem, subject to any rate impact considerations. Rate impact mitigation is not required as the total bill impact will not exceed 10% for any rate class"*

Tel: (416) 483-3300 Cell: (416) 804-2767 Fax: (416) 483-3305  
[jay.shepherd@canadianenergylawyers.com](mailto:jay.shepherd@canadianenergylawyers.com)  
[www.canadianenergylawyers.com](http://www.canadianenergylawyers.com)



*Jay Shepherd Professional Corporation*

This decision specifies the step-wise approach to adjusting revenue to cost ratios, an approach that has also been approved by the Board in many Settlement Agreement decisions.

We note that, in Reply, Mr. Rodger referred [Tr.6:15] to the Sioux Lookout case, EB-2012-0165. However, he did not point out that, in the Embrun case, EB-2013-0122, VECC specifically argued (at page 22 of their Final Argument in that case) that VECC did not agree with the decision in Sioux Lookout, and that the Board in the Embrun case should not follow it, but should instead follow the step-wise approach. In its decision, the Board, while not referring at all to the Sioux Lookout case, did order the use of the step-wise approach.

All of which is respectfully submitted.

Yours very truly,  
**JAY SHEPHERD P. C.**

Jay Shepherd

cc: Wayne McNally, SEC (email)  
Interested Parties