

December 24, 2014

VIA E-MAIL

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Dear Ms. Walli:

Re: EB-2014-0101 – Oshawa PUC Networks Inc. (OPUCN) 2015-2019 Rates.

Request for Rates to be Declared Interim Effective January 1, 2015.

We write as counsel to OPUCN in the captioned matter. We are in receipt of Mr. Shepherd's letter of even date filed herein on behalf of the School Energy Coalition (SEC).

In his letter, which is filed in response to OPUCN's letter dated and filed December 23, 2014, Mr. Shepherd starts with the point that neither he nor "*other known intervenors in [OPUCN's] rate proceedings*" were copied on OPUCN's letter. Mr. Shepherd has copied his letter to representatives for Energy Probe, CCC, VECC and AMPCO. We take Mr. Shepherd's point, and appreciate him copying his letter to these recipients whose clients have, in the past, intervened in OPUCN rate proceedings. Attached with this letter, which is copied to these intervenor representatives (and additional representatives) as well, is a copy of OPUCN's earlier letter.

In his letter, Mr. Shepherd also suggests that the Board alter its current practice in respect of declaring rates interim. Mr. Shepherd notes that the Board's current practice is to declare rates interim "*without evidence or submissions in pretty well all cases where it is requested*". Mr. Shepherd proposes that the Board should adopt a new process under which:

1. Applicants seeking to have their current rates be declared interim would "*provide reasons why their new rates should be effective at that interim date*".
2. Intervenors and Board Staff would be given the opportunity to make submissions on that issue.
3. Then, the Board would declare rates interim if it determines that there is a "reasonable argument" for "backdating" rates. The Board would not thereby be making a final determination as to effective date, since it is not seized with the rate application and does not have an evidentiary basis for that determination.

Presumably the process suggested by Mr. Shepherd would include an opportunity for the applicant for interim rates to reply to any submissions on the issue made by intervenors or Board Staff.

Mr. Shepherd apparently advances this proposal out of concern arising from an argument recently advanced before the Board by OPG to the effect that the Board is legally required to order test period rates to be effective from the first day of the test period for which rates are sought by an applicant before it. As Mr. Shepherd notes, the Board rejected this argument. It is unclear to us how that argument hinges, one way or another, on a timely declaration that rates are interim pending determination of what final rates should be. In any event, OPUCN is not advancing any argument regarding fettering of the Board's discretion to determine what rates are "just and reasonable" for what period.

The reason that OPUCN advanced its request that its rates be declared interim when it did is simply so that this request is made prior to the effective date for which interim rates are sought. This timing is intended to preclude putting the Board in the more complicated position of being asked after the fact to declare rates interim to an earlier date. (We are not hereby offering a position on whether the Board can or should do that, rather we are pointing out that in advancing its request when it did OPUCN is avoiding debate on that issue.)

Mr. Shepherd goes on to suggest that: *"Oshawa – or anyone else seeking interim rates – [be required] provide reasons why the new rates should be effective at that interim date"*. This suggestion seems to go to what rates should be effective *"at that interim date"*, and not whether the declaration that current rates be made interim should be made in the first place. We agree with Mr. Shepherd that an applicant for rates to be declared effective at a date prior to the date of a rate order issued by the Board must *"provide reasons why their new rates should be effective at that interim date"*. OPUCN will do that through the extensive evidence to be filed in support of its application.

In the interim, OPUCN has provided reasons in its earlier letter as to why it would be appropriate that the Board declare its current rates interim as of January 1, 2015, and pending determination of the level of, and effective date for, OPUCN's final 2015 rates. OPUCN's 2015 earnings will quickly erode to unacceptable levels under its current rates. Again, these facts will be fully evidenced as part of OPUCN's upcoming filing.

In respect of evidence and submissions by other interested parties on this matter, such evidence and submissions are most efficiently and effectively, and most fairly to the applicant and all concerned, provided in the fullness of time and based on the record to be put before the Board in the rate application. As implicitly noted by Mr. Shepherd through his comment about to whom OPUCN's letter was not copied, at this stage there are no intervenors with standing to make submissions on OPUCN's request in any event (though, again, we appreciate Mr. Shepherd's submission, and that it was copied to representatives of intervenors in previous OPUCN applications).

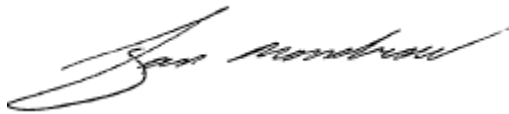
To be clear, OPUCN is fully aware that the onus rests with it to demonstrate to the Board why new rates should be effective on the date that it requests, and in particular if such requested date predates the Board's decision on what the appropriate rates are. OPUCN will be fully prepared to so demonstrate on the record that it places before the Board when it files its evidence, and suggests that the most appropriate time to do so will be once that record is complete.

OPUCN fully acknowledges that a declaration by the Board that its current rates be interim as of January 1, 2015 would in no way be dispositive of whether such rates should ultimately be changed effective January 1st or effective at some later date. In other words, OPUCN fully agrees that the positions of all interested parties on the effective date for any final rate order are preserved pending completion of the record and of full submissions by all interested parties on that question.

OPUCN renews its request that its rates be declared interim effective January 1, 2015. Granting of OPUCN's request will have no impact on the level of rates, nor on when new rates should ultimately be effective. No party would be prejudiced by granting OPUCN's request, and the Board will retain its full discretion to set rates at the level, and effective at the time, that it ultimately determines to be "just and reasonable".

The Board should reject any proposals for a mini-hearing on OPUCN's current request. Such a process would be inefficient and, in any event, determinative of nothing that cannot be more efficiently and effectively determined on a more complete record at a later date.

Yours truly,



Ian A. Mondrow

- c. Phil Martin, OPUCN
- Richard Battista, OEB STAFF
- Jay Shepherd, SEC
- Mark Rubenstein, SEC
- David McIntosh, as representative of ENERGY PROBE
- Randy Aiken, as representative of ENERGY PROBE
- Julie Girvan, as representative of CCC
- Mark Garner, as representative of VECC
- Bill Harper, as representative of VECC
- Michael Janigan, as representative of VECC
- Shelley Grice, as representative of AMPCO