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BY EMAIL and RESS

May 22, 2015
Our File No. 20150040

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2015-0040 – Pension and OPEBs Consultation

We are counsel for the School Energy Coalition. Under separate cover we have today filed our Notice of Intervention in the above matter.

We have also reviewed the letter from OPG dated May 21, 2015, requesting certain changes to the process the Board is intending for this consultation. We are writing this letter to support OPG's requests.

OPG has essentially two requests:

- a) more time for parties to provide their initial submissions and expert evidence, and
- b) a discovery and hearing process to test the evidence produced.

We agree that both of these changes would greatly enhance the Board's ability to reach the best decisions on the complex issues in this area.

We note that the amounts involved are substantial, with different treatments affecting rates over the short and medium term by as much as billions of dollars. On the other side, utility balance sheets, and particularly retained earnings, balance sheet ratios, and creditworthiness, are vulnerable to the method by which ongoing pension and OPEB liabilities are translated into rates over time.

We also note that these issues are heavily influenced by changes in interest and discount rates, and by utility demographics. As well, these issues may be affected by the proposed Hydro One IPO, including but not limited to negotiations with the affected unions that could result in significant changes to their

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pension and OPEB arrangements. All of these impacts are complicated by tax rules that are not always intuitive, but have material effects on the utility bottom line, and on rates.

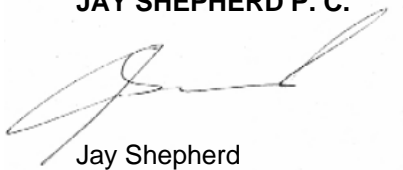
Therefore, SEC agrees with OPG that delaying the first evidence until September would be additional time well spent. For SEC, we certainly cannot file expert evidence by June 26th, but if the deadline is September, we will at least have an opportunity to work with other ratepayer groups to explore whether we can provide expert evidence useful to the Board. That is not possible at all with the June 26th date.

Similarly, we agree that this is a set of issues that requires rigorous testing of what will likely be competing expert evidence. Interrogatories and cross-examination appear to us to be essential if the Board is to be in a position to assess the evidence properly.

For these reasons, we support the procedural requests from OPG.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties