



## Jay Shepherd

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### **BY EMAIL and RESS**

May 26, 2016  
Our File No. 20140105

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-2014-0105 – ORPC 2016 Rates – SEC Comments on DRO**

We are counsel for the School Energy Coalition. Pursuant to the Board's Decision and Order, this letter constitutes SEC's comments on the DRO.

We note that the Applicant did not send the DRO or related material to the intervenors, contrary to the Board's order of May 12, 2016. SEC followed up and found the DRO and material on the Board's website.

We have the following comments:

1. **Page 7.** The working capital allowance is listed as \$2,291,918 in the text, and \$2,076,813 in Tables 2 and 3. The latter appears to be the correct number.
2. **Page 8.** Table 4 is not consistent with Table 4 on page 18 of the Settlement Proposal. The difference is a matter that was specifically negotiated by the parties. The table in the DRO is not correct.
3. **Page 9.** Table 6 keeps the Deemed Interest Expense the same from Settlement Proposal to Decision, but reduces the Return on Deemed Equity. These figures are not consistent with Table 5, which appears to be correct.
4. **Page 13.** Table 9 tracks the information contained in Table 11 on page 29 of the Settlement Proposal. In each case, Table 9 lists the "Maximum Fixed Rate" as the

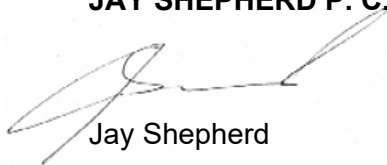
current fixed rate. This presentation was specifically negotiated in the Settlement Proposal, and in the Settlement Proposal the Maximum Fixed Rate listed was in each case the Minimum System plus PLCC, not the current fixed rate. The table in the DRO is not correct.

In the case of comments #2 and #4 above, SEC notes that these tables were specifically (one could say “hotly”) negotiated during the settlement process. The figures that appear in the Settlement Proposal reflect the result of agreement between the parties. The figures that the Applicant has inserted into the DRO, alleging that they reflect the Settlement Proposal and the Decision of the Board, are instead the figures that the Applicant originally wanted in those tables. They do not reflect the agreed Settlement Proposal. Since the Board accepted the Settlement Proposal, those tables do not reflect the Decision of the Board, either. While both changes are relatively minor in nature, they were specifically negotiated. They are not merely administrative in nature. Agreement by the parties depended on the Applicant’s agreement to these items.

SEC has spoken with counsel for the Applicant, and raised this concern. The Applicant has since reviewed this, and confirmed through counsel that these changes from the Settlement Proposal were unintentional. We are advised that they will review the DRO to ensure that there are no inconsistencies other than the ones SEC has identified. We would ask that the Applicant, in their response to comments, confirm that they have completed that review and found no other inconsistencies.

All of which is respectfully submitted.

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

  
Jay Shepherd

cc: Wayne McNally, SEC (email)  
Interested Parties