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BY EMAIL and RESS

December 13, 2016
Our File No. 20160061

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

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0061 – CNPI 2017 Rates – Oral Hearing

We are counsel for the School Energy Coalition. Further to Procedural Order #1, we are writing to provide comments on which issues should proceed to oral hearing.

We have reviewed the letter of counsel for the Applicant, and we agree that each of the unsettled issues should be dealt with in an oral hearing. That was our understanding of the intent of the Settlement Agreement, and the in any case Board will benefit from further evidence on each of them.

We are aware that OEB Staff have proposed that four of the five unsettled issues be dealt with in argument only, without further evidence. We are of the same view of the Applicant on this, i.e. we disagree.

On the Cost of Capital issue, the question is whether the Board should treat the test year as an indicative year for rebasing purposes. Alternatively, should the Board adjust the relatively high cost of debt in the test year, since it will likely fall significantly in 2018. It is, in our view, unfair to the Applicant to consider this on the current record, rather than allowing them the opportunity to explain why the proposed cost of debt is

appropriate for 2017, and to provide evidence on their interest rate expectations in 2018.

On the two pension-related issues, the Board has generally been requiring utilities to use the cash basis pending the outcome of the current consultation. We believe the Applicant should have the opportunity to provide evidence as to why, in their particular circumstances, they should be allowed to continue on the accrual method until that consultation has been completed.

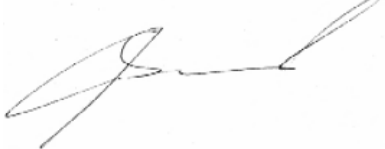
The effective date issue is a matter of whether it is unfair to ratepayers or to the Applicant to backdate the rates, which will likely be ordered after January 1st. The current record does not provide a sufficiently full explanation of why the Applicant's rate application process could not be completed in a timely manner.

For these reasons, we believe that, as the parties agreed, all issues should be considered by the Board by way of oral hearing.

We note, in this regard, that we do not believe the time spent on the issues other than OM&A will exceed ninety minutes, and likely it will be much less.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties