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July 25, 2018

VIA EMAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Toronto, ON

Dear Ms. Walli:

**Re: EB-2017-0038 Erie Thames Powerline Corp. (ETPL) 2018 Distribution Rates  
Submissions on Proposed Issues List**

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These are the submissions of VECC on the draft issues list attached as Schedule B to Procedural Order No.1 in the above noted proceeding.

This is the first application which VECC has had an opportunity to examine under the “proportionate review” policy. This and the fact that Erie Thames also has a MAAD application before the Board (EB-2018-0082) make for a number of unique issues and concerns.

In general VECC would make the observations that under the proposed post amalgamation rate plan set out by Erie Thames Powerlines and West Coast Huron Energy in EB-2018-0082 rates set in this proceeding would underpin ETPL’s rates for the following 9 years. It seems to us that in such circumstances the Board should provide considerable leeway for parties to critically test the proposal of the Applicant in this proceeding.

We also observe that the Board proposes to establish the issues list prior to the opportunity for parties to inquire on the evidence filed. In the absence of an opportunity to fully explore the evidence comments issues list are necessarily somewhat premature.

Despite these concerns and notwithstanding our continuing concern with the entire premise of the “proportionate review” VECC has attempted to be helpful and provide specific comments on the proposed issues list. While the PO #1 only requested submissions regarding additional sub-issues to be included under Issue 2: the DSP and Capital Expenditures and Issue 3: Operating Costs, VECC has offered comments in other areas where it believes further identification of sub-issues would be useful.

Proposed additions to Issues List

1. Rate Base  
**Were the additions to rate base since the last rebasing of 2012 prudent?**

2. Distribution System Plan (DSP) and Capital Expenditures.

**Is the proposed increase in system renewal capital spending for the 2018 to 2022 period prudent in light of the lower average spending in this category over the previous 5 year period?  
Does the proposed DSP properly pace capital investments?**

3. Operating Costs

**Did the underspending in operating costs for the period 2012, 2013 and 2015 from that approved by the Board in 2012 result in any deferred costs that are proposed to be recovered in 2018 onward?**

**Is the increase in compensation both the increase in costs and the reduction in non-management positions and increase in management positions reasonable?**

4. Cost of Long-term Debt

**Is the variance between EPTL's actual and notional capital structure reasonable?**

**Does EPTL's policy of borrowing 100% of its long-term debt at above market rates pose any risk to the regulated utility that might have consequences on ratepayers?**

**Has EPTL undertaken sufficient due diligence with respect to services provided by affiliated companies to ensure that ratepayers are paying market based prices for these services?**

5. Load Forecast and Other Revenue

6. Revenue Sufficiency/Deficiency

7. Cost Allocation

**Are the proposed changes from the approved 2012 cost allocation, and which underlie the revised revenue-to-cost-ratios reasonable?**

8. Rate Design

9. Deferral and Variance Accounts

**Are the balances proposed for disposition in accounts 1508 (IFRS Transition), 1568 (LRAM), 1575 and 1576 (IFRS Transition) reasonable?**

We hope these submissions are helpful in determining an appropriate issues list at this stage of the proceeding.

Yours truly,  
*John Lawford*

Counsel for VECC

Graig Petit, Erie Thames Powerlines Corporation - [oeb@eriethamespower.com](mailto:oeb@eriethamespower.com)

Scott Stoll, Aird & Berlis LLP - [stoll@airdberlis.com](mailto:stoll@airdberlis.com)

All Intervenors