



BY EMAIL and RESS

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2300 Yonge Street
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February 3, 2020
Our File: EB20180165

Attn: Christine Long, Registrar & Board Secretary

Dear Ms. Long:

Re: EB-2018-0165 – Toronto Hydro 2020-2024 – Draft Rate Order Comments

We are counsel to the School Energy Coalition ("SEC"). Pursuant to the *Decision and Order*, these are SEC's comments on Toronto Hydro Electric-System Limited's ("Toronto Hydro") Draft Rate Order ("DRO"). SEC has had an opportunity to review the comments by OEB Staff. We are generally in agreement, with the exception of certain aspects of its comments related to rate smoothing.

SEC recognizes that there is no 'right' or 'wrong' answer on the appropriateness of rate smoothing. Each customer or customer group will have a different view based on its circumstances and preferences. While OEB Staff is correct that rate smoothing is not required, on balance, SEC supports the proposal as it mitigates the significant distribution rate increase that will occur in 2021, primarily caused by the credit balances in the Group 2 deferral and variance accounts to be disposed of in 2020.

SEC does agree with OEB Staff that as presented in the DRO, Toronto Hydro has not included the calculation of carrying interest on the account balances that are to be disposed after March 1, 2020. SEC assumes that this was not done as the prescribed interest for future years are not known and Toronto Hydro did not want to include a forecast. SEC would expect that Toronto Hydro would, in the normal course, calculate and add the calculated interest to the balances at the time of disposition. If that is not Toronto Hydro's plan, OEB Staff is correct that it is not appropriate, and is harmful to ratepayers. Toronto Hydro should clarify its intent in its reply submissions.

If the Board does accept Toronto Hydro's rate smoothing proposal, SEC does agree with OEB Staff that the true-up between the 2019 forecast balances and audited actuals should occur, not in 2021 and disposed by way of Account 1595 in that year, but at the time the relevant account is proposed to be disposed. Under Toronto Hydro's proposal, for some accounts, any 2019 true-up variance would be disposed of before the principle balance. This is not ideal. OEB Staff's proposed change to the timing should not add much regulatory work as Toronto Hydro will have to adjust the balances regardless to include the accrued interest.



Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)