



EPCOR Electricity Distribution Ontario Inc.  
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[epcor.com](http://epcor.com)

July 26, 2022

**SENT VIA email**

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Young Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**RE: Draft Issues List – EPCOR Electricity Distribution Ontario Inc. (EPCOR) Cost of Service Application – EB- 2022-0028**

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On July 22, 2022, School Energy Coalition (SEC) provided comments on the draft issues list. EPCOR has taken an opportunity to consider these comments. Through this correspondence, EPCOR seeks to (a) respond to SEC's proposal to incorporate evidence about merger savings forecasts in this proceeding, and (b) request direction from the Board on the relevance of the MAAD evidence in determining "just and reasonable" rates, in light of the Board's previous ruling that EPCOR would not have to file evidence in this proceeding regarding projected cost efficiencies that were developed in reference to the "no harm" test.

In its submission on the draft issues list, SEC in part stated the following:

*"...I will point out that we are assuming we can ask questions about the merger savings forecast in EB-2017-0373/4, and compare them to what actually happened. That is we assume that is included in the issues already listed. If that is not the case, please add an issue to deal with that..."*

During the MAAD proceeding (EB-2017-0373/4), OEB staff submitted that, *"EPCOR should be required to demonstrate, at the time it files a cost of service application in year 6, how the efficiencies expected from the proposed transaction have resulted in lower costs to serve Collus customers relative to the status quo. In OEB staff's view, rates proposed for Collus should clearly reflect these productivity gains."*<sup>1</sup>

However, in its Decision and Order on the MAAD application, the Board rejected this submission, stating that it **"...will not require EPCOR to file evidence to demonstrate how the efficiencies expected from the transaction have produced savings in its first Cost of Service Application."**<sup>2</sup>

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<sup>1</sup> EB-2017-0373/4, OEB Staff Submission, Applications for Approval of Share Purchase Transactions and Related Matters, dated June 18, 2018, p. 6.

<sup>2</sup> EB-2017-0373/4, Decision and Order dated August 30, 2018, page 11.

Because of the Board's ruling, EPCOR did not set up a mechanism to track its performance in reference to the evidence from the MAAD application. It is important to note that the evidence in the MAAD proceeding was a forecast based on limited information available during the diligence phase of the potential transaction (without the benefit of being able to operate the utility), and solely for the purposes of addressing the Board's "no harm" test. In that regard, EPCOR's view is that the MAAD evidence has no relevance to the determination of "just and reasonable" rates today. Rather, EPCOR's cost of service evidence, prepared in accordance with the Board's Filing Requirements, should provide the Board with sufficient information about the current and on-going capital, operating, maintenance and administration costs to establish its proposed new rates.

We note that the Board did indicate in its MAAD decision that the MAAD evidence would be available to parties in a future cost of service application "if it is relevant to the rates proposed at that time." Given that SEC wishes to reference the MAAD evidence, EPCOR respectfully submits that all parties in this proceeding would benefit from the Board's early guidance on this point – i.e., whether such evidence is relevant to the Board's "just and reasonable" determination in this proceeding, and if so, how.

Should you have any questions or concerns regarding the above, please do not hesitate to contact me at your convenience.

Yours truly,

A handwritten signature in blue ink, appearing to read 'T. Hesselink', is positioned above the typed name.

**Tim Hesselink**  
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EPCOR Electricity Distribution Ontario Inc.  
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