



BY EMAIL and RESS

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2300 Yonge Street
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November 11, 2022
Our File: EB20220065

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2022-0065 – Toronto Hydro 2023 – SEC Submission

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No.1, these are SEC’s submissions on the request by Toronto Hydro-Electric System Limited (“Toronto Hydro”) to establish a new sub-account to its existing asymmetrical Capital-Related Revenue Requirement Variance Account (“CRRRVA”), to capture the impact of expected changes to depreciation rates arising from recommendations of a soon to be completed study which the company plans to implement.¹

SEC has reviewed the pre-filed evidence and interrogatory responses. Subject to the comments contained in this letter, SEC is supportive of the request to establish an asymmetrical variance account, to the benefit of ratepayers, to capture the impact of changes to depreciation rates that the company expects to implement in 2023. SEC does agree with the suggestion by OEB Staff, which Toronto Hydro has subsequently agreed, a separate variance account should be established, as opposed to a sub-account of the CRRRVA.²

Toronto Hydro has provided information on the types of impacts that it plans to record in the variance account, as well as information on its view on the methodology of calculating the revenue requirement impacts that would make up any specific entries.³ OEB Staff has asked interrogatories on different calculation approaches to which Toronto Hydro has rejected.⁴ Considering the depreciation study has not yet been reviewed, let alone completed, the OEB should do no more than to approve an asymmetrical variance account that ensures that at the company’s next rebasing application a full consideration of all the issues regarding the impact of the depreciation change beginning in 2023 can take place. This would also include the appropriateness of changing depreciation rates during the Custom IR term.

SEC submits that the OEB should make clear that any approval of the proposed variance account is not approval of changes to depreciation rates, implementation timing, what specific impacts will be

¹ Application, p.11-12

² Interrogatory response 1-Staff-16(b),(d), 1-Staff-18

³ Interrogatory response 1-Staff-16(a)

⁴ Interrogatory response 1-Staff-16(c),(d)



recorded, and any entry or disposition calculation methodology. These matters should be addressed on a full record with broad intervenor participation at the company's next rebasing application expected to be filed next year for rates effective January 1, 2025.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Toronto Hydro (by email)