

**ONTARIO ENERGY BOARD**

**Generic Proceeding to Consider Cost of Capital Parameters and  
Deemed Capital Structure**

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**POLLUTION PROBE INTERROGATORIES to CONCENTRIC/OEA (M2)**

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**August 2, 2024**

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M2-2-PP-1

Reference: The Energy Transition affects nearly every aspect of existing utilities' businesses, from their growth prospects, to the capital projects pursued, to their fundamental ability to secure and offer investors the opportunity to earn a fair return on capital. [Page 23]

- a) Please provide the definition for the "Energy Transition" that Concentric is relying on and indicated why the OEB should leverage for proceedings such as this. Please include sources and references.
- b) Please confirm that the Energy Transition is already underway and what changes are expected over the next 5, 10 and 15 year periods that are material to Cost of Capital.
- c) The Province of Ontario already dictated a 'status quo' approach in Bill 165 related to regulatory treatment (e.g. temporarily maintain revenue assumptions pertaining to Capital asset life despite the Energy Transition). Why should Energy Transition be treated differently for Cost of Capital at this time?
- d) Electric utility risks will decrease as Ontario continues its pathway to electrification (vs. fossil fuel Capital which will likely be stranded assets before they are depreciated). What does Concentric believe the impacts of this lower risk to be and over what period does this need to be considered.
- e) Given the Energy Transition is a more complex issue that impacts specific items (e.g. useful life of assets) more than others, please explain whether it should be more appropriately address in those more specific manners (e.g. rule changes to asset lives) rather than broader Cost of Capital.

M2-2-PP-1

- a) Please provide a summary and references from electric and gas utilities in Ontario that have taken specific action to change their Capital planning processes to mitigate Energy Transition risk.
- b) For each example in part A, please identify the outcomes in relation to risk mitigated for the system and ratepayers.

- c) For the Ontario electric and gas utilities that have not taken all possible actions to mitigate Energy Transition risk from their Capital planning processes, please explain why the utility should not bear the risk rather than ratepayers.