

## Savings for Ontario School Boards

*Savings for schools in the Enbridge 2019 rate case, and in the first part of the Alectra 2020 rate case, amounted to about \$1.7 million. In addition, three electricity distribution cases added a further \$440K, for total Q3 savings of over \$2.1 million.*

*Q4 may see the Toronto Hydro five year rate decision, but probably not much else. Major cases in process include the rest of the Alectra case, Hydro One Transmission, the Hydro One merger cases, and Hydro One's fourth attempt at collecting its phantom taxes, but none are likely to be decided by year end. Filings will also start for the cases next year, including Ottawa and Kingston five year rate plans and as many as twenty other electricity distributors.*

### ONGOING MATTERS - NATURAL GAS

**Enbridge Gas 2019 and 2020 Rates.** The application by Enbridge (now including Union Gas) for 2019 rates was the subject of discovery in the spring and arguments over the summer. In September, the Energy Board issued its Decision. As is so often the case, the Energy Board agreed with SEC on some issues, and disagreed on others. When all is said and done, the result will be **savings for schools of about \$750,000.**

Enbridge has already filed another application, this one for 2020 rates, which again includes extra money for capital projects. SEC will again be participating, to ensure that any extra rate increases are kept to a minimum.

**Enbridge Conservation.** This review of the Enbridge conservation programs, and establishment of an additional five or six years of conservation budgets, has slowed down. This may be due in part to the delay in governance changes at the Energy Board (see below). The scoping decision expected in September now may be as late as December or January, and the entire process will be challenged to conclude before the end of 2020.

**Town of Marathon, et al.** Five northern communities – Marathon, Schreiber, Terrace Bay,

Wawa and Manitouwadge – have banded together to establish their own local gas distribution company. This local response to the lack of natural gas service in most parts of the north is based on a plan for a long-term contract to purchase liquified natural gas to be trucked from a supplier located near the main gas transmission line.

This innovative project has the potential to be a model for other northern communities, but it is new and untested. Many of the details will potentially affect costs going forward.

SEC has intervened in this proceeding over the surprisingly strenuous objections of the municipalities. While SEC will likely support the project, we will be looking closely at construction costs, and the long term gas supply contract, to make sure they are reasonable. This affects only 22 schools directly. However, if it becomes a template, it could affect many of the 700 schools in the province currently without natural gas service.

### ONGOING MATTERS - ELECTRICITY

**Hydro One Phantom Tax Issue.** Hydro One's on-again, off-again dispute over collecting from customers \$2.6 billion in taxes they will not pay is on-again in November. That is when the Ontario Divisional Court will hear oral

arguments on Hydro One's fourth attempt to collect all of these funds (as opposed to the \$1.7 billion they were allowed to collect in the first place). SEC's Mark Rubenstein will be the sole customer representative making submissions before that panel of judges. A decision is expected by February.

**Alectra 2020 Rates.** The Alectra 2020 rate application had two key issues affecting schools.

In the first, Alectra sought to keep the benefit of a \$63 million accounting change as a "benefit" from their merger. SEC first spotted the problem in 2018, and this year the Energy Board has finally ruled that Alectra cannot keep that extra money, because it would be double-collecting the money from customers. The **savings for schools is about \$950,000**, but it will likely not kick in until 2028.

The second issue arises out of SEC's wins in the 2018 and 2019 Alectra rate cases. Alectra is now asking for a new policy, designed just for them, that would allow them to flow through into rates all of the extra costs of their capital program. SEC has led the fight against this. After hearings in October and argument in November, a decision is likely in January. Schools face about \$2 million of rate increases over 2020-2024.

**Toronto Hydro 2020-2024 Rates.** Toronto schools will see rate increases of about \$5.7 million if this application is approved as filed. The discovery and hearing process is now complete, with final arguments filed over the summer. The decision is expected in December.

**Hydro One Transmission 2020-2022.** On average about 10% of a school's electricity bill is transmission charges. Hydro One, the main transmission company, applied for three years of rate increases late last year, basically asking for increases of about 5% per year. Discovery is complete, and the process will conclude with a hearing in October and November, and argument filed in December.

SEC has been the leader among the half dozen customer groups intervening. Of the total of almost half a billion dollars of rate increases proposed by Hydro One, the impact on schools would be over \$7 million of increases in that three year period.

**Other Electricity Distributors.** Three 2020 rate cases for electricity distributors have been settled – EnWin, Kitchener, and Algoma. For the approximately 210 schools affected, **savings will amount to about \$440,000** over 2020-2024.

**Hydro One Mergers.** Hydro One continues its attempts to acquire lower cost electricity distributors on a promise for lower costs now, but after ten years watch out. SEC has been opposing those transactions for some years, because Hydro One is a high cost distributor and all past acquired schools have experienced substantial rate increases over time.

The issue is now expected to come to a head in hearings for Orillia and Peterborough in November or December.

**Other Mergers.** SEC intervened in the recent application by North Bay Hydro to acquire Espanola Hydro, a smaller distributor with difficulties meeting its regulatory and administrative obligations. SEC supported the transaction with some conditions, and the Energy Board quoted extensively from the SEC submissions in approving it along the lines SEC supported.

**Rethinking of Ratemaking Principles.** This consultation to deal with significant upcoming changes in the electricity sector kicked off with a three-day series of presentations and debates in September. SEC was in the lead panel, and pushed for the opportunity to reconsider some of the existing pro-utility regulatory policies and principles.

This process is expected to last throughout 2020, starting with written submissions by SEC and about thirty other stakeholders in October.

## OTHER MATTERS

**Energy Board Restructuring.** The changes to the governance of the Energy Board have been further delayed. As an indicator of timing, several Board members whose terms were expiring have been extended for another year. The government is advertising for a new CEO, and a new Chair of the Board, but no decisions have been announced. After that, a process will be needed to select a Chief Adjudicator, the commissioners (i.e. the other adjudicators), and the board of directors. It now appears that this transition may last well into the spring of 2020, or longer.

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*In conclusion,*

*OESC is represented by Jay Shepherd who consults regularly with myself and Wayne McNally, who is an advisor to the OESC Board of Directors. It is critical to note that the work of the School Energy Coalition, per OESC, is a respected intervenor at the Ontario Energy Board.*

*Our work has allowed every school district in the Province of Ontario to avoid significant energy costs. This reality assists with the bottom line to your budget.*



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