

**ONTARIO ENERGY BOARD**  
**2006 ELECTRICITY DISTRIBUTION RATES (“2006 EDR”)**

*REQUEST FOR FUNDING*  
*OF THE*  
**SCHOOL ENERGY COALITION**

1. The School Energy Coalition hereby requests funding for its participation in the 2006 EDR process, as described in the OEB letter dated August 12, 2004. Our Notice of Intervention was filed on August 20, 2004.

**General Interest of the Intervenor**

2. The School Energy Coalition is a coalition established to represent the interests of all Ontario publicly-funded schools in matters relating to energy regulation, policy, and management. It is made up of the following organizations who are working to improve publicly-funded education in Ontario:
  - (a) *Ontario Education Services Corporation* (“OESC”), a non-profit company established in 2001 to provide shared services to school boards throughout the province. OESC’s role is to oversee and guide the work of the School Energy Coalition in energy matters through an Advisory Board that includes representatives from the other organizations.
  - (b) *Ontario Public School Boards’ Association* (“OPSBA”). OPSBA is an association representing fifty school boards, school authorities, rehabilitation and treatment centers, from all regions of the province. The association was created in 1988, in response to the need for public school boards to cooperate on issues of mutual concern and benefit. OPSBA was an intervenor in the 2003 and 2004 Enbridge rate cases, and has participated in other OEB proceedings.
  - (c) *Ontario Catholic School Trustees Association* (“OCSTA”). OCSTA, formed in 1932, performs similar functions for Ontario’s thirty-four Catholic school boards.
  - (d) *Association des conseillers et conseillères des écoles publiques de l’Ontario* (“ACÉPO”). ACEPO, formed in 1998, is the provincial organization of Ontario’s five French-language public school boards and districts.

- (e) *Association franco-ontarienne des conseils scolaires catholiques* (“AFOCSC”). Also formed in 1998, AFOCSC is the provincial organization of Ontario’s thirteen French-language Catholic school boards and districts.
  - (f) *Council of Directors of Education* (“CODE”). CODE is the professional organization representing the Directors of Education (essentially the CEOs) of Ontario school boards.
  - (g) *Council of Senior Business Officials* (“COSBO”). COSBO is the professional organization representing the senior financial and other operating executives of Ontario school boards.
  - (h) *Ontario Association of School Business Officials* (“OASBO”). OASBO is the professional organization representing executives and managers employed by Ontario school boards. Many COSBO members are also OASBO members. OASBO was an intervenor in the Enbridge 2003 and 2004 rate cases, and has participated in many other OEB proceedings.
3. The primary goal of the above organizations is to promote and enhance public education for the benefit of all students and citizens of Ontario. The School Energy Coalition’s mission as a participant in this matter is to be an advocate on behalf of the publicly-funded school system of the province, and therefore the educational interests of more than two million elementary and secondary students and more than half a million adult learners.
  4. The intervenor’s members have a significant interest in the activities of regulated electricity distribution utilities and the electricity marketplace in the province, due to the significant financial implications those activities and that market have on school boards, their students and the people of the province of Ontario. Utility costs are one of the most severe cost pressures facing school boards. The cost of utilities to the intervenor’s members, of which electricity and natural gas are the major components, is currently in excess of \$350 million, and has increased rapidly over the last five years. To produce balanced budgets in the face of ever increasing utility costs, school boards have repeatedly been forced to cut essential programs and services to the detriment of the students and the public of the province of Ontario.
  5. The School Energy Coalition has established a Technical Advisory Committee, made up of representatives from each of the forementioned organizations. Through regular meetings the School Energy Coalition’s representatives receive instructions on each OEB intervention from the Technical Advisory Committee. In addition, the Technical Advisory Committee has appointed an experienced senior school business official, Brian Cain, to oversee all activities of its representatives on a day to day basis. In all energy-related matters, the Coalition’s representatives also maintain close contacts with the technical specialists of individual school boards, and with Gail Anderson, Executive Director of OPSBA, who together represent an ongoing resource and source of input on issues as they arise.

### Issues to be Addressed

6. The School Energy Coalition has provided extensive comments on its interests in the process of developing 2006 electricity distribution rates in its submissions dated July 15, 2004. Our Notice of Intervention also includes comments on the specific issue areas described in the Board's letter relating to this process. The Coalition intends to participate in all issues that may impact on rates charges to schools in the province.

### Assumptions for Funding Purposes

7. Attached is a breakdown of the costs the School Energy Coalition expects to incur to participate in the 2006 EDR Process. The Coalition anticipates a **Base Budget** of \$139,020, based on the assumptions set forth below. The work would be divided between the Coalition's counsel and its energy economist. The plan calls for very little overlap between the two, and therefore efficient use of resources. The base budget is established on the basis of the assumptions set forth below. It is recognized that the timing and contents of the process remain very uncertain, and therefore the actual cost could be vary significantly if the assumptions turn out to be incorrect.
8. The School Energy Coalition would like to participate in all of the five proposed working groups listed in the Board's letter. If the timing of the workshops makes it impossible for the Coalition to participate in all, then the Coalition's priorities are the following:
  - (a) **Rate Design** is one of our most critical issues. We have proposed having our counsel participate in this workshop, as he has been involved in rate design issues for many years, perhaps assisted by school technical staff or an external expert.
  - (b) Clearly the fundamental revenue requirement issues of **Rate Base, Operating Expense, and Working Capital Allowance** are a key issue for schools, as with any ratepayer group. We plan to participate in this workshop through our energy economist, Darryl Seal, with expert assistance only on unusual issues.
  - (c) As noted above, standardization of revenue requirements and rates, and use of **Comparators** throughout the province, are a key goal for schools. The Coalition plans to have its counsel participate in the workshop on these issues, co-ordinating with other intervenors that may take the lead on the use of comparators.
  - (d) There are a number of other ratepayer groups that have a strong history and expertise in the **Financial Parameters** like ROE, capital structure, etc. While the Coalition has participated in these issues in past hearings, and would like to participate in this forum as well, this is less urgent than the other three workshops above assuming the full participation of other ratepayer groups that may have similar positions on many of these issues.
  - (e) The workshop on **Taxes/PILs and Accounting Matters** may benefit from the specialized tax background of the Coalition's counsel, and the Coalition would like to

participate if the schedule works. If that is not possible (this is not included in our budget), the Coalition would propose to retain experts jointly with other ratepayer groups to deal with these issues.

For the purposes of this funding application, we have assumed that our representatives will participate in the first three of the above workshops.

9. In preparing the Base Budget, we have assumed that:
  - (a) docketed hours for a “day” of hearing attendance, issue conference or day, or ADR, is 7 hours, but a “day” for the Board’s Issues Day or any of the workshops is only 6 hours;
  - (b) each workshop comprises five meetings; our case manager participates in one workshop, and our counsel participates in two, with no overlap;
  - (c) there is a ten day ADR, and a ten day hearing; we in fact anticipate that either the ADR or the hearing may be significantly longer than that, given the issues being addressed and the number of parties, but that a longer ADR means a shorter hearing, and vice versa, so that to some extent the time involved is self-adjusting;
  - (d) no motions, procedural days, or any other collateral processes not included in the Board’s letter;
  - (e) preparation time is in the standard ratio of one hour for every hour in actual attendance in hearing processes;
  - (f) co-ordination between intervenors to ensure maximum collaboration and co-operation is included in preparation time; and
  - (g) we will require both counsel and case manager to be present only two of the ten ADR days, and only five out of the ten hearing days, and our case manager will not need to attend on Issues Day before the Board.
10. We do not know at this point whether experts will be required or appropriate. Therefore, we have divided our budget into two components. The Base Budget is described above. We have also included an Experts Budget of \$45,650, which assumes two experts filing substantive evidence on significant issues, writing and answering interrogatories, testifying at the oral hearing, and advising counsel and case manager throughout. After Issues Day, we propose to prepare a revised budget for experts identifying specific issues, and specific companies or individuals to prepare evidence on those issues. At this point, therefore, the experts’ budget is just a placeholder.
11. In assessing the budget for this process, we have been cognizant of the number and significance of the issues involved, the number of parties and in particular the number of different views on many issues, and the fact that this process will determine to a large extent more than \$1.6 billion of annual LDC distribution rates for multiple years starting in 2006.

12. The School Energy Coalition hereby requests funding for its participation in the 2006 EDR Process, including the Base Budget annexed, any experts budget that may be required, and any revised budget that may be required if the assumptions set forth above are incorrect. The budgets of school boards in Ontario are under extreme pressure. Any dollars spent outside of the classroom have a direct impact on the schools and students. The School Energy Coalition already incurs costs in its participation in interventions for a) staff time and resources; b) volunteer time of members of its Technical Advisory Committee and school officials who provide technical input and data to our representatives; and c) covering the difference in hourly rates between OEB cost recovery levels and market rates. In aggregate, these amounts are substantial, expected to total \$200,000 in 2004 and a similar amount in 2005, and no further budget for these activities is possible. As a result, as in rate case interventions, intervention on behalf of the schools is entirely dependant on obtaining funding. Therefore, the School Energy Coalition requests recovery of its proposed budget as reasonably incurred in the course of its participation in this process.

Respectfully submitted on behalf of the School Energy Coalition this 27<sup>th</sup> day of August, 2004.

**SHIBLEY RIGHTON LLP**

Per: \_\_\_\_\_  
Jay Shepherd