Meeting Summary

Regulatory Affairs Standing Committee

Meeting Date: June 20, 2016  Time: 11:00 a.m. – 2:15 p.m.

Location: 2300 Yonge Street, 27th Floor, ADR Room

Attendees:

<table>
<thead>
<tr>
<th>Committee Members</th>
<th>OEB</th>
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<tbody>
<tr>
<td>Gia DeJulio, Enersource/EDA (Regrets)</td>
<td>Lynne Anderson, Vice-President</td>
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<td>Colin Macdonald, PowerStream</td>
<td>Kristi Sebalj, Registrar</td>
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<td>Fred Cass, Aird &amp; Berlis</td>
<td>Ted Antonopoulos, Manager</td>
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<td>Manuela Ris-Schofield, Tandem Energy Services</td>
<td>Brian Hewson, Senior Manager</td>
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<td>Patrick McMahon, Union Gas</td>
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<td>Joanne Richardson, Hydro One</td>
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<td>Chris Cowell, Entegrus Powerlines</td>
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<td>Mark Rubenstein, Jay Shepherd Professional Corporation</td>
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<td>Indy Butany-DeSouza, Horizon</td>
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<td>Martin Benum, London Hydro</td>
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<td>Brenda Pinke, InnPower (Regrets)</td>
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Meeting Agenda:

1. Welcome – Lynne Anderson
   - Notes from last meeting -
     [http://www.ontarioenergyboard.ca/OEB/Industry/About+the+OEB/What+We+Do/Engaging+With+Stakeholders](http://www.ontarioenergyboard.ca/OEB/Industry/About+the+OEB/What+We+Do/Engaging+With+Stakeholders)

2. Consumer Engagement Framework – Kristi Sebalj
   - Presentation

3. Governance – Brian Hewson
   - Status update

4. Rate Handbook – Ted Antonopoulos
   - Presentation of draft outline

5. Smudging Ceremonies – Kristi Sebalj
   - Discussion of new process
1. Review of notes from last meeting

Three items were raised to enhance the accuracy of the notes, all under the RRFE Debrief item: one each under Customer Engagement, DSPs and Benchmarking. The notes were updated following the meeting and posted on the OEB’s website.

2. Consumer Engagement Framework

The group was provided with a slide deck presentation of the key aspects of the new framework which is intended to give energy the consumer a stronger voice in the OEB’s adjudicative processes. The discussion focussed mainly on the following key initiatives under the CEF: Notification, Community Days, Community Hearings and Regional Consumer Representatives. The group discussed many matters including the following.

a) Notification

- Getting the consumer’s point of view and capacity building/energy literacy presuppose each other (slide 5). OEB staff confirmed that consumer literacy/education are part of a bigger conversation.
- Confusion as to whether the new enhanced notification initiative (slide 6) is to be done between the LDC and the OEB.
  - A comment was made that for Milton’s Community Day, there was nothing on Milton’s website and industry insiders found out about the meeting from other utilities.
  - OEB staff acknowledged that meeting advertising should be coordinated and will be addressed going forward on a consistent basis. For example, for the Community Day in Chatham (Entegrus), the OEB used local radio stations to advertise and the LDC was aware of this.
  - Staff emphasized that it is the OEB’s meeting so advertising copy must originate from the OEB even when a utility is promoting an event.
- OEB website.
  - A request was made that any updates should not impact the helpful industry side information currently on the website such as the EDR webpages which some in the group commented as being helpful.
  - There was consensus that finding policy documents can be very difficult.
  - There was a suggestion that interactive videos could be useful if done correctly – Entegrus’ and Enersources’ videos are a good reference.

b) Community Meetings

- Concerns as to what the OEB will do for Community Meetings for LDCs with large or separate geographic areas.
Community Meetings are a requirement for all COS and Custom IR cases so the OEB will be holding one or more meetings depending on size of service area and number of service areas. A concern was raised that the approach taken to selecting the community for Community Meetings or Hearings may be seen as discriminatory.

- A suggestion was made that all preparation and work for Community Meetings should be done before an application is filed otherwise the OEB will run into a time jam.
  - OEB staff confirmed that over time it intends to develop an up-front planning process for community meetings but this depends on applications being filed in accordance with OEB deadlines.

- Purpose of Community Meetings.
  - OEB staff indicated that the meeting is intended to educate consumers about the OEB, about the rate-setting process and to provide a venue for consumers to provide input. OEB staff files a summary of the meeting on the record of the case.
  - One comment noted that the purpose may also be to allow an opportunity for the applicant to explain its requests in its application
  - Another comment noted that most people go to the meeting with their own agenda, and come prepared with questions on energy policy.
  - Another comment noted that even in cases with many letters of comment, OEB Panels have not addressed them in their decisions.
  - OEB staff confirmed that OEB panels do and will continue to take into account comments received from customers of the utility.

- A suggestion was made that all presentations should be made publically available before the meetings so that people can come better prepared to ask questions.
  - OEB staff noted that the OEB’s presentation is pretty standard and OEB staff sees no reason why they cannot be circulated in advance to the public (and LDCs as well).

- A question was asked whether Community Meetings can be convened in French for the French speaking LDCs.
  - OEB staff confirmed that it will attempt to have French speaking staff at meetings in FLSA designated areas.

c) Community Hearings

- A suggestion was made that Community Hearings need to be broadcast. OEB staff confirmed that this was the intent though it does affect the cost structure and the venues available.
• A comment was made that this lends itself well to leave to construct applications where the OEB Panel can see the passion of some of the attendees.

d) Regional Consumer Representatives

Several related concerns were raised by the group including:

• The rep will use hearsay and the applicants will not be able to cross examine the source.
• The existence of the rep should be an opportunity to establish a dialogue with utilities (not just to cross examine utilities at an oral hearing)
• If there will be a report that will summarize the views from consumers (slide 15), and if this report is filed, then it may need to be examined.
• Will the consumer rep go back to its customers after, for example, IRs to report back and get further instructions?
• This initiative can change the dynamic of the process including settlement conferences – current intervenors may not be able to or want to settle.
• Whether the consumer rep will downplay some of the positive comments that they receive.
• Is the requirement limited to reporting what the rep hears report or to advocate on behalf of the customers in an area? The OEB must be clear on the role especially in the settlement process – will the rep be able to negotiate or just advocate for customers?
  o OEB staff confirmed that the details of the role of the rep are still very much in development, the intention would be that the rep is there to represent customers in much the same way that current intervenors do and will use their professional judgement to assess the benefits of a settlement.
• Intervenors that have individuals that they report to can make decisions on trade-offs during settlement discussions, but for the consumer rep, there is no such person so the dynamic will change. Who is the client?
• A suggestion was made to create a better bridge between consumers and the OEB panel. The OEB has very well developed processes for hearings and the testing of evidence but we know this does not work well for the average consumer. So, the issue that the OEB is grappling with is how it links the good processes with the education of consumers. The OEB should look to find a way to create a better bridge. For example, instead of a hearing for consumers (Community Hearings), establish a dialogue with the utility to hear about concerns and then create issues out of them if they seem valid. Other concerns can be knocked off the agenda by resolving these during this dialogue.
• While the idea of a consumer rep is a good one, since there is not a consumer rep currently for small business and only a generic residential rep that does not intervene in most cases, this new initiative will change many of the dynamics and this may turn out to have well-resourced people to do what other intervenors do now (perhaps paid more than the current tariff). For example, unless you get into the weeds, you will not know if a utility will need that truck.
  o OEB staff confirmed that the intent of the consumer rep is to be an industry insider that understands how to manage these issues.
• Whether current intervenors will continue to get costs.
  o OEB staff noted that the transition will be paced reasonably. Part of the project will be to consider the role of other intervenors that represent residential or small business interests unless they can show that the segment they represent is affected differently.
• Duplication of effort will be a problem with VECC, LIEN, BOMA, etc. A suggestion was made that the OEB needs to tell people up front that not everyone will get 100% of their costs.
• Residential and small businesses are not the same. OEB staff indicated that this is on staff’s radar.
• The process for hiring the consumer rep was discussed.
  o OEB staff noted that staff is putting together an internal team that will work this out
  o Will use RASC for input and comments (at various stages as needed) and CAR at a higher level.
  o It was noted that this is a dramatic change and as much feedback as possible at every step of the process to discuss issues is advisable.

3. Good corporate governance

OEB staff provided a status update on this project. OEB staff explained that this initiative commenced last year when it engaged KMPG to undertake research on good governance practices and what guidance other regulators provide such as the OSC. KPMG also interviewed nine LDCs from an original list of 25 provided by OEB staff that reflected a broad cross section of the industry.

KPMG’s conclusions to date are that there is value in providing guidance given the diversity in the distribution sector. The OEB’s expectations are that this guidance would not translate to regulatory requirements at this time. Any guidance will be for the purpose of providing input to the OEB regarding how an organization is functioning and will give the OEB some indication if the utility is set up to achieve the outcomes in their applications. The OEB’s view is that good governance is a key indicator of performance.
Staff explained that Elenchus was hired to develop recommendations for good governance taking into account what is already existing such as for the OSC. While this project started with electric LDCs, it will cover all utilities going forward, including OPG and the gas distributors.

The plan is to issue the report by Elenchus and then hold some small stakeholder meetings before a report is provided to the OEB for consideration. Staff also explained that the filing requirements in chapter 2 (COS for electric distributors) will be removed as of the 2017 rate year to be eventually replaced by reporting requirements.

The group discussed issues such as how to deal with small LDCs that have disinterested board of governors, yet the LDCs are rated highly on the OEB’s efficiency scale. OEB staff noted that what will be developed through this project will end up being one of many indicators as to how an LDC is operating. Governance will be part of performance assessment and will inform the OEB on how much effort OEB staff will apply to a particular application. For example, the OEB may establish reporting requirements such as what does the structure of a utility board look like? Do they have committees? Do they have clear mandates? Are board members independent? OEB staff also noted that the project is at its early stages and the OEB will of course monitor how the project evolves.

The group also discussed that some of the information on corporate governance currently in the fling requirements can still be useful such as who is on a utility board. OEB staff noted that there is a policy on that and that the going in assumption is that utilities have governors that are one third independent; otherwise it would be a compliance matter not a rates matter. OEB staff did note that there are a couple of legacy items on that list that may still remain such as a description of the utility’s corporate structure, showing the main units and executive and senior management positions within the utility.

4. Rate Handbook

OEB staff provided an outline of a rate handbook currently in development. The handbook will focus on how the OEB will approach the assessment of rate applications going forward. The intent is that the handbook will apply to both electricity and natural gas.

The group discussed several matters. There was consensus that the idea of the handbook was a very good one as long as the OEB used it to clarify its requirements. A suggestion was made that the OEB make sure it defines what it means by “strategic plan” and that it takes the same approach with the MAADs handbook by clarifying what is out of scope.
The group discussed the pros and cons of briefer executive summaries for rate applications including the difficulty with using more plain language which requires more text to define terms. OEB staff noted that it has developed a glossary of terms and that it will consider whether these could be shared with stakeholders. The group was asked to provide any additional comments to Ted Antonopoulos.

5. Smudging Ceremonies

OEB staff outlined the OEB’s approach to facilitating this ceremony. First nations normally conduct this ceremony whenever there is a formal type of hearing or event in which they are involved. The right to this ceremony is protected by legislation.

The OEB is working on a protocol. OEB staff asked that if an applicant believes it may have an aboriginal intervenor in an upcoming case, to provide the OEB with a heads up as soon as possible.

Next Meeting

The group discussed that the next meeting may be in September given the upcoming summer season.