From: registrar
To: [redacted]
Subject: FW: Letter of Comment - EB-2020-0048
Date: Thursday, September 17, 2020 2:24:51 PM

-----Original Message-----
From: Webmaster <Webmaster@oeb.ca>
Sent: Monday, September 14, 2020 11:08 AM
To: registrar <registrar@oeb.ca>
Subject: Letter of Comment - [redacted]

The Ontario Energy Board

-- Comment date --
2020-09-14

-- Case Number --
EB-2020-0048

-- Name --
Carol Hughson

-- Phone --
[redacted]

-- Company --
Retired

-- Address --
[redacted]

-- Comments --
RE: Oshawa PUC Networks Rate application EB-2020-0048

This current Rate Application should be substantially reduced. Throwing money at the problems is NOT the answer but rather it is TIME FOR MORE ACCOUNTABILITY, ASSET PROTECTION AND RETURN TO OUR ORIGINAL MANDATE WHICH IS PROVIDING SAFE, RELIABLE, LOW COST ELECTRICITY WITH A REASONABLE DIVIDEND TO
THE CITY OF OSHAWA! For several years it appears we are continually paying
more to subsidize the 'NEW DIRECTION' the OPUC is taking. We are a 100% Municipally Owned Utility and all arms of the OPUC are owned by the Ratepayers/Shareholders.

I believe a 2017 article in the Oshawa Express gives insight into how and why this is happening and certainly sums up OPUC's Current Primary Focus and how we got to this crossroad.
Mr. Labricciosa (our CEO) is quoted as saying:
"The REGULATED side of the coin involves the city's electrical grid".
"The UNREGULATED side includes a wide array of new projects and opportunities in the field of data generation and management and it is here the OPUC will be looking to steer the company toward in the future".

Comments indicating 'we are taking on more Projects, have done work all across the GTA, 21 projects across nearly 90 sites across Ontario and looking for new further afield even in some places outside of Ontario are alarming. Mandated and important Good GREEN PROJECTS CANNOT BE A REASON FOR A 'BLANK CHEQUE', and even more important for a small utility.

Late April OPUC advised that they were operating at Full Capacity. Being declared an Essential Service during

COVID it was interesting that SEVERAL FULL-TIME STAFF WERE LAID OFF and there is no indication they have returned.
However, since then A VICE-PRESIDENT HAS BEEN ADDED TO THE 'LEADERSHIP TEAM'. Their previous position paid $157,000+ and Linkedin indicates this person was also at Toronto Hydro while our CEO was employed there. To date there is no information on the OPUC website pertaining to layoffs or the hiring of a new Vice-President. The new name and title did appear in media releases about our New Portal and our feel-good New Compassion Fund, which even if good is in itself suspect as it was launched around the time as negative media comments came out about the OEB Non-Compliance order for of all things 'disconnection procedures'!.

EXAMPLES OF SCORECARD INFORMATION NEEDING CONSIDERATION DURING THIS APPLICATION:
Previously our utility prided itself on having the lowest utility rates; however that gap is closing fast. Using the bordering town of Whitby (in the past our Utilities' operations have been considered similar), and using the 750 kwh monthly ratio, in 2015 Oshawa and Whitby 'Cost per Customer' difference was $131 but by 2018 that gap had closed to $112. In those 4 years, Oshawa rates went up $24 per month and Whitby rates went up $5 per month. During 2014-2018 Oshawa rates went up an average annual rate of 2.5%.

These RATE INCREASES include an expected regulatory return on equity. OPUC did really well and was over our target in 2011 and 2012, but in 2013 and 2014 we were 2.95% BELOW and 3.01% BELOW the expected return target. In 2015 we were 1.71% below, 2016 we were above by .67%, but 2017 and 2018 we were below by 1.57% and 1.07%. Since 2012 OPUC profits have continued to underperform except for 2016.

Our LIQUIDITY numbers (greater than 1 are often referred to as being 'liquid'). For 2010 we were 2.70 and in 2011 we were 2.16. We started a downward trend for 2012 to 1.71, 2013 1.19 and by 2014 we were at 0.84. In 2015 and 2016 both were at 1.16 but in 2017 went below the target again to 0.99 and 2018 wasn't much better at 1.07.

LEVERAGE: Ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. For 2010 we were at 0.92, 2011: .084, 2012: 0.80, 2013: 0.77, 2014: 0.78, 2015: 1.12, 2016: 1.04, 2017: 0.96. In 2018 we were up to 1.21 which is going the wrong way and a big increase from our 2010 to 2014 numbers.

Our DISTRIBUTION SYSTEM PLAN IMPLEMENTATION PROGRESS which previously always averaged 100% went down on our 2018 report indicating a 'spending of 70.2% 'primarily due to the deferral and reallocation of projects to subsequent years'. Questions of where the money went and what projects were deferred and reallocated remain unanswered. Since reference to our 'aging infrastructure' was made to explain ongoing issues to the OEB it seems ratepayers deserve better.

FOLLOWING EXAMPLES ARE 2 CURRENT 'PROJECTS' TOTALLING A $7 MILLION COMMITMENT!
There is a notable absence of any Financial Analysis for New Projects on news releases, OPUC website or elsewhere. There are always 'feel good and self-promoting' comments, but never any realistic projected revenue/cost figures for Shareholders to compare to the end 'Reality' numbers for the Projects financial success or failure. We need more research, planning and efficiency of these projects.

This lack of available information leaves questions, confusion and offers several red flags that SERIOUSLY QUESTION THE ABILITY TO PROTECT THE RATEPAYERS/ SHAREHOLDERS ASSET and to help keep our Electrical Rates manageable.

ZOOSHARE: OPUC announced a $4 MILLION DOLLAR commitment in ZooShare in November 2019. Comments to the media indicated that our investment is through the company's non-regulated arm, meaning the dollars DO NOT COME FROM HYDRO RATEPAYERS! This comment is misleading and has continued to be used since.

It does not matter what 'SPECIAL OR RESERVE ACCOUNT' the funds come from, as the Ratepayers and Shareholders are the same!

In 2011 the Toronto Zoo Website announced they would be building a biogas facility and it would produce a third of the Zoo's electricity. It would be operated by ZooShare Biogas Co-Op Inc. The project represents an investment of $5.4 million, the majority of which will be raised from community through the sale of Community Bonds.
FUNDING: ZooShare's Community Bond Fundraising by 2015 raised $2.2 million and a second offering raised $1,154,700. 30% of the Founders Club decided not to roll over their initial investment in new bonds in 2016. By 2017 new funding applications were not approved. By 2018 they were working to access Long Term Funding Loans and applying for grants.
By 2016 ZooShare had ALREADY PARTNERED WITH MILLER WASTE and ZooShare's contract with the Zoo was changed. Miller Waste was to design, build, finance, operate and feed the biogas plant.
With Bond Offerings and GOVERNMENT INVESTMENT of $2.7 MILLION they were already over the original estimate for the project. That's without Miller Waste and OPUC money and no information indicating it is operational yet and no new information has been posted to ZooShare's website since November 2019.

THE FOLLOWING WILL BE EXPECTING A FINANCIAL RETURN ON THIS PROJECT: (not sure about others) *In 2012 ZooShare committed to contribute 10% of annual earnings to the Zoo to secure the Land lease for 20 years as ZooShare does NOT own the land.
*The plant will produce one third of the Zoo's electricity.
*Miller Waste has their contract and will be operating the plant and obviously have a financial interest.
*ZooShare Co-op Bond Holders will want their cut.
WHAT WILL BE LEFT FOR OSHAWA SHAREHOLDERS? There is no indication of an expected return or if we'll even get our money back!

Considering the above information, our CEO's press release quote indicating that Zooshare 'NEEDED A LITTLE BIT OF EXPERTISE IN OPERATING, A LITTLE BIT OF INVESTMENT IN TERMS OF MONEY and a little bit of innovation.....', is really shocking!

DELPARK COMMUNITY CENTRE – OSHAWA –
Press releases since 2018 – should be operational by end of 2020.
This appears to be a viable project however; more information should have been available.
*Combined Heat and Power Plant powered by gas is being installed. (Why not solar?)
*Life expectancy of the unit is 7-8 years. (depreciation alone is substantial)
*OPUC is fronting the costs - $3 MILLION DOLLAR investment *CHP will generate $30,000 annual royalty for the City of Oshawa. (Would think return should be better). However, further on in the article it indicated that the royalties received from the project are being 'REDIRECTED TO A NEWLY ESTABLISHED 'RESERVE ACCOUNT'' with the dollars earmarked toward similar projects.

Comments like 'We'll get this up and running by the end of the year, and then we'll evaluate the actual savings over (2021)," does not instill a lot of confidence.

Currently we have DECLINING REVENUES FROM COMBINED HEAT AND POWER (in thousands of dollars). In 2008, which was the year OPUC owned and operated plants in Durham College and UOIT the CHP revenue was 661. This project received $3.89 Million funding from Ontario's Smart Grid Fund. Revenues continued to gradually go up and in 2014 reached 1,114, in 2015 reached 1,341 and PEAKED IN 2016 at 1,410. It started a downward trend in 2017 at 1,366 and down further in 2018 to 1,028 which was LOWER THAN CHP REVENUE FROM 2014..

SUMMARY: Hopefully what happened with the OPUC's Rate Notice to Customers for 2018 which was $0.81 and 2019 which was $0.84 will not happen again. It became obvious early on that there was opposition to the increase and a media statement indicated 2018 rates would be going down but no reference made to the 2019's rate. Something happened, because INSTEAD OF THE REQUESTED $0.84 THEY WERE ALLOWED A $2.31 INCREASE. Perhaps 'corrections' were

made to the original 2019 application but this gave the appearance of manipulation. OPUC fillings with the OEB have a history of inconsistencies, calculation errors, information not being included, addressed and/or information totally missing. No matter what happened it appears Ratepayers were misled and are paying the price!

Controlling rates and protection of Ratepayers assets are alarming problems that hopefully will be addressed during this current Substantial 2021 Rate Application.

Thank you.

-- Attachment --