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**From:** Ontario Energy Board <webmaster@oeb.ca>  
**Sent:** Monday, March 25, 2024 4:55 PM  
**To:** Office of the Registrar <Registrar@oeb.ca>  
**Cc:** smelo@agora.law  
**Subject:** Intervention Form: EB-2024-0063 - Small Business Utility Alliance (SBUA)

## Intervention Form

### Case Number:

EB-2024-0063

### Intervenor Name:

Small Business Utility Alliance (SBUA)

### Mandate and Objectives:

SBUA's mandate is "to represent, protect, and promote the interests of small businesses as utility customers of electric, natural gas, water, and telecommunications services before administrative and regulatory bodies on utility and energy matters" throughout the Province of Ontario and "to advocate for the broader interests of the small business community as a whole and not the specific or direct financial interests of individual small businesses or the members of our alliance".

### Membership of the Intervenor and Constituency

#### Represented:

AllianceSBUA is an unincorporated organization consisting of a group of small business ratepayers in Ontario, Canada, with members located across various geographic areas, including in the Cities of Toronto and Ottawa, the Counties of Chatham-Kent, Wellington, Muskoka, Brant, Suffolk, and Norfolk, and the Niagara area. The alliance has over 50 small business members from Ontario; however, SBUA's Constitution directs its advocacy to

matters that benefit the community of small business ratepayers as a whole.

## **Programs or Activities Carried Out by the Intervenor:**

The types of programs and activities that SBUA carries out consist primarily of outreach and education of small businesses, whereby SBUA seeks a two-way exchange of information about utility issues and opportunities for small businesses as a community to benefit from a voice in regulatory utility proceedings. In addition, SBUA has engaged in research and volunteer projects with University of Toronto students, and the organization has spent significant time and resources securing a litigation and expert team to participate on SBUA's behalf in OEB proceedings.

## **Governance Structure:**

SBUA has a governing body comprised of selected individuals who serve on a Steering Committee to make decisions. The Steering Committee may delegate certain tasks and decision-making authority to a manager or legal counsel for purposes of regulatory advocacy or otherwise. The organization and Steering Committee may use advisors to assist in decision-making. The organization may replace its Steering Committee members by a vote of its organizational members or by appointment by existing Steering Committee members.

The intervenors in contact with the organizational members and different small businesses, so they can receive information about the proceedings in which SBUA is participating.

## **Representatives:**

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## **Other Contacts:**

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## **Frequent Intervenor Form:**

## **OEB Proceedings:**

- EB-2021-0002: Application for Multi-Year Natural Gas Demand Side Management Plan (2022 to 2027) by Enbridge Gas Inc.
- EB-2022-0028: Application for electricity distribution rates and other charges beginning January 1, 2023 by EPCOR Electricity Distribution Ontario Inc.
- EB-2022-0018: Application for rates and other charges to be effective May 1, 2023 by Burlington Hydro Inc.
- EB-2023-0062: 2021 Demand Side Management Deferral and Variance Account Disposition Application by Enbridge Gas Inc.
- EB-2022-0024: Application for rates and other charges to be effective May 1, 2023 by Elexicon Energy Inc.

## **Issues:**

SBUA's members and other small businesses are affected by the rates according to the return on equity (ROE) and the rate of return (ROR). Intervenorors such as SBUA are usually in agreement on an ROE or at least a range of values that are far lower than the utility's proposal. This difference from the utility proposal is usually driven by assumptions made by the analysts regarding the utility's risk relative to the market and a comparable group of like-utility companies. Small business interests merit consideration because small businesses (like residential customers) typically cannot usually adjust to utility rate increases - they have inelastic demand. Also, unlike larger commercial and industrial classes, a larger portion of their profits are eaten up by utility costs.

## **Policy Interests:**

SBUA is an intervenor before the OEB regarding proceedings that could affect the rates paid by the customers represented by SBUA. While most jurisdictions typically have consumer advocates or attorneys generals that represent residential customers and/or all customers in general, there seems to be a void regarding small business representation in many jurisdictions despite the fact that small businesses provide the majority of jobs (95%-98%) and drive economic growth. Therefore, small businesses need some sort of representation in these rate cases.

Small business ratepayers also have unique needs and concerns. The interests of small business customers often diverge from residential ratepayers and larger businesses on utility and energy matters, including related to rate design, revenue allocation, cost allocations between customer classes, and the designs and expenditures for utility programs.

## **Hearings:**

SBUA believes that the oral hearing chosen by the OEB is the correct one for this kind of proceeding.

## **Evidence:**

SBUA proposes to file expert evidence in this proceeding. SBUA has retained energy economist Maureen L. Reno, who will begin her analysis by studying the Ontario Energy Board (OEB)'s past precedent regarding its formulaic approach to setting the cost of capital, including the cost of long-term debt, cost of short-term debt, capital structure, and the return on equity. Ms. Reno will then estimate the components of the OEB's current method of establishing the return on equity based on the formulaic approach of the modified capital asset pricing model (CAPM) and equity risk premium (ERP) approaches that include estimating the appropriate equity risk premium and the long Canada bond forecast. She will then also provide an analysis using the discounted cash flow (DCF) methodology. For the CAPM and DCF methods, Ms. Reno will use multiple proxy groups of comparable risk utilities located in Canada and the United States of America. In her assessment, she will address whether each of these approaches (ERP, CAPM, and DCF) is appropriate for setting a fair return on equity and their ability to adapt to changes in financial market and economic conditions.

Ms. Reno expects to require between 150 and 225 hours to prepare this evidence, and the expected cost of the evidence is therefore between \$49,500 and CA\$74,250 (Canadian dollars), assuming an hourly rate of CA\$330 for an expert with over 20 years experience. This total cost assumes the time necessary for research, data collection, writing comments, participating in oral hearings or meetings, and assisting counsel in writing legal briefs

## **Coordination with Other Intervenor:**

SBUA will act responsibly to coordinate its participation with other parties to the extent they seek similar objectives.

## **Cost Awards:**

SBUA intends to apply for recovery of its costs reasonably incurred in the course of its intervention in this proceeding pursuant to section 3 of the Practice Direction on Cost Awards.

SBUA represents the direct interests of consumers in relation to services regulated by the OEB, by giving analysis and advocacy from the perspective of small businesses. The organization's core mission is to ensure fair and reasonable energy costs for small business ratepayers, promote utility programs that help small businesses, support Ontario's progressive energy and climate change plans, and expand the options for small businesses to participate in clean energy, distributed energy, demand response, and other utility initiatives.

Likewise, SBUA is a party that has applied for and been approved with intervention status and cost award eligibility in a number of other OEB proceedings.

## **Language Preference:**

No, SBUA will participate in English.