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Please reply to the TORONTO OFFICE

October 14, 2008

File No. 2080636

**BY COURIER**

Ontario Energy Board  
2300 Yonge Street 27th Floor  
Toronto, Ontario M4P 1E4

**Attention: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: Center Wellington Hydro Ltd. EB-2008-0225**

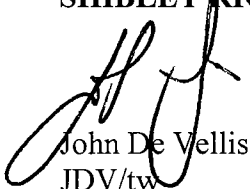
We are writing in reply to the letter by Mr. Doug Sherwood, President/Secretary of Centre Wellington Hydro Ltd., dated September 29, 2008. In his letter Mr. Sherwood asks for clarification as to the make-up and governance structure of our client, the School Energy Coalition.

Mr. Sherwood's concerns and requests for information are similar to those of Mr. Hungtindon, who wrote to the Board to object to SEC's participation in the rate application of Niagara-on-the-Lake Hydro Inc. [EB-2008-0237] As the essence of each letter is essentially the same, we have asked our client to respond to both of them in tandem.

Accordingly, we respectfully request that the Board accept the attached letter from Ms Gail Anderson and Mr. Bob Williams, who are, respectively, the President and Executive Director of the Ontario Education Services Corporation ("OESC"). The letter explains the formation and governance structure of the School Energy Coalition and, in our view, addresses the concerns expressed by Mr. Sherwood and Mr. Huntgindon.

Yours very truly

**SHIBLEY RIGHTON LLP**



John De Vellis  
JDV/tw

Enclosure



cc: Mr. Doug Sherwood, President/Secretary, Centre Wellington Hydro Ltd.

**Ontario Education Services Corporation**  
**La corporation des services en éducation de l'Ontario**

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October 7, 2008

Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**Attention:**     Kirsten Walli, Board Secretary

Dear Ms. Walli;

**RE:**     *School Energy Coalition*

The undersigned are President and Executive Director of Ontario Educational Services Corporation, which carries on its energy regulatory activities on behalf of all Ontario's school boards under the name School Energy Coalition. We have received copies of letters from Centre Wellington Hydro Ltd., and Niagara-on-the-Lake Hydro Inc. questioning the status of the School Energy Coalition to intervene in their rate cases. As the two letters are very similar, we think that there is likely a common strategy amongst a number of utilities to challenge our involvement. We are therefore writing this letter to deal with these two letters, and any others of a similar nature that the OEB receives in respect of other LDC applications.

The formation of the School Energy Coalition started in 2003 with an extensive period of discussions among School Board representatives to address the best way to manage the rapidly increasing levels of regulated energy costs. Those discussions included all the major parties involved in school operations in the province: the four organizations of school boards themselves (English public, English Catholic, French public, and French Catholic), the Council of Directors of Education (the CEOs of all of the school boards), the Council of Senior Business Officials (the executive management for operations of all the school boards), and the Ontario Association of School Business Officials (operations managers of the boards). After a number of discussions and proposals, the School Energy Coalition was formed in 2004.

The essence of the SEC concept is that a) energy regulation is a specialized area, and thus is most efficiently handled by School Boards in a centralized manner to ensure proper expertise is brought to the task, and b) a co-ordinated approach ensures that actions and positions with respect to one regulated entity are consistent with the actions and positions with respect to other regulated entities.

Two things are important to understand about the structure of the School Energy Coalition.

First, it was considered critical at the outset to ensure that school boards not only “buy into” the initiative, but do so in a tangible way. Thus, every school board in the province of Ontario is a voluntary, paying member of SEC, and receives and pays an annual, separate invoice for SEC’s activities. We are pleased to say that, while from time to time local boards in preparing their budgets ask for details on what they are getting for their SEC funding, in every case their conclusion has been to continue their financial support for these activities. It is uniformly considered to be a highly successful common initiative by school boards.

Second, SEC has been thorough in its reporting and governance structure. This has been manifested in a number of ways. Central governance is handled by a Technical Advisory Committee, composed of two technically knowledgeable representatives from each of the seven member organizations, and together including individuals from many of the member school boards. The TAC meets at least four times a year, and more often as required, to act as a kind of board of directors for the regulatory work. This includes approval of strategies and tactics, budgeting, and prioritization of our limited resources in this area. Our expert advisors attend all of these meetings and provide detailed reports, including defending proposed approaches and answering questions. The result of these sessions is our instructions to our representatives.

In addition, there are two types of annual reporting. The OESC Board of Directors, which of course considers the SEC activities at some level at every meeting, also requires an annual in-person report in the same manner as it requires reports from each of its major initiatives. At these meetings, the Board assesses whether changes to the strategy or priorities should be considered. OESC executives such as the undersigned, and/or our expert advisors, are also expected to report directly to the member organizations on a regular basis. We ensure that two or three of the member organizations have a direct presentation each year, typically at their annual conferences, but in some years there are more such presentations. This year, one of the organizations, representing English public school boards, invited Allan Fogwill from the OEB, to ensure that they had an independent perspective presented directly to the member trustees.

There is also written reporting. SEC provides to member boards a written status report at least once a quarter, and usually six times a year. OESC also regularly includes information on SEC activities in its newsletters to member boards. Periodically SEC also provides specific reports to individual school boards. On average there have been four or five of those each year. On a few occasions, individual school boards have asked SEC to make a presentation to their trustees, particularly where they are facing a substantial and unusual rate impact.

The activities of the School Energy Coalition have delivered the results intended. The underlying purpose is to participate in the regulatory process efficiently and in a consistent manner, and that has been the result. By joining together, school boards have been able to retain expert advisors at a relatively small cost per board. In addition, individual school boards do not have to develop a local knowledge of how energy regulation affects them, since SEC through the Technical Advisory Committee have developed that knowledge on their behalf. Individual school boards are also able to participate in the ratemaking for all of the LDCs that supply them (it is often several), something that would likely be impractical were it not for the centralization of the function.

It is indeed likely that there may be some management staff of individual school boards that are unaware of the School Energy Coalition. If, however, the Chief Executive Officers and Senior Business/Operations Officials of these Boards are questioned, they will unquestionably be aware of and support the SEC's role in acting on behalf of all School Boards in the province, and therefore all publicly funded K-12 schools.

We believe that the SEC has proven effective and valuable for the OEB as well. It ensures that school boards, which will spend \$400 million this year on energy, speak with a consistent and knowledgeable voice whenever ratemaking or policy affects the schools. On the other hand, it avoids the plethora of parties, and the regulatory inefficiencies, that would arise if school boards each had to participate on an individual basis. For these reasons, the OEB has approved SEC as an intervener in more than one hundred proceedings and processes since 2004.

We have directed our counsel to file this letter in the proceedings relating to 2009 rates for Centre Wellington and Niagara-on-the-Lake Hydro Inc., and subsequently in any other proceedings in which similar concerns are expressed by the Applicants.

If the Board has any questions, or would like further information, we would be happy to assist in any way possible.

Yours truly,  
SCHOOL ENERGY COALITION  
(Ontario Educational Services Corporation)



Gail Anderson  
President



Bob Williams  
Executive Director