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**Official Report  
of Debates  
(Hansard)**

**Tuesday 2 June 2015**

**Journal  
des débats  
(Hansard)**

**Mardi 2 juin 2015**

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON GOVERNMENT AGENCIES

## COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Tuesday 2 June 2015

Mardi 2 juin 2015

*The committee met at 0902 in committee room 2.*

**The Chair (Mr. John Fraser):** Good morning, everybody, and welcome back. Another week has gone by. It's good to see you all.

We're going to begin immediately with our intended appointments. They are here right now, so if we can get out there and get that done.

### INTENDED APPOINTMENTS

#### MS. MARIKA HARE

Review of intended appointment, selected by official opposition party: Marika Hare, intended appointee as member and vice-chair, Ontario Energy Board.

**The Chair (Mr. John Fraser):** Our first intended appointee is Marika Hare, being appointed as member and vice-chair of the Ontario Energy Board. Can you please come forward? Thank you very much for being here, Ms. Hare.

You will have 10 minutes to make a presentation to the committee. That will be followed by a round of questioning from all parties, beginning with the third party in this case. Any time that you use in your presentation will be taken away from the government's time. You may proceed.

**Ms. Marika Hare:** Thank you very much, and thank you for the opportunity to be here this morning. I hope to just briefly go over my qualifications and what I think are my skills to enable me to take on the position of vice-chair of the Ontario Energy Board. I think you would have seen from my resumé that I'm already a board member at the Ontario Energy Board and have been since April—

*Interjection.*

**Ms. Marika Hare:** Am I not loud enough? Sorry.

**The Chair (Mr. John Fraser):** You can pull the microphone a little closer to you. It will move.

**Ms. Marika Hare:** That's easier. Thanks.

**The Chair (Mr. John Fraser):** Thank you very much.

**Ms. Marika Hare:** Is this better?

**The Chair (Mr. John Fraser):** That's better.

**Ms. Marika Hare:** So I was saying that I am a member of the Ontario Energy Board, and have been since April 2010. Before that, I had two senior positions at the Ontario Energy Board, first as managing director of policy and then as managing director of application. I

think these experiences at the Ontario Energy Board enable me to understand how the board works, what its mandate is and the various functions.

Prior to joining the Ontario Energy Board in early 2006, I had spent over 25 years in the energy sector. From 1980 to 1990, I worked for TransCanada PipeLines, and then from 1990 to 2006, I worked for Enbridge Gas Distribution. Both of these are privately owned companies. Both are regulated, one by the National Energy Board and the other by the Ontario Energy Board. Throughout my career, I've been involved in regulation of some sort or another.

My first positions were in the environmental planning and landowner relations sphere, and this was a good fit with my master's degree in environmental studies. I later did a master of business administration, and that led to a number of different roles, including strategic planning, business development, regulatory affairs and operations. As a result, I feel I have a good understanding of the workings of regulated entities.

As a panel member now, when a company comes before me with an application, such as Toronto Hydro, Union Gas or Ontario Power Generation, I feel I have a good understanding of how these organizations actually operate.

When the opportunity was presented to me to join the OEB, I left a senior position at Enbridge. At that time, I was in charge of one of the largest operating divisions at Enbridge, but I decided to take on a new and exciting challenge. Nine years and three roles later, the challenges faced by the regulator still motivate and excite me every day. Working in the public sector seemed to me, in 2006, to be a natural progression in my career and my personal interests, and that turned out to be the case.

I'm proud of the decisions and the policy matters in which I've been involved at the board. To list just a few, these have included an analysis of the appropriate cost of capital structure for distributors, multiple conservation initiatives to encourage conservation, and a new model of regulation for distributors that encourages efficiency—in particular the use of benchmarking—to assess distributor performance.

The OEB is considered a leader among energy regulators around the world, and it has been a real pleasure to be a contributor to its success.

Within its legislated mandate, and taking into account stated government policy objectives, the board has, I

believe, done a very good job in carefully balancing the sometimes competing objectives of protecting consumers and maintaining a viable regulated energy sector. Sometimes these objectives are in conflict. We've been able to balance these competing interests. For example, we've approved rate increases at a much lower rate than requested, in almost every case, while at the same time enhancing the quality and strength of the sector.

We have difficult tasks at the OEB, but I understand the challenges and importance of making sound, fair decisions in each and every case that I hear.

Going from a board member to vice-chair will bring additional responsibilities of an administrative and leadership nature, skills that I've already honed in my previous roles, both at the OEB and in my previous management capacities. I believe I'm well equipped to take on these challenges.

I'm well known in the industry, including all of the stakeholders involved in our processes. I believe my track record and reputation show that I'm fair, unbiased and able to consider a variety of perspectives.

Decisions are evidence-driven. The discipline and rigour applied is key to our regulatory process, and is one of the OEB's biggest strengths.

To conclude, I'm well equipped, based on my experiences and skills, to assume the role of vice-chair. I'm committed to fulfilling my responsibilities in a manner that upholds the reputation and integrity of the board. I will work with the chair and the existing vice-chair to build on the OEB's strengths and ensure that it continues to fully and effectively deliver on its public service mandate.

I look forward to your questions.

**The Chair (Mr. John Fraser):** Thank you very much, Ms. Hare. We'll begin questioning with the third party: Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you, Ms. Hare, for your presentation. You noted you were director of regulatory affairs at Enbridge before coming to work at the OEB.

**Ms. Marika Hare:** Yes, that's true.

**Mr. Peter Tabuns:** Did you appear before the OEB at that time?

**Ms. Marika Hare:** Yes, I did. I actually appeared before the OEB in a different role. Starting when I was director of environmental affairs, I appeared before the OEB, and then as director of regulatory affairs I also appeared before the OEB. Then, when I was general manager, I also had a brief appearance before the OEB.

**Mr. Peter Tabuns:** So you would have been a person who worked on developing the strategy for presenting a request for higher rates. Is that correct?

**Ms. Marika Hare:** Certainly, in my role at regulatory affairs, that was one of my roles. In the other appearances before the board, it was really to justify, for example, system expansion projects.

**Mr. Peter Tabuns:** Okay. You were at Enbridge for 15 years?

**Ms. Marika Hare:** Yes, I was.

**Mr. Peter Tabuns:** Last year, the OEB approved Enbridge Gas's application to boost natural gas prices by—what astonished us—40%, for an average price increase of \$400 per year per customer.

I had a chance to take a look at the case decision last night. I brought it with me. You were one of the two presiding board members who approved this 40% rate increase on behalf of your former employer. Did you feel the need to declare a conflict? Did you declare a conflict?  
**0910**

**Ms. Marika Hare:** No, I did not. That was part of the quarterly rate adjustment mechanism. It's the natural gas commodity, which is a mechanistic review of the commodity rates. It's a pass-through for Enbridge Gas Distribution, just as it is for Union Gas, so they're not making money on that. It's a forecast of what the gas prices are going to be, and it's also an adjustment for what they were, based on the previous quarter.

What we did do in that case, though, is we were concerned that there was no warning to customers in advance that prices were going to go up to this extent, and yet the company would have known that they were going up, so we put in place a new mechanism so that if there's any change in the commodity price of more than 20%, they notify the board in advance, so that there is communication to customers.

**Mr. Peter Tabuns:** I understand that Union Gas also asked for a very high amount.

**Ms. Marika Hare:** Correct.

**Mr. Peter Tabuns:** About 30%.

**Ms. Marika Hare:** That's true.

**Mr. Peter Tabuns:** And my understanding is that they were able to come forward with a lower increase because they had purchased in advance. They had done a better job of planning storage.

The question I have for you is, why is it that none of the stockholders or investors of Enbridge took a hit on this? Why was the whole hit—the lack of preparation for a cold winter, the lack of securing of long-term contracts—all put on the shoulders of the ratepayers and not reflected back on the investors?

**Ms. Marika Hare:** Well, first of all, because it is a pass-through. There is no profit for utilities to do that. The difference between Union and Enbridge is, as you said, that Union has a great deal more storage, so they're able to manage their portfolio in a different way. So yes, there was a difference.

Now, as it turned out, the 40% didn't materialize, because it is based on a forecast, but it certainly was very alarming to customers to think that they would be facing that kind of an increase.

**Mr. Peter Tabuns:** Oh, yes. If Enbridge has not had the foresight to provide itself with storage, if it has not been following weather reports and projections as to the coming season, why is it that you as a regulator didn't say to them, "You've made a mistake. Your investors are going to have to take a hit"?

**Ms. Marika Hare:** Because we didn't think they made a mistake. We, as a board, do approve in their rate

cases their gas supply portfolio and their management of that gas supply. It turned out that it was a very cold—unexpectedly cold—winter, so they were not the only ones who faced these increased prices. It's unfortunate, but it's whether or not there could be blame attached to it. We felt that there wasn't.

**Mr. Peter Tabuns:** Don't you think it's the responsibility of fuel suppliers to have the most sophisticated weather projection specialists possible?

**Ms. Marika Hare:** Yes, I do.

**Mr. Peter Tabuns:** And in this case many people were saying this was going to be a very cold winter before the winter arrived.

**Ms. Marika Hare:** Yes.

**Mr. Peter Tabuns:** And they did not seem to have made the arrangements in terms of locking in contract prices that were needed to protect the customers.

**Ms. Marika Hare:** I think the thing that's worth noting is that it is a North American market for gas prices, so what happens in the States has a direct impact on what the prices are here, as well.

**Mr. Peter Tabuns:** I'm well aware of that, but I also know you can buy futures contracts and you can lock down a price in advance.

**Ms. Marika Hare:** Yes.

**Mr. Peter Tabuns:** And Enbridge didn't do that.

**Ms. Marika Hare:** Correct.

**Mr. Peter Tabuns:** It never had to pay for its lack of preparation for that winter. The customers, the rate-payers, had to pay.

**Ms. Marika Hare:** Well, yes, but when you talk about futures and contracts, Enbridge was involved at some point in what they called "hedging," and the board decided that they should not be involved in that because it was risky. They went through a number of years where their hedging activities actually lost money. This would have been a year when hedging would have been beneficial for the customers, but they were told not to do that.

**Mr. Peter Tabuns:** And they made no other provision when that was not allowed? They haven't made investments in storage?

**Ms. Marika Hare:** Not that I know of.

**Mr. Peter Tabuns:** For us on the other end, I imagine you can see how we might see potential for conflict here, if not materially in terms of the law, in terms of the culture that you came from.

**Ms. Marika Hare:** Yes.

**Mr. Peter Tabuns:** And in terms of a sympathy to the industry that might not be shared by those on the other end of the deal.

**Ms. Marika Hare:** Yes. I understand what you're saying, but I will also say that the board is very careful in how they assign the cases. For example, I'm not ever on an Enbridge rate case. I may be on the quarterly rate adjustment, I may be on conservation programs, but not on a rate case.

Secondly, I'd say—and I think I said this in my opening comments—if you look at the decisions that I've

been on, I do not believe in any respect that I showed a bias towards utilities.

**Mr. Peter Tabuns:** I have to say, from our side, when we see a huge cost coming through—and I had to deal with my constituents, who really were extraordinarily angry at being hit with these increases—the question that we always ask is, why is it that the investors were saved, harmless, and that was it?

**Ms. Marika Hare:** I understand your concern, but I can also say that if there was any other board member on that panel, the outcome would have been the same.

**Mr. Peter Tabuns:** Mr. Gates, do you have a question?

**Mr. Wayne Gates:** Yes. I just want to put on the record that—

**The Chair (Mr. John Fraser):** Mr. Gates. Go ahead.

**Mr. Wayne Gates:** I'm okay?

**The Chair (Mr. John Fraser):** Yes.

**Mr. Wayne Gates:** Thank you. I just want to put on the record that a 40% increase to seniors is unacceptable any way you look at it. If you were the one who voted in favour of that, I'm kind of surprised, because our seniors, certainly in my riding, are hurting; businesses are hurting. A 40% increase—I'm not going to buy the fact that it was a cold winter. I live in Canada. Our winters are cold; that's just the way it is.

The other one I want to ask: Is this a misprint? Maybe I'll go through the Chair—the vice-chair's pay is \$252,000?

**The Chair (Mr. John Fraser):** I believe that is what's on the materials that were provided to the committee, yes.

**Mr. Wayne Gates:** I obviously got into the wrong business.

All right, thanks. Those are all the questions.

**The Chair (Mr. John Fraser):** Mr. Tabuns.

**Mr. Peter Tabuns:** Where we're coming from—and members on the other side have heard this in question period: We're very concerned about regulatory capture. We've seen the United States, where you've had regulatory bodies where there's a revolving chair. People come from industry into the regulator carrying the culture of the companies that they are now regulating. Just as a lawyer in a criminal case would be happier with a judge who previously had been a criminal lawyer rather than a prosecuting lawyer, we would see having people on this board who represent ratepayers and have had a history of going to the board to oppose increases rather than coming to the board having been promoters of rate increases. So the regulatory capture issue is a very live one for us.

**The Chair (Mr. John Fraser):** You have about a minute, Mr. Tabuns, just so you know.

**Mr. Peter Tabuns:** Thank you very much, Chair.

**Ms. Marika Hare:** Can I respond to that?

**Mr. Peter Tabuns:** Yes, I would appreciate it.

**Ms. Marika Hare:** I do understand your concern, but I would like to point out that the board actually has a mix of people, and you do need to have people on the board

who understand the industry. It is a complicated industry, so you do need to have that expertise as well.

All I can say in my defence is that I left a better-paying job at Enbridge to join the board because I wanted to do something for the public interest.

**Mr. Peter Tabuns:** Okay. Thank you.

**The Chair (Mr. John Fraser):** Thank you very much, Mr. Tabuns. The government side: Ms. Martins, you have about four minutes and 20 seconds.

**Mrs. Cristina Martins:** Thank you, Ms. Hare, for taking the time to be here today and to present to us. I'm very impressed by your experience. I worked in regulatory affairs and quality assurance in a very different industry, in the pharmaceutical industry, so I see the passion that you have that comes through when you talk about regulating an industry, as you have so eloquently spoken—

**The Chair (Mr. John Fraser):** Excuse me, Ms. Martins, can you just pull back a little bit from the microphone?

**Mrs. Cristina Martins:** Is it too loud?

**The Chair (Mr. John Fraser):** Yes. Sorry to interrupt you.

*Interjection.*

**Mrs. Cristina Martins:** That's the European in me coming out.

I guess the question I have for you is if you can speak to how the OEB evaluates rate applications that come before it and what sorts of costs it has prevented from being passed on to the ratepayers.

**Ms. Marika Hare:** The application itself is very lengthy and complicated. In fact, we've been criticized for demanding so much information. But we do have filing guidelines that require the utility to put in detail what their projected costs are going to be—because we set rates based on the projection of future costs—but also to give us what the last five years were. "Let's see what you really spent." They have to justify why they're asking for an increase.

**0920**

Unfortunately, there has been an underspending in infrastructure for the last 20 years, and now we're paying to catch up for that spending.

They put forward detailed information as to what all of their costs are, what their revenues are, what their expected revenue would be from the distribution of electricity or gas. We go through that in sometimes painstaking detail.

**Mrs. Cristina Martins:** Can you also then elaborate on your understanding of what your role would be as vice-chair on the OEB?

**Ms. Marika Hare:** As vice-chair, I would still have duties as a panel member on cases, but in addition, I would be a member of the management committee and the executive policy committee. So I'd be more involved in some of the policy initiatives that are being undertaken by the board.

**Mrs. Cristina Martins:** I'm not sure how much time I have left, Mr. Chair.

**The Chair (Mr. John Fraser):** You have just a little under two minutes.

**Mrs. Cristina Martins:** Given the experience that you've had on the OEB, can you speak a little bit more on the importance the OEB places on consumer protection in its rulings on natural gas and electricity rate applications?

**Ms. Marika Hare:** There are a number of things that the board has done in, say, the last year and a half. One of them is to try and improve customers' understanding of what an application is about and what it is we do.

There are a couple of things the board has done. One is in rate notices. We've spent a great deal of time to put it in plain language, so that when there is a notice in the newspaper, people understand what this is about.

The second thing that the board has done is it has spent quite a bit of time looking at educating customers about the whole retail market. You may have seen that there was a report issued yesterday by the board that was an assessment that was asked for by the government as to the effectiveness of the Energy Consumer Protection Act. The board takes very seriously its responsibility to educate customers and to make them aware of what's going on.

**Mrs. Cristina Martins:** Thank you very much. Once again, I just wanted to thank you, on behalf of the government, for being here today and for wanting to serve on the Ontario Energy Board.

**Ms. Marika Hare:** Thank you.

**Mrs. Cristina Martins:** I'm not sure if any of my colleagues have any other questions. Marie-France?

**Mrs. Marie-France Lalonde:** I just want to congratulate you and commend you. I don't want to stereotype, but we've seen a lot of gentlemen as CEOs and all this. I think, from a woman's perspective, it's nice to see not only the engagement but the professionalism and the experience that you will be bringing forward if you're successful in this application. Thank you.

**The Chair (Mr. John Fraser):** Thank you, Ms. Lalonde. That's all the time we have for this appointee—

**Mr. Jim McDonell:** Whoa.

**The Chair (Mr. John Fraser):** Oh, sorry. That's my mistake. I'm trying to cut these guys off again. I'm really sorry. This peripheral vision is going over here.

Now we'll go to Mr. McDonell, from the official opposition.

*Interjections.*

**Mr. Jim McDonell:** We're having a hard time being heard these days, eh, Randy?

**Mr. Randy Pettapiece:** Yes, exactly.

**Mr. Jim McDonell:** Thank you for coming out. I know that in the first part, we talked a lot about the natural gas side, and I guess I can see the mechanism in place. On the propane side, you're a little more outside of that regulation area?

**Ms. Marika Hare:** We don't regulate propane at all.

**Mr. Jim McDonell:** Because I see there's a case where some suppliers have been used to buying cheap gas on the spot. Last year, one of the problems we had

with natural gas was that when the spot price went up, it affected people big time. Of course, a lot of conversion was being done, but you can only do so much in the winter.

On the hydro side: There are a lot of policies that have come down from the government. There are a lot of different views on just how reasonable they are or how competitive they end up being. Do you provide any advice back to the government? Is that part of your role? Or are you just there to absorb the decisions coming down, and having to make sure that the rates allow for them?

**Ms. Marika Hare:** Are you speaking in particular to whether or not Hydro One is going to be privatized?

**Mr. Jim McDonell:** I'm thinking more that if you look at the last number of years, say, the Green Energy Act, and different policies that have come down, I'm sure that Hydro One and OPG have had to reflect, in their rates, the policies of the government.

**Ms. Marika Hare:** Yes, certainly. I was on Hydro One's last rate case, which was an application for five years of rates, and the decision was three years. But certainly all of the green energy policy, all of the smart meter policies are reflected in the end in the rates that they request.

**Mr. Jim McDonell:** We're hearing reassurance from the government: "Don't worry about the lack of public majority vote on the board of directors for Hydro One because we have the Ontario Energy Board." But, really, all you're there for is to pass on their costs. If there's a cost increase because you have to buy solar power at 80 cents, you can't alter that. You're an acceptor of the rates; you can't influence different rate prices that the government has put in place.

**Ms. Marika Hare:** Well, I would say that's not quite correct, because we look at where they're planning to spend the money. Let's say, for example, they are making investments in renewable energies that are more expensive. We look at those to see whether those are prudent expenditures, so they're not exactly necessarily passed on. We look to see whether they are reasonable. The same with their conservation programs, for example. We look to see whether those are reasonable.

The other thing is that it's not just a rate-making function that we have. We also look at their performance. We look at service quality indicators, and we now have a scorecard so we look at how they're performing in terms of reliability. It's broader than just rates.

**Mr. Jim McDonell:** Yes, but I guess my point being, if the policy of the government is that the OPG is forced to purchase power at—I think with solar it's as high as 80 cents; wind as high as, I think, certainly in the 20s, I'm not sure of the exact amount—they have to take that regardless of whether they need it or not. So these are costs that have to be passed on to consumers.

**Ms. Marika Hare:** In that respect, yes.

**Mr. Jim McDonell:** And that's part of the regulatory process: just looking at the balance sheets, looking at the costs coming in, not at really commenting on whether the

costs are fair or not because they're mandated by the government. But your job is to make sure that they're passed on as efficiently as possible.

**Ms. Marika Hare:** That's correct.

**Mr. Jim McDonell:** So we are looking at, I guess, a situation here where Ontario rates are some of the highest in the continent. All you can do is try to manage those best; the companies are allowed to actually manage them themselves.

**Ms. Marika Hare:** I think that's fair.

**Mr. Jim McDonell:** Yes, okay. Do you have a question?

**Mr. Randy Pettapiece:** Yes.

**The Chair (Mr. John Fraser):** Mr. Pettapiece?

**Mr. Randy Pettapiece:** Thank you. I must first start off my comments saying you do display a lot of energy.

*Laughter.*

**Interjection:** I'll give you that.

**Mr. Randy Pettapiece:** Thank you very much.

**Mrs. Marie-France Lalonde:** Sorry, it's been a long session.

**Mr. Randy Pettapiece:** Yes, it's been a long session. Did I blow all my time or what?

**The Chair (Mr. John Fraser):** No, I'll give you an extra 10 seconds.

**Mr. Randy Pettapiece:** I am interested in a section here in your resumé. It starts off "As a board member at the OEB...." You know, we've had all kinds of issues over the last number of years with this government's inability to manage the electric sector in this province. I'm interested in one line here that says, "I have also had the opportunity to work on a number of strategic policy matters, including the renewed regulatory framework for electricity...."

**Ms. Marika Hare:** Yes.

**Mr. Randy Pettapiece:** Could you explain to us what that is?

**Ms. Marika Hare:** It's a paradigm shift, in a way, in terms of trying to be much more consumer-centric, looking at the consumer and what's best for the consumer in setting rates that aren't bogged down in the setting of those rates through regulatory processes. So one of the things in that renewed regulatory framework was three ways to set rates.

One is the traditional cost of service, which is the one that I was talking about in terms of the extensive information.

Secondly, there's an incentive regulation mechanism which is mechanistic. It's basically taking the existing rates that were approved, so they were reviewed carefully, and then taking those rates and increasing them by inflation minus what's called the productivity or stretch factor. So in other words it is not just inflation—

**Mr. Randy Pettapiece:** Could you say that one again?

**Ms. Marika Hare:** I said productivity. So, in other words, as a company you should be more productive. So you don't just get inflation. You get inflation minus a productivity that you should be able to achieve. In those

cases, the distributor's increase would be something like 1.45% a year. That's the second option.

The third option is that they come forward with what they call a custom incentive regulatory mechanism. There what they do is put forward for five years what they think their costs are going to be and what they think the revenues are going to be, with, again, proof that there is an efficiency factor.

**0930**

The other thing in that renewed regulatory framework that's front and centre is this benchmarking: that you have to do better year after year compared to yourself and also compared to other distributors. It's not necessarily fair to just compare to others, because there's such a variety in our electric distributors in terms of small to very large, and they have different challenges in terms of geography and customer base, but they have to show improvement against themselves, and let's also not ignore how you're doing with, say, your neighbouring utility. Those are some of the key things in that renewed regulatory framework.

**Mr. Randy Pettapiece:** That's very interesting. So you're asking them to improve their operations somewhat in order to achieve more efficiency in producing electricity, if I can say that.

**Ms. Marika Hare:** Yes.

**Mr. Randy Pettapiece:** Now, you said that there are all kinds of different producers in the province: There are small ones, large ones and whatever else. I know it's sometimes hard to compare a large corporation with a small one, but would there be any incentive for them to look at smaller ones, or for smaller ones to look at bigger ones, and to incorporate some of their operation efficiencies, if I can put it that way? Is that something you would direct them to do?

**Ms. Marika Hare:** The whole emphasis now on benchmarking and scorecards enables us to get the information to be able to compare. One of the interesting things is that being small doesn't necessarily mean you're not efficient.

**Mr. Randy Pettapiece:** No, I understand that.

**Ms. Marika Hare:** Some of the small ones are quite efficient, and some of the large ones are inefficient, but what we're saying is that you have to learn from each other, take a look at that neighbouring utility that's doing better in terms of what their rates are and then you figure out what they're doing that you're not.

**Mr. Randy Pettapiece:** Yes, that's what I was saying. You don't just want to compare large ones to large ones and small ones to small ones.

**Ms. Marika Hare:** No.

**Mr. Randy Pettapiece:** Because I have a small one in my area that does a very good job. People are very happy with it. So I would expect—or I would hope—that part of this business here that we just talked about would bring them together once in a while to have a few chats.

I think Mr. McDonell had a question.

**The Chair (Mr. John Fraser):** Mr. McDonell, you have about a minute and a half.

**Mr. Jim McDonell:** We look back and we see the last couple of reports on, say, Hydro One, one being the new software they had for billing and service. Part of your mandate would be ensuring that service levels and customer service are proper. Have you provided any comments back to Hydro One about some of the issues that have come up from the Ombudsman or the Auditor General's report?

**Ms. Marika Hare:** That's actually not an area I've been involved in at all, because it didn't involve adjudication. I know our compliance people have been looking at that and working with Hydro One, but I have not been involved in that at all.

**Mr. Jim McDonell:** Certainly when they come before you for rates, that's part of the category that's looked at, right? Would you not have a keen interest in complaints? I know certainly on the telecommunications side, the CRTC is very much involved in customer complaints and customer issues. This was a severe one. It wasn't a normal one. This is one where people were billed 1,000% more than they actually should have been billed, and there was really no feedback. There was no place for them to go. I guess the Ontario Energy Board was not the place to go?

**Ms. Marika Hare:** No; the Ontario Energy Board is the place to go, but I wasn't personally involved in any of that.

**Mr. Jim McDonell:** Okay. Were you aware of anywhere the board actually stepped in to put some influence into it?

**Ms. Marika Hare:** All I know is that after the fact—because I did raise this in terms of the Auditor General taking steps: What did the board do?—I was told no. Because it could have been a compliance matter with the board members, the adjudicators are not involved, so only if it becomes a matter for adjudication do they see the evidence before them for the case, and they don't have previous information. I personally wasn't involved, but I do know that the board was.

**The Chair (Mr. John Fraser):** Thank you very much, Ms. Hare. That's all the time that we have. Thank you very much for appearing before the committee this morning.

**Ms. Marika Hare:** Thank you.

**The Chair (Mr. John Fraser):** You may stand down. We'll consider the concurrences after the conclusion of the interviews.

MS. SUSAN FRANK

Review of intended appointment, selected by third party: Susan Frank, intended appointee as member, Ontario Energy Board.

**The Chair (Mr. John Fraser):** Our next intended appointee is Susan Frank. Ms. Frank, can you come forward, please. Thank you very much. She's nominated as a member of the Ontario Energy Board.

Thank you very much for being here this morning, Ms. Frank. As you may have already heard, you will

have about 10 minutes to make your presentation, and it will be followed by questions from each party, beginning with the government in this round of questioning. Any time that you use for your presentation will be deducted from the government's time.

You may begin, Ms. Frank. Thank you very much.

**Ms. Susan Frank:** Thank you. I planned to share with you my experience that I believe will make me an effective Ontario Energy Board member, so I'm going to go through a bit of what you've seen in my résumé.

My career actually has two areas of focus. One is financial analysis, and the other is utility regulation. My education emphasized financial analysis, with an MBA majoring in finance and economics and a chartered financial analyst designation. My early work followed the financial area. I was a security investment analyst at the Bank of Nova Scotia and with Financial Models, which later became Morningstar Canada.

This period was really financially oriented. It developed my ability to quickly analyze a company and determine what their financial health was. This will be helpful as a board member because you are looking at a lot of financial information.

During a six-year period in the 1980s, I commenced my interest in utility regulation. I started looking at the financial returns of utilities and supported consumer interest groups that thought these returns were too high and that something should be done to lower the return on the equity investment. This information was shared with a variety of boards: the National Energy Board, the Public Utilities Board of Alberta, the British Columbia Utilities Commission and the Ontario Energy Board.

In 1990, I decided that the interest of consumers might be better served if I joined a utility and saw what I could do on the inside of a utility in terms of lowering costs and protecting rates. I held several positions, originally at the old Ontario Hydro and then, more recently, at Hydro One. I worked in financial planning, financial reporting, risk management, internal control, preparing rate applications and defending rate applications before the Ontario Energy Board.

In 1998, when Ontario Hydro separated, I joined Hydro One, and I started in the financial aspects of utility regulation. Then in 2005, now a decade ago, I was appointed as the vice-president and chief regulatory officer. During those 10 years, I managed a variety of regulatory filings. Naturally, there were rate filings, there were leaves to construct, and there were mergers of utilities that I all managed. In addition to that, I looked at compliance with the various regulations, codes and licence requirements.

One of the large leaves to construct that I filed was the Bruce-to-Milton project, which was very large and one of the very few large transmission lines that was recently built. It was at a cost of just in excess of \$600 million.

We're currently—"we"; I have left Hydro One. It's a lingering thing, saying "we." I'm no longer associated with them; I retired as of May 1. One my last tasks was the consolidation of small acquired utilities. That was

also oriented toward getting efficiencies, trying to merge utilities together and eliminating some common costs.

The retirement, as I said, on May 1 meant that I no longer have any association with Hydro One. I'm now ready to take on a new challenge. I thought that working with the Ontario Energy Board would complete my examination of utility regulations, starting with the perspective of the consumer and being very concerned about utilities not earning too high rates, then moving on to looking at all the costs and trying to be efficient at a utility, and now as the party that examines both of these and makes a decision.

I believe that the decision-maker needs to reflect both the interest of the customer in the short term and, in the longer term, the service and performance of the utilities.

Those are my comments.

**The Chair (Mr. John Fraser):** Thank you very much, Ms. Frank. We'll begin with the government. Mr. Delaney. You have a little under six minutes.

**Mr. Bob Delaney:** Perhaps you could speak to us a little bit more and expand a bit on your previous experience in advocating for consumers, which kind of interests me, and how you feel that experience has prepared you for the role, as you understand it, of a part-time member of the OEB board.

**Ms. Susan Frank:** When I started this, supporting the consumers' interest, it really was very focused on a financial perspective. What is the return that the utilities are earning? That's embedded in their cost to serve. It's called a return on equity. Naturally, when you're working for consumer groups, their objective is to get that as low as possible.

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I worked very hard and was normally successful in lowering the allowed returns, and that was in the earlier days when it was less formulaic than it is today. Today there's a formula and it's very mechanically based off of interest rates, so the work that I was doing as a consultant in that period is work that really doesn't exist much today.

But it did allow me to understand utilities not only as a utility, but in comparison to other non-utility business, and what's fair and equitable. Periodically, the board will look at what are appropriate returns. I think I'd be very beneficial to an examination of that sort. But the underlying concern for customers' rates is something that I developed during that time.

**Mr. Bob Delaney:** Okay. Thank you.

**The Chair (Mr. John Fraser):** Thank you very much. Ms. Vernile.

**Ms. Daiene Vernile:** Good morning, Ms. Frank. I see that you attended the University of Guelph, which is just down the street from me in Kitchener Centre. I want to welcome you and thank you for putting your name forward for this position.

The one thing that is very top of mind these days for many people in Ontario is hydro rates. We have a great deal of discussion about this. We know that there are a number of provinces in Canada that do pay more than we

pay here, and there are jurisdictions in the States, too, that pay an awful lot more. So I want to ask you: As a member of this board, what would you do to advocate for consumers to ensure that we continue to have manageable rates in Ontario?

**Ms. Susan Frank:** The first thing that I think is important is to understand what the consumers want from their electricity service. We've heard from Ms. Hare. The board is certainly increasing its interest in understanding what the consumer wants, and out there, approaching consumers, utilities are forced to do that as well.

I would be very interested in finding out what the customers of a utility expect from that utility in terms of level of reliability, in terms of access for services, in terms of customer support, in terms of education and conservation. Knowing that would be very informative in determining what it would cost to provide those services.

**Ms. Daiene Vernile:** Do you feel that Ontarians currently have a full understanding of what they pay compared to what other Canadians pay? Because there are other provinces where people pay much more than we do.

**Ms. Susan Frank:** No, I don't think they have a good understanding. It's not surprising because you are a bit captive. You pay what you need to pay for the area that you live in; therefore, what others pay maybe isn't top of mind.

**Ms. Daiene Vernile:** Do you specifically have any goals or visions for yourself? If you were to be on this board, what do you want to do?

**Ms. Susan Frank:** I would like to bring that balance that I believe is required between customers' needs in the short term—which tend to be very price-oriented—and the longer term, in terms of service and performance expectations. I think that having been on both sides of this, I will be able to contribute to that balance. Naturally, there will be many things that I learn in this new position that I'm looking forward to.

**Ms. Daiene Vernile:** Are there a few things from your past history that would specifically inform you to be a good member of this board?

**Ms. Susan Frank:** I believe there are. One of the comments we heard earlier today was about the benefits of benchmarking. Benchmarking is certainly a significant challenge when you compare large and small or different jurisdictions. I think I would be able to provide some assistance in terms of how we get better benchmarking.

**Ms. Daiene Vernile:** Tell us a little bit more benchmarking. What do you mean by that?

**Ms. Susan Frank:** Benchmarking is on a variety of fronts. It's an efficiency-type interest in terms of cost for service, but there are also performance reliability-type items—response time to telephone calls, response time to getting to an outage and clearing an outage. You can benchmark on all of these—so the cost-efficiency part of it, but a large variety of service as well.

**Ms. Daiene Vernile:** Thank you very much.

**Mrs. Marie-France Lalonde:** Do we still have time?

**The Chair (Mr. John Fraser):** About 30 seconds.

**Mrs. Cristina Martins:** I just wanted to say, Ms. Frank, thank you so much for coming in. It is absolutely amazing that we have here before us today at this committee two fantastic women in very senior positions, just to echo what Madame Lalonde had said earlier. Thank you.

**The Chair (Mr. John Fraser):** Mr. McDonell.

**Mr. Jim McDonell:** Yes, thank you for coming in today. I guess it's reassuring to see an economist going in on the Ontario Energy Board.

You've been involved with Hydro One, especially with the regulatory side, for many years, so you've seen—as far as involved with setting rates.

**Ms. Susan Frank:** Yes.

**Mr. Jim McDonell:** Hydro One is mainly a distribution and transmission company, really, you might say.

**Ms. Susan Frank:** I'd say exclusively.

**Mr. Jim McDonell:** Yes. I certainly lived through the time of the small municipal electrical companies. Some were run well; some were nightmares. You're talking about companies that have 100 customers. It's very difficult to get any expertise. Certainly it was a program that I think has brought our system much further ahead. An interesting stat I heard this morning was improvements in technology, especially around diesel generation, that costs as low as 13.5 cents are possible for local generation of hydro power or electricity rates, which means that when we're actually charging more for the electrical system, there's a good chance there will start to be an exodus or people removing themselves from the grid to benefit from this cheaper power.

What problems do you see as technology moves ahead and the costs actually go down for local power? We have a huge stranded debt here—a huge investment here that has to be paid for one way or the other, whether we use it or not.

**Ms. Susan Frank:** I think there will be a change in the balance between self-generation or local generation and generation that is taken from the grid, as you suggested. In the end, most people want that reliability—when that local generation is not available, that they can turn to the grid and have a broader base of access to power. So I don't think that it will be eliminated. I think we will have a grid around for certainly my future.

In terms of the costs, I think that the less the system is used, the more building will have to happen, and that will constrain the costs of the grid and the ongoing costs to support it.

**Mr. Jim McDonell:** With Hydro One, we had a huge issue over the last couple of years with this billing issue. Any involvement in that, or any—what's your take on it? We saw a report come out just a couple of weeks ago that talked about people being billed tens of thousands of dollars when actually their bill was in the hundreds; refused to get money paid back, given to them in the form of credits. It was a system that if we did it, we'd be in jail. It borders on stealing. But Hydro One, a big company, went out and got away with it for years until it was identified by the Ombudsman. It just doesn't seem

the way that a private corporation would be allowed to work, let alone a public corporation such as Hydro One.

**Ms. Susan Frank:** I'm just waiting for the question.

**Mr. Jim McDonell:** Your opinion of just what went on and how it could go on for years, actually, before—it's only when it becomes very public that any steps are taken.

**Ms. Susan Frank:** Okay. Actually, the first complaints—and customers did complain about errors in their bills. The first complaints came to the Ontario Energy Board—the compliance group—and to Hydro One. The Ombudsman wasn't appointed to start the investigation until there was actually a bit of evidence that there was a problem.

**Mr. Jim McDonell:** But saying that, Hydro One had been involved in complaints for more than a year, with very little action. Actually, our MPPs' offices—in the report, we were very clear that we couldn't get answers. It was interesting that when the story broke, every one of us got a call from the CEO of Hydro One, after years of being refused to be talked to. I can't speak for the NDP caucus, but everyone in our PC caucus got a call within a week, which was telling, I guess.

**Ms. Susan Frank:** First of all, let me say that I personally was not involved in the billing system, either its building or its rolling out. My involvement was with the Ontario Energy Board and the meetings that we had with the Ontario Energy Board every two weeks dealing with customer complaints and compliance and actions being taken. It was, as you suggested, a very large system, and large IT systems are known to have their problems. This one had significant problems; I'd agree with that.

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We were certainly reporting—and that's the part that I was involved in—and looking at how to keep the Ontario Energy Board well informed. The outreach that happened to the various MPPs and their offices was not something, once again, that I was involved in.

**Mr. Jim McDonell:** I think we saw in the report as well that one of the issues was that the government wasn't kept informed of what was going on—that it was on the energy board that they were even involved in that part of the services, other than joining a regulatory process.

Saying that, I also heard just from the other side about our low prices, but we see every day where we get letters from companies saying that they're offered to go into either Michigan or New York, or in the case of Xstrata in Timmins, where they moved across into Quebec—a huge savings in electricity. This is what we're seeing, actually: jobs leaving. I guess I'm surprised when I still hear comments that we have some of the cheapest power, because everything tells us differently. Any comment on that? Are rates some of the lowest on the continent?

**Ms. Daiene Vernile:** Point of order, Chair.

**The Chair (Mr. John Fraser):** Yes, Ms. Vernile.

**Ms. Daiene Vernile:** I never used the word “cheaper.” I said “reasonable and comparative,” but not “cheaper.”

**The Chair (Mr. John Fraser):** Okay, thank you very much. That's—

**Mr. Jim McDonell:** I think you did use the word “cheaper.”

**Ms. Daiene Vernile:** Oh, I did not use the word “cheaper.”

**The Chair (Mr. John Fraser):** Okay. We have a witness in here that we're interviewing. Thank you very much for your point of order.

Mr. Pettapiece, did you have some comments?

**Mr. Randy Pettapiece:** Yes, thank you, Chair. I don't know whether this would pertain to you, but I'm going to tell you a story about a farmer in our area. I come from a very agricultural riding. It had to do with Ontario Hydro. He was expanding his dryer operation. They'd been in that business for a number of years and needed more power to his—and the reason I'm asking this question was because I was reading this mandate letter and it says to protect the interests of consumers, promote economic efficiency—the cost-effectiveness of the sector—facilitate the sector's viability, promote electricity conservation and stuff like that. It's in the mandate letter.

This farmer gave me a call because he had called Ontario Hydro, which was the natural thing to do, and he needed three-phase power to go to his farm and was quite willing to pay the costs of installing that because that's what happens. He had three-phase power close, but he had to get it in to where he was.

When Ontario Hydro got done with him—he ended up going to a diesel generator. They were very—how can I say? It was, “Take this deal or leave it, and we don't really care.” I called Hydro people about it. I told my story twice, once at the phone call that we got from the chief over there after this other stuff broke and another one from a young fellow they sent around to the MPPs' office to ask our concerns. I told him that story too. I've never heard anything back about it.

Like I say, I don't know whether this pertains to you or not, but as I read this mandate letter, is this something that you think you would get involved with on the OEB in this role?

**Ms. Susan Frank:** I doubt it, primarily because the role that, as a board member, I would be involved in adjudication of cases. This sounds like a compliance issue, and the compliance group would deal with that. Are they fairly giving the customer an offer to connect that is consistent with all the licences and the codes?

**Mr. Randy Pettapiece:** No, that wasn't the issue here. The issue was, when Hydro walked in and told him the costs of what they wanted to do, the estimate was plus or minus 50%. That's the parameters of this thing. It could have been 50% less when they got done with putting the poles and the line in. It could have been 50% more. Nobody does business like that.

So he put a diesel generator in for his dryer operation. It's certainly not as handy as what hydro would be, with the lines connected up, but he doesn't have to deal with Hydro One anymore, which he's thankful for. Also, probably in the very near future, he is going to be gener-

ating power for less money than Hydro One because the rates keep going up. He's not really that happy. The one thing he's not happy about is that he has to run a diesel motor. The man doesn't believe in—

**The Chair (Mr. John Fraser):** Mr. Pettapiece, that's all the time that we have. Thank you very much.

Members of the third party: Mr. Tabuns?

**Mr. Peter Tabuns:** Thank you, Mr. Chair. Ms. Frank, thank you for appearing this morning. The government has a very good chance in the next few days—it has the numbers—of passing its budget. At that point, the terrain that we're operating on will change very substantially in our dealings with Hydro One. The Premier has made it very clear that the OEB is the primary line of defence for the interests of ratepayers. The Auditor General is out of the picture; the Ombudsman is out of the picture; the privacy commissioner is out of the picture. All of those officers we depend on to protect the interests of ratepayers in dealing with a very central and powerful institution—a very necessary institution—are gone. Members of the OEB will be the major line of defence for dealing with rates. So it behooves us, I believe, as a committee, to appoint people who have the defence of consumer interests primary in their mind.

You were the vice-president and chief regulatory officer at Hydro One. Your job was to represent Hydro One's interests at the OEB; is that correct?

**Ms. Susan Frank:** That's correct.

**Mr. Peter Tabuns:** Can you understand how the public might be worried to have someone who spent overwhelmingly the bulk of her career working for an energy company making sure that its rate needs were satisfied—can you see how the public might feel that you would have greater loyalty to that energy company and that energy system than to them?

**Ms. Susan Frank:** I understand the concern you're expressing, Mr. Tabuns, but I can assure you that I will not be involved in the regulation of Hydro One. There would be a concern about the potential for a conflict, so I won't be involved in setting rates or allowing them to build new transmission. That will not be something that I would be sitting on.

**Mr. Peter Tabuns:** So you will be eliminated from all Hydro One hearings?

**Ms. Susan Frank:** Yes, that's my expectation.

**Mr. Peter Tabuns:** Will you be eliminated from hearings for Ontario Power Generation?

**Ms. Susan Frank:** I'm uncertain about that. I suspect that that will be fine, as I was not involved in defending the cost to serve Ontario Power Generation. But that decision will be left to the chair as to what she feels is appropriate, and any potential conflict—I know they're very concerned about conflicts of interest and will ensure that there is not only no conflict but no appearance of conflict either.

**Mr. Peter Tabuns:** Does that mean you won't be sitting on any hearings for local distribution companies?

**Ms. Susan Frank:** Oh, I think local distribution companies will be something that I will be sitting on, and certainly gas.

**Mr. Peter Tabuns:** You've spent most of your career working for these major utilities. You have a sense of energy and power on a province-wide basis. Can you understand why the public might be concerned that you would be more sympathetic to investment in very large-scale transmission or generation, power provision by big companies, and less sympathetic towards their concerns as ratepayers and their interest in conservation?

**Ms. Susan Frank:** As I indicated in my opening comments, I started my career looking at customers and their concern for rates; that's where I started. Throughout my time, I believe I have a very clear record on the balance with concerns for customers and delivering what they want in terms of reliability, access to utility, and response times. I think there would be adequate demonstration that my concern is to start with what the customer wants and then give the customer what they want at the most efficient cost possible. I think there would be adequate evidence to show that they shouldn't be concerned with me.

**Mr. Peter Tabuns:** And you would be conflicted out on Hydro One because your pension comes from Hydro One?

**Ms. Susan Frank:** Yes, it does.

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**Mr. Peter Tabuns:** Okay. And do you draw a pension from OPG, as well?

**Ms. Susan Frank:** No.

**Mr. Peter Tabuns:** So when they were broken up, you were switched entirely over to Hydro One?

**Ms. Susan Frank:** Entirely to Hydro One.

**Mr. Peter Tabuns:** Do you see the interrelationship of interests between gas providers, since we have a huge volume of gas generation/transmission companies, and, frankly, in the end, the whole energy system in this province?

**Ms. Susan Frank:** The gas providers will be on the commodity side, where I've had no involvement whatsoever. I was just on the delivery, both transmission and distribution delivery. That's it—no involvement with the gas.

**Mr. Peter Tabuns:** What do you see as the role of the OEB in this new privatized Hydro One environment?

**Ms. Susan Frank:** I end up thinking that the regulation will not change materially from what they do today, from a rate perspective. When I look at the ownership of local distribution companies, some of them are privately held and some are municipally held, and it doesn't seem to make a difference in terms of the information that's requested or the thoroughness of the review. So I'm not convinced it will make a difference.

**Mr. Peter Tabuns:** As you heard with the previous presenter, the OEB approved a 40% price increase for Enbridge, and there had been a history between the presenter and that company. Even if that person wasn't in a position where they owned any piece of Enbridge, can you see how the public might fear that there would be a community of interest or a community of viewpoint between someone who had previously worked in the energy sector—sitting on a regulatory board?

**Ms. Susan Frank:** I do understand the concern that you're expressing. On the other hand, it is a very complex area to understand, and I do think there does need to be a balance in terms of the membership: some people who understand the utility industry, as well as people who understand the legal aspects, and people from a customer perspective. I think the board has representatives from all of these, so the balance is there.

**The Chair (Mr. John Fraser):** Mr. Gates.

**Mr. Wayne Gates:** Just a question I wish I would have asked last time, as well: Do you support selling Hydro One?

**Ms. Susan Frank:** This is certainly nothing for me to engage in. I'm just not going to comment on that. It's not my role to do anything with that.

**Mr. Wayne Gates:** You don't want to answer the question?

**Ms. Susan Frank:** I don't want to answer that question.

**Mr. Wayne Gates:** Okay. You retired on May 1?

**Ms. Susan Frank:** I did.

**Mr. Wayne Gates:** Just back to Peter's thing: Do they have pensions from Hydro One as part of the retirement? If I retired from General Motors, I'd get a pension. Do they have that as well with Hydro One?

**Ms. Susan Frank:** Yes. I have a Hydro One pension.

**Mr. Wayne Gates:** Thank you.

**The Chair (Mr. John Fraser):** Mr. Tabuns.

**Mr. Peter Tabuns:** I have no further questions.

**The Chair (Mr. John Fraser):** Ms. Frank, thank you very much for being here. We appreciate it very much.

We'll consider the concurrences for both intended appointees shortly.

I do want to make one point of clarification. Ms. Vernile, on your point of order: It was not a point of order. You're certainly allowed to correct your record. It was more a point of debate, and that's why we moved on. I didn't fully explain that, and I just wanted to point that out, as well.

**Ms. Daiene Vernile:** Thank you, Chair.

**The Chair (Mr. John Fraser):** Thank you very much. Mr. Tabuns?

**Mr. Peter Tabuns:** I assume you're moving to the question of voting on—

**The Chair (Mr. John Fraser):** On the concurrences, yes.

**Mr. Peter Tabuns:** I'd ask, in both cases, Mr. Chair, that there be a recorded vote.

**The Chair (Mr. John Fraser):** Okay. It will be a recorded vote.

We will now consider the concurrence for Marika Hare, nominated as member and vice-chair of the Ontario Energy Board. Would someone please move the concurrence? Ms. Martins.

**Mrs. Cristina Martins:** I move concurrence in the attended appointment of Marika Hare, nominated as member and vice-chair, Ontario Energy Board.

**The Chair (Mr. John Fraser):** Do we have any discussion?

## Ayes

Delaney, Lalonde, Malhi, Martins, McDonell, Pettapiece, Vernile.

## Nays

Tabuns.

**The Chair (Mr. John Fraser):** And Mr. Gates?

**Mr. Peter Tabuns:** We tried, but we only get one.

**The Chair (Mr. John Fraser):** You only get one; that's right. Sorry. Okay, good point. My mistake. There we go.

Thank you very much. Congratulations, Ms. Hare.

We'll now consider the concurrence for Ms. Susan Frank, nominated as a member of the Ontario Energy Board. Would someone please move the concurrence? Ms. Martins.

**Mrs. Cristina Martins:** I move concurrence in the intended appointment of Susan Frank, nominated as member, Ontario Energy Board.

**Mr. Peter Tabuns:** Chair?

**The Chair (Mr. John Fraser):** Yes, Mr. Tabuns?

**Mr. Peter Tabuns:** Brief commentary?

**The Chair (Mr. John Fraser):** Any discussion?

**Mr. Peter Tabuns:** Yes.

**The Chair (Mr. John Fraser):** Okay. Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you. Mr. Chair, I have no interest in impugning the abilities or the integrity of these witnesses. I can't judge in a substantial way. When I've taken part in hiring processes, I've done multiple interviews to try to get a sense of a person. Based on the paper before us and their testimony, I'm not going to argue about those elements in what's before us.

I will object to this appointment, as I did to the previous one, on the basis that this government is radically changing the framework within which Hydro One will be controlled, and that means, in my opinion, that the board has to become much more a consumer advocate. The other safeguards that have protected Ontarians for decades are being cleared away. One of the great dangers I think we're going to face, even where there is no obvious or material conflict of interest, is capture of the board by people whose history and culture is that of supporting or working for large energy companies. I think in those circumstances it behooves us on this committee and in this Legislature to make sure that the OEB is not a speed bump when it comes to rate increases, but a very substantial wall that is only moved aside when it is absolutely necessary for the ratepayers' interests.

I just wanted to make that clear, Mr. Chair, about these two appointments.

**The Chair (Mr. John Fraser):** Thank you very much. This is a point of clarification: Did you ask for a recorded vote on both—

**Mr. Peter Tabuns:** Yes, I did.

**The Chair (Mr. John Fraser):** You did. Okay. I wanted to make sure.

Is there any further discussion? Mr. McDonell.

**Mr. Jim McDonell:** Yes, I would just like to comment—again, not to comment on the appointments today, because I think it's really the organization. We hear time and time again the excuse of how the Ontario Energy Board is how things are going to be looked after, after Hydro One leaves the public sector. Really, we're witnessing that they aren't involved in complaints. I think that it's going to have to change to a body like the CRTC, which hears complaints and looks into them.

We just went through a period of more than two years where complaints were ignored. They were very public and very damaging to the point of creating great hardship for people who couldn't afford any alternatives. Even small companies were on the verge of bankruptcy because of what happened. There was no voice until the story broke in the newspapers and the Ombudsman took it on.

I think we want to see a system—the government has been promising, “Don't worry. The Ontario Energy Board is going to look after this.” They've got to make some changes to make sure they are advocates.

**The Chair (Mr. John Fraser):** Any further discussion? Again, it's a recorded vote.

#### Ayes

Delaney, Lalonde, Malhi, Martins, McDonell, Pettapiece, Vernile.

#### Nays

Tabuns.

**The Chair (Mr. John Fraser):** Thank you very much. Congratulations, Ms. Frank. It's carried.

**Mr. Bob Delaney:** Chair, just before we start the next part of our agenda, can we have a five-minute compassionate break?

**The Chair (Mr. John Fraser):** We do have some deadline extensions as well.

**Mr. Bob Delaney:** Okay, all right.

**The Chair (Mr. John Fraser):** We also have three members to the same board who will expire June 14, so I would just like to put forward that we extend those to September 15. Do we have unanimous agreement to extend the deadline to consider the intended—pardon me?

**Mr. Peter Tabuns:** Before you do that, what will be the consequence of not voting for unanimous consent to extend those members?

**The Chair (Mr. John Fraser):** Then they will expire and they will not be required to come before committee.

**Mr. Jim McDonell:** So they'll just be appointed?

*Interjection.*

**The Chair (Mr. John Fraser):** It would be automatic.  
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**Mrs. Marie-France Lalonde:** Sorry, Mr. Chair, can you just repeat the question? I'm sorry, I was—

**The Chair (Mr. John Fraser):** We are extending the deadline for three people who are being appointed to the Ontario Energy Board, to September 15 from—

**Mr. Bob Delaney:** Just for clarification, Chair, does this require unanimous consent?

**The Chair (Mr. John Fraser):** It does require unanimous consent, yes. I'll put the question, unless somebody else has another question.

Do we have unanimous consent to extend the deadline to consider the intended appointments of Victoria Christie, nominated as member of the Ontario Energy Board; Paul Pastirik, nominated as member of the Ontario Energy Board; and Peter Thompson, nominated as member of the Ontario Energy Board—all three expire June 14—to extend it to September 15, which is our first meeting back?

Do I have unanimous consent? We don't have unanimous consent.

**Mr. Jim McDonell:** So are we going to meet next week? The board has the ability to meet to review them. Is that the alternative?

**The Chair (Mr. John Fraser):** No. The answer to the question would be that there's no unanimous consent for moving those forward right now. Unless we met next week, we would be unable to extend those deadlines.

**Mr. Jim McDonell:** Does this committee have the ability to meet to review intended appointments at any time?

**The Chair (Mr. John Fraser):** Throughout the year we can meet to review extending appointments.

**Mr. Jim McDonell:** As required to do this?

**The Chair (Mr. John Fraser):** Yes.

**Mr. Jim McDonell:** I guess if we have no agreement to do this, we have the ability, then, as a committee to—our job is to review these appointments, and if it requires that we meet, then it's our requirement to meet. I guess if the government doesn't want to work—I mean, this is something I've never seen in my four years here, not getting unanimous consent. I guess this is a new tactic. But it's always given. If you don't want to do it, then, it's our job as the committee to meet. We have no choice, really. I guess we let things lapse without doing our job, but our job is to review these appointments.

**The Chair (Mr. John Fraser):** Mr. Delaney?

**Mr. Bob Delaney:** Chair, the government would support extending these appointments by 30 days.

*Interjection.*

**The Chair (Mr. John Fraser):** Okay. Thank you very much, Mr. Delaney. I will put the question again. Do we have unanimous agreement to extend the deadline—yes?

**Mr. Jim McDonell:** May I suggest that, if we're already talking about meeting in the middle of July, that we go to at least the end of July, when we'll be meeting anyway?

**The Chair (Mr. John Fraser):** Do you want me to put the question of 30 days, or is July 31 acceptable?

**Mr. Bob Delaney:** Why don't we put that down in the form of a motion? If this was going to be easy, that's fine, but if Mr. McDonell would like to make that as a motion, perhaps the committee can consider a motion.

*Interjection.*

**The Chair (Mr. John Fraser):** It's unanimous consent, so I'm going to go forward with the original unanimous consent, as proposed by Mr. Delaney, and then we'll go from there.

**Mr. Peter Tabuns:** So that's a 30-day—

**The Chair (Mr. John Fraser):** A 30-day extension.

**Mr. Peter Tabuns:** Which would allow those appointees to come before a hearing at committee. Correct?

**The Chair (Mr. John Fraser):** That's correct.

**Mr. Peter Tabuns:** As opposed to them automatically being appointed to the board.

**The Chair (Mr. John Fraser):** That's correct.

I'm looking to the clock. Do we have unanimous consent to extend the deadline to consider the intended appointments of Victoria Christie, nominated as member of the Ontario Energy Board; Paul Pastirik, nominated as member of the Ontario Energy Board; and Peter Thompson, nominated as member of the Ontario Energy Board, to July 14, 2015? Do we have unanimous consent? Okay, that's done.

Mr. Gates?

**Mr. Wayne Gates:** I just want to have clarification. Obviously, I haven't been on this committee for four

years. Is this the first time that something like this has happened over the course of a number of years?

**Mr. Jim McDonell:** Well, the first time since 2011.

**Mr. Wayne Gates:** Since 2011? Okay.

**The Chair (Mr. John Fraser):** I couldn't answer that question for you, Mr. Gates.

**Mr. Wayne Gates:** You haven't been here either. I know.

**The Chair (Mr. John Fraser):** I haven't been here that long either.

Mr. McDonell?

**Mr. Jim McDonell:** Could I ask for unanimous consent that it go to the end of July, since we are to meet sometime in—

**The Chair (Mr. John Fraser):** If you want to put that forward as a motion—

*Interjection.*

**The Chair (Mr. John Fraser):** Okay. Is there unanimous consent to go until—what date, Mr. McDonell?

**Mr. Jim McDonell:** To July 31.

**The Chair (Mr. John Fraser):** July 31? I hear a no. I heard a no.

Okay. We have to adjourn.

*The committee adjourned at 1015.*

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