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(Hansard)**

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**Standing Committee on
Government Agencies**

Intended appointments

1st Session
42nd Parliament

Tuesday 13 November 2018

**Comité permanent des
organismes gouvernementaux**

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Mardi 13 novembre 2018

Chair: John Vanthof
Clerk: Jocelyn McCauley

Président : John Vanthof
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIESCOMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Tuesday 13 November 2018

Mardi 13 novembre 2018

The committee met at 0900 in committee room 1.

SUBCOMMITTEE REPORTS

The Chair (Mr. John Vanthof): I'd like to call this meeting to order. Good morning, everyone. The first issue this morning is to deal with the following subcommittee reports.

The first one we'll deal with is from October 11, 2018. We've all seen the reports in advance, so could I please have a motion? Mr. Natyshak.

Mr. Taras Natyshak: I move adoption of the subcommittee report on intended appointments dated Thursday, October 11, 2018.

The Chair (Mr. John Vanthof): The member has moved. Is there any discussion? Seeing none, all those in favour? Opposed? The report is carried.

Can I have another motion, please?

Mr. Taras Natyshak: I move adoption of the subcommittee report on intended appointments dated Thursday, October 25, 2018.

The Chair (Mr. John Vanthof): Any discussion? Seeing none, all those in favour? Opposed? The motion is carried.

Member?

Mr. Taras Natyshak: One more, Chair: I move adoption of the subcommittee report on intended appointments dated Thursday, November 8, 2018.

The Chair (Mr. John Vanthof): Any discussion? All those in favour? Opposed? The motion is carried.

INTENDED APPOINTMENTS

DR. ROBERT DODDS

Review of intended appointment, selected by official opposition party: Robert Dodds, intended appointee as vice-chair, Ontario Energy Board.

The Chair (Mr. John Vanthof): We have Mr. Robert Dodds, nominated as vice-chair for the Ontario Energy Board. Would you please come forward, Mr. Dodds? Good morning.

Dr. Robert Dodds: Good morning, Mr. Chairman and committee members.

The Chair (Mr. John Vanthof): As you may be aware, you have the opportunity, should you choose to do so, to make an initial statement. Following this, there will be questions from members of the committee. With that

questioning, we will start with the official opposition, followed by the government, with 15 minutes allocated to each recognized party. Any time you take in your statement will be deducted from the time allocated to the government. Welcome.

Dr. Robert Dodds: Thank you, Mr. Chairman. My name is Bob Dodds, as you know. I have managed regulated utilities in the United States providing electricity distribution, water supply and waste water treatment. My role, usually as president of the utility, was to manage all aspects of the operation of the utility, such as:

—applications to regulators for licensing and rate adjustments;

—customer service;

—community relations;

—financial budgeting;

—hiring and training personnel;

—health benefit plans;

—pay equity plans;

—pension plans;

—union negotiations;

—human resource policies;

—risk management;

—succession planning; and

—environmental protection policies.

The primary objectives of the regulators were similar to those of the Ontario Energy Board, namely, to protect the interests of consumers with respect to price, adequacy, reliability and quality. In general, the regulators' mandate was the same as that of the Ontario Energy Board—that is, to regulate rules, rates, licensing, information and monitoring.

However, there are differences between the regulators in the execution of the regulatory processes to achieve these objectives and mandates. For instance, each regulator had its nuances with respect to the promotion of generation and use of renewable energy. Also, emphasis on conservation varies with the commodity and region. Conservation of any resource is a good thing, but it takes careful explanation for the consumers to understand that not only does it affect their billings, but it also affects the whole system.

Each regulator has its nuances with respect to the degree of friendliness to private utilities. In some of the jurisdictions, commissioners who adjudicate on rate cases in hearings and render decisions are elected. This leads to a temptation to put future votes ahead of good governance

by keeping utility rates artificially low, to the long-term detriment of the utility and, ultimately, to the customers.

Conversely, regulatory commissioners in other jurisdictions are appointed and are usually selected from the private utility sector. Although they can be quite rough and tough, they understand the real needs of a utility and can be more reasonable. The Ontario Energy Board appoints its commissioners.

Regulators handle inclusion of capital investment in rates in different ways. Some regulators require the capital project to be what is called “used and useful” before application can be made for inclusion in costs in rates. That means the utility sees no recognition or recapture of outflow of capital for engineering, construction and interest during construction, usually for three to four years, which puts a stress on the utility with respect to its cash flow. Other regulators allow planned capital expenditures to be included in a rate application, with later correction in rates for variances from budget.

I also lived in the communities that we served, and our retail and industrial customers were my neighbours. I maintained high community involvement in events and through volunteerism. I would get first-hand face-to-face feedback on our performance with respect to quality of our customer service, which usually revolved around cost billings, disconnections and interruptions for electricity and water, and odours and noise for waste water treatment. There was a wide economic disparity in some of the communities that we served, and delivering on income assistance programs was essential since high rates had a significant impact on the quality of life for some of the customers.

As part of my management duties, successors in executive roles needed to be hired. Applicants would put forward various formulae and industry comparisons to support high compensation packages, the cost of which needed to be considered with caution since it’s eventually borne through rates. The people applying didn’t seem to realize that regulated utilities are essentially licensed monopolies with assured returns. They don’t suffer the same stresses and strains of other enterprises in competitive industries, and therefore high compensation packages are simply not justifiable.

Additional to the management of regulated utilities, I was the manager of over 50 power generating facilities in Canada and the US using the following fuels: water, wind, wood waste, municipal waste, landfill gas and natural gas. Some of the facilities included transmission lines and operating agreements with First Nations. All the facilities required negotiation and management of power purchase agreements with major utilities such as Ontario Hydro, or whatever iteration was in effect at the time; Hydro-Québec; Manitoba Hydro; Alberta Energy; BC Hydro; Newfoundland Power; and other major US utilities. My management duties included procurement agreements for natural gas, wood waste, municipal waste and landfill gas.

I am familiar with providing services in languages other than English, namely French and Spanish. All our meetings and correspondence with regulators with respect to

the 12 hydroelectric plants we had in Quebec had to be conducted in French. In many of our regulated utilities in the southwest US, our customers were predominantly Spanish speaking, and all of our customer service personnel needed to be fluently bilingual in Spanish and English.

In addition to managing natural gas procurement contracts, one of my engineering firms provided environmental and civil engineering services for many years to a major gas pipeline company in North America and South America. We were retained by the American Gas Association to produce a manual for river and wetland crossings for compliance with the government regulations in all of the states and all the provinces and territories of Canada, similar to some sections of the environmental guidelines for the location and construction of pipelines that has been produced by the Ontario Energy Board.

I am familiar with the structure of the Ontario electricity system based on a long-term advisory role in a restructuring of the system, which commenced in the mid 1990s, and ongoing evaluation of the system for provision of power to mining projects in Ontario. Ontario has an abundance of mineral resources, but so does nearby Quebec, whose power rates are about half of those in Ontario, which makes it a more attractive jurisdiction for opening mines and creating jobs.

As the CEO and executive director for publicly traded companies listed on the Canadian Securities Exchange and the Toronto Stock Exchange, I am familiar with working in accordance with strict governance rules and preserving confidentiality of certain information.

On a personal level, I was born and raised, and spent several decades of my work career, in northwestern Ontario. For over 35 years, I have been an active member in a service organization that has clubs in most countries and communities around the world, dedicated to local and international causes that benefit humankind. I currently serve breakfast and lunches to those in need at two churches in downtown Toronto.

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In summary, I am confident I can fulfill the role of vice-chair of the Ontario Energy Board for the following reasons: I have hands-on operating experience in working with regulators in other jurisdictions. I’m aware of the importance of customer education and customer service, and I have experience in ways to deliver those issues. I am sensitive to the impact of high electricity prices on individual households and industries. I understand what a utility needs to do to satisfy the objectives of the regulator, and which costs should and should not be included in the rates. I have experience in working with a wide range of fuels for electricity production.

I am familiar with the operation of the Ontario electricity system. I have experience in working with First Nations in both the energy and mining sectors. I am accustomed to delivering services in other languages. I am aware of energy issues right across the province of Ontario, due to my upbringing in northwestern Ontario. I maintain a high level of community involvement and

activity. I'm accustomed to working in environments where adherence to strict governance is necessary.

As a member of the management committee of the Ontario Energy Board, I am fully prepared to perform all such duties as are assigned to the management committee under the Ontario Energy Board Act, other applicable legislation and directives, and through the memorandum of understanding between the Minister of Energy and the chair of the Ontario Energy Board.

I look forward to the opportunity to be of service to the Ontario government, the Ministry of Energy, the Ontario Energy Board and, most importantly, to our Ontario customers.

The Chair (Mr. John Vanthof): Thank you, Mr. Dodds. The questioning will start with the official opposition. Mr. Natyshak?

Mr. Taras Natyshak: Thank you very much, Mr. Dodds, for being here. Congratulations on your appointment, and thank you for the service that you provide to our communities—I believe through Rotary?

Dr. Robert Dodds: Yes.

Mr. Taras Natyshak: Thanks so much for doing that. I can't imagine how you fit that in a busy schedule with all of your various activities. It's quite impressive, so thanks for doing that.

Sir, we certainly appreciate your pedigree and your experience, and we believe, certainly, that you'll bring value to the OEB. We are concerned about the potential of conflict happening throughout your tenure. I wonder if you could just help us clear up some of those issues.

Dr. Robert Dodds: Yes, I—

Mr. Taras Natyshak: Let me just elaborate a little bit. You are currently an executive with a mining exploration company, Red Pine Exploration. Is that correct?

Dr. Robert Dodds: That is correct.

Mr. Taras Natyshak: That obviously would give you more of an industrial consumer perspective on energy use and costs. We're wondering if that will prohibit you from being mindful of the need for strict regulation on the regulatory side.

Dr. Robert Dodds: No, it will not. As I said earlier, I'm accustomed to working within governance guidelines. It will not be a problem with the conducting of my duties.

Mr. Taras Natyshak: Sir, do you hold private investments in any energy companies at the moment?

Dr. Robert Dodds: Yes, I do.

Mr. Taras Natyshak: And will you be divesting yourself of those investments?

Dr. Robert Dodds: Yes, I will.

Mr. Taras Natyshak: Okay. We have only had a few appointments through this agency so far in the short term that the government has been in power. The majority—actually, the absolute majority—of those appointments have been either partisans of the governing party or affiliated through the governing party. For instance, one of our previous appointments was the personal lawyer to the Premier. Sir, have you ever been affiliated with, a member of or donated to the governing party, the PC Party of Ontario?

Dr. Robert Dodds: Yes, I have. I'm a member of the Ontario Progressive Conservative Party. I'm also a member of the federal Conservative Party.

I'd like to add that after four decades of managing employees in both Canada and the US, politics was never allowed to enter the workplace. You have to be particularly careful to exclude politics from anything you do in the United States, because Americans in general are more litigious than Canadians. If you bring politics into the workplace, you could face a claim of workplace harassment or discrimination, and you want to avoid that. So politics will not enter into any of my duties.

Mr. Taras Natyshak: Sir, those are wise words of counsel, and I hope that any appointments going forward would carry that same tone and mandate. That's certainly refreshing to hear.

Would you have connections to companies currently, through either your investments or your employment, or membership to any companies or boards that would have a current interest in Ontario energy policy? Will you be distancing yourself from any of those current connections?

Dr. Robert Dodds: Yes, I have one where I provide technical personnel to a regulated utility that is governed under the Ontario Energy Board. I am withdrawing myself from that company and will probably just terminate the service. But, yes, I'm withdrawing from that. That is the only one.

Mr. Taras Natyshak: You mentioned that over your career, you have been involved in over 50 different companies within North America.

Dr. Robert Dodds: This was one company that owned over 50 generating utilities or plants right across Canada and the US.

Mr. Taras Natyshak: Your role within that one company was to advocate for or to negotiate power purchase agreements through those various entities?

Dr. Robert Dodds: Yes. I was president of each of those utilities, but I was also director of operations. Part of my management duties were, if they weren't already negotiated, to negotiate agreements with the various utilities and to manage the agreements.

The agreements all change over time. They all have CBI clauses that disappear, and you're always trying to get a better contract. It's surprising how quickly 10 years will pass on you.

Mr. Taras Natyshak: I want to dig into that just a little bit more. What was your role within that one entity that covered 50 different—

Dr. Robert Dodds: I was the director of operations for all of the utilities the company owned, right across North America and Canada. The company grew by acquisitions and—

Mr. Taras Natyshak: Sorry. I get that point. By default, you were then responsible for negotiating the power purchase agreements for the 50 different entities?

Dr. Robert Dodds: Yes. Mainly, I was responsible for actually administering them. Upon purchase of the equity or the utility, I would become president. I would integrate

it into the system, and then I would move on. But I had overall responsibility for all of them.

Mr. Taras Natyshak: That's a massive responsibility. That's incredible.

Dr. Robert Dodds: Yes, it was.

Mr. Taras Natyshak: It's an interesting job. Of those 50, how many were located in Ontario?

Dr. Robert Dodds: About 12, I think.

Mr. Taras Natyshak: Okay. And a variety of different energy sources, you had mentioned—

Dr. Robert Dodds: No. The ones in Ontario at that time, when I was there, were all hydro.

Mr. Taras Natyshak: They were all hydro—run-of-the-river hydro?

Dr. Robert Dodds: Yes, they were all run-of-the-river.

Mr. Taras Natyshak: Interesting. So you did not negotiate any wind agreements—wind power—solar, or any green energy agreements in Ontario?

Dr. Robert Dodds: Not in Ontario—in Manitoba.

Mr. Taras Natyshak: In Manitoba—and they were under a similar regime in terms of power purchase agreements?

Dr. Robert Dodds: Yes.

Mr. Taras Natyshak: Okay. Obviously, we've had contention with the Green Energy Act in Ontario, and the initial incarnation of power purchase agreements in the standard offer program that then became the Green Energy Act, and inflated costs for that. How will you be mindful of that, going forward, in terms of the exorbitant costs for ratepayers in the province?

Dr. Robert Dodds: I'll be mindful of the fact that we have to adhere by contracts and by legislation governing us, and I will conduct my duties accordingly—hopefully.

Mr. Taras Natyshak: How much time, Chair?

Interjection.

Mr. Taras Natyshak: Sorry. I'm just checking on time. It's the worst to be cut off. You can continue.

Dr. Robert Dodds: I'm finished, thank you.

Mr. Taras Natyshak: Sir, are there any other potential conflicts that you may see, going forward? Any connections with any ministerial officials or ministers themselves, or the Premier, which may preclude you from making the best decisions or supporting the mandate of the OEB?

Dr. Robert Dodds: No.

Mr. Taras Natyshak: On a partisan level? No?

Dr. Robert Dodds: No.

Mr. Taras Natyshak: You can appreciate our concern, as the opposition, in seeing that there is a track record of, for lack of a better word, partisan appointments or patronage appointments being named to this board, or to any entity here. We'd like to see some diversity in the appointments being cast.

But obviously, we see you have a pedigree here and you have a track record within the industry. We hope that your comments today, in their sincerity, lead us towards a better system and more savings for the ratepayers of Ontario. That's our mandate, as the opposition, and that's our role as the opposition: to hold appointees, boards and

bureaucrats accountable. I trust that that is what you will be endeavouring to do.

With that, I cede my time. Thank you very much for appearing before us today.

Dr. Robert Dodds: Thank you.

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The Chair (Mr. John Vanthof): Questions go to the government side. Ms. Fee.

Mrs. Amy Fee: First off, Dr. Dodds, thank you for coming in this morning and for meeting with us. My question involves your experience in the north. Something I think we've been hearing about over the last 15 years with the Liberals is that disconnect that northerners have been feeling with the government and with decision-makers. I know you live in Oakville now, but if you could elaborate on how you think your experience in the north will help you on the Ontario Energy Board.

Dr. Robert Dodds: Sure. Usually when I answer that question, I name places and towns and I get blank looks, but Mr. Chairman will recognize them. He's from Timiskaming—Cochrane.

I was born in Sioux Lookout, Ontario, and for the first eight years of my life, I lived outside of Sioux Lookout in a log cabin with water from the lake, wood fuel, outdoor toilets and no electricity. It was a grand life. I did most of my public and high school in Red Lake, which is a north-western Ontario mining community. In those days, there were seven mines operating. There are still three major mines operating in the area. I finished high school in Kapuskasing; I think you are familiar with where that is.

Then I ran my consulting engineering offices out of Thunder Bay for almost three decades, conducting work around the world and throughout the province but mostly in northwestern Ontario. For instance, I've carried out engineering work on every single First Nation in Manitoba, all 101 of them at the time. I've carried out field work and engineering work on almost every First Nation in northwestern Ontario, over 22 of them. In those days, I was younger and fitter and did my own field work. So I'm very familiar with the north. Having lived in Thunder Bay—and as I say, I have relatives in Kenora and places like that. I'm essentially from northwestern Ontario, to answer your question, I hope.

Mrs. Amy Fee: It does. Thank you very much.

The Chair (Mr. John Vanthof): Mr. Roberts.

Mr. Jeremy Roberts: Perfect. Thank you so much for being here, Dr. Dodds. It's wonderful to hear about the tremendous amount of experience that you're going to be bringing to this role. I think all of us are suitably impressed.

Obviously, during the recent provincial election, one of the biggest topics that was coming up at the door was affordability. Affordability kept coming up in terms of our hydro rates, our costs for heating our homes. Affordability was just a key topic. Our government certainly ran on a platform that included a promise to make sure that we were going to work to make life more affordable for Ontarians, particularly when it came to hydro rates.

As part of the mandate of the Ontario Energy Board, it states, “Establishing rates and prices that are reasonable to consumers and that allow utilities to invest in the system.” I’m just wondering if you can share some of your thoughts on how important it is to have affordability in our energy system.

Dr. Robert Dodds: It’s extremely important. As I said, I worked in jurisdictions where a lot of people were very close to the poverty level. Any increase in rates had a tremendous impact on their ability to live normally and live properly.

I’m not sure how much the Ontario Energy Board can do with some of those rates. We can regulate local distribution companies, but that’s only part of the cost. There’s a term called “global adjustment,” which contains large costs. I think there has to be some legislation to address those costs.

I am very sensitive to the issue of cost. I’m sure, from the Ontario Energy Board side, they do a very good job on ensuring what electricity is delivered is fair in the way of price and service from the local distribution companies.

Mr. Jeremy Roberts: Thank you so much. That’s it for me.

The Chair (Mr. John Vanthof): Mr. Cuzzetto.

Mr. Rudy Cuzzetto: Thank you, Mr. Dodds, for being here today. I’ve been reading your resumé, and I’ve noticed you have decades of work experience in the mining and energy sector and that you were the author of 17 articles, which have been published in various North American technical journals. What skills and experience that you have acquired over the decades will be beneficial to the Ontario Energy Board?

Dr. Robert Dodds: Primarily my understanding of business: how to develop resources, how to start a company. Canada overall is a resource-based country. Being able to bring those resources to development, to the benefit of all Canadians, means that you have to understand all the issues involved. A key issue in any business development of a resource is the cost of energy, so I’m quite familiar with that. I have actually operated and managed mines. I know how important the cost of energy is. I’ve worked with it for almost all of my career, and in a lot of locales, not just Canada—as I mentioned earlier, in the US, plus I’ve worked in other countries around the world, sometimes with energy issues.

Mr. Rudy Cuzzetto: Thank you very much.

The Chair (Mr. John Vanthof): Mr. Nicholls.

Mr. Rick Nicholls: Again, good morning, Dr. Dodds. We noticed a rather interesting pin on your lapel. I believe that’s the Rotary pin.

Dr. Robert Dodds: Yes, it is.

Mr. Rick Nicholls: I think their motto is, “Service above self.” I’m very impressed by that, but more impressed about the four-way test that Rotarians encompass worldwide. We’re looking for that type of person to fit this particular role.

I guess my quick question to you is, how will your community service experience assist you on the Ontario Energy Board?

Dr. Robert Dodds: From what I understand and know about the Ontario Energy Board, they do good work with their community outreach programs, and of course, as part of a rate case application, there are community meetings. I also know first-hand what utilities should do to provide good customer service, and hopefully that’s something that the Ontario Energy Board can mandate and say, “Look, you have to have good community service.”

I’ll give you a quick example. When you go through a rate case, as part of your application process, you appear in public meetings and you explain to your ratepayers why you’re charging these rates. Of course, there will be great resistance sometimes. Nobody likes an increase in rates. If you’re in a regulatory regime where the regulators are elected, they’re very sensitive to this. So what I did was I took all of my objectors from all these utilities, and I formed what were called community liaison committees. I had them come and we’d meet with them once every three months. I’d bring them around to the plant and say, “Look, here’s what we’re doing. Here’s why we’re doing this. Here’s why you will see an increase in rates. Here are the reasons behind it.” And they became our advocates at rate case hearings. That’s what I mean by good community involvement and communication.

Mr. Rick Nicholls: Very good. Thank you.

The Chair (Mr. John Vanthof): Thank you very much, Mr. Dodds. The time for questions has ended. You may step down.

Dr. Robert Dodds: Thank you.

The Chair (Mr. John Vanthof): We will now consider the intended appointment of Mr. Robert Dodds as vice-chair of the Ontario Energy Board. Ms. Fee?

Mrs. Amy Fee: I’d like to move concurrence in the intended appointment of Robert Dodds, nominated as vice-chair of the Ontario Energy Board.

The Chair (Mr. John Vanthof): Concurrence in the appointment has been moved by Ms. Fee. Is there any discussion? Seeing none, all in favour? Opposed? Carried.

The meeting is adjourned. Thank you very much.

The committee adjourned at 0928.

STANDING COMMITTEE ON GOVERNMENT AGENCIES

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Vice-Chair / Vice-Président

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