



Agenda

GOVERNANCE COMMITTEE MEETING

Monday, September 10, 2018
OPEN MEETING – 6:45 - 8:30 p.m.
CATHOLIC EDUCATION CENTRE – BOARDROOM

Chairperson: Daniel Demers

Trustees who are unable to attend are asked to please notify
 Jennifer Glasbergen, Administrative Assistant
 (705) 748-4861 ext. 251 or by email: jglasbergen@pvnccdsb.on.ca

A. Call to Order:

1. Opening Prayer.
2. We acknowledge that we are meeting on the traditional territory of the Mississauga Anishinaabe.
3. Approval of Open Meeting Agenda.
4. Declarations of Conflicts of Interest.
5. Approval of the Minutes of the Open Meeting of the Governance Committee held on June 18, 2018. Page 3
6. Business Arising from the Minutes.

B. Recommended Actions/Presentations:

C. Information Items:

1. Facilities Update.
2. Human Resources Update.
3. Education Funding Changes: 2018: B14, B12. Page 6
4. School Energy Coalition: June 30, 2018. Page 16

D. Old Business:

E. New Business:

F. Next Meeting:

1. Monday, October 9, 2018 – 6:30 p.m.

G. Conclusion:

1. Closing Prayer.
2. Adjournment.



Minutes

THE MINUTES OF THE OPEN MEETING OF THE GOVERNANCE COMMITTEE held on Monday, June 18, 2018 at 6:34 p.m. in the Boardroom, 1355 Lansdowne Street West, Peterborough.

PRESENT

Trustees: Mmes. Linda Ainsworth, Calahndra Brake (Junior Student Trustee), Ruth Ciraulo, Christine Dunn, Michelle Griepsma, Helen McCarthy.
Messrs. David Bernier, Daniel Demers (Chairperson).

Administration: Mmes. Joan Carragher (via teleconference), Laurie Corrigan, Anne Marie Duncan, Isabel Grace, Dawn Michie.
Messrs. Michael Nasello, Timothy Moloney.

Guests:

Regrets: Mr. Winston Steward (Senior Student Trustee).

Recorder: Mrs. Andrea Bradley.

A. Call to Order:

Daniel Demers called the meeting to order.

1. Opening Prayer.

Isabel Grace lead the Opening Prayer in the In-Camera Session.

2. Daniel Demers, Chairperson, acknowledged that the Governance Meeting was taking place on the traditional territory of the Mississauga Anishinaabe.

3. Approval of Open Session Agenda.

MOTION: Moved by Ruth Ciraulo, seconded by Linda Ainsworth, that the Open Meeting Agenda be accepted.

Carried.

2018-G-OP-60

4. Declarations of Conflicts of Interest.5. Approval of the Minutes of the Governance Committee – Open Session held on May 14, 2018.

MOTION: Moved by Christine Dunn, seconded by David Bernier, that the Minutes of the Governance Committee – Open Session, held on May 14, 2018, be approved.

Carried.

6. Business Arising from the Minutes.**B. Recommended Actions/Presentations:**1. 2018-2019 Draft Budget Information.

Isabel Grace, Superintendent of Business and Finance, presented the 2018-2019 Draft Budget Information Report to the Governance Committee and answered questions.

MOTION: Moved by Linda Ainsworth, seconded by Helen McCarthy, that the Governance Committee recommend to the Board that the 2018-2019 Operating Expenses Budget, in the amount of \$196,938,445 be approved as presented.

Carried.

Michael Nasello, Director of Education, thanked Isabel and her staff for all their work on the 2018-2019 Budget.

C. Information Items:1. Traffic congestion around school properties.

Isabel Grace, Superintendent of Business and Finance, presented a report to the Governance Committee. The report provided information about traffic congestion around school properties, practices implemented by principals and current initiatives to improve vehicular behaviour around school sites.

2018-G-OP-61

D. Old Business:**E. New Business:****F. Next Meeting:**

1. Monday, September 10, 2018 – 6:30 p.m.

G. Conclusion:

1. Closing Prayer.

Daniel Demers asked Isabel Grace to lead the Closing Prayer.

2. Adjournment.

MOTION: Moved by Helen McCarthy, seconded by Linda Ainsworth,
that the Governance Committee meeting adjourn at 8:25 p.m.

Carried.

Daniel Demers
Chairperson
/ab

Isabel Grace
Superintendent of Business

Ministry of Education

Office of the Deputy Minister
22nd Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2

Ministère de l'Éducation

Bureau du sous-ministre
12^e étage, Édifice Mowat
900, rue Bay
Toronto ON M7A 1L2

**2018: B14**

MEMORANDUM TO: Directors of Education
Secretary/Treasurers of School Authorities

FROM: Bruce Rodrigues
Deputy Minister
Ministry of Education

DATE: August 24, 2018

SUBJECT: Update: Education Funding for 2018–19

I am writing to provide you with an update about education funding for 2018–19. The information included in this memo will provide new information further to memos:

- 2018: B06 – Grants for Student Needs (GSN) for 2018-19;
- 2018: B07 – 2018-19 School Year Education Programs – Other (EPO) funding;
- 2018: SB05 – Cash Management Strategy;
- 2018: SB09 – Grants for Student Needs (GSN) 2018-19, Supports and Updates;
- 2018: SB10 – Special Education Funding in 2018-19; and
- 2018: SB13 – 2018-19 Funding Updates and Estimate Forms for Section 68 School Authorities

NOTICE:

Some of the elements and proposals set out in this memo can only take effect if certain regulations are made by the Minister of Education or Lieutenant Governor in Council under the *Education Act*. Such regulations have not yet been made. Therefore, the content of this memo should be considered to be subject to such regulations, if and when made.

Total funding for the Grants for Student Needs (GSN) is expected to remain at \$24.5 billion in 2018–19. The average per-pupil funding is projected to be approximately \$12,300. Please see Appendix A for projected board-by-board changes to 2018–19 GSN funding compared to previously announced GSN allocations (2018:B06).

The 2018–19 GSN continues to reflect funding for increased enrolment, ongoing investments to meet prior years' labour agreements, and regular updates to the Grants for Student Needs with the following changes noted in this memo.

Consistent with the government's announcement during the throne speech to reorder Ontario's finances, including a line-by-line review of government spending, all education funding, including what is contained in this memorandum, will be reviewed. As school boards begin planning for the 2019–20 school year, please keep in mind this review will be underway and may impact on-going GSN and/or Education Programs – Other (EPO) funding.

All related GSN release documents will be updated and available in the coming weeks including: the 2018–19 Education Funding Technical Paper; Grants for Student Needs projections for the 2018–19 School Year; 2018–19 Guide to the Grants for Student Needs; Special Education Funding Guidelines: Special Incidence Portion (SIP), 2018–19; and 2018–19 Education Funding: A Guide to the Special Education Grant. Further communication will be sent when these documents are available as well as any transfer payment information for EPO funding outlined in this memo, as well as the Education Finance Information System revised estimates forms.

A. New Initiatives and Program Adjustments for 2018–19

Special Education Per-Pupil Amount (\$28M)

The ministry is investing a projected \$28 million in the GSN to provide an increase to the Special Education Per-Pupil Amount Allocation. Funding will be allocated to school boards by increasing all three Special Education Per-Pupil Amount Allocation benchmarks to the following:

- \$1,007.08 per JK to Grade 3 student;
- \$773.57 per Grade 4 to 8 student; and
- \$510.73 per Grade 9 to 12 student.

This increase will support all students with special education needs including those with Autism Spectrum Disorder and other needs such as mental health needs.

All 72 boards will see an increase in their Special Education Per-Pupil Amount Allocation funding for 2018–19.

Indigenous Graduation Coaches (\$3M)

The ministry will be launching a \$3 million pilot project through EPO to provide intensive supports to Indigenous learners and their families with the goal of obtaining an Ontario Secondary School Diploma and successful transition into post-secondary education, training or labour market opportunities.

This approach would include an Indigenous graduation coach, whose life experience is deeply rooted in the Indigenous community and holds deep experiential connection to the culture. The coach would act as a mentor and advisor to Indigenous students, facilitating access and referrals to community and school resources to provide integrated support for student achievement and well-being. With the coach as the hub, and community and school resources as the spokes, this 'hub and spoke model' will ease the current fragmentation of service access and delivery to provide holistic and efficient supports to vulnerable students.

A district school board eligibility list will be released in the coming weeks.

Rapid Response Northern Schools Teams (RRNSTs) (\$0.8M)

The ministry is providing \$0.8 million through EPO to support the development of teams to respond to urgent requests made by remote First Nation communities for access to qualified staff that have skills such as early literacy and numeracy, language, and special education qualifications to keep schools open and support the academic success and well-being of students.

Teams will be composed of highly trained and experienced, board-employed, certified educators, administrators and related positions (e.g., social workers, Elders). These Rapid Response Northern Schools Teams would be able to mobilize within a short period of time and stay within the community until stabilization is secured or new teams can be deployed.

B. Re-focused Initiatives for 2018–19

Focusing on Fundamental Mathematics (\$55M)

The ministry is replacing the previously announced \$55 million EPO funding: Renewed Math Strategy with the Focusing on Fundamental Mathematics EPO.

The funding will allow boards to hire mathematics facilitators and leads at the board and school levels for math-related training and support dedicated to teaching fundamental math skills. The funding will also allow boards to provide release-time for educators to participate in training and learning focused on fundamental mathematics.

Supporting Students: Career Counselling, Student Mental Health and Well-being (\$46M)

The ministry is maintaining the projected \$46 million through the GSN (formerly Preparing for Success in High School) in elementary guidance benchmarks; however, school boards have greater flexibility in using this funding to focus on ensuring students and parents are better informed about future options for post-secondary, careers, apprenticeships or trades, and to ensure students have the supports they need to succeed.

Students, parents, educators and stakeholders have indicated that current supports are not sufficient to help students and families make these critical, and often stressful, decisions.

It is important to note that this funding, while generated through Grades 7 and 8 enrolment, can now be used at school boards' discretion to support career counselling as well as student well-being in either the elementary or secondary panel, and student mental health in keeping with the boards' mental health strategy.

Expanded Role for Multi-Disciplinary Teams to Include Support for Students with Autism Spectrum Disorder and Other Special Education Needs (\$52M)

The \$52 million GSN investment, announced in the 2018–19 GSN memo (2018:B06), for Special Education Multi-Disciplinary Teams and other staffing resources will be

refocused and expanded to include supports for students with special education needs including those with Autism Spectrum Disorder and other needs such as mental health. Autism is the fastest growing exceptionality in Ontario's publicly funded school system. Students with Autism Spectrum Disorder have a broad range of complex needs and would benefit from increased access to professionals in schools.

This funding continues to support school boards in hiring multi-disciplinary teams which could include Speech-Language Pathologists, Psychologists, Social Workers, Behaviour Experts and others, as appropriate, based on local needs to support all students with special education needs, including those with Autism Spectrum Disorder and other needs such as mental health. The staffing requirements for this funding are unchanged.

C. Efficiencies and Redistributions for 2018–19

Special Incidence Portion (SIP) (\$28M)

The Special Incidence Portion maximum claim amount will be \$27,405, rather than the \$38,016 announced in 2018: B06. Savings incurred from this adjustment will be reinvested into the Special Education Per-Pupil Amount Allocation funding announced earlier in this memo.

New Teacher Induction Program (NTIP) (\$0.75M)

The previously announced New Teacher Induction Program increase of \$0.75M has been re-directed to other initiatives. However, school boards retain the flexibility to offer the expanded program to long-term occasional teachers in positions of 80 days or more, as well as supporting any new teacher who falls outside of the New Teacher Induction Program required definition within their first five (5) years of employment.

Trustee Honoraria (\$0.6M)

Compensation adjustments are being suspended until the new government can conduct a review and put in place an appropriate expenditure management strategy. As a result, the ministry will not be increasing the base amount for the school board trustees' honorarium as announced in the 2018–19 GSN memo (2018:B06).

The base amount for district school board trustees will remain at \$5,900. The ministry may review trustee honoraria in the future.

In addition, the ministry will not be providing the trustees of Section 68 School Authorities an honorarium as announced in the 2018–19 Section 68 SB Memo (2018: SB13).

Executive Compensation (\$1.7M GSN and \$4.1M EPO)

The previously announced GSN and EPO funding to support executive compensation increases in the 2018-19 school year has been suspended. The increases introduced in 2017-18 will continue to be provided on an ongoing basis as these increases are now built into school board cost structures.

Adjustments for 2018-19 will no longer be provided through EPO funding or the 2018–19 GSN, through the Senior Administration benchmark for salaries and benefits. As a result, this benchmark will decrease from \$170,430.45 to \$167,912.27.

Cash Management Strategy – Proceeds of Disposition

In memorandum 2018:B05, the ministry communicated its updated operating cash flow policy and procedures to reduce the associated borrowing costs currently incurred by the Province and to more closely align with the Ontario Public Service cash management directive. The ministry is expanding the cash management strategy to apply to Proceeds of Disposition balances while recognizing the school boards' needs for renewal and other capital projects. School boards' funding entitlements will not be affected by this change. Further details on this policy will be released in the coming weeks.

D. Monthly Payments / Reporting

Cash flow payments will continue to flow based on the submitted school boards' 2018–19 estimates starting in September. Isolate boards 2018–19 cash flow will be based on the 2017–18 estimates submission until the 2018–19 estimates forms are issued, submitted by the isolate boards and reviewed by the ministry.

As noted earlier in this memo, district school boards will be expected to update their budgets to reflect the changes outlined in this memo through the revised estimates submission process. Payments will be revised upon the review of the submitted revised estimates by the ministry.

E. Information Resources

If you require further information, please contact:

Subject	Contact	Telephone and email
Executive Compensation	Cheri Hayward	(416) 327-7503 cheri.hayward@ontario.ca
Financial Accountability and Reporting Requirements	Med Ahmadoun	(416) 326-0201 med.ahmadoun@ontario.ca
Indigenous Education	Taunya Paquette	(416) 314-5739 taunya.paquette@ontario.ca
Operating Funding	Paul Duffy	(416) 325-2035 paul.duffy@ontario.ca
Special Education	Julie Williams	(416) 325-2889 julie.williams@ontario.ca
Student Achievement	Marg Connor	(416) 325-2564 marg.connor@ontario.ca

General questions regarding the updated 2018–19 Grants for Student Needs can be emailed to: EDULABFINANCE@ontario.ca.

Conclusion

The government believes that Ontario students can attain a high level of educational achievement without the previous year-over-year trend of budget inflation. Ontario's government for the people is committed to improving accountability and making efficient and effective use of taxpayer dollars — and we will be looking to our partners in the education sector to help find efficiencies.

Original signed by

Bruce Rodrigues
Deputy Minister
Ministry of Education

cc: School business officials

Appendix A: 2018-19 GSN Impacts

Board Name	Efficiencies and Redistributions for Special Incidence Portion (\$28M)	Special Education Per-Pupil Amount (SEPPA) (\$28M)	SEPPA DEA Impact (\$0.05M)	Efficiencies and Redistributions for NTIP Investment (\$0.75M)	Efficiencies and Redistributions for Trustee Honorarium Investment (\$0.3M)	Efficiencies and Redistributions for Executive Compensation (\$1.7M)
DSB Ontario North East	(241,762)	86,924	-	(2,281)	(4,400)	(18,821)
Algoma DSB	(456,666)	123,275	1,783	(1,203)	(4,400)	(19,266)
Rainbow DSB	(1,493,400)	170,588	4,629	(4,774)	(3,600)	(20,029)
Near North DSB	(332,177)	131,532	1,817	(4,591)	(3,600)	(16,711)
Keewatin-Patricia DSB	(80,576)	69,265	-	(3,330)	(4,400)	(20,705)
Rainy River DSB	-	30,253	436	(1,039)	(2,800)	(14,129)
Lakehead DSB	(294,750)	119,068	662	(3,349)	(3,200)	(16,995)
Superior-Greenstone DSB	-	16,023	635	(731)	(3,600)	(13,154)
Bluewater DSB	(135,192)	232,307	-	(9,528)	(4,000)	(17,735)
Avon Maitland DSB	(10,611)	208,322	848	(1,867)	(3,600)	(21,745)
Greater Essex County DSB	(17,720)	492,059	6,336	(3,609)	(4,000)	(24,028)
Lambton Kent DSB	(40,410)	293,476	1,304	(5,361)	(4,400)	(19,073)
Thames Valley DSB	(318,330)	1,090,927	-	(39,709)	(5,200)	(39,995)
Toronto DSB	(1,835,703)	3,449,052	-	(92,410)	(8,800)	(105,883)
Durham DSB	(1,168,439)	988,812	-	(34,560)	(4,400)	(36,004)
Kawartha Pine Ridge DSB	(432,300)	454,926	-	(9,614)	(4,400)	(23,092)
Trillium Lakelands DSB	(186,675)	222,323	2,980	(2,675)	(3,600)	(19,277)
York Region DSB	(870,102)	1,701,004	-	(34,868)	(4,800)	(55,797)
Simcoe County DSB	(420,770)	729,428	-	(16,678)	(4,800)	(32,575)
Upper Grand DSB	(943,200)	482,030	-	(14,041)	(4,000)	(23,487)
Peel DSB	(3,057,239)	2,221,807	-	(35,349)	(4,800)	(72,692)
Halton DSB	(489,739)	895,397	-	(38,159)	(4,400)	(33,455)
Hamilton-Wentworth DSB	(354,615)	702,324	-	(16,659)	(4,400)	(29,135)
DSB of Niagara	(243,660)	511,623	-	(3,705)	(4,400)	(24,598)
Grand Erie DSB	(58,361)	357,678	1,111	(8,652)	(4,400)	(20,707)
Waterloo Region DSB	(46,512)	889,463	-	(18,218)	(4,400)	(33,704)
Ottawa-Carleton DSB	(903,900)	1,005,807	-	(38,323)	(4,800)	(38,673)
Upper Canada DSB	(108,432)	362,222	-	(6,823)	(4,400)	(23,216)
Limestone DSB	(157,200)	266,371	-	(2,541)	(3,600)	(19,282)
Renfrew County DSB	(196,500)	123,386	-	(1,521)	(3,200)	(15,970)
Hastings and Prince Edward DSB	(58,950)	207,682	-	(3,003)	(4,000)	(17,773)
Northeastern Catholic DSB	(19,650)	32,233	174	(173)	(3,600)	(14,096)
Nipissing-Parry Sound Catholic DSB	(396,820)	34,704	658	(991)	(2,800)	(12,675)
Huron-Superior Catholic DSB	(707,400)	63,753	342	(597)	(4,000)	(17,026)
Sudbury Catholic DSB	(314,400)	82,962	-	(895)	(2,400)	(14,597)
Northwest Catholic DSB	-	20,581	-	(1,213)	(3,600)	(14,096)
Kenora Catholic DSB	(21,222)	18,298	579	(529)	(2,800)	(13,464)
Thunder Bay Catholic DSB	(753,264)	105,449	413	(1,367)	(2,800)	(15,545)
Superior North Catholic DSB	-	9,863	430	(1,011)	(3,600)	(17,511)

Board Name	Efficiencies and Redistributions for Special Incidence Portion (\$28M)	Special Education Per-Pupil Amount (SEPPA) (\$28M)	SEPPA DEA Impact (\$0.05M)	Efficiencies and Redistributions for NTIP Investment (\$0.75M)	Efficiencies and Redistributions for Trustee Honorarium Investment (\$0.3M)	Efficiencies and Redistributions for Executive Compensation (\$1.7M)
Bruce-Grey Catholic DSB	(31,833)	59,533	-	(3,638)	(2,800)	(18,336)
Huron-Perth Catholic DSB	-	64,110	-	(2,079)	(2,000)	(18,262)
Windsor-Essex Catholic DSB	(21,222)	269,017	3,611	(2,435)	(3,600)	(18,360)
London District Catholic School Board	(127,045)	276,237	-	(8,036)	(3,200)	(23,346)
St. Clair Catholic DSB	-	122,789	-	(3,609)	(2,800)	(19,595)
Toronto Catholic DSB	(854,199)	1,263,977	-	(36,417)	(4,800)	(43,709)
Peterborough V N C Catholic DSB	(661,419)	211,453	-	(4,899)	(2,800)	(16,827)
York Catholic DSB	(825,300)	713,696	17,373	(28,304)	(4,000)	(34,351)
Dufferin-Peel Catholic DSB	(817,047)	1,074,540	-	(25,686)	(4,400)	(40,000)
Simcoe Muskoka Catholic DSB	(167,025)	297,831	-	(2,714)	(3,200)	(20,178)
Durham Catholic DSB	(746,700)	293,461	-	(4,571)	(3,200)	(23,720)
Halton Catholic DSB	(510,900)	480,880	-	(18,170)	(4,400)	(28,426)
Hamilton-Wentworth Catholic DSB	(440,799)	397,096	-	(7,045)	(3,600)	(21,710)
Wellington Catholic DSB	(106,110)	108,138	1,346	(1,896)	(2,400)	(19,287)
Waterloo Catholic DSB	(44,488)	322,597	-	(11,058)	(3,600)	(19,344)
Niagara Catholic DSB	(47,160)	287,141	6,053	(2,165)	(3,200)	(18,853)
Brant Haldimand Norfolk Catholic DSB	-	136,754	-	(4,725)	(2,400)	(15,284)
Catholic DSB of Eastern Ontario	(667,081)	174,233	1,248	(1,222)	(2,800)	(17,278)
Ottawa Catholic DSB	(490,189)	590,097	-	(15,928)	(4,000)	(26,464)
Renfrew County Catholic DSB	-	71,795	-	(1,290)	(2,800)	(13,865)
Algonquin and Lakeshore Catholic DSB	(235,800)	160,931	-	(5,794)	(4,000)	(17,085)
CSD du Nord-Est de l'Ontario	(379,183)	33,503	-	(2,021)	(4,800)	(15,481)
CSD du Grand Nord de l'Ontario	(157,751)	35,853	-	(1,136)	(4,800)	(15,377)
Conseil scolaire Viamonde	(98,250)	185,165	-	(16,380)	(4,800)	(25,776)
CSD des écoles publiques de l'Est de l'Ontario	-	229,772	-	(13,108)	(4,800)	(19,980)
CSD catholique des Grandes Rivières	(629,234)	82,582	-	(635)	(4,000)	(17,827)
CSD catholique Franco-Nord	(615,438)	39,433	-	(885)	(2,400)	(13,208)
CSD catholique du Nouvel-Ontario	(392,607)	95,510	-	(3,734)	(4,800)	(19,621)
CSD catholique des Aurores boréales	(13,126)	12,153	-	(1,713)	(4,800)	(18,520)
CS catholique Providence	-	149,163	-	(8,402)	(4,400)	(24,257)
CS catholique MonAvenir	(393,000)	253,285	-	(18,613)	(4,800)	(26,532)
CSD catholique de l'Est ontarien	(839,055)	144,557	-	(4,648)	(3,200)	(15,514)
CSD catholique du Centre-Est de l'Ontario	(737,661)	358,310	-	(21,077)	(4,400)	(20,424)

- Does not include impacts from EPO or School Authorities
- Figures may not add due to rounding

Ministry of Education

Office of the ADM
Capital and Business Support Division
900 Bay Street
20th Floor, Mowat Block
Toronto ON M7A 1L2

Ministère de l'Éducation

Bureau du sous-ministre adjoint
Division du soutien aux immobilisations et
aux affaires
900, rue Bay
20^e étage, Édifice Mowat
Toronto ON M7A 1L2

**2018: B12**

MEMORANDUM TO: Superintendents of Facilities
Superintendents of Business

FROM: Joshua Paul
Assistant Deputy Minister
Capital and Business Support Division

DATE: July 5, 2018

SUBJECT: **Cancellation of Greenhouse Gas Reduction Funding (GGRF)**

I am writing to provide you with an update on the Greenhouse Gas Reduction Fund (GGRF). A second round of the GGRF was announced in March 2018 ([memorandum 2018: B06](#)), which was followed up with additional direction in April 2018 ([memorandum 2018: B11](#)).

As you may know, the provincial Cap and Trade program has been cancelled, effective July 3, 2018. As the GGRF program is funded through Cap and Trade proceeds, the GGRF program is also cancelled, also effective as of July 3, 2018.

As such, school boards are not to enter into any further contracts after July 3, 2018. The ministry will cover the costs incurred if school boards have entered into contractual agreements for capital works on or before July 3, 2018. School boards with projects that are in the planning and design stage, and have not entered into contractual agreements for capital works on or before July 3, 2018, may choose to proceed with these projects only with their other existing funding allocations (e.g., School Condition Improvement, School Renewal Allocation, Proceeds of Disposition, etc.).

An additional memo that outlines further details will be provided. Please maintain detailed records of the contracts that have been signed as ministry staff will contact boards to collect information on the scope of work underway.

For questions about any of the information included in this memorandum, please contact:

Hitesh Chopra, Manager(A) (416) 325-1887 Hitesh.Chopra@ontario.ca	School Condition Improvement Greenhouse Gas Reduction Fund School Renewal Allocation
Maryse Lemoine, Senior Policy Analyst (416) 326-1874 Maryse.Lemoine@ontario.ca	Greenhouse Gas Reduction Fund
Diamond Tsui, Senior Policy Analyst (416) 325-2017 Diamond.Tsui@ontario.ca	Greenhouse Gas Reduction Fund

Sincerely,

Original signed by:

Joshua Paul
Assistant Deputy Minister
Capital and Business Support Division

cc: Directors of Education



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

School Energy Coalition ("SEC") Summary Status Report June 30, 2018

Savings for Ontario School Boards

Although the second quarter included two major cases, and two other significant victories for SEC, the immediate savings are small. We are awaiting the two big decisions, and the value of the victories is not yet measurable. Thus, total savings for schools were only about \$200,000.

Both of the major cases – Hydro One Distribution rates and Enbridge/Union merger – will likely be decided by year end, as well as an appeal on transmission rates. Coming up by year end are two more big rate cases, Toronto Hydro and another transmission case. As well, SEC is finally starting to see traction in its hitherto quixotic resistance to Hydro One's acquisition of local electricity distributors. And, we have a new government.

ONGOING MATTERS - ELECTRICITY

Hydro One Distribution 2018-2022 Rates. Hydro One's rate application was filed early in 2017, but did not move quickly. The eleven day oral hearing was just completed on June 28, 2018, and written arguments will be filed by the utility, the intervenors (led by SEC), and the staff of the Energy Board throughout the month of July. A decision could be as late as November, with new rates kicking in at the beginning of 2019.

The \$9 million of increases proposed for schools are part of a larger set of issues. Hydro One has been taking steps to control its high costs, but turning the utility around is a long process. They continue to seek room to spend freely, but SEC and others are pressing for regulatory limits on what they can collect from customers. Hydro One also continues to attempt acquisitions of lower cost utilities, but this case has exposed the impacts on the customers acquired.

Hydro One Transmission – Appeals. In the distribution case (see above) the Energy Board has set aside the issue of the phantom taxes. The issue, which SEC won last fall in the transmission case, was appealed by Hydro One. The first appeal was argued in February, and a decision

was expected in May. Instead, there has been only silence from the regulator.

While it is possible that the delay is because of the June election, it is equally possible that the difficulty of the issue – and its \$800 million impact – is causing the Energy Board to take its time in reaching a decision on this appeal.

If Hydro One is unsuccessful in this first appeal, it is expected that they will head off to court to try again in the fall.

Alectra Utilities. The merger of Powerstream, Horizon, Enersource and Brampton produced the second largest electricity distributor in the province. This, their 2018 rate case, was their first as a merged entity. While most of their rates were to be set based on a formula, the key goal of the utility was to gain acceptance for extra increases to cover capital spending above a fairly low threshold. The utility sought to use a technique called an Incremental Capital Module to do so. The risk was that, if they were successful, a very expansive ICM would then be available to all electricity and gas distributors, potentially costing customers hundreds of millions of dollars a year.

In a decision released early in April, the Energy Board agreed with SEC and other customer groups that the ICM rate method cannot be viewed – as the utilities want – as a kind of “top-up”. Instead, it must be limited to capital projects that are not part of the normal course spending of the utility. In addition, the Energy Board rejected a rate increase for an accounting change buried in the evidence, which SEC caught during discovery.

The result was that only half of the proposed increases were allowed. While the immediate impact for Alectra schools is only about \$200,000 over the nine year Alectra rate plan, the impact of the decision in reducing the claims of other utilities will likely be substantial.

Hydro One Orillia Acquisition. Hydro One – the highest cost large utility in the province – continues to chase acquisitions of smaller utilities, in every case with a near term offer of lower rates followed by “all bets are off”. With most of its previous 90+ acquisitions, after the near term deal rates went up dramatically. Thus, SEC has been opposing Hydro One acquisitions for the last four years, with limited success. The most SEC has been able to achieve is general statements by the Energy Board that acquired customers must share in the benefits of any acquisition.

In its recent distribution rate case, Hydro One again proposed to raise rates for acquired customers to levels much higher than they would have paid had their utilities remained independent. SEC is opposing that in that case, but in a separate case – the proposed acquisition of Orillia Power – SEC argued that the rate increase was proof the Orillia customers would also be harmed. After appeals, the Energy Board has agreed. In May, they denied approval of the Hydro One acquisition of Orillia Power.

Hydro One is, of course, appealing again. However, in the meantime they have started to rethink their rate strategy for acquired customers.

There will be savings from this win, but at this point it is not possible to estimate them with any accuracy.

ONGOING MATTERS – NATURAL GAS

Enbridge/Union Merger. This application seeks approval for the amalgamation of Union Gas and Enbridge Gas Distribution, who together serve more than 90% of the natural gas customers in Ontario. Most customer groups, including SEC, support the amalgamation, since the two utilities are already under common ownership.

However, in addition the two utilities sought to piggyback on special rate rules designed to incent mergers and acquisitions of electricity distributors. Those rules allow a period of up to ten years where the owners of the utility can keep all of the savings from a merger, and still ask for extra money for capital spending (see Alectra, above).

In the case of Union and Enbridge, access to that favourable set of policies would allow them to keep all of the efficiencies from the last five years, which otherwise would have to be used to reduce rates. It would also allow the amalgamated company to increase base rates by inflation each year, and then seek rate increases for about \$12 billion of incremental capital spending on top of that.

Schools pay about \$40 million a year to these two utilities, of which \$22 million a year would be dealt with in this rate plan, if approved. What SEC learned through questioning of the utility witnesses is that, although average rate increases for all customers would be about 30% over ten years, for schools and commercial customers the increase would be just over 50%. In total, the impact on Ontario’s schools would be an extra \$62 million of gas distribution bills over the next ten years, compared to current rates.

SEC has argued that the favourable policies should not be applied to Enbridge and Union, who do not need to be incented to amalgamate. The utility proposal, we have said, amounts to an attempt to get a billion dollars or more of excess profits from higher than needed rate increases.

The case is now in the hands of the adjudicators, with a decision expected in September.

OTHER MATTERS

Attack on Customer Representation. The Energy Board's foray into what they have called Proportionate Regulation continues at a slow and careful pace. SEC is still resisting attempts to cut out the customers. Some internal changes at the Energy Board may slow this process further, but the future is not clear.

Review of the Energy Board. The external review of the Energy Board was put on hiatus during the election period. It's fate today – along with the fate of many initiatives of the previous government – is unknown in these early days of the new government.

Jay Shepherd
Mark Rubenstein
Counsel for SEC

Questions? Contact Wayne McNally (wmcnally@opsba.org) or Jay Shepherd (jay@shepherdrubenstein.com) or Mark Rubenstein (mark@shepherdrubenstein.com)

In conclusion,

OESC is represented by Jay Shepherd who consults regularly with myself and Wayne McNally, who is an advisor to the OESC Board of Directors. It is critical to note that the work of the School Energy Coalition, per OESC, is a respected intervenor at the Ontario Energy Board.

Our work has allowed every school district in the Province of Ontario to avoid significant energy costs. This reality assists with the bottom line to your budget.



Ted Doherty
Executive Director
416-340-2540 (Toronto Office); 519-955-2261 (Mobile)
or Email tdoherty@oesc-cseo.org