

Sent by Email

April 30, 2024

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4
Attention: Registrar

Dear Ms. Marconi:

Re: EB-2024-0063 – SBUA expression of intention to file expert evidence

We write on behalf of our client, the Small Business Utility Alliance (SBUA), to express SBUA's intention to file expert evidence in this general proceeding commenced to consider the costs of capital parameters and deemed capital structure to be used to set rates, according to procedural order No. 1 issued on March 28, 2024.

SBUA is an unincorporated organization consisting of a group of small business ratepayers in Ontario, Canada, with members located across various geographic areas, including in the Cities of Toronto and Ottawa, the Counties of Chatham-Kent, Wellington, Muskoka, Brant, Suffolk, and Norfolk, and the Niagara area. SBUA's constitution directs its advocacy to matters that benefit the community of small business ratepayers as a whole. SBUA's mandate is to advocate for the broader interests of the small business community as a whole and not the specific or direct financial interests of individual small businesses or the members of our alliance.

Proposed evidence of Ms. Maureen Reno

SBUA seeks to submit expert evidence from Ms. Maureen Reno in this proceeding. Ms. Reno is an expert with over 20 years of experience in the field of public utility regulation, who has built a career in public utility regulation as a utility analyst and program manager at the New Hampshire Public Utilities Commission, where she worked for 10 years, as well as an independent consultant conducting rate case analysis and preparing and testifying in regulatory proceedings across the United States. Ms. Reno's *curriculum vitae* is attached as Schedule "A".

Ms. Reno's evidence would be a focused response to the report that will be prepared by London Economics International LLC (LEI), the expert retained by the Ontario Energy Board staff, and may address all of the issues in the issues list. Ms. Reno would also, to the extent possible, consult and coordinate with other experts put forward by other intervenors, to ensure that resources are allocated as efficiently as possible.

Her evidence would be focused on analyzing the possible implications of the methodology and parameters to be considered for the cost of capital and capital structure in relation to small businesses. Small business interests merit specific consideration because small businesses (like residential customers) typically cannot adjust their demand to utility rate increases, at least in the near term. Also, unlike larger commercial and industrial classes, a larger portion of their profits are eaten up by utility costs.

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

Ms. Reno will provide an alternative set of methods to estimate ROE in addition to OEB's past practice of implementing an approach based on the ERP. In addition to employing alternative methods, such as the CAPM and the DCF, Ms. Reno will expand her analysis to include both American and Canadian proxy groups of companies. The use of broader demographic proxy groups will allow Ms. Reno to quantify relative risks across utility types, which include the various risk factors of concern contemplated during the issue conference. She will then compare her estimated ROEs to the Fair Return Standard and provide guidance on how the OEB can monitor changes in actual returns relative to set allowed returns that would include an earning-sharing mechanism. Ms. Reno will also address current and forecasted macroeconomic factors that will influence the cost of short-term and long-term debt, as well as investors' expected returns on equity. Ms. Reno will also examine the appropriate capital structure and provide guidance on how an appropriate mechanism to monitor actual capital structure to a set capital structure.

Approximate cost of expert evidence

SBUA seeks cost recovery in respect of Ms. Reno's evidence. She expects to require between 150 and 225 hours to prepare this evidence, and the expected cost of the evidence is therefore between CAD 49,500 and CAD 74,250, assuming an hourly rate of CAD 330 for an expert with over 20 years experience. This time estimate includes research, data collection, assisting counsel with drafting interrogatories, preparing for and participating in oral hearings, and providing comments regarding submissions. Given that Ms. Reno will make every effort to be focused in response to the LEI report and to coordinate with other experts to the extent possible, this estimate can be adjusted once the LEI report is available.

AGORA

Agora International Law PC
Bay Adelaide Centre West
333 Bay Street, suite 900
Toronto, ON M5H 2R2
Canada

Myriam Seers
mseers@agora.law
+1 416 886 7154

SBUA supports the request sought in Mr. Mondrow's April 29, 2024 letter on behalf of IGUA (and a group of other intervenors) that intervenors be permitted to state their intention to file expert evidence within two weeks of receiving LEI's report. If this request is granted, SBUA will refine the proposal and cost estimate set out above at that time.

Yours truly,



Myriam Seers

cc. All parties in EB-2024-0063

Maureen L. Reno

Principal and Economist
Reno Energy Consulting Services, LLC
19 Hope Hill Rd
Derry, New Hampshire 03028
Tel: (603) 391-6308
Email: mreno@reno-energy.com

Maureen Reno is a seasoned expert with over 20 years of experience in the field of public utility regulation. After she completed her Ph.D. studies in Economics at the University of New Hampshire, Ms. Reno launched her career in public utility regulation as a utility analyst and program manager at the New Hampshire Public Utilities Commission, where she worked for the next 10 years. In this capacity, she provided expert testimony on rate of return (to include return on equity) in electricity, natural gas, and water utility rate cases. Ms. Reno also led the development and implementation of New Hampshire's Renewable Portfolio Standard program, helping both owners of distributed generation and load serving entities meet compliance requirements and maneuver the dynamic wholesale energy and renewable energy certificate markets. In addition, she managed New Hampshire's participation in the Regional Greenhouse Gas Initiative.

Subsequently, Ms. Reno served as a Senior Energy Economist with the Union of Concerned Scientists. In this capacity, she developed clean energy financing policies and advocated for electricity sector solutions to global warming.

Since 2012, Ms. Reno has served as an independent consultant, conducting rate case analysis and preparing and testifying in regulatory proceedings across the United States ("U.S."). Specifically, she has served as an expert witness on behalf of large customers, such as the U.S. Department of Energy and the U.S. Department of Defense. She has also served at the behest of state commission staff, local governments, and residential customers. Her area of expertise includes rate design, rate of return (to include return on equity), and mergers and acquisitions. Her testimony has been presented to public utility commissions across the U.S., to include the Regulatory Commission of Alaska, Arizona Corporation Commission, California Public Utilities Commission, Delaware Public Service Commission, Georgia Public Service Commission, Kansas Corporation Commission, Missouri Public Service Commission, New Hampshire Public Utilities Commission, New Mexico Public Regulation Commission, North Carolina Utilities Commission, Oklahoma Corporation Commission, and Public Utility Commission of Texas.

Ms. Reno stays abreast of the latest developments in utility regulatory law and policy through her research and professional activities. Given the complexity of Federal and state regulations that affect her clients, Ms. Reno dedicates significant time and energy to reviewing regulatory developments enacted by the U.S. Department of Energy, the Federal Energy Regulatory Commission (FERC), and the U.S. Environmental Protection Agency.

EDUCATION

- Completed all course work and exam requirements towards the Doctorate of Philosophy in Economics – University of New Hampshire, Durham.
Fields of Specialization: Industrial Organization and Environmental Economics
- Master of Arts in Economics – University of New Hampshire, Durham, 1998
- Bachelor of Arts in Economics – University of Maine, Orono, 1996

PROFESSIONAL EXPERIENCE

- Independent Consultant and Principal, Reno Energy Consulting Services, LLC (2016-Present)
- Rates and Market Policy Director, New Hampshire Office of the Consumer Advocate (2021-2022)
- Independent Consultant (2012-2016)
- Senior Energy Economist, Union of Concerned Scientists (2011-2012)
- Analyst, Program Manager, Utility Analyst, and Economist, New Hampshire Public Utilities Commission (2001-2011)
- Survey Manager, New Hampshire Small Business Development Center (1999-2001)
- Adjunct Instructor, University of New Hampshire (1999-2001)

PROFESSIONAL WORK

As an independent consultant (as a prime contractor with Reno Energy Consulting Services, LLC and subcontractor under Exeter Associates, TahoeEconomics, and Nordee Enterprise LLC), Ms. Reno:

- Reviewed, analyzed, and prepared oral and written testimony in 14 electric and two water utility rate cases on topics that include rate design (revenue decoupling mechanisms); rate of return (including return on equity, capital structure, and accounting adjustments), and mergers and acquisitions.
- Worked with solar power installer to assess return on investment and payback period for investments in energy storage that included analyzing customer load profiles, utility tariffs, tax credits, and potential revenues from wholesale markets and state programs.
- Prepared report that included assessment of electricity options and projected revenues and costs for the Army & Air Force Exchange Service's West Coast Distribution Center, which included analyzing Pacific Gas & Electric Company's tariffs and potential revenues from wholesale markets for investments in solar power and energy storage.

As the Rates and Market Policy Director at the New Hampshire Office of the Consumer Advocate, Ms. Reno:

- Reviewed and analyzed utility filings and prepared written recommendations in two natural gas utility proceedings pertaining to a revenue decoupling adjustment mechanism and a renewable natural gas contract.
- Reviewed and analyzed utility filings and provided oral testimony in an electric utility's electric vehicle make-ready program and proposed tariff rates.
- Reviewed, analyzed and prepared oral and written recommendations for the Consumer Advocate on utility requests for changes in energy service rate charges (electric default service and cost of gas) and other surcharges reflected in utility company tariffs.

As an independent consultant for Stephenson Strategic Communications LLC, Ms. Reno:

- Provided consulting services to build support in New Hampshire for strong national climate and energy policies on behalf of a nationally recognized, non-profit environmental organization.
- Mobilized experts and leaders in New Hampshire to engage elected federal, state and local officials through targeted senator visits, media interviews, public events, letters to the editor, and opinion and editorial articles.
- Communicated directly with targeted legislators and their staff to determine their positions on climate and clean air policies and address their concerns.

As an independent consultant for TrueLight Energy LLC, Ms. Reno:

- Acted as director of regulatory affairs to expand upon current services to provide clients with guidance on how to navigate the dynamic deregulated electricity industry.
- Developed regulatory service product for clients, to include ISO/utility tariff tracking and rate impact analysis, policy analysis, new market identification and participation in regulatory processes.
- Identified and originated new commercial opportunities in the United States to support principal product/service lines: retail supplier solutions; generation asset management; and sustainability management solutions for large energy users.
- Developed and implemented business development and business-to-business marketing strategies in coordination with senior management.

As a senior energy economist at the Union of Concerned Scientists, Ms. Reno:

- Promoted the development of clean energy technologies and policies in the electricity sector. Designed and evaluated energy policies at the state, regional, and national levels to maximize economic benefits and overcome market barriers to renewable energy.
- Evaluated and developed alternative financial policies to national and state renewable energy standards. Completed internal documents and research focusing on master limited partnerships and real estate investment trusts as possible sources of financing capital for renewable energy projects.

- Informed and enhanced coalition strategies by evaluating and developing appropriate responses to federal policy opportunities, including a low-carbon electricity standard, production tax credit, and other emerging opportunities.
- Evaluated the net benefits and opportunities for economic development in renewable energy manufacturing and the supply chain.

As an analyst and program manager at the New Hampshire Public Utilities Commission, Ms.

Reno:

- Developed internal protocols for managing New Hampshire’s RPS program pursuant to NHPUC’s RPS program rules (N.H. Code of Administrative Rules PUC 2500), including designing resource eligibility application forms.
- Verified electricity providers’ compliance with New Hampshire’s RPS program and processed applications for renewable energy source eligibility.
- Prepared and submitted annual RPS compliance reports, including program evaluation and policy analysis, to the State legislature on behalf of the NHPUC.
- Monitored and forecasted renewable energy certificate market trends in New England and New Hampshire to estimate available revenues supporting rebate programs.
- Maintained an RPS program website and renewable energy sources database.
- Participated in various regional working groups, including the Regional Greenhouse Gas Initiative (“RGGI”) Allowance Auction and Offset Market Groups, and the New England Power Pool Generation Information System (“NEPOOL GIS”) Regulators’ Caucus to help develop and maintain the NEPOOL GIS Operating Rules.
- Developed Greenhouse Gas Emissions Reduction Fund Cost Effectiveness Analysis model for request for proposal applicants.

As a utility analyst and economist at the New Hampshire Public Utilities Commission, Ms.

Reno:

- Reviewed, analyzed, and prepared oral and written recommendations in eight electric, natural gas and water utility rate cases in which she calculated each company’s weighted average cost of capital and estimated the rate of return on equity using discounted cash flow, risk premium, and capital asset pricing models.
- Reviewed, analyzed, and prepared oral and written recommendations for the PUC on utility requests for changes in energy service rate charges and other surcharges reflected in utility company tariffs.
- Advised the Commissioners on utilities’ debt financings, bond issuances, power plant retrofit, advanced/net metering, demand response, environmental disclosure, and incentives for in-state energy efficiency programs.
- Collaborated on behalf of the NHPUC with public and private entities to write New Hampshire’s RPS law (HB 873), law concerning state participation in RGGI (HB 1434) and the NHPUC’s RPS program rules (N.H. Code of Administrative Rules Puc 2500).
- Advised the Commissioners on the development of the RGGI carbon dioxide emission limits and the Allowance Auction Market.

- Assisted researchers at the University of New Hampshire in estimating the net benefits of New Hampshire's RPS and its participation in RGGI for the state legislature, which included environmental and economic development benefits.
- Advised the Commissioners on RGGI's impact on regional and state economies by serving on the RGGI Modeling Subgroup and helped the Northeast States for Coordinated Air Use Management develop the Northeast version of the MARKAL (MARKet Allocation) model.
- Prepared fiscal impact statements regarding proposed legislation and regulations in the State of New Hampshire using cost-benefit analysis and estimated ratepayer impacts.

As a Survey Manager for the New Hampshire Small Business Development Center, Ms. Reno:

- Designed and distributed a survey to collect data on the characteristics of New Hampshire manufacturers.
- Managed survey data collection, designed a database for the data collected, and oversaw data entry efforts.
- Analyzed the economic and behavioral factors that lead to the growth of New Hampshire manufacturing companies using multivariate regression, factor and cluster analysis of survey data.

As an Adjunct Instructor for the University of New Hampshire, Ms. Reno:

- Taught undergraduate courses in Principles of Macroeconomics and Microeconomics (to include daily lectures) and developed lesson plans and teaching materials.
- Managed teaching assistant's work correcting and grading testing materials and writing assignments.

RESEARCH

- Conference Paper – "The Effect of Rate and Energy Efficiency Policies on Electricity Demand: Evidence from New Hampshire" by Chris Schlegel and Maureen L. Sirois, presented at the 22nd Annual Eastern Conference of the Advanced Workshop in Regulation and Competition, Skytop, PA, May 2003.
- Dissertation for Ph.D. – "Participation in Environmental Management Systems: The Effect of Supply-Chain Relationships on Company Behavior," presented at the Eastern Economic Association meeting, New York City, NY, February 2001.
- Report under the Manufacturing Management Grant – "Report on U.S. Small Business Administration Funded Survey of New Hampshire Manufacturers in Rural Areas," by Linda G. Sprague and Maureen L. Sirois, presented at the Global Manufacturing Research Group (GMRG) Annual Meeting, University of Western Ontario, Canada, August 2000.

UTILITY LITIGATION

State	Client	Citation/Utility	Industry	Topics
California	Small Business Utility Advocates	23-01-008/San Diego Gas & Electric Company	Electric	Rate Design & Cost of Service
Kansas	U.S. Department of Defense (DoD)	23-EKCE-775-RTS/Evergy Kansas Central, Inc. & Evergy Kansas Metro,	Electric	Cost of Capital and Return on Equity
Delaware	Public Service Commission Staff	22-0897/Delaware Power & Light	Electric	Cost of Capital and Return on Equity
Texas	U.S. Department of Energy (DOE)	54634/Southwestern Public Service Company	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk
New Mexico	Bernalillo County (BC)	22-00270-UT/ Public Service Co. of New Mexico	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk
North Carolina	DoD	E-2, SUB 1300/ Duke Energy Progress, LLC	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk
Texas	DoD	53601/ Oncor Electric Delivery Company	Electric	Cost of Capital and Return on Equity
New Hampshire	Office of the Consumer Advocate (OCA)	DE 21-078/ Eversource	Electric	Electric Vehicle Make-Ready and Demand Charge Alternative
Alaska	DoD	U-21-070/U-21-071/ Golden Heart Utilities, Inc. and College Utilities Corporation	Water, Waste Water	Cost of Capital and Return on Equity
New Hampshire	OCA	DG 21-104/ Northern Utilities, Inc.	Natural Gas	Rate Design: Revenue Decoupling Adjustment Mechanism and Impacts on Risk
New Hampshire	OCA	DG 21-036/ Liberty Utilities	Natural Gas	Cost-Effectiveness of a Renewable NG Supply Agreement

Texas	DoD	52195/ El Paso Electric Company	Electric	Cost of Capital and Return on Equity
New Mexico	Bernalillo County (BC)	20-00222-UT/ Public Service Co. of New Mexico	Electric	Mergers & Acquisitions: Benefits and Risks
New Mexico	BC	20-00121-UT/ Public Service Co. of New Mexico	Electric	Rate Design: Decoupling Mechanism
New Mexico	Public Regulation Commission Staff	19-00170-UT/ Southwestern Public Service Company	Electric	Cost of Capital and Return on Equity
Georgia	DoD	42516/ Georgia Power Company	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk
Arizona	DoD	E-01933A-19-0028/ Tucson Electric Power Company	Electric	Cost of Capital and Return on Equity
New Mexico	City of Clovis, NM	18-00124-UT/ EPCOR Water New Mexico Inc.	Water	Cost of Capital and Return on Equity
Oklahoma	DoD	PUD 201700151/ Public Service Co. of Oklahoma	Electric	Cost of Capital and Return on Equity
Oklahoma	DoD	PUD 201500208/ Public Service Co. of Oklahoma	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk
Texas	U.S. Department of Energy (DOE)	43695/ Southwestern Public Service Company	Electric	Cost of Capital and Return on Equity
Missouri	DOE	ER-2014-0370/ Kansas City Power & Light Co.	Electric	Cost of Capital and Return on Equity
Texas	DOE	41791/ Entergy Texas, Inc.	Electric	Cost of Capital and Return on Equity
New Hampshire	Public Utilities Commission (PUC)	DE 05-178/ Unitil Energy Systems, Inc.	Electric	Cost of Capital and Return on Equity
New Hampshire	PUC	DE 04-177/ Public Service Co. of New Hampshire (generation assets)	Electric	Cost of Capital and Return on Equity
New Hampshire	PUC	DW 04-056/ Pennichuck Water Works, Inc.	Water	Cost of Capital and Return on Equity

New Hampshire	PUC	DE 03-200/ Public Service Co. of New Hampshire	Electric	Cost of Capital and Return on Equity
New Hampshire	PUC	DE 03-166/ Public Service Co. of New Hampshire	Electric	Financial Incentives Associated with a Power Plant Retrofit from Coal to Biomass
New Hampshire	PUC	DE 01-247/ Concord Electric Co. and Exeter & Hampton Electric Co.	Electric	Cost of Capital and Return on Equity
New Hampshire	PUC	DE 01-168/ Public Service Co. of New Hampshire	Electric	Refinancing of Long-term Debt, Short-term Debt Limit, and Utilization of Derivative Instruments
New Hampshire	PUC	DG 01-182/ Northern Utilities, Inc.	Natural Gas	Cost of Capital and Return on Equity
New Hampshire	PUC	DW 01-081/ Pennichuck Water Works, Inc.	Water	Cost of Capital and Return on Equity

UTILITY-RELATED MATTERS

State	Client	Description of Tasks
California	Small Business Utility Advocates	Provided Comments on utility draft annual reports concerning California’s RPS Rulemaking Case No. 18-07-003.
New Hampshire & Massachusetts	Nordee Enterprise LLC	Worked with solar power installer to assess return on investment and payback period for investments in energy storage that included analyzing customer load profiles, utility tariffs, tax credits, and potential revenues from wholesale markets and state programs.
New Hampshire	Office of the Consumer Advocate (OCA)	Negotiated Settlement terms in DE 21-119 Eversource Energy’s Proposed Tariff Amendment to Residential Time-of-Day Rate.
New Hampshire	OCA	Negotiated Settlement terms in DE 20-170 Electric Distribution Utilities’ Electric Vehicle Time of Use Rates.
Federal	Army & Air Force Exchange Service (AAFES)	Prepared report that included assessment of electricity options and projected revenues and costs for AAFES’ West Coast Distribution Center, which included analyzing Pacific Gas & Electric Company’s tariffs and potential revenues from wholesale markets for investments in solar power and energy storage.
New Hampshire	OCA	Evaluated utility proposal and ratepayer impacts of Liberty Utilities cost of gas proposal in DG 21-130 (EnergyNorth Natural Gas) and DG 21-132 (Liberty-Keene Division).
New Hampshire	OCA	Evaluated Liberty Utilities’ Firm Transportation Agreement with Tennessee Gas Pipeline Company LLC in DG 21-008.
Maryland	Department of Natural Resources (DNR)	Prepared the financial analysis and ratepayer impacts of a long-term contract requirement under Maryland’s RPS. The report titled “Final Report Concerning the Maryland Renewable Portfolio Standard as Required by Chapter 393 of the Acts of

		the Maryland General Assembly of 2017” was publicly released in December 2019.
Maryland	Energy Administration (EA)	Evaluated utility proposals for deployment, cost-benefit analysis, and cost recovery of Maryland’s Statewide Electric Vehicle Portfolio in Case No. 9478 In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio.
Federal	US Department of Energy (DOE)	Conducted research and drafted sections of regional energy market operations manuals for the US Department of Energy’s Federal Energy Management Program. The reports focused on how federal facilities were pursuing renewable energy development under different market constructs, such as by vertically integrated electric utilities, electric utilities with the PJM footprint, and electric utilities in California.
New Hampshire	Derry Town Council	Oversaw town energy committee’s involvement in various energy cost saving projects or initiatives, such as installing a large solar array on the town’s landfill, updating streetlights with LED fixtures, building a new transfer station that meets LEED certification, installing an electric vehicle charging station downtown, and hosting/managing resident participation in two Solar Up campaigns.
New Hampshire	Derry Town Council	Advised town council on establishing the Derry Net Zero Task Force and town goal of becoming Net Zero by 2025.
Massachusetts	Union of Concerned Scientists (UCS)	Evaluated and developed alternative financial policies to national and state renewable energy standards. Completed internal documents and research focusing on master limited partnerships and real estate investment trusts as possible sources of financing capital for renewable energy projects.

Massachusetts	UCS	Conducted manufacturing supply chain analysis of wind power systems
New Hampshire	Public Utilities Commission (PUC)	Developed internal protocols for managing New Hampshire's RPS program pursuant to NHPUC's RPS program rules (N.H. Code of Administrative Rules PUC 2500), including designing resource eligibility application forms.
New Hampshire	PUC	Verified electricity providers' compliance with New Hampshire's RPS program and processed applications for renewable energy source eligibility.
New Hampshire	PUC	Prepared and submitted annual RPS compliance reports to the State legislature on behalf of the NHPUC.
New Hampshire	PUC	Developed Greenhouse Gas Emissions Reduction Fund Cost Effectiveness Analysis model for grant proposals.
New Hampshire	PUC	Collaborated on behalf of the NHPUC with public and private entities to write New Hampshire's RPS law (HB 873), law concerning state participation in Regional Greenhouse Gas Initiative (RGGI) (HB 1434) and the NHPUC's RPS program rules (N.H. Code of Administrative Rules Puc 2500).
New Hampshire	PUC	Advised the Commissioners on the development of the RGGI carbon dioxide emission limits and the RGGI Allowance Auction Market.
New Hampshire	PUC	Assisted researchers at the University of New Hampshire in estimating the net benefits of New Hampshire's RPS and its participation in RGGI for the state legislature.