



EB-2011-0193

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Parry Sound
Power Corporation for an order or orders approving or
fixing just and reasonable distribution rates and other
charges, to be effective January 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

**DECISION,
INTERIM RATE ORDER
AND PROCEDURAL ORDER No. 1**

Parry Sound Power Corporation ("Parry Sound Power") filed an application with the Ontario Energy Board (the "Board") for permission to decrease its delivery charges beginning January 1, 2012. The application was filed on September 29, 2011 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), under the Board's guidelines for 3rd Generation Incentive Regulation Mechanism which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications. The Board has assigned File Number EB-2011-0193 to this application.

The Board issued a Notice of Application and Hearing (the "Notice") on October 14, 2011. The Notice advised interested parties where the rate application could be viewed and advised how they could intervene in the proceeding or comment on the application.

The Vulnerable Energy Consumers Coalition (“VECC”) applied for and was granted intervenor status and cost award eligibility in relation to Parry Sound Power’s proposal for revenue-to-cost ratio adjustments. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

Pursuant to the Notice, Board staff and VECC filed interrogatories on November 3, 2011 and November 7, 2011, respectively. Parry Sound Power filed its responses to interrogatories on November 18, 2011.

In its original application, Parry Sound Power did not include any requests to recover the impact of lost revenues associated with various conservation initiatives. In response to Board staff interrogatory #11 Parry Sound Power indicated that its consultant was in the process of determining its lost revenue adjustment mechanism (“LRAM”) and/or shared savings mechanism (“SSM”) recoveries for 2010 conservation and demand management (“CDM”) related activities. Parry Sound Power indicated that it would file under separate cover a proposed LRAM and SSM rate rider when the Ontario Power Authority (“OPA”) releases the final 2010 program evaluation results.

On November 22, 2011, Board staff filed its submission. Board staff referenced *Chapter 2 of the Filing Requirements for Transmission and Distribution Applications*, dated June 22, 2011, which states that: (i) distributors intending to file an LRAM or SSM application for CDM Programs funded through distribution rates, or an LRAM application for CDM Programs funded by the OPA between 2005 and 2010, shall do so as part of their 2012 rate application filings, either cost-of-service or IRM; (ii) If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forgo the opportunity to recover LRAM or SSM for this legacy period of CDM activity.

Board staff submitted that although at the time of filing its 2012 IRM application Parry Sound Power did not have the final 2010 OPA results, it could have used the 2009 published program evaluation results and preliminary results for 2010 to prepare its 2010 LRAM claim as part of its 2012 IRM application and update this amount when it received the final 2010 data from the OPA. Board staff submitted that Parry Sound Power’s proposal to file a stand-alone application should be denied. VECC did not address this matter in its submission.

On November 28, 2011, Parry Sound Power filed its reply submission to Board staff. Parry Sound Power noted that it is aware that distributors intending to file an LRAM or

SSM application shall do so as part of their 2012 rate application filings but disagreed with Board staff's submission. Parry Sound Power submitted that it would have been an inefficient use of time and resources to prepare its 2010 LRAM claim as part of its 2012 IRM application by using the OPA's 2009 published data and preliminary results for 2010 and then updating this amount when it received the final 2010 data from the OPA. Parry Sound Power also indicated that it received its 2010 final evaluation results from the OPA on November 22, 2011 and sent the information to its consultant to complete its 2010 LRAM claim. Parry Sound Power proposed to submit its 2010 LRAM claim to the Board immediately after its consultant completes the claim. Parry Sound Power concluded its reply submission by stating that it is not in a position to forgo receiving any monetary claim from LRAM or SSM.

On December 8, 2011, after the record was closed, Parry Sound Power filed evidence supporting its 2010 LRAM claim in this proceeding.

The Board has decided to make provision at this time to re-open the public record and allow Parry Sound Power's 2010 LRAM evidence to be heard as part of this application. The Board will make provision for written interrogatories on this matter followed by written submissions by Board staff and VECC and reply submission by Parry Sound Power. The Board will also hear submissions on an appropriate effective date for Parry Sound Power's 2012 distribution rates.

The Board has also determined that VECC is eligible to apply for an award of costs under its *Practice Direction on Cost Awards* in relation to Parry Sound Power's proposed 2010 LRAM claim.

The Board also declares Parry Sound Power's existing rates to be interim as of January 1, 2012.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. The currently approved distribution rates of Parry Sound Power are declared interim as of January 1, 2012 and until such time as a final Tariff of Rates and Charges is issued by the Board.

2. Board staff and VECC may request information and material from Parry Sound Power that is in addition to the information filed by Parry Sound Power on December 8, 2011, and that is relevant to Parry Sound Power's proposed LRAM recovery amount, by written interrogatories filed with the Board and delivered to Parry Sound Power on or before **December 22, 2011**.
3. Parry Sound Power shall file with the Board complete responses to all interrogatories and deliver them to VECC no later than **January 16, 2012**.
4. Board staff and VECC may file a submission with the Board and deliver it to Parry Sound Power no later than **January 23, 2012**.
5. Parry Sound Power may file a reply submission addressing any issues raised in any submissions filed by Board staff or VECC no later than **January 30, 2012**.

All filings to the Board must quote the file number, EB-2011-0193, be made through the Board's web portal at www.err.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guidelines found at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

DATED at Toronto, December 13, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary