



EB-2011-0169

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 Greater Sudbury Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Greater Sudbury Hydro Inc. ("Greater Sudbury"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on October 28, 2011 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Greater Sudbury charges for electricity distribution, to be effective May 1, 2012.

Greater Sudbury is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity ("RRFE"), the Board announced that it was extending the IRM plan until such time as the RRFE policy initiatives have been

substantially completed. As part of the plan, Greater Sudbury is one of the electricity distributors that will have its rates adjusted for 2012 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011, the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the application filing requirements for IRM applications based on the policies in the Reports.

Notice of Greater Sudbury's rate application was given through newspaper publication in Greater Sudbury's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to Greater Sudbury's proposed Smart Grid Funding Adder, its request for lost revenue adjustment mechanism ("LRAM") recoveries and request to dispose of balances in account 1562. The Vulnerable Energy Consumers Coalition ("VECC") and School Energy Coalition ("SEC") applied and were granted intervenor status in this proceeding. The Board granted VECC and SEC eligibility for cost awards in regards to Greater Sudbury's proposed Smart Grid Funding Adder and request for LRAM recoveries. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;

- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Account 1562: Deferred Payments In Lieu of Taxes;
- Smart Grid Funding Adder Request; and
- Review and Disposition of Lost Revenue Adjustment Mechanism.
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Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator, less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned Greater Sudbury to efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection.

The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural or Remote Rate Protection Charge;
- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;

- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection Charge

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The draft Tariff of Rates and Charges flowing from this Decision and Order will reflect the new RRRP charge.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Greater Sudbury’s application identified a total tax savings of \$754,953 resulting in a shared amount of \$377,476 to be refunded to rate payers. Board staff submitted that it had no concerns with the Tax-Savings Workform, as filed by Greater Sudbury.

The Board approves the disposition of the shared tax savings of \$377,476 over a one year period (i.e. May 1, 2012 to April 30, 2013) and the associated rate riders for all customer rate classes.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e. variance Accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

2012 Uniform Transmission Rates

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

Board staff had no concerns with the data supporting the RTSR filing module. The Board finds that these 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Report Initiative* (the “EDDVAR Report”) provides that, during the IRM plan term, the distributor’s Group 1 account balances will be reviewed and disposed if the

preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

Greater Sudbury's 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a debit of \$167,261. This amount results in a total debit claim of \$0.00017 per kWh, which does not exceed the preset disposition threshold. Accordingly, no disposition of the Group 1 Deferral Accounts is required. In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR").

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment ("SPC") Variance Account in accordance with Section 8 of *Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs)* (the "SPC Regulation"). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor's SPC assessment and (b) the amounts recovered from customers on account of the assessment were to be recorded in "Sub-account 2010 SPC Assessment Variance" of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements sets out the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

Greater Sudbury requested the disposition of a residual debit balance of \$9,863 as at December 31, 2010, plus collections in 2011 and carrying costs until April 30, 2012 over a one year period. Greater Sudbury proposed to recover Account 1521 by way of a variable rate rider, combined with the balance of Account 1562 with a one-year recovery period. Greater Sudbury noted that the resulting rate riders, when rounded to four decimal places, did not produce non-zero values for all classes and requested rate riders rounded to five decimal places to ensure all classes recover their share of the balances.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including interest, because the account balance does not require a prudence review, and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$9,823 debit balance in Account 1521 should be approved for disposition on a final basis. Board staff also noted that, should the final Board approved balances of accounts 1521 and 1562 prove to be immaterial, Board staff recommended that Greater Sudbury record the combined balance in account 1595 for future disposition. In its reply submission, Greater Sudbury agreed with Board staff.

The Board approves on a final basis the disposition of a debit balance in account 1521 of \$9,863, representing principal and carrying charges to April 30, 2012. Further in this Decision, the Board makes findings with respect to certain adjustments that Greater Sudbury will be required to make for the calculation of the final balance for Account 1562, as part of a draft Rate Order. In the event that the combined calculated rate riders (for disposition of both Accounts 1521 and 1562) are not material, the Board directs Greater Sudbury to record the debit balance of Account 1521 in Account 1595 for future disposition. If the combined balances do in fact generate rate riders to four decimal places for each customer class, the Board approves a one year disposition period, May 1, 2012 to April 30, 2013. The Board directs that Account 1521 be closed effective May 1, 2012.

Smart Grid Funding Adder Request

Greater Sudbury requested recovery of \$1,098,550 in capital costs and \$92,880 for two years' worth of OM&A costs to participate in a smart grid pilot project with S&C Electric. Greater Sudbury proposed to recover those costs using a volumetric Smart Grid Funding Adder with a two-year recovery period. The proposed smart grid pilot project involves using community based energy storage in addition to smart grid technologies to create a Microgrid capable of separating customer loads from the bulk supply system where local sources of distributed generation are present. The project aims to improve the efficiency, reliability and power quality of power delivered in the Microgrid at the feeder level. The total project budget is \$11,165,550 with funding to be provided from three sources: (i) S&C Electric, (ii) the Ministry of Energy's Smart Grid Fund ("SGF") and the proposed Smart Grid Funding Adder ("SGFA").

Greater Sudbury requested approval of the funding adder in advance in order to commit to participating in the demonstration project. Greater Sudbury stated that it was unwilling to accept the regulatory risk associated with using the standard deferral accounts approved by the Board for Green Energy Act activities and that it would not participate in the project without Board approval of the SGFA. In the application, Greater Sudbury noted that S&C Electric's application passed the first stage of the application process for the SGF. However, no timeline was available for the Ministry's final decision on funding. In response to interrogatories from Board staff, Greater Sudbury stated that if the Board was to approve funding and the SGF application was rejected, it would refund all collected revenues to customers.

Board staff submitted that it is premature to approve the SGFA at this time, given the uncertainty of the funding to be secured through the SGF. Board staff noted that the SGFA is unable, by definition, to protect Greater Sudbury from the regulatory risk involved in participating. Board staff stated that the proposed project would be more appropriately addressed as part of the Green Energy Plan that Greater Sudbury is scheduled to file later in 2012 as part of its 2013 cost of service application. Board staff also noted that Greater Sudbury included the entirety of the budgeted capital expenditures in its calculation of the SGFA as opposed to a calculation of the revenue requirement on those amounts. Board staff submitted that, should the Board approve the SGFA, Greater Sudbury should only recover the annual revenue requirement on the capital expenditures and not the entire sum of the capital expenditures.

In its submission, VECC submitted that it is premature for Greater Sudbury to include the funding for this project in its 2012 IRM application. VECC noted that if Greater Sudbury is not prepared to accept the regulatory risk for a project that will be approved at a later date, it is inappropriate to propose that ratepayers take on the same regulatory risk at this time. VECC supported, in principle, the overall objectives and stated benefits of the project but believed that Greater Sudbury's next cost of service application is the appropriate place to review the proposed project. VECC also noted that Greater Sudbury's request for recovery of the annual maintenance costs with the next cost of service application is not an appropriate request in this 2012 IRM application and should be addressed as part of the 2013 cost of service application.

SEC noted that the Board should consider whether it is appropriate for an application for smart grid funding to be filed during an IRM term. SEC noted that the Board is currently undertaking a policy consultation process for *Developing Guidance for the Implementation of a Smart Grid in Ontario* (EB-2011-0004). SEC noted that the Staff

Discussion Paper for that consultation discusses questions relating to filing requirements and cost recovery. SEC submitted that until that consultation is completed and the Board has issued its report it would be inappropriate for Greater Sudbury to seek approval of a smart grid project outside of the Board's current guidelines. SEC noted that as Greater Sudbury is scheduled to file its cost of service application next year, there is no pressing need at this time to approve funding for the applicant's part of the project. SEC noted concerns that some of the expenditures included in the application may not be incremental to activities currently approved in rates. SEC did note that Greater Sudbury should be encouraged to undertake being the host utility for the project and record all potential expenditures in the Smart Grid deferral accounts that have already been approved by the Board. Finally, SEC noted that recovery through rates of future OM&A costs of the program should be determined during a cost of service application relating to the relevant period and not during the prior IRM term.

In its reply submission, Greater Sudbury reconfirmed that it is not willing to accept the regulatory risk of funding a demonstration project that will be reviewed and approved at a later date. Greater Sudbury stated that it was requesting Board approval of a funding adder for the entire sum of the capital expenditures as this is a pilot project. Greater Sudbury noted that while inclusion of two years of OM&A expenditures may not be appropriate, it believed the inclusion of one year's expenditures to be reasonable. Greater Sudbury noted that it understood that any costs approved for recovery through the SGFA would be subject to a future prudence review. However, it believed that Board approval of the funding adder would imply the Board's approval of the concept underpinning the pilot program. Greater Sudbury noted that it is not in favour of a deferral account as all costs could be denied at the time the Board considers an application to dispose of the balances. Greater Sudbury stated that denying approval of the pilot or the SGFA to properly fund its costs is in effect telling LDCs that they are to ignore opportunities to participate in projects designed to advance the goals of the Green Energy Act if the opportunity does not fit neatly into the IRM/rebasing schedule.

The Board denies Greater Sudbury's request for an SGFA at this time. The Board notes that it has confirmed its support of the concept of pilot projects in the *Filing Requirements: Distribution System Plans – Filing under Deemed Conditions of Licence* (EB-2009-0397), by authorizing Account 1534: Smart Grid Capital Deferral Account and Account 1535: Smart Grid OM&A Deferral Account. These accounts have been created by the Board to record the investments and OM&A related to smart grid demonstration projects. The Board is of the view that Greater Sudbury's application exceeds what is contemplated in the current Filing Requirements. The Board also points out, as

highlighted by SEC, that the Board is currently undertaking a policy consultation process for Developing Guidance for the Implementation of Smart Grid in Ontario (EB-2011-0004). The Staff Discussion Paper for the consultation discusses questions relating to smart grid filing requirements and cost recovery. The Board finds that the approvals sought by Greater Sudbury are premature and would pre-empt the consultation. The Board finds that Greater Sudbury's 2013 cost of service application is the appropriate place to review the proposed project.

Review and Disposition of Lost Revenue Adjustment Mechanism (“LRAM”)

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the “CDM Guidelines”) issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

Greater Sudbury requested the recovery of an LRAM claim of \$328,060, including carrying charges. In response to interrogatories from Board staff and intervenors, Greater Sudbury updated its LRAM claim to \$329,030 to reflect the Ontario Power Authority's (“OPA”) 2010 final results, remove savings from 2005-2007 3rd tranche programs that were erroneously included and add savings from 2007 OPA CDM programs. Greater Sudbury's LRAM claim consists of the effect of 2007-2010 OPA programs in 2007-2010 and the persisting effects of 2007-2010 programs in 2008-2010. Greater Sudbury proposed to recover the LRAM claim over a one-year period.

Board staff submitted that it does not support recovery of 2009 and 2010 lost revenues for 2009 CDM programs or the persisting lost revenues from 2007-2009 CDM programs in 2009 and 2010 as these amounts should have been built in to Greater Sudbury's last load forecast. Board staff noted that Greater Sudbury last rebased in 2009.

Board staff supported the recovery of 2007, 2008 and 2010 lost revenues, including the persisting lost revenues from 2007 programs in 2008. VECC submitted that the LRAM claim and associated rate riders approved by the Board should be adjusted to exclude the proposed lost revenues from 2007 to 2009 CDM programs in 2009 and 2010.

In its reply submission, Greater Sudbury stated that the CDM estimate underpinning Greater Sudbury's 2009 cost of service application (EB-2008-0230) was only based on the impact of 2006 and 2007 3rd tranche CDM programs. Greater Sudbury noted that in its 2009 cost of service Decision and Order, the Board approved Greater Sudbury's filed load forecast plus a recommended increase of 2.616 GWh to compensate for a

reduction in the originally estimated CDM savings. Greater Sudbury stated its belief that the Decision made it clear that the CDM savings included in its load forecast did not include adjustments for the impact of OPA CDM programs implemented in 2007 to 2009. Greater Sudbury submitted that it was eligible for the persisting impacts of 2007-2009 programs in 2009 and 2010 until it can adjust its rates based on a load forecast that incorporates the CDM savings from those programs. In response to Board staff's submission, Greater Sudbury provided an additional LRAM claim of \$162,107 that included only lost revenues from 2007, 2008 and 2010 CDM programs, including the persisting lost revenues from 2007 programs in 2007, 2008 and 2010.

The Board approves the recovery of 2007, 2008 and 2010 lost revenues, including the persisting lost revenues from 2007 programs in 2008 as Greater Sudbury was under IRM during this period and has not otherwise been compensated for lost revenues from these programs.

The Board will not approve an LRAM claim relating to the recovery of 2009 and 2010 lost revenues for 2009 CDM programs or the persisting lost revenues from 2007– 2009 CDM programs in 2010 as these amounts should have been built in to Greater Sudbury's last load forecast. It is evident from the determinations of the Board in Greater Sudbury's 2009 cost of service decision (EB-2008-0230) that the 2009 Board approved load forecast includes some CDM effects. As set out in the Hydro Ottawa decision (EB-2011-0054), the 2008 CDM Guidelines do not consider a true up of the effects of CDM activities embedded in a rebasing year.

The Board directs Greater Sudbury to re-file the LRAM amount to include only lost revenues from 2007, 2008 and 2010 CDM programs, including the persisting lost revenues from 2007 programs in 2008 and the calculation of the respective rate riders, reflecting a one year disposition period, May 1, 2012 to April 30, 2013.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario*

Energy Board Act, 1998, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes (“Deferred PILs”) (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board’s expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to Account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that, “[e]ach remaining distributor will be expected to apply for final disposition of Account 1562 with its next general rates application (either IRM or cost of service).”¹

Greater Sudbury applied to dispose of a credit balance in Account 1562 of \$45,379, representing a \$60,047 credit for the main service area and a \$14,668 for the West Nipissing service area, including carrying charges projected to April 30, 2012 over a one-year period.

In its submission, Board staff requested that Greater Sudbury clarify if it paid preferred share dividends and deducted these payments as interest expense in the years 2002 through 2005. Board staff submitted that Greater Sudbury should use the sum of the interest expense shown in its income statements and used as deductions in its income tax returns in the SIMPIL models for 2001 through 2005 for the interest true-up calculations. Board staff submitted that interest on customer deposits should be deducted from total interest per the financial statements. Board staff submitted that Greater Sudbury move the regulatory asset addition of \$132,845 on sheets TAXREC and Tax Reserves to sheet TAXREC3 in the 2004 SIMPIL model so that the addition does not true up to ratepayers.

In its reply submission, Greater Sudbury confirmed that it paid no dividend on preferred shares for the years 2001 – 2005. Greater Sudbury noted that for 2001 through 2005 it reported interest on its financial statements that included interest on future pension benefits. Greater Sudbury stated that this was entered as an accrual entry increasing the liability but that this interest was not deducted in the tax returns. Greater Sudbury stated that the reported interest expense, including interest on future pension benefits, was not deducted for tax purposes and it should not be included in calculating the interest claw-back variance. Greater Sudbury stated that it should not use the sum of

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

interest expense shown in its income statements but that it should use the figure reported as interest on promissory note payable, which was used in the SIMPIL models. Greater Sudbury agreed with Board staff that it should move the regulatory asset addition of \$132,845 to sheet TAXREC3 in the 2004 SIMPIL model.

Consistent with the Board's determination in Hydro One Brampton's 2012 IRM application (EB-2011-0174), the Board finds that the components which will comprise interest expense for the purposes of the true-up calculation are interest on promissory note payable and interest, excluding interest on customer deposits and interest on future pension benefit liability.

Consistent with prior decisions of the Board, Greater Sudbury is directed to move the regulatory asset addition of \$132,845 to sheet TAXREC3 in the 2004 SIMPIL model such that the addition does not true up to ratepayers.

Greater Sudbury is further directed to re-file its Account 1562 Deferred PILs continuity schedule and the supporting SIMPILs models. Subject to the receipt of this information, the Board approves a one-year disposition period, May 1, 2012 to April 30, 2013, in the event that the combined approved balances of Accounts 1521 and 1562 generate rate riders to four decimal places for each customer class. In the event that the combined calculated rate riders (for disposition of both Accounts 1521 and 1562) are not material, the Board directs Greater Sudbury to record the balance of Account 1562 in Account 1595 for future disposition.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

IMPLEMENTATION

The Board has made findings in this Decision which change the 2012 distribution rates from those proposed by Greater Sudbury.

The Board expects Greater Sudbury to file a draft Rate Order, including all relevant calculations showing the impact of this Decision on Greater Sudbury's determination of the final rates. Supporting documentation shall include, but not be limited to, filing completed versions of the 2012 IRM Rate Generator model, updated SIMPIL models and continuity tables to support the claim for disposition of account 1562 Deferred PILs and LRAM calculations showing the derivation of the final rate riders to recover the approved LRAM amount.

A Rate Order will be issued after the steps set out below are completed.

THE BOARD ORDERS THAT:

1. Greater Sudbury shall file with the Board, and shall also forward to intervenors, a draft Rate Order that includes revised models in Microsoft Excel format, a revised LRAM claim and associated rate riders and a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision by **April 24, 2012**.
2. Board staff and intervenors shall file any comments on the draft Rate Order including the revised models and proposed rates with the Board and forward to Greater Sudbury within 3 days of the date of filing of the draft Rate Order.
3. Greater Sudbury shall file with the Board and forward to intervenors responses to any comments on its draft Rate Order including the revised models and proposed rates within 3 days of the date of receipt of intervenor comments.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC and SEC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Greater Sudbury shall file with the Board and forward to VECC and SEC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.

3. VECC and SEC shall file with the Board and forward to Greater Sudbury any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Greater Sudbury shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0169**, be made through the Board's web portal at, www.errr.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. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, April 19, 2012
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary