



EB-2012-0188

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 Peterborough
Distribution Inc. for an order or orders to dispose of
balances in Account 1562 – Deferred Payments in Lieu of
Taxes (“Deferred PILS”).

BEFORE: Karen Taylor
Presiding Member

Cynthia Chaplin
Vice Chair and Member

DECISION AND ORDER

September 27, 2012

Background

On December 23, 2010, the Board issued its Decision on the Combined PILS proceeding EB-2008-0381 (“Combined PILS Decision”). The Board indicated that the remaining distributors will be expected to apply for final disposition of Deferred PILS with their next general rates application, either IRM or cost of service.

The Board also indicated in the Combined PILS Decision that if the distributor files evidence in accordance with the various decisions made in the course of the Combined PILS proceeding, including the use of the updated SIMPIL model, the determination of the final account balance will be handled expeditiously and in a largely administrative manner. However, if a distributor files on a basis which differs from what is contemplated by the Combined PILS Decision, the application can take some time to

process, and therefore should not be included in an IRM application. Deviations from the Combined PILS Decision could include taking a different position on issues considered by the Board in the Combined PILs proceeding, addressing issues not arising in the Combined PILs proceeding or filing older SIMPIL models rather than the updated models containing the Excel worksheet 'TAXREC 3' as used by Halton Hills Hydro Inc.

Peterborough Distribution Inc. ("PDI") filed its Deferred PILs claim as part of its 2012 Incentive Rate Mechanism ("IRM") Application (EB-2011-0194), dated October 28, 2011. The Board determined that PDI's application was not consistent with the various decisions made in the course of the Combined PILS proceeding. The inconsistencies identified related to the treatment of the amalgamation of Peterborough, Asphodel-Norwood and Lakefield in 2005 and the failure to file the updated versions of the SIMPIL model, as used by Halton Hill Hydro Inc.

Therefore, the Board did not hear the request for disposition of Deferred PILs as part of PDI's 2012 IRM application and noted that it would consider it on a stand-alone basis in a separate application which PDI was expected to file by no later than April 1, 2012.

The Application

PDI filed its stand-alone Deferred PILs application on March 29, 2012. The Board assigned the application file number EB-2012-0188.

The Board issued a Notice of Application and Hearing and Procedural Order No.1, dated June 5, 2012, granting intervenor status and cost eligibility to the intervenors of record in PDI's 2012 IRM proceeding. The Board noted that the Vulnerable Energy Consumers Coalition ("VECC") was granted intervenor and cost eligibility status in the IRM proceeding.

The Deferred PILs evidence filed by PDI in this proceeding includes tax returns, financial statements, Excel models from prior applications, calculations of amounts recovered from customers, SIMPIL¹ Excel worksheets and continuity schedules that show the principal and interest amounts in the Deferred PILs balance. In pre-filed evidence, PDI applied to collect from customers a debit balance of \$501,296 consisting

¹ Spreadsheet implementation model for payments-in-lieu of taxes

of a principal debit balance of \$326,396 plus related debit carrying charges of \$174,900. PDI proposed to recover this amount over a one-year period.

In response to interrogatories, PDI revised its claim to a principal credit balance of \$103,035 and related debit carrying charges of \$104,528 calculated to April 30, 2012. The revised total balance for recovery was a debit of \$1,494. In its interrogatory responses PDI proposed to clear the balance in Account 1562 without implementation of any rate rider as the resulting balance was immaterial.

In its submission, Board staff submitted that PDI had followed the methodology established by prior Board decisions. Board staff noted that, due to the timing of the submission phase of the proceeding and the amount of time necessary for the Board to prepare and issue a Decision, that October 1, 2012 represented the most reasonable time frame for the implementation date of new rates. Board staff noted that if PDI had calculated interest up to September 30, 2012, the final balance in Account 1562 would be less than \$1,494 but greater than zero. Board staff noted that any difference would be insignificant. Board staff submitted that the Board should approve the \$1,494 debit balance and order the transfer of the balance to Account 1595 for future disposition.

In its reply submission, PDI agreed with Board staff's recommendation to dispose of the debit balance of \$1,494 in Account 1562 without the implementation of any rate riders and to transfer the balance to Account 1595.

Board Findings

The Board is of the view that PDI has followed the regulatory guidance and the previous decisions of the Board with respect to the determination of the disposition balance of Account 1562 Deferred PILs. The Board approves the disposition of a debit balance of \$1,494. Given that the disposition balance for Account 1562 approved by the Board is insignificant, the Board directs PDI to transfer the balance to Account 1595 effective October 1, 2012, for disposition in a future proceeding.

Cost Awards

VECC was found to be eligible for an award of costs in the IRM proceeding. However, VECC did not participate in this proceeding, and therefore the Board will not award to costs to VECC.

THE BOARD ORDERS THAT:

1. The total balance in account 1562 of \$1,494 to September 30, 2012 reflecting both principal and interest is approved on a final basis.
2. PDI shall transfer the approved debit balance of \$1,494 in Account 1562 to Account 1595 for disposition in a future proceeding.
3. PDI shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, September 27, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary