



EB-2013-0270

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 Hearst
Power Distribution Company Limited for an order or
orders approving or fixing just and reasonable distribution
rates and other charges, to be effective November 1,
2013.

BEFORE: Paula Conboy
Presiding Member

DECISION WITH REASONS
September 12, 2013

Hearst Power Distribution Company Limited (“Hearst Power”) filed an application with the Ontario Energy Board on July 15, 2013 under section 78 of the *Ontario Energy Board Act*, 1998. Hearst Power is seeking approval for a Billing Adjustment Rate Rider applicable to Regulated Price Plan (“RPP”) customers in the Residential, General Service Less than 50 kW and Sentinel Lighting customer classes, to be effective November 1, 2013.

In the application, Hearst Power noted that it had inadvertently applied the Rate Rider for Global Adjustment Sub-Account Disposition, approved in its 2010 IRM application (EB-2009-0266), to all customers rather than just to non-RPP customers, as was ordered by the Board. The error was detected by Hearst Power in its 2012 year-end financial audit. Hearst Power stated that the rate rider was incorrectly applied to RPP customers over a period of thirteen months from April 1, 2011 to May 1, 2012. Hearst Power stated that the error has resulted in an over collection of \$268,218.52 from RPP customers in the Residential, General Service Less than 50 kW and Sentinel Lighting rate classes.

Hearst Power requested a Board order permitting it to refund the over-collected amount over a six-month period, starting on November 1, 2013, through a Billing Adjustment Rate Rider applicable to RPP customers only. Hearst Power proposed that the \$268,218.52 amount plus applicable carrying charges of \$7,885.62 be transferred from USoA account 1595 – Disposition and Recovery/Refund of Regulatory Balances (2011) to USoA account 1595 – Disposition and Recovery/Refund of Regulatory Balances (2013).

The Board notes that independently from this proceeding the Board's Regulatory Accounting Group is undertaking an audit review of Hearst Power. This review was set out in the Decision and Order in Hearst Power's 2013 IRM application (EB-2012-0131), wherein Hearst Power applied to dispose of balances in its Group 1 deferral and variance accounts. In that Decision and Order, the Delegated Authority deciding on the application stated:

I note the correction of multiple errors during the evidentiary base of this proceeding. As a result, I will approve, on an interim basis, the disposition of a credit balance of \$89,804 as of December 31, 2011, including interest as of April 30, 2013 for Group 1 accounts subject to an audit review by the Board's Regulatory Accounting Group.

In light of the foregoing, and for the reasons set out below, the Board denies Hearst Power's application. The period of over-collection of the Rate Rider for Global Adjustment Sub-Account Disposition from RPP customers overlaps with the time period of the Group 1 account balances approved (on an interim basis) in Hearst Power's 2013 IRM application. The Board finds that it would not be prudent to approve any remedy on a final basis until such time as the Regulatory and Accounting Group has completed its audit review.

The Board acknowledges Hearst Power's efforts to bring this error to the Board's attention, in good faith, and promptly return the over-collected funds to the affected customers. It is the Board's understanding that Hearst Power has ceased the over-collection, as of May 1, 2012.

DATED at Toronto, September 12, 2013

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary