



EB-2005-0241

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 Great Lakes
Power Limited pursuant to section 78 of the *Ontario Energy
Board Act, 1998* for an order or orders approving or fixing
just and reasonable rates for the transmission of electricity.

PROCEDURAL ORDER NO. 3

On June 20, 2006, the Ontario Energy Board (the “Board”) issued its decision on costs awards (the “Decision”) for the EB-2005-0241 proceeding. A part of the Decision rejected the costs claims of Dubreuil Forest Products Ltd. (“Dubreuil”) on the basis that it is a licensed distributor. The Board’s Practice Direction on Cost Awards states that, absent special circumstances, distributors are not eligible for costs awards.

On June 30, 2006, Dubreuil filed a letter with the Board seeking a reconsideration of the Decision. A copy of this letter is attached as Appendix “A” to this Procedural Order. Although not explicitly framed as such, the Board considers this to be a motion to review pursuant to Rule 42 of the Board’s Rules of Practice and Procedure.

The Board will dispense with the Rule 45 threshold issue and proceed to conduct a review of the Decision on its merits. The Board will conduct this review by way of written hearing, unless a party satisfies the Board that an oral hearing is necessary.

THE BOARD ORDERS AS FOLLOWS:

1. Any parties wishing to respond to Dubreuil’s motion to review shall do so in writing by August 30, 2006.

2. If Dubreuil wishes to respond to any materials filed under item (1), it shall do so in writing by September 4, 2006.
3. All filings to the Board noted in this Order must be in the form of **10 hard copies and must be received by the Board by 4:45 p.m.** on the stated dates. The Board requests that all parties make every effort to include a copy of their filings on disk, in Microsoft Word format, along with the hard copies which are filed.

DATED at Toronto, August 22, 2006

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix "A" to
Procedural Order No. 3
EB-2005-0241
Dated August 22, 2006



P.O. Box 100, 21 Rue des Pins
Dubreuilville, Ontario POS 1B0

Telephone: (705) 884-2525
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June 30, 2006

EB 2005-0241

Mr. Peter H. O'Dell
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Ms. Pamela Nowina
Presiding Member and Vice Chair
Ontario Energy Board
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By Fax: (416) 440-7656

Dear Mr. O'Dell and Ms. Nowina:

**Re: Great Lakes Power Limited Transmission Rate Application
Board File No. EB-2005-0241**

I am writing in regards to the *Decision on Cost Awards* and Dubreuil Forest Products eligibility for cost. I feel your decision not to grant "costs" is in error and that significant "special circumstances" exist that should grant Dubreuil Forest Products costs. I will attempt to outline these circumstances for you and ask you to reconsider our request for cost relief.



For clarification, Dubreuil Forest Products Limited is a registered corporation in the Province of Ontario, registered as a sawmill company whose principal purpose is to manufacture dimensional softwood lumber products.

In 2002 when hydro deregulation was implemented, Dubreuil Forest Products who traditionally had very competitive electricity rates and had been a customer of Great Lakes Power Company since the establishment of the sawmill and the community saw electricity rates increase by as much as 150 percent.

It has been extremely difficult for us to understand how under Deregulation our electric bill has risen to the extent they have when there has been absolutely no change in the product or the service being delivered to our mill. The electricity is still being produced less than 30 miles from our mill, still being distributed over the same grid that has carried the power for the last 40 years and still through the same company. Absolutely nothing has changed, that is except for the drastic price increase.

In April 2003, I posed some 38 questions to Great Lakes Power regarding their rate application for Distribution Rates and GLPL Distribution Rate Submission, outside of the hearing process (i.e. directly through GLP) to address concerns with their application and our electricity rates (copy attached), to no avail. A response to these questions has never been received. We saw intervention in the rate hearing this time as our only option to try and get some reprieve with respect to electricity pricing.

The Ontario Government and the Ontario Energy Board at the time recognized the injustice. In an effort to provide cost relief for electricity for the residents of Dubreuilville and Dubreuil Forest Products, in order to technically allow the Ontario Energy Board to pass on the rebate to Dubreuilville and its residents, Dubreuil Forest Products was required to become a registered distributor of electricity.

At the time of registration we were told by the Ministry of Energy and the Ontario Energy Board that this would not be an onerous process, we would not be a typical distributor subject to all of the rules, regulations and reporting, and this was the only way for the rebate on electricity to be passed on to the residents. The license was granted for one specific reason only, and that was to allow the flow through of electricity rebates to Dubreuil Forest Products and residents of Dubreuilville (see attached *Ontario Regulation reg2003.0127.e, reg2003.0113.e and 2003.0142.e*). (The purpose of these regulations could be better explained by Mr. Russ Houldin, Licensing, Ontario Energy Board 416-440-8112).

Mr. Taylor, counsel for Great Lakes Power, indicates in his January 5, 2006 correspondence to the OEB, the fact that Dubreuil Forest Products had no choice in becoming a licensed distributor is irrelevant. Having no choice is certainly something that is not irrelevant. This is also misleading as although Dubreuil Forest Products may



hold a distribution license, we are also a major consumer of electricity. In fact in all of Great Lakes Powers past rate applications, Dubreuil Forest Products is the one and only "large industrial customer B" that Great Lakes Power has.

Approximately 80 percent of Dubreuil Forest Products consumption is used to operate our sawmill, with the rest being sold to the residents of Dubreuilville. Dubreuil Forest Products is more a consumer of electricity than a distributor of electricity.

Mr. Taylor also indicates that Dubreuil Forest Products has the ability to apply to the Board to accrue extraordinary regulatory costs, just as any "typical distributor". The fact is that Dubreuil Forest Products is not a "typical distributor" and as we do not participate in the electricity market as typical distributors do. I wouldn't know how or where to do this nor do I want to.

Dubreuil Forest Products is simply a softwood lumber manufacturing facility that was required to become a distributor through special legislation to allow our employees to have fixed electricity pricing, as prior to that, Great Lakes Power had increased our electricity rates by as much as 150 percent.

As I am sure you are aware, the forest industry in Ontario has been under extreme financial duress over the last three years caused by the illegal punitive duties applied by the US and the highest raw material and electricity costs in Canada. Our company over this time has struggled to stay in business and keep our workforce of 450 employed.

If as Mr. Taylor indicates, we are required to show lack of financial means or lack of budget to participate, I would be more than willing to show our financial status to the Board.

Mr. Taylor refers to Dubreuil as a distribution customer. As previously indicated, the fact is Dubreuil is a "Large Industrial Customer", or at least that is how Great Lakes power refers to us.

When dealing with Great Lakes Power over the past few years, we have never been able to negotiate anything with them without aggressively fighting for what we believe is fair. The standard answer we always would get would be "that's what we charge because the legislation allows us to charge that and we can not negotiate anything differently".

We were very much compelled to intervene in this proceeding. If we had not become involved in this hearing, would Great Lakes have contacted us as they did, just a few days prior to the hearing proposing a solution, which involves making us a transmission customer of Great Lakes? I think not. We would have been trying to negotiate our new rates with Great Lakes Power at some point after the hearing and we simply would have got the same answer we always did in the past.



I respectfully submit that Dubreuil Forest Products is not a "typical distributor". We have demonstrated special circumstances and are a "unique situation". We have no way of recovering our costs as a typical distributor does. We are one of only two "distributors" who does not have our rates set by the board. We are exempt from the regulatory requirements and burdens of a distributor. We were given a license for a specific reason. We are a "special circumstance" and should be eligible for costs in this proceeding.

Should you have any questions or require any clarification, please do not hesitate to give me a call at (705) 884-2525 extension 201. I urge you to contact Mr. Russ Houldin, Licensing, Ontario Energy Board 416-440-8112, to verify our "special circumstances" as a distributor.

Yours very truly,

A handwritten signature in black ink, appearing to read 'David Jennings', written over a large, loopy circular flourish.

David Jennings
General Manager