



Ontario Energy Board Commission de l'énergie de l'Ontario

ORDER

EB-2017-0153

ALGOMA POWER INC.

An order granting Algoma Power Inc. an interim distribution licence to operate the electricity distribution system in the Township of Dubreuilville.

DUBREUIL LUMBER INC.

An order requiring Dubreuil Lumber Inc. to surrender possession and control of the electricity distribution system in the Township of Dubreuilville to Algoma Power Inc.

**Before: Rosemarie Leclair
Chair and Chief Executive Officer**

April 4, 2017

ORDER

Dubreuil Lumber Inc. (DLI) owns and operates the electricity distribution system in the Township of Dubreuilville, Ontario.

DLI operates pursuant to Ontario Energy Board licence ED-2012-0074, serving approximately 300 customers. The electricity distribution system was formerly owned and operated by Dubreuil Forest Products Ltd. After Dubreuil Forest Products Ltd. filed for bankruptcy in 2011, all of the assets associated with the electricity distribution system were transferred to DLI and DLI was issued a distributor licence, on March 5, 2012, on an interim basis for a term of one year. DLI's licence has since been renewed several times, with the term of each renewal being no longer than one year. DLI's current licence is set to expire on April 27, 2017. DLI is embedded within the electricity distribution system of Algoma Power Inc. (Algoma Power).

The OEB received letters from DLI on December 29, 2016 and February 17, 2017, stating that it would not be able to continue providing distribution service beyond April 27, 2017 due to financial and staffing issues. The correspondence also confirms that DLI does not intend to apply for an extension of the existing licence and that it is agreeable to surrendering the existing licence.

Under sections 59.(1) and 59.(2) of the *Ontario Energy Board Act, 1998* (OEB Act), if the OEB determines that a licensed distributor is likely to fail to supply electricity in accordance with its obligations under section 29 of the *Electricity Act, 1998*, the OEB has the authority to appoint an interim licensee to take over the distribution and supply of electricity. Based on the letters from DLI, the OEB has determined that DLI is likely to fail to meet its obligations relating to the supply of electricity to consumers in the Township of Dubreuilville.

The OEB has determined that it will appoint Algoma Power as interim licensee for the service area of DLI. Algoma Power is the host distributor for DLI and therefore has experience in dealing with DLI. Further, Algoma Power serves customers in the area near the Town of Dubreuilville and, in the past, has provided services to assist DLI and its predecessors in emergencies. The OEB is appointing Algoma Power as interim licensee for a period of six months, as permitted under the OEB Act.

During the term of the interim licence, Algoma Power will be responsible for providing all distribution services within the Township of Dubreuilville, including connection of new customers, reliable supply and distribution to the customers of DLI in accordance with good utility practice; and, customers of DLI will continue to be billed based on the same charges as have been applicable with DLI. Algoma Power will also be required to report to the OEB on the state of DLI's distribution system and finances.

The OEB notes that, while DLI has consented to a surrender of its licence, it has not indicated how it plans to dispose of its distribution system assets. Pursuant to section 57 (a) of the OEB Act, no person may either operate or own a distribution system unless licensed to do so by the OEB. As such, in order for DLI to avoid falling into non-compliance with this section of the OEB Act, the OEB requires that DLI shall, by April 27, 2017, either have renewed its licence or disposed of its ownership interest in the distribution system (whether through a sale or other transfer of its assets) to another licensed electricity distributor.

IT IS ORDERED THAT:

1. Algoma Power Inc. shall:
 - a. Comply with the interim distribution licence shown in Appendix A, which authorizes Algoma Power Inc. to take possession and control of the electricity distribution system owned and operated by Dubreuil Lumber Inc. as soon as possible and, in any event, no later than April 27, 2017.
 - b. Collect revenue from customers within the service area of Dubreuil Lumber Inc. based on the charges that are currently applied by Dubreuil Lumber Inc.
 - c. Record revenues collected from customers within the service area of Dubreuil Lumber Inc. and the costs of operation and maintenance of the system in a deferral account under the Uniform System of Accounts.
 - d. In the period leading up to the transfer provide, on a best efforts basis and in accordance with good utility practice, any resources necessary to deal with required maintenance as requested by Dubreuil Lumber Inc.

- e. Inform the OEB immediately upon taking possession and control of the business of Dubreuil Lumber Inc.
 - f. Within 60 days from the date of this Order, file a written report with the OEB advising on the status of the electricity distribution system in the Township of Dubreuilville including a detailed analysis of the assets and capabilities.
2. Dubreuil Lumber Inc. shall:
- a. Surrender possession and control of its business including its distribution assets to Algoma Power Inc.
 - b. Not be entitled to any compensation from the Crown, the OEB or any person for being required to surrender possession and control of its distribution assets and business.
 - c. Provide full cooperation and assistance to Algoma Power Inc. to effect the transfer.
 - d. Continue to be responsible for meeting all requirements under its current licence until the transfer is complete.
3. In terms of the transfer of distribution assets to Algoma Power Inc., both Algoma Power Inc. and Dubreuil Lumber Inc. will ensure public, system and employee safety of all parties.
4. The term of the interim electricity distribution licence is for period of six months to October 3, 2017.

DATED at Toronto April 4, 2017

ONTARIO ENERGY BOARD

Original signed by

Rosemarie Leclair
Chair and Chief Executive Officer

Appendix A

Interim Distribution Licence

ED-2017-0153

Effective April 4, 2017