



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

DECISION AND ORDER

EB-2017-0303

ALGOMA POWER INC.

An order for the extension of an interim distribution licence issued in relation to the operation of the distribution assets 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.

By delegation before: Brian Hewson
Vice President, Consumer Protection &
Industry Performance

October 03, 2017

INTRODUCTION AND SUMMARY

On April 4, 2017 the Ontario Energy Board (OEB) issued a Decision and Order (the Order) requiring Algoma Power Inc. (Algoma Power) to take possession and control of the distribution system assets owned by Dubreuil Lumber Inc. (DLI) in Township of Dubreuilville. The Order also authorized the issuance of interim electricity distribution licence #ED-2017-0153 (the Interim Licence) to Algoma Power for the purpose of operating DLI's distribution assets. In accordance with the Order, Algoma Power filed a notice of transition on April 26, 2017 confirming that it had taken possession and control of the DLI distribution system and began serving the customers of Dubreuilville.

The Order and Interim Licence were issued under sections 59.(1) and 59.(2) of the *Ontario Energy Board Act, 1998* (OEB Act). A licence issued under these sections may not exceed a term of 6 months, unless it is extended by the OEB. The purpose of this Decision and Order is to authorize an extension of the Interim Licence for a term of six months.

This Decision and Order is being issued by Delegated Authority without a hearing, pursuant to section 6 of the OEB Act.

BACKGROUND

The DLI distribution system serves approximately 300 customers in the Township of Dubreuilville. DLI is embedded within the electricity distribution system of Algoma Power. In its letters filed with the OEB on December 29, 2016 and February 17, 2017, DLI advised that, due to financial and staffing issues, it would not be able to continue providing distribution service beyond April 27, 2017 (being the expiry date of DLI's OEB electricity distributor licence #ED-2012-0074).

The OEB determined that it was necessary to issue the Order to provide for the continued reliable electricity distribution service to the consumers within the Township of Dubreuilville. As a condition of the Order, Algoma Power was required within 60 days of the Order to file a written report with OEB advising on the status of the electricity distribution system in the Township of Dubreuilville including a detailed analysis of the assets and capabilities. Algoma Power filed its report on June 6, 2017. The report detailed the steps that Algoma Power had taken to implement the transfer of control, its customer outreach and the preliminary stages of its asset and system review.

As noted in the Order, DLI consented to a surrender of its licence, however it did not indicate 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, for DLI to avoid falling into non-compliance with this section of the OEB Act, it will need to continue to hold a distribution licence.

Algoma Power noted in its April 26 notice of transition that it was engaged in commercial discussions with DLI. DLI has, in previous correspondence to the OEB, stated that it was not prepared to continue owning and operating the distribution system within the Township of Dubreuilville.

Findings

The OEB has not been made aware of any change in DLI's situation and its ability to carry out the responsibilities of a licensed electricity distributor. Therefore, to provide for the continuity of reliable electricity service to the consumers of the Township of Dubreuilville, the OEB finds that Algoma Power shall continue to operate the DLI distribution system in accordance with the interim electricity distribution licence #ED-2017-0153.

As DLI remains the owner of its distribution assets, the OEB requires that DLI shall, by October 26, 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.

The OEB is of the view that it is in the public interest to have a viable and committed owner and operator of the distribution system for the Township of Dubreuilville. The OEB looks forward to further updates from both Algoma Power and DLI regarding the progress towards achieving a long term solution.

IT IS ORDERED THAT:

1. Algoma Power Inc. shall continue to:
 - a. Comply with the interim distribution licence shown in Appendix A, which authorizes Algoma Power Inc. to remain in possession and control of the electricity distribution system owned and operated by Dubreuil Lumber Inc.

- 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. Provide the OEB with a report on the amounts in the deferral account referred to in paragraph c.
2. Dubreuil Lumber Inc. shall continue to:
 - a. Surrender possession and control of its distribution system 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. Continue to be responsible for meeting all requirements under its current licence until the transfer is complete.
 3. The term of the interim electricity distribution licence is extended for period of six months to April 3, 2018.

DATED at Toronto October 3, 2017

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance