



EB-2018-0242

**Peterborough Distribution Inc.
Peterborough Utilities Services Inc.
Hydro One Networks Inc.
1937680 Ontario Inc.**

**Application for approval to amalgamate Peterborough
Distribution Inc. and Peterborough Utilities Services Inc.
and to sell the amalgamated electricity distribution
system to Hydro One Networks Inc.**

**PROCEDURAL ORDER NO. 1
January 30, 2019**

Peterborough Distribution Inc. (PDI), Peterborough Utilities Services Inc. (PUSI), Hydro One Networks Inc. (Hydro One Networks) and 1937680 Ontario Inc. (collectively, the Applicants) filed an application on October 12, 2018, under sections 86(1)(c), 86(1)(a), 78, 18, 77(5) and 74 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (Act), requesting approval to amalgamate PDI and PUSI, sell the amalgamated corporation to 1937680 Ontario Inc. (a Hydro One Inc. subsidiary) which would in turn dispose of the distribution system to Hydro One Networks. An amended application was filed on November 1, 2018.

To enable the proposed transaction, the Applicants have requested the following OEB approvals:

- To amalgamate PDI with PUSI and to transfer PDI's distribution licence and rate order to the amalgamated corporation
- To allow the amalgamated corporation to sell its distribution system to 1937680 Ontario Inc. and to transfer the amalgamated corporation's distribution licence and rate orders to 1937680 Ontario Inc.

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- To allow 1937680 Ontario Inc. to dispose of its distribution system and transfer rate orders to Hydro One Networks and to amend the Specific Service Charges in 1937680 Ontario Inc.'s transferred rate order to align with the Specific Service Charges that are, or will be, approved by the OEB for Hydro One Distribution
 - To amend Hydro One Networks' distribution licence to serve the customers of 1937680 Ontario Inc. and to cancel 1937680 Ontario Inc.'s distribution licence
 - To defer the rate rebasing of PDI for 10 years from the date of closing of the proposed transaction
 - To include a rate rider in PDI's Board-approved rate schedules to give effect to a 1% reduction in base distribution delivery rates (exclusive of rate riders) for the first five years of the deferred rebasing period
 - To allow 1937680 Ontario Inc. and Hydro One Inc. to continue to track costs to regulatory asset accounts currently approved by the OEB for PDI and seek disposition of their balances at a later date
 - To allow Hydro One Networks to use an Earnings Sharing Mechanism to operate between years 6 and 10 of the deferred rebasing period
 - To allow Hydro One Networks to establish a new deferral account to record costs of the Earnings Sharing Mechanism refund amount for future disposition
 - To allow 1937680 Ontario Inc. and Hydro One Inc. to use United States Generally Accepted Accounting Principles for PDI financial reporting
 - To allow Hydro One Networks to use an Incremental Capital Module, should it be required, for the former PDI service territory during the deferred rebasing period

The OEB issued a Notice of Hearing on December 5, 2018.

Each of Alison Davidson, Canadian Union of Public Employees (CUPE), Consumers Council of Canada (CCC), Energy Probe Research Foundation (Energy Probe), International Brotherhood of Electrical Workers, Local 636 (IBEW), Power Workers' Union (PWU), Save PDI Coalition, School Energy Coalition (SEC), and Vulnerable Energy Consumers Coalition (VECC) applied for intervenor status. CCC, Energy Probe, Save PDI Coalition, SEC, and VECC also applied for cost eligibility. No objection was received from the Applicants.

Alison Davidson, CCC, Energy Probe, IBEW, PWU, Save PDI Coalition, SEC, and VECC are approved as intervenors. CCC, Energy Probe, Save PDI Coalition, SEC, and VECC are eligible to apply for an award of costs under the OEB's *Practice Direction on Cost Awards*. The list of parties in this proceeding is attached as Schedule A to this Procedural Order.

CUPE's interest in this proceeding relates to concerns about the impact on the rates of its members who are customers of either PDI or Hydro One or work at businesses that are served by PDI or Hydro One. CUPE also states that it brings a "special and unique insight at a local level" because of its lengthy involvement in the matter and its experience representing members in the electricity distribution sector. CUPE states its members are experts in public services and wishes to share this expertise with the OEB.

CUPE's request for intervenor status is denied. CUPE has been granted intervenor status in other OEB proceedings¹ where the interests of its members are directly affected by the matters before the OEB. However, in this case, the OEB is of the view that CUPE's interest as described, does not represent a sufficiently direct interest to warrant granting of intervenor status. It is not clear, for example, that CUPE has a mandate to represent its members in matters not related to their employment. The OEB also notes any concerns regarding rate impacts and reliability issues will be canvassed thoroughly by OEB staff and by experienced intervenor groups that advocate for rate payers. The OEB appreciates CUPE's interest but maintains the view that IBEW and PWU, two labour unions that have been granted status in this proceeding, are equipped to provide similar expertise while also having a direct interest in the proceeding. Therefore, the OEB is not satisfied that CUPE has a substantial interest in the proceeding within the meaning of Rule 22.02 of the OEB's *Rules of Practice and Procedure*.

If CUPE wishes to make its views known in this matter, it may make a submission to the OEB in the form of a letter of comment. CUPE's submission will be delivered to the OEB Panel hearing the case and will form part of the official record of the proceeding.

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party, unless a compelling reason is provided when cost claims are filed.

¹ Toronto Hydro-Electric System Ltd.'s Application for 2012-2014 Rates, EB-2012-0064

Being eligible to apply for recovery of costs is not a guarantee of recovery of any costs claimed. Cost awards are made by way of OEB order at the end of a hearing.

Interrogatories

At this time, provision will be made for written interrogatories. Parties should not engage in detailed exploration of items that do not appear to be relevant and material to the OEB's review of a consolidation application. In developing interrogatories, parties should refer to the OEB's *Handbook to Electricity Distributor and Transmitter Consolidations*, for what the OEB considers in its review. In making its decision on cost awards, the OEB will consider whether intervenors made reasonable efforts to ensure that their participation in the hearing was focused on material issues.

Parties should consult sections 26 and 27 of the OEB's *Rules of Practice and Procedure* regarding required naming and numbering conventions and other matters related to interrogatories.

IT IS THEREFORE ORDERED THAT:

1. OEB staff and intervenors shall request any information and material from the Applicants that is in addition to the evidence already filed and that is relevant to the hearing by written interrogatories filed with the OEB and served on all parties by **February 13, 2019**.
2. The Applicants shall file with the OEB complete written responses to the interrogatories and serve them on all parties by **February 27, 2019**.

All filings to the OEB must quote the file number, **EB-2018-0242** and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.oeb.ca/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a USB in PDF format, along

with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Andrew Pietrewicz at Andrew.Pietrewicz@oeb.ca, and OEB Counsel, Michael Millar at Michael.Millar@oeb.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
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Attention: Registrar

E-mail: Registrar@oeb.ca
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Fax: 416-440-7656

DATED at Toronto, **January 30, 2019**

ONTARIO ENERGY BOARD

By delegation, before: Rudra Mukherji

Original signed by

Rudra Mukherji
Associate Registrar

SCHEDULE A
PROCEDURAL ORDER NO. 1
LIST OF PARTIES
PETERBOROUGH DISTRIBUTION INC.
PETERBOROUGH UTILITIES SERVICES INC.
HYDRO ONE NETWORKS INC.
1937680 ONTARIO INC.
EB-2018-0242
January 30, 2019

**Hydro One Networks Inc.
EB-2018-0242**

APPLICANT & LIST OF INTERVENORS

January 30, 2019

APPLICANTS

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**Hydro One Networks Inc.
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APPLICANT & LIST OF INTERVENORS

January 30, 2019

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Hydro One Networks Inc.
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APPLICANT & LIST OF INTERVENORS

January 30, 2019

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APPLICANT & LIST OF INTERVENORS

January 30, 2019

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APPLICANT & LIST OF INTERVENORS

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January 30, 2019

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