

PUC Distribution Inc.

**Application for electricity distribution rates and other
charges effective May 1, 2019**

**DECISION AND PROCEDURAL ORDER NO. 5
July 16, 2019**

PUC Distribution Inc. (PUC Distribution) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on January 31, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) seeking approval for changes to its electricity distribution rates to be effective May 1, 2019.

As part of its 2019 IRM application, PUC Distribution also applied for an Incremental Capital Module (ICM) to recover costs associated with the implementation of the Sault Smart Grid (SSG) project.¹

Pursuant to Procedural Order No. 2, a Technical Conference was convened on June 19 and 20, 2019. Following the Technical Conference, PUC Distribution filed a letter on June 28, 2019 indicating its intent to amend the ICM portion of the application, and to make best efforts to complete and file the amendment by the end of September 2019. In addition, PUC Distribution indicated that it wished to preserve the existing record that has been completed on the SSG project to date. PUC Distribution also stated that it will include responses to all outstanding Technical Conference undertakings as part of this amendment.

The OEB will hold the application in abeyance until PUC Distribution files an amended application with the OEB, which includes answers to undertakings given at the Technical Conference.

The OEB has reviewed the Technical Conference transcripts and has some concerns with the two-phase structure of the proposed SSG project. While the pre-filed evidence indicated that this application is related to Phase 1 of the SSG project, during the Technical Conference representatives of PUC Distribution indicated that there is no

¹ The OEB bifurcated the application, and issued a Partial Decision and Order on the IRM portion on June 20, 2019

“Phase 1” and “Phase 2”, but that it is really an “extended time frame”.² PUC Distribution also indicated that the OEB panel hearing this application for Phase 1 should not approve Phase 1 unless there was confidence that Phase 2, which is the subject of a future application, would be approved as well.³

The OEB is concerned that this phased approach to obtaining OEB approval of the ICM project is problematic because it involves 2 separate ICM proceedings and 2 potentially different OEB panels considering what appears to be one project over an extended time frame. Furthermore, it is not clear that there are any expected ratepayer benefits from the completion of Phase 1 of the SSG project only.⁴

The OEB expects the amended application to show that the approval of the amended application by the OEB is independent of any OEB decision in a future application. The OEB also expects PUC Distribution to demonstrate that the scope of the project, for which approval is being sought, has tangible benefits to ratepayers commensurate with the proposed cost. Furthermore, the OEB expects PUC Distribution to update information related to project cost certainty, percentage of completed design work, structure and status of contracts, and associated risk allocation.

The OEB’s Partial Decision and Order on the IRM portion of the application noted that the procedural steps for cost claims will be addressed in its decision on PUC Distribution’s ICM proposal. Given the request to amend the ICM portion of the application, the OEB finds it appropriate to address the cost claims incurred to date on the ICM portion of the application by the parties to this proceeding.

It is necessary to make provision for the following matters in this proceeding.

THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:

1. The oral hearing that was scheduled to be convened to address the ICM portion of this application on July 31, 2019 from 9:30 a.m. to 5:00 p.m. at 2300 Yonge Street, 25th floor, Toronto is hereby cancelled.

² EB-2018-0219, Transcript of Technical Conference, June 19, 2019, p. 198

³ *Ibid.*, p.199. In response to the question from the School Energy Coalition “So if the Board is considering this year’s ICM application, they shouldn’t really approve it unless they’re pretty confident that the Board is going to approve it next year too? Fair?” PUC Distribution responded, “I think if there was significant doubt whether Phase 2 would be approved, then we wouldn’t want you to approve Phase 1.”³

⁴ Response to OEB staff Interrogatory 23(a), filed May 31, 2019.

2. Intervenor shall submit their partial cost claims incurred on the ICM portion to date no later than July 23, 2019.
3. PUC Distribution Inc. shall file with the OEB and forward to intervenors any objections to the partial claimed costs incurred on the ICM portion to date no later than August 2, 2019.
4. Intervenor shall file with the OEB and forward to PUC Distribution Inc. any responses to any objections for the partial cost claims incurred on the ICM portion to date no later than August 9, 2019.
5. PUC Distribution Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.
6. PUC Distribution Inc. application will be placed in abeyance until an amended application is filed.

All filings to the OEB must quote the file number, EB-2018-0219, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://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/OEB/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 memory stick in PDF format, along with two paper copies. Those who do not have computer access are required to file seven 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, Georgette Vlahos at georgette.vlahos@oeb.ca and OEB Counsel, Ljuba Djurdjevic at ljuba.djurdjevic@oeb.ca.

ADDRESS

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DATED at Toronto, **July 16, 2019**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary