



EB-2012-0058
EB-2012-0059

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 Entegrus
Powerlines Inc. (formerly Middlesex Power Distribution
Corporation – Dutton and Middlesex Power Distribution
Newbury) for an order or orders to dispose Account
1562 – Deferred Payments in Lieu of Taxes (“Deferred
PILs”).

BEFORE: Karen Taylor
Presiding Member

Cynthia Chaplin
Vice Chair and Member

DECISION
June 14, 2012

Introduction

On December 23, 2010, the Board issued its Decision on the Combined PILs proceeding EB-2008-0381 (“Combined PILs Decision”). The Board indicated that the remaining distributors will be expected to apply for final disposition of Deferred PILs with their next general rates application, either incentive regulation mechanism (“IRM”) or cost of service.

The Board also indicated in the Combined PILs Decision that if a distributor files evidence in accordance with the various decisions made in the course of the Combined PILs proceeding, including the use of the updated SIMPIL model, the determination of the final account balance will be handled expeditiously and in a largely administrative manner. However, if a distributor files on a basis which differs from what is

contemplated by the Combined PILs Decision, the application may take some time to process, and therefore should not be included in an IRM application. Deviations from the Combined PILs Decision could include taking a different position on issues considered by the Board in the Combined PILs proceeding, addressing issues not arising in the Combined PILs proceeding or filing older SIMPIL models rather than the updated models containing the Excel worksheet 'TAXREC 3' as used by Halton Hills Hydro Inc.

In the context of its 2012 IRM applications (EB-2011-0149 and EB-2011-0150), Entegrus Powerlines Inc. ("Entegrus"), formerly Middlesex Power Distribution Corporation ("MPDC"), filed a letter on November 16, 2011 requesting an extension until January 23, 2012 to file the evidence supporting the disposition of Account 1562 for MPDC-Main, MPDC-Dutton and MPDC-Newbury.

By letter dated November 23, 2011, the Board determined that it would not grant the extension. The Board noted that until the impacts of disposing of Account 1562 balances are known, the Board cannot provide proper notice to Entegrus' ratepayers of the rate impacts associated with Entegrus' 2012 IRM applications. The Board decided not to hear the disposition of Account 1562 as part of Entegrus' 2012 IRM applications and directed Entegrus to file stand-alone applications no later than April 1, 2012. The current applications are in response to that direction.

Background on Corporate Structure

On March 24, 2005, Chatham-Kent Energy ("CKE") filed an application under section 86 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) (the "Act"), requesting that the Board approve the acquisition of all shares of the former MPDC. On June 24, 2005, the Board issued its Decision and Order EB-2005-0255 in which it approved the acquisition. CKE's acquisition subsequently closed June 30, 2005.

On October 15, 2008, MPDC submitted two further applications under section 86(2)(a) of the Act (EB-2008-0332 and EB-2008-0350) requesting approval to acquire all shares of the former Dutton Hydro Inc. ("DHI") and the former Newbury Power Corporation ("NPC"), and to subsequently amalgamate both entities into MPDC. The Board approved these acquisitions and subsequent amalgamation on February 9, 2009. MPDC closed the respective transactions on April 30, 2009. MPDC has been serving

the distribution areas formerly licensed to each of MPDC, DHI and NPC and has separate tariff of rates and charges for each of the three former areas.

On December 16, 2011, the Board approved the amalgamation of Chatham-Kent Hydro (“CKH”) with MPDC in proceeding EB-2011-0328 and on January 11, 2012, CKH notified the Board that the transaction was complete. On January 20, 2012, CKH received its amended licence and notification that MPDC’s licence had been cancelled. On January 31, 2012, CKH applied to the Board to amend the company name on its licence to “Entegrus Powerlines Inc.”. The Board approved this name change and issued an updated licence on February 24, 2012.

The Applications

On February 9, 2012 MPDC-Dutton and MPDC-Newbury filed their respective stand-alone applications for the disposition of Account 1562 Deferred PILs for the period October 1, 2001 to April 30, 2006 (the “Affected Period”) MPDC-Dutton and MPDC-Newbury indicated that they had located the majority of the applicable financial records for DHI and NPC respectively and validated the applicable records with the assistance from the previous ownership of DHI and NPC, its predecessor public accountant and the Ministry of Finance.

MPDC-Dutton and MPDC-Newbury noted that they reviewed the rates charged to customers for the Affected Period and confirmed that no PILs adjustments were included in rates nor collected from customers. MPDC-Dutton and MPDC-Newbury also confirmed that they had no taxable income during the Affected Period.

For these reasons, MPDC-Dutton and MPDC-Newbury submitted for final disposition a nil balance for Account 1562.

Board Findings

The Board notes that the Board’s Decision with Reasons in 2001 did not include an approval for PILs to be incorporated in the distribution rates of DHI (RP-2000-0195/EB-2000-0430/EB-2001-0181) and NPC (RP-2000-0208/EB-2000-0448/EB-2001-0368).

The Board also notes that no applications were received by the Board from DHI and NPC to incorporate PILs into their respective distribution rates during the 2002 to 2005

time period.

The Board further notes that no rate orders were issued by the Board with respect to the 2002 to 2005 period and as such, no PILs amounts could have been incorporated into the distribution rates for DHI and NPC during that period.

Therefore, the Board accepts, on a final basis, the zero balance applied for disposition in Account 1562 for MPDC-Dutton and MPDC-Newbury. The Board is issuing this Decision without a hearing pursuant to Section 21(4) of the *Ontario Energy Board Act*, since no customers will be adversely affected in a material way by the outcome of the proceeding, and the applicant requested that the Board determine the application without a hearing.

DATED at Toronto, June 14, 2012

ONTARIO ENERGY BOARD

Original signed by

Karen Taylor
Presiding Member

Original signed by

Cynthia Chaplin
Vice Chair and Member