

November 27, 2009

Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON - M4P 1E4

Via e-mail and by courier

Dear Board Secretary:

**Re: Board File No. EB - 2009- 0180; EB-2009-0181; EB-2009-0182; EB-2009-0183
Applications Regarding Street Lighting Assets by 1798594 Ontario Inc; Toronto
Hydro Energy Services; and Toronto Hydro-Electric System Limited**

The Electricity Distributors Association (EDA) is the voice of Ontario's local distribution companies (LDCs). The EDA represents the interests of over 80 publicly and privately owned LDCs in Ontario.

The EDA supports Toronto Hydro Hydro-Electric System Limited (THESL) merging with the street lighting assets of Toronto Hydro Energy Services Inc. (THESI) in order to recognize these assets as part of the distribution system.

The street lighting system was historically part of the distribution system and the street lighting infrastructure was used to connect to customer loads such as unmetered scattered loads (USL). When the regulator at the time in 1989 decided that street light ownership should be transferred to the local municipality the rationale appears to be better cost responsibility, as local governments may have been seeking to have more costly lighting units or poles installed, and the regulator believed these costs should be paid by local taxpayers rather than local ratepayers.

Unfortunately the full implication of this asset transfer was not fully understood at the time. Distributors continued to use the street lighting system as part of the distribution system, and continued to connect USL customers based on the most cost effective connections. Once rules were established in the year 2000 that created a separation between distribution system servicing activities and street lighting servicing activities, problems began to occur. Issues arose regarding the absence of a consistently clear physical demarcation point in the underground and overhead infrastructure separating the streetlight system from the distribution system. In fact during the hearing it was clear that demarcation points functionally and operationally change as USL customers are connected. This causes problems when outages or safety issues cannot be

remedied in a fast and cost effective way because of uncertainty regarding who owns and who is responsible for which assets. This often results in a duplication of effort, higher costs and longer time requirements to remedy outages as noted in the filed evidence.

Given that the demarcation point between distribution and streetlight assets are changing functionally, and there is uncertainty when crews arrive to service assets, the EDA believes the only practical approach is to have the local distribution company responsible for all the local street lighting assets. It would be impractical to have assets transferred in a piecemeal approach as parts of it are functionally changed. The administration costs alone of tracking the ownership changes which follow the functional changes would be significant (Tr. Vol.1 pgs.39-40). It is much more reasonable to address the demarcation issue by eliminating the need to track the demarcation, and having the distributor responsible for all the street lighting assets.

Another approach to address this is to avoid the demarcation issue by connecting USL customers through dedicated redundant lines. Clearly this is not cost effective and would unnecessarily significantly increase costs to USL customers (Tr. Vol. 1 pg. 50). Distributors want to continue their longstanding practice of connecting USL customers on the most cost effective basis.

With respect to the previous rationale of cost responsibility for having street lights owned by local government, this can now be addressed through cost allocation methodologies and regulator review. The local government would continue to be responsible for the costs associated with the provision of street lighting through the rates and charges from the local distributor.

Clarifying that the local distributor is responsible for all the street light assets will also clarify how the safety oversight would be implemented. The local distributor would be responsible under Ontario Reg. 22/04 to ensure these assets complied with their standards, thus avoiding the need to incur significant costs to comply with different standards under the Ontario Electrical Code (Tr. Vol. 1 pg. 25). Worker safety would be improved because there would not be two different independent crews working on the same assets and potentially creating issues (Tr. Vol. 1 pgs 17-21).

During the hearing some discussion took place on whether the street light luminaire should be separated from the distribution system. It was suggested that the work associated with luminaire maintenance and replacement could be provided by an affiliate (Tr. Vol. 1 p. 50), but this would create an unnecessary hindrance to the distributor pursuing its options for leveraging the street light assets and achieving efficiency targets. The distributor managing street lighting will more aggressively pursue new street lighting technologies (such as LEDs) and smart grid technologies for managing street light loads, because they are responsible for achieving CDM targets (Tr. Vol. 2 pgs 98-100). As a result, being responsible for the luminaries, will greatly assist the distributor in promoting electricity conservation and the efficient use of electricity, as allowed under section 29.1 of the Electricity Act, 1998.

The EDA notes that the application indicates that there would be no rate impacts on customers other than the street lighting and unmetered scattered load customers, and no other parties will be

impacted. As a result, the application passes the “no harm” test, used by the Board as the relevant test in merges.

The EDA believes that the application for merging Toronto Hydro Hydro-Electric System Limited (THESL) with the street lighting assets of Toronto Hydro Energy Services Inc. (THESI) should be approved as proposed.

Yours truly,

“original signed”

Maurice Tucci
Policy Director, Distribution & Regulation

Attached: EDA submission

Copy to: J. Mark Rodger, Counsel for Applicants (via e-mail mrodger@blgcanada.com)