



EB-2008-0329

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to section 74 of the *Ontario Energy Board Act, 1998* by Hydro One Networks Inc. and Cornwall Street Railway, Light and Power Company Limited seeking an order to amend Cornwall Street Railway, Light and Power Company Limited's current Electricity Distribution Licences (ED-2004-0405);

AND IN THE MATTER OF an application pursuant to section 86(1)(b) of the *Ontario Energy Board Act, 1998* by Hydro One Networks Inc. seeking an order granting leave to sell distribution assets necessary in serving the public to Cornwall Street Railway, Light and Power Company Limited.

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Hydro One Networks Inc. ("Hydro One") and Cornwall Street Railway, Light and Power Company Limited ("Cornwall Electric") filed a joint application with the Ontario Energy Board on October 9, 2008 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998*.

The application addresses the long term load transfer (“LTLT”) arrangements between Hydro One and Cornwall Electric. A load transfer is a situation in which a customer is located in the licensed service area of one distributor (the “geographic distributor”) but is physically served electricity by another distributor (the “physical distributor”). Section 6.5.4 of the Board’s Distribution System Code requires geographic distributors to eliminate long term load transfer arrangements before January 31, 2009 by either negotiating the transfer of the customers to the physical distributor or by the geographic distributor extending its system to connect the customers.

The application seeks an order of the Board to:

- (a) amend the service area in Schedule 1 of Cornwall Electric’s current electricity distribution licence to reflect the transfer of 10 LTLT customers from Hydro One to Cornwall Electric;
- (b) approve the sale from Hydro One to Cornwall Electric of distribution assets necessary in serving these 10 LTLT customers; and
- (c) grant Cornwall Electric an interim exemption for a period of up to one year from section 6.5.4 of the Distribution System Code in relation to 19 LTLT customers.

Service Area Amendment and Sale of Distribution Assets

The proposed service area amendment would transfer 10 customers to Cornwall Electric’s licensed service area. The 10 customers are currently located within Hydro One’s licensed service area and are customers of Hydro One but are physically served electricity by Cornwall Electric under a LTLT agreement between the two distributors. If the proposed amendment is approved, these customers will be billed and otherwise served by Cornwall Electric as Cornwall Electric’s customers. The addresses of the lands where the 10 customers are located are listed in section 1 of Appendix A to this Decision and Order.

The assets proposed to be sold to Cornwall Electric by Hydro one consist of 14 overhead transformers ranging from 10 KVA to 100 KVA. The sale price of the assets is \$10,643.66 including GST, which represents the net book value of the assets. These assets serve, and will continue to serve, the 10 customers proposed to be transferred to Cornwall Electric.

Exemption from Section 6.5.4 of the Distribution System Code

Cornwall Electric seeks an exemption from the requirement to eliminate its LTLT arrangements by January 31, 2009 for a period of up to one year in relation to 19 customers who are located within Cornwall Electric's licensed service area but are physically served electricity by Hydro One under a LTLT agreement between the two distributors. Cornwall Electric intends to connect the 19 customers to its distribution system within one year from the January 31, 2009 deadline. The addresses of the lands where the 19 customers are located are listed in section 2 of Appendix A to this Decision and Order.

THE PROCEEDING

The Board assigned file number EB-2008-0329 to the application and issued its Notice of Application and Written Hearing on November 11, 2008. The Notice was served upon the customers located on the lands that are the subject of the application. No one responded to the Notice.

FINDINGS

Service Area Amendments and Sale of Assets

The service area amendment and the sale of assets are prompted by and consistent with the Board's policy that long term load transfers are to be eliminated by January 31, 2009.

The applicants state that the proposed service area amendment is the most cost-efficient approach for eliminating the subject LTLT arrangements. In addition, the applicants indicated that the proposed service area amendment will have no impact on infrastructure reliability or service quality. The distribution rates for the customers being transferred from Hydro One to Cornwall Electric will not increase as a result of the service area amendment.

With respect to the sale of the distribution assets from Hydro One to Cornwall Electric, the application states that it is more economically efficient for Cornwall Electric to purchase Hydro One's distribution assets currently serving the customers than it would be for Hydro One to remove those assets and for Cornwall Electric to install new assets.

The sale price for the assets proposed to be sold by Hydro One to Cornwall Electric is \$10,643.66 which also represents the net book value of the assets.

Based on the evidence, I find that it is in the public interest to amend Schedule 1 of Cornwall Electric's distribution licence to reflect the transfer of the 10 customers from Hydro One to Cornwall Electric. I also find that it is in the public interest to grant Hydro One leave to sell the assets described in the application to Cornwall Electric.

Exemption from Section 6.5.4 of the Distribution System Code

The interim exemption from section 6.5.4 of the Distribution System Code is being sought by Cornwall Electric in order to maintain its LTLT arrangements with Hydro One in relation to 19 LTLT customers for a period of up to one year beyond the January 31, 2009 deadline. Cornwall Electric states that it intends to connect the 19 customers to its distribution system by either constructing a supply circuit or establishing a joint use agreement with Hydro One for the existing pole line location within one year from the January 31, 2009 deadline. Cornwall Electric further states that it intends to close the loop between feeders and the area where the LTLT customers are located is along a section of line that was planned to be built.

Under the current arrangement, the subject customers are being charged Cornwall Electric's current distribution rates. If the exemption request is granted, the customers will continue to pay Cornwall Electric's distribution rates.

Based on the evidence, I find that it is in the public interest to amend Schedule 3 of Cornwall Electric's distribution licence to grant an exemption from the requirements of section 6.5.4 of the DSC for the 19 customers until January 31, 2010.

IT IS THEREFORE ORDERED THAT:

1. Cornwall Street Railway, Light and Power Company Limited's Distribution Licence (ED-2004-0405), specifically Schedule 1 of the licence, is amended to include the lands listed in section 1 of Appendix A to this Decision and Order.

2. Cornwall Street Railway, Light and Power Company Limited's Distribution Licence (ED-2004-0405), specifically Schedule 3 of the licence, is amended to reflect the exemption from the requirements of section 6.5.4 of the Distribution System Code until January 31, 2010, in relation to the 19 load transfer customers located on the lands listed in section 2 of Appendix A to this Decision and Order.
3. Hydro One is granted leave to sell the assets described in the application to Cornwall Street Railway, Light and Power Company Limited.

DATED at Toronto, January 22, 2009

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

APPENDIX A

**SECTION -1-
THE LANDS THAT ARE THE SUBJECT OF THE SERVICE AREA AMENDMENTS
BOARD FILE NO. EB-2008-0329**

Premise Address	Lot #	Concession #	Township
16773 Cornwall Centre Rd	23	3	Cornwall
16456 Sixsmith Dr	26	3	Cornwall
5701 Warner Dr	26	3	Cornwall
5701 Warner Dr	26	3	Cornwall
5705 Warner Dr	26	3	Cornwall
5715 Warner Dr.	26	3	Cornwall
5738 Warner Dr.	27	3	Cornwall
5738 Warner Dr.	27	3	Cornwall
5741 Warner Dr	27	3	Cornwall
Town of South Stormont Industrial Sign	27	3	Cornwall

**SECTION -2-
ADDRESSES OF CORNWALL ELECTRIC'S LOAD TRANSFER CUSTOMERS FOR WHICH
CORNWALL IS GRANTED AN EXEMPTION FROM SECTION 6.5.4 OF THE DISTRIBUTION SYSTEM
CODE UNTIL JANUARY 31, 2010
BOARD FILE NO. EB-2008-0329**

Premise Address	Lot #	Concession #	Township
1170 Cornwall Ctr Rd	15	3	Cornwall
1310 Cornwall Ctr Rd	16	3	Cornwall
1390 Cornwall Ctr Rd	16	3	Cornwall
1394 Cornwall Ctr Rd	16	3	Cornwall
1440 Cornwall Ctr Rd	17	3	Cornwall
1510 Cornwall Ctr Rd	17	3	Cornwall
1530 Cornwall Ctr Rd	17	3	Cornwall
1590 Cornwall Ctr Rd	17	3	Cornwall
1670 Cornwall Ctr Rd	18	3	Cornwall
1730 Cornwall Ctr Rd	18	3	Cornwall
1800 Cornwall Ctr Rd	18	3	Cornwall
1840 Cornwall Ctr Rd	18	3	Cornwall
1190 Cornwall Ctr Rd	17	3	Cornwall
1398 Cornwall Ctr Rd	16	3	Cornwall
1870 Cornwall Ctr Rd	18	3	Cornwall
Cornwall Ctr Rd, south side between Brookdale and Power Dam Dr. (communication tower, no premise number)	18	3	Cornwall
Cornwall Ctr Rd, south side between Brookdale and Power Dam Dr. (communication tower, no premise number)	18	3	Cornwall
2900 Power Dam Dr.	18	3	Cornwall
Power Dam Dr. between Hwy 2 & Cornwall Ctr Rd (railway crossing controller, no premise number)	19	3	Cornwall



Electricity Distribution Licence

ED-2004-0405

Cornwall Street Railway Light and Power Company Limited

Valid Until

December 31, 2019

Original signed by

Jennifer Lea
Counsel, Special Projects
Ontario Energy Board
Date of Issuance: November 10, 2004
Date of Amendment: November 20, 2006
Date of Amendment: September 10, 2008
Date of Amendment: October 22, 2008
Date of Amendment: January 22, 2009

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

Commission de l'énergie de l'Ontario
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Cornwall Street Railway Light and Power Company Limited
Electricity Distribution Licence ED-2004-0405

Table of Contents		Page No.
1	Definitions	1
2	Interpretation	2
3	Authorization	2
4	Obligation to Comply with Legislation, Regulations and Market Rules	2
5	Obligation to Comply with Codes	3
6	Obligation to Provide Non-discriminatory Access	3
7	Obligation to Connect	3
8	Obligation to Sell Electricity	4
9	Obligation to Maintain System Integrity	4
10	Market Power Mitigation Rebates	4
11	Distribution Rates	4
12	Separation of Business Activities	4
13	Expansion of Distribution System	4
14	Provision of Information to the Board	5
15	Restrictions on Provision of Information	5
16	Customer Complaint and Dispute Resolution	6
17	Term of Licence	6
18	Fees and Assessments	6
19	Communication	6
20	Copies of the Licence	7

Cornwall Street Railway Light and Power Company Limited
Electricity Distribution Licence ED-2004-0405

SCHEDULE 1	DEFINITION OF DISTRIBUTION SERVICE AREA	8
SCHEDULE 2	PROVISION OF STANDARD SUPPLY SERVICE.....	10
SCHEDULE 3	LIST OF CODE EXEMPTIONS	11
APPENDIX A	MARKET POWER MITIGATION REBATES	13

1 Definitions

In this Licence:

“**Accounting Procedures Handbook**” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Affiliate Relationships Code for Electricity Distributors and Transmitters**” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“**distribution services**” means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“**Distribution System Code**” means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**Licensee**” means Cornwall Street Railway Light and Power Company Limited

“**Market Rules**” means the rules made under section 32 of the Electricity Act;

“**Performance Standards**” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“**Rate Order**” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“**regulation**” means a regulation made under the Act or the Electricity Act;

“**Retail Settlement Code**” means the code approved by the Board which, among other things, establishes a distributor’s obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

“**service area**” with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
 - b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
 - c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

For the purposes of paragraph (a), the Licensee’s distribution system shall include any transmission assets that have been deemed to be part of the Licensee’s distribution system for the purposes of this Licence.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules that apply to the Licensee.

5 Obligation to Comply with Codes

5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:

- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

6.2 Section 6.1 shall not apply so long as and to the extent that the Licensee is exempt by regulation from the application of subsection 26 (1) of the Electricity Act.

7 Obligation to Connect

7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor's distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order.
- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

- 8.1 Except to the extent of any exemption set out in Schedule 3, the Licensee shall fulfill its obligation to sell electricity under section 29 of the Electricity Act in accordance with the requirements established in Schedule 2 of this Licence.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

- 11.1 The Licensee shall not charge for connection to its distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order.
- 11.2 Section 11.1 shall not apply for so long as and to the extent that the Board has not made a Rate Order in relation to the Licence.

12 Separation of Business Activities

- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or with any other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

- 13.1 Except to the extent of any exemption set out in Schedule 3, the Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act, the regulations, the Distribution System Code and any applicable provisions of the Market Rules.
- 13.2 Except to the extent of any exemption set out in Schedule 3, in order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with the Distribution System Code and any applicable provisions of the Market Rules, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
- d) give or send free of charge a copy of the process to any person who reasonably requests it; and
- e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

17.1 This Licence shall take effect on November 10, 2004 and expire on December 31, 2019. The term of this Licence may be extended by the Board.

18 Fees and Assessments

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

19.2 All official communication relating to this Licence shall be in writing.

19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. City of Cornwall, as at the date of issuance of this Licence, except the 44 kv supplied customer located at the following civic address numbers: 501 Wallrich Avenue.
2. The Ontario portion of the Mohawk Territory of Akwesasne.
3. Customers located in the following areas of the Township of South Stormont, formerly the Township of Cornwall (Concessions 1, 2 & 3 now form part of the City of Cornwall):
 - Concession 1 - all lots
 - Concession 2 - all lots
 - Concession 3 - all lots
 - Concession 4
 - Lots A, B, C & D, lots 1-9, North half lot 10 except for customers fronting on Hwy. 138,
 - South half lots 21-32 except for the existing Hydro One Networks Inc. 44 Kv customer currently known as Gildan in lot 31, except customers in Registered Plan #249 also known as McNarin Subdivision, and except customers along the north side of Hwy. 2 with the following civic address numbers: 16357, 16377, 16381, 16389, 16397, 16399, and except the Lost Village Museum on south side of Hwy. 2.
 - Concession 5
 - South Half of lots A & B; and the south Half of lots 1 - 12 except for customers fronting on County Road 138.
4. Customers located in the following areas of the Township of South Glengarry, formerly the Township of Charlottenburgh:
 - Concession Broken Front - Indian Lands lots 1 -18
 - Concessions 1 and 2 - Indian Lands lots I - 18
 - Concessions 3 through 6 - Indian Lands Lots 1 - 16
 - Concession 7 - Indian Lands - one customer with civic address number 5150 County Road 20 and all customers south of number 5150 on County Road 20.
 - Concession 1 FR lots 3 - 26
 - Concession 2 FR lots 3 - 26 and the North Half of lot 2

Cornwall Street Railway Light and Power Company Limited
Electricity Distribution Licence ED-2004-0405

- Concession 3 FR lots 1 - 26
- Concession 4 SSR lots 20 -26
- Concession 3 SSR lots 9 - 26
- Concession 2 SSR lots 6 - 19
- Concession 1 SSR South Half lot 1, South Half lots 6 - 23

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

1. The Licensee shall obtain the electricity required to fulfill that obligation under and in accordance with the terms of the Licensee's agreement with Hydro Quebec dated September 23, 1994, and HQ Energy Marketing Inc. dated May 23, 2008, for so long as either or both of those agreements remains in effect.

2. The Licensee shall sell electricity to customers in accordance with the terms of:
 - (a) the agreement entered into by the Licensee and the Corporation of the Township of Charlottenburgh on October 8, 1985;

 - (b) the agreement entered into by the Licensee and the Corporation of the Township of Cornwall on December 4, 1985; or

 - (c) the agreement entered into by the Licensee and the Corporation of the City of Cornwall on July 31, 1998,

as the case may be in respect of the customer in question, for so long as the applicable agreement remains in effect.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of the Retail Settlement Code.
2. The Licensee is exempt from the requirements of the Standard Supply Service Code.
3. The Licensee is exempt from the requirements of the Distribution System Code:
 - (a) sections 2.4.3, 2.4.6 and 2.4.7 (Specific requirements for Conditions of Service);
 - (b) section 3.1.4 (Requirement for specific residential basic connection);
 - (c) sections 3.2.1 and 3.2.5 to 3.2.9 (Requirements for capital contributions);
 - (d) sections 5.1.3, 5.1.4, 5.1.5 and 5.3.4 (Requirements relating to the provision and treatment of MIST interval meters and their data); and
 - (e) Sections 5.2 and 6.2 (Requirements for connection and metering of generators).
4. The Licensee is exempt from the requirements of the following sections of the Affiliate Relationships Code for Electricity Distributors and Transmitters under the conditions specified in section 5 of this Schedule:

Section 2.2.2

Where a utility shares information services with an affiliate, all confidential information must be protected from access by the affiliate. Access to a utility's information services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. A utility shall, if required to do so by the Board, conduct a review of the adequacy, implementation or operating effectiveness of the access protocols and associated contractual provisions which complies with the provision of section 5970 of the CICA Handbook. A utility shall also conduct such a review when the utility considers that there may have been a breach of the access protocols or associated contractual provisions and that such review is required to identify any corrective action that may be required to address the matter. The utility shall comply with such directions as may be given by the Board in relations to the terms of section 5970 review. The results of any such review shall be made available to the Board.

Section 2.2.3

A utility shall not share with an affiliate provided that is an energy service provider employees that are directly involved in collecting, or have access to, confidential information.

5. The Exemptions from the requirements of the Affiliate Relationships Code for Electricity Distributors and Transmitters referred to section 4 of this Schedule (the "Exemptions") are subject to the following conditions:
 - (a) The Exemptions only apply in respect of the relationship between the Licensee and the following affiliates and not with respect to any other affiliates of the Licensee:

Cornwall Street Railway Light and Power Company Limited
Electricity Distribution Licence ED-2004-0405

- FortisOntario Inc.;
 - Fortis Properties Corporation; and
 - Canadian Niagara Power Inc.
- (b) The Licensee shall not share facilities, confidential information or employees with any affiliate identified in paragraph a) for any purpose other than the provision of services to, or the receipt of services from, the affiliate under the Services Agreements dated September 15, 2005 (the "Services Agreements") as filed with the Board as part of the materials filed in support of the application for the Exemptions, as such Services Agreements may be amended from time to time.
- (c) The activities of the Licensee relative to the affiliates identified in paragraph a) shall be governed by, and the Licensee shall be bound by and comply with, the Services Agreements, as amended from time to time.
- (d) The Licensee shall notify the Board of any material change relative to the materials filed in support of the application for the Exemptions as soon as possible upon becoming aware of such change and in no event later than fifteen days following the date on which the change occurs. Without limiting the generality of the foregoing, this obligation includes notifying the Board in the event of a change in the market activities of either FortisOntario Inc. or Fortis Properties Corporation.
- (e) The Board may, on its own initiative or upon receipt of notice from the Licensee under paragraph d), by order revoke one or more of the Exemptions, vary one or more of the conditions set out above or impose additional conditions upon becoming aware of any material change relative to the materials filed in support of the application for Exemptions, or for such other reason as the Board considers appropriate.
6. The Licensee is exempt from the requirements of section 6.5.4 of the Distribution System Code until January 31, 2010 in relation to 19 load transfer customers located at:
- (a) 1170, 1190, 1310, 1390, 1394, 1398, 1440, 1510, 1530, 1590, 1670, 1730, 1800, 1840, 1870 Cornwall Centre Road;
 - (b) Clearnet Tower Cornwall Centre Road, RCMP Cornwall Centre Road;
 - (c) 2900 Power Dam Road; and
 - (d) CNR Crossing Power Dam Road.

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.