



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