



EB-2008-0398

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
Burlington Hydro Inc. and Milton Hydro Distribution Inc.
seeking an order to amend their current electricity
distribution licences (ED-2003-0004) and (ED-2003-0014)
respectively;

AND IN THE MATTER OF an application pursuant to
section 86(1)(b) of the *Ontario Energy Board Act, 1998* by
Burlington Hydro Inc. seeking an order granting leave to
sell distribution assets necessary in serving the public to
Milton Hydro Distribution Inc.

AND IN THE MATTER OF an application pursuant to
section 86(1)(b) of the *Ontario Energy Board Act, 1998* by
Milton Hydro Distribution Inc. seeking an order granting
leave to sell distribution assets necessary in serving the
public to Burlington Hydro Inc.

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Burlington Hydro Inc. ("Burlington Hydro") and Milton Hydro Distribution Inc. ("Milton Hydro") filed a joint application on December 10, 2008 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998*.

The application addresses the long term load transfer ("LTLT") arrangement between Burlington Hydro and Milton Hydro. 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 (“DSC”) requires geographic distributors to eliminate long term load transfer arrangements 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 distribution service areas of Burlington Hydro and Milton Hydro to reflect the transfer of 40 customers from Burlington Hydro to Milton Hydro and 3 customers from Milton Hydro to Burlington Hydro;
- (b) approve the sale from Burlington Hydro to Milton Hydro of distribution assets necessary in serving the 40 customers proposed to be transferred from Burlington Hydro to Milton Hydro; and
- (c) approve the sale from Milton Hydro to Burlington Hydro of distribution assets necessary in serving the 3 customers proposed to be transferred from Milton Hydro to Burlington Hydro.

Service Area Amendment

Burlington Hydro LTLT Customers Proposed to be Transferred to Milton Hydro:

The proposed service area amendment would transfer 40 customers to Milton Hydro’s licensed service area. The customers are currently located within Burlington Hydro’s licensed service area and are customers of Burlington Hydro but are physically served electricity by Milton Hydro under a LTLT arrangement between the two distributors. If the proposed amendment is approved, the customers will be billed and otherwise served by Milton Hydro as Milton Hydro customers.

The customers are located within the City of Burlington as follows:

- (a) three customers on No. 1 Side Road, with civic address numbers 5222, 5244, and 5300;
- (b) six customers on Bell School Line, with civic address numbers 6080, 6100, 6144, 6220, 6550 and 6500;
- (c) thirty customers on Derry Road, with civic address numbers 5274, 5192,

- 3 -

5184, 5150 (three customers), 5118, 4316, 4280, 4262, 4240, 4220, 4200, 4140, 4130, 4110, 4082, 4050, 4030, 4020, 4006, 3900, 3800, 3700, 3200, 3154, 2192, 2180, 2130, 1200; and
(d) one customer at 6740 McNivern Road.

Milton Hydro LTLT Customers Proposed to be Transferred to Burlington Hydro:

The proposed service area amendment would transfer three customers to Burlington Hydro's licensed service area. The customers are currently located within Milton Hydro's licensed service area and are customers of Milton Hydro but are physically served electricity by Burlington Hydro under a LTLT arrangement between the two distributors. If the proposed amendment is approved, the customers will be billed and otherwise served by Burlington Hydro as Burlington Hydro customers.

The customers are located within the Town of Milton on Bell School Line with the following civic address numbers: 5073 (two customers) and 5741.

Sale of Distribution Assets

Burlington Hydro is seeking approval to sell certain assets that are part of its distribution system to Milton Hydro. The sale price of the assets is \$21,966.33 including GST, which represents the net book value of the assets. Similarly, Milton is seeking approval to sell certain assets that are part of its distribution system to Burlington for \$780.19, including GST, being the net book value of the assets. The assets serve, and will continue to be used to serve the same customers who are to be transferred by the proposed service area amendments.

THE PROCEEDING

The Board assigned file number EB-2008-0398 to the application and issued its Notice of Application and Written Hearing on February 19, 2009. 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

The service area amendment and the sale of assets are prompted by the Board's policy that requires the elimination of long term load transfers.

The applicants state that the proposed service area amendment is the most cost-efficient approach for eliminating the subject LTLT arrangements. In addition, the evidence indicates that the majority of customers will not experience significant rate or service impacts as a result of the service area amendment. However, one customer being transferred from Burlington Hydro to Milton Hydro will face a significant rate impact, where the increase on the total bill is 24.5%. The applicants have stated that they will incorporate rate mitigation if directed by the Board.

The Board considers that rate mitigation is appropriate in this case and directs Milton Hydro to mitigate the impact of the rate increase by following the methodology prescribed by the Board in its decision on similar applications from Hydro One/Whitby Hydro Electric Corporation and Hydro One/Peterborough Distribution (EB-2007-0917 and EB-2007-0947). According to this methodology, Milton Hydro will establish a credit to the transferred customer. The credit will be equivalent to one-half of one year's increase on the delivery portion of the bill based on the individual customer's previous 12 months' consumption and based on the rates in effect at the time of this Decision and Order. The credit will be applied to the customer's account in equal instalments over the course of one year's bills beginning with the first bill after implementation of the Board's Decision and Order.

With respect to the sale of the distribution assets, the applicants state that the assets will continue to be used to serve the same customers presently served by the assets. The applicants further state it would be economically more efficient for the physical distributor to purchase the geographic distributor's distribution assets than it would be for the geographic distributor to remove those assets and for the physical distributor to install new assets.

Based on the evidence, I find that it is in the public interest to amend Schedule 1 of both Burlington Hydro and Milton Hydro's electricity distribution licences to reflect the transfer of the subject customers as requested by the applicants. I also find that it is in the public interest to grant the applicants leave to sell the assets described in the

application.

IT IS THEREFORE ORDERED THAT:

1. Burlington Hydro's electricity distribution licence (ED-2003-0004), specifically Schedule 1 of the licence, is amended to exclude the lands described in section 1 and include the lands described in section 2 of Appendix A to this Decision and Order.
2. Milton Hydro's electricity distribution licence (ED-2003-0014), specifically Schedule 1 of the licence, is amended to include the lands described in section 1 and exclude the lands described in section 2 of Appendix A to this Decision and Order.
3. The applicants are granted leave to sell the assets described in the application.
4. Milton Hydro shall mitigate the impact of the rate increase for the one customer being transferred to Milton Hydro from Burlington Hydro as a result of this Decision and Order. As set out in the findings portion of this Decision and Order, Milton Hydro shall establish a credit for the transferred customer. The credit shall be equivalent to one-half of one year's increase on the delivery portion of the bill based on the individual customer's previous 12 months' consumption and based on the rates in effect at the time of this Decision and Order. The credit shall be applied to the customer's account in equal instalments over the course of one year's bills beginning with the first bill after implementation of the Board's Decision and Order.

DATED at Toronto, April 16, 2009

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

Appendix A
The lands that are the subject of the service area amendments

**Section 1: Lands to be transferred to Milton Hydro's licensed service area from
Burlington Hydro's licensed service area**

No.	Municipal Address
1	5222 No. 1 Side Road, Burlington, ON
2	5244 No. 1 Side Road, Burlington, ON
3	5300 No. 1 Side Road, Burlington, ON
4	6080 Bell School Line, Burlington, ON
5	6100 Bell School Line, Burlington, ON
6	6144 Bell School Line, Burlington, ON
7	6220 Bell School Line, Burlington, ON
8	6550 Bell School Line, Burlington, ON
9	6500 Bell School Line, Burlington, ON
10	5274 Derry Road, Burlington, ON
11	5192 Derry Road, Burlington, ON
12	5184 Derry Road, Burlington, ON
13	5150 Derry Road, Burlington, ON
14	5150 Derry Road, Burlington, ON
15	5150 Derry Road, Burlington, ON
16	5118 Derry Road, Burlington, ON
17	4316 Derry Road, Burlington, ON
18	4280 Derry Road, Burlington, ON
19	4262 Derry Road, Burlington, ON
20	4240 Derry Road, Burlington, ON
21	4220 Derry Road, Burlington, ON
22	4200 Derry Road, Burlington, ON
23	4140 Derry Road, Burlington, ON
24	4130 Derry Road, Burlington, ON
25	4110 Derry Road, Burlington, ON
26	4082 Derry Road, Burlington, ON
27	4050 Derry Road, Burlington, ON
28	4030 Derry Road, Burlington, ON
29	4020 Derry Road, Burlington, ON
30	4006 Derry Road, Burlington, ON
31	3900 Derry Road, Burlington, ON
32	3800 Derry Road, Burlington, ON
33	3700 Derry Road, Burlington, ON
34	3200 Derry Road, Burlington, ON
35	3154 Derry Road, Burlington, ON

- 7 -

36	2192 Derry Road, Burlington, ON
37	2180 Derry Road, Burlington, ON
38	2130 Derry Road, Burlington, ON
39	1200 Derry Road, Burlington, ON
40	6740 McNivern Road, Burlington ON

**Section 2: Lands to be transferred to Burlington Hydro's licensed service area
from Milton Hydro's licensed service area**

No.	Municipal Address
1	5073 Bell School Line, Milton, ON
2	5073 Bell School Line, Milton, ON
3	5741 Bell School Line, Milton, ON