



EB-2009-0080

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 Clinton Power Corporation seeking an order to amend Clinton Power Corporation's Electricity Distribution Licence (ED-2002-0496);

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 Clinton Power Corporation.

By delegation, before: Jennifer Lea

DECISION AND ORDER

Hydro One Networks Inc. ("Hydro One") and Clinton Power Corporation ("Clinton Power") filed a joint application with the Ontario Energy Board on March 10, 2009 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 Clinton Power. 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 Clinton Power's current electricity distribution licence to reflect the transfer of one LTLT customer from Hydro One to Clinton Power;
- (b) approve the sale from Hydro One to Clinton Power of distribution assets necessary in serving the customer proposed to be transferred from Hydro One to Clinton Power;

Service Area Amendment and Sale of Distribution Assets

The proposed service area amendment would transfer one customer to Clinton Power's licensed service area. The customer is currently located within Hydro One's licensed service area and is a customer of Hydro One but is physically served electricity by Clinton Power under a LTLT agreement between the two distributors. If the proposed amendment is approved, this customer will be billed and otherwise served by Clinton Power as a Clinton Power customer. The customer is located at 80212 Baseline Road in the former Township of Hullett, now the Municipality of Central Huron.

The assets proposed to be sold to Clinton Power by Hydro One consist of one 35 foot pole. Hydro One states that a net book value of \$24.48 plus GST has been assigned to the asset. The asset serves, and will continue to serve, the customer presently served by the assets.

The land that is the subject of the service area amendment is described in Appendix A to this Decision and Order.

THE PROCEEDING

The Board assigned file number EB-2009-0080 to the application and issued its Notice of Application and Written Hearing on March 18, 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 application is consistent with Board policy.

The applicants stated that the proposed service area amendment is the most cost-efficient approach for eliminating the subject LTLT arrangement. The applicants further stated that since Clinton Power is already serving the customer, it would not be cost effective for Hydro One to incur significant capital costs to build the required facilities to connect the customer. In addition, the applicants indicated that the proposed service area amendment will have no impact on service quality. The current distribution rates for the customer being transferred from Hydro One to Clinton Power will not increase as a result of the service area amendment.

With respect to the sale of the distribution assets from Hydro One to Clinton Power, the application states that the assets have been serving the customer for several years and that it would be uneconomical for Hydro One to remove the assets and for Clinton Power to install new assets to serve the same customer.

Based on the evidence, I find that it is in the public interest to amend Schedule 1 of Clinton Power's electricity distribution licence to reflect the transfer of the subject customer from Hydro One to Clinton Power as requested by the applicants. No change

to Hydro One's distribution licence is required. I also find that it is in the public interest to grant Hydro One leave to sell the assets described in the application to Clinton Power.

The approval of this application should in no way be construed as providing the Board's opinion or position on whether Clinton Power will be allowed to recover the cost of the assets it is purchasing as a result of this Decision and Order in a future rates application. The prudence of the costs incurred in purchasing the assets will be considered by the panel assigned to the rates case and that panel will determine if the costs should be recovered in rates.

IT IS THEREFORE ORDERED THAT:

1. Clinton Power's electricity distribution licence (ED-2002-0496) specifically, Schedule 1 of the licence, is amended to include the following lands in the Municipality of Central Huron:
 - (a) 80212 Baseline Road, in the former Township of Hullett, now in the Municipality of Central Huron.
2. Hydro One is granted leave to sell the assets generally described above and more specifically described in the application.

Under section 7(1) of the Act, this decision may be appealed to the Board within 15 days.

DATED at Toronto, May 11, 2009.

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

Appendix A

Description of the Lands that are the Subject of the Service Area Amendment - EB-2009-0080

Lands Proposed to be Transferred to Clinton Power's Service Area from Hydro One's Service Area

to their Term Transfer	NO	Premise Address	Legal Description	Township	Customer Type	Eliminate Long Load
	1	80212 Baseline Rd.	ARN 4030340002041 05	HULLETT	Residential	

Arrangement