



EB-2007-0968

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 Guelph Hydro Electric Systems Inc. seeking an order to amend their current Electricity Distribution Licences (ED-2003-0043 and ED-2002-0565 respectively);

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 Guelph Hydro Electric Systems Inc.

By delegation, before: Jennifer Lea

DECISION AND ORDER

Hydro One Networks Inc. ("Hydro One") and Guelph Hydro Electric Systems Inc. ("Guelph Hydro") filed a joint application with the Ontario Energy Board on December 24, 2007 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998*. Additional information was received from the applicants on March 14, 2008 which contained minor revisions to the original application. The application seeks an order of the Board to amend the applicants' licensed distribution service areas and to approve the sale of distribution assets necessary in serving the public from Hydro One to Guelph Hydro. The Board assigned file number EB-2007-0968 to the application.

The Board issued its Notice of Application and Written Hearing on January 24, 2008. The notice was served upon the customers proposed to be transferred to Guelph Hydro from Hydro One. No customers responded to the Notice of Application and Written Hearing.

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

The service area amendments are sought in order to redefine the boundary between Hydro One and Guelph Hydro to reflect the customers they are serving and to eliminate the long term load transfer arrangements between the two distributors. A long term load transfer is a situation in which a customer is within one distributor's service area but is actually served electricity from a second distributor. In this case, Guelph Hydro is the physical distributor (i.e., provides the physical delivery of electricity to the customers) while Hydro One is the geographic distributor (i.e., licensed to serve the customers).

Section 6.5.4 of the Board's Distribution System Code requires distributors to eliminate long term load transfers before January 31, 2009.

The proposed service area amendment would transfer 33 customers who are currently connected to Guelph Hydro's distribution system but are located within Hydro One's licensed service area, to Guelph Hydro's licensed service area. Presently, the 33 customers are Hydro One customers. After the amendment, these customers will be billed and otherwise served by Guelph Hydro as Guelph Hydro customers.

The proposed service area amendment would also expand Guelph Hydro's service area to include three customers who are currently supplied and billed by Guelph Hydro but are located within Hydro One's licensed service area. It will also expand Hydro One's service area to include one customer who is currently supplied and billed by Hydro One but is located within Guelph Hydro's licensed service area. These customers are not served through load transfer arrangements between the two distributors. The service area amendments are sought by Hydro One and Guelph Hydro to reflect the inclusion of their respective customers. After the amendment, these four customers will remain as customers of their current electricity distributors.

The assets proposed to be sold by Hydro One to Guelph Hydro in this transaction consist of eight overhead transformers ranging from 10 KVA to 225 KVA and one 50 KVA underground transformer. These assets serve, and will continue to serve, the transferred customers as part of Guelph Hydro's distribution system.

FINDINGS

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

The distribution rates for the customers being transferred will not increase as a result of the amendment. According to the application, service quality will not be affected. The application also states that the proposed service area amendments will allow both distributors to serve their customers more effectively and will not impose any issues for future potential growth.

In relation to the sale of the distribution assets from Hydro One to Guelph Hydro, the

application states that it is more economically efficient for Guelph to purchase Hydro One's distribution assets currently serving the customers than it would be for Hydro One to remove those assets and for Guelph Hydro to install new assets. The sale price of the assets is \$56,165.15 including GST which also represents the net book value of the assets.

I find that it is in the public interest to amend the applicants' distribution licences as requested by the applicants. I also find that it is in the public interest to grant Hydro One leave to sell the assets described above to Guelph Hydro.

The approval of this application should in no way be construed as providing the Board's opinion or position on whether Guelph Hydro 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. Guelph Hydro's Distribution Licence (ED-2002-0565) specifically, Schedule 1 of the licence, is amended as requested by the applicants.
2. Hydro One's Distribution Licence (ED-2003-0043) specifically, tabs one and four of Appendix B to the licence, are amended as requested by the applicants.
3. 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, March 20, 2008.

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-2007-0968

Lands Proposed to be Transferred to Guelph Hydro's Service Area from Hydro One's Service Area to Eliminate their Long Term Load Transfer Arrangements

NO	Premise Address	Legal Description	Township	NO	Premise Address	Legal Description	Township
1	339 DOWNEY RD	L15 C5	PUSLINCH	18	832 VICTORIA RD S	L2 C9	PUSLINCH
2	341 DOWNEY RD	L15 C5	PUSLINCH	19	880 VICTORIA RD S	L2 C9	PUSLINCH
3	117 FALL ST N	L6 C4	ERAMOSA	20	880 VICTORIA RD S	L2 C9	PUSLINCH
4	8449 HARRIS ST	L4 C5	ERAMOSA	21	976 VICTORIA RD S	L3 C9	PUSLINCH
5	72 MALTBY RD W	L16 C7	PUSLINCH	22	998 VICTORIA RD S	L4 C9	PUSLINCH
6	80 MALTBY RD W	L16 C7	PUSLINCH	23	1028 VICTORIA RD S	L4 C9	PUSLINCH
7	85 MALTBY RD E	L16 C8	PUSLINCH	24	1032 VICTORIA RD S	L4 C9	PUSLINCH
8	88 MALTBY RD W	L16 C7	PUSLINCH	25	1038 VICTORIA RD S	L4 C9	PUSLINCH
9	104 MALTBY RD W	L16 C7	PUSLINCH	26	1046 VICTORIA RD S	L4 C9	PUSLINCH
10	120 MALTBY RD W	L16 C7	PUSLINCH	27	1096 VICTORIA RD S	L5 C9	PUSLINCH
11	168 MALTBY RD W	L16 C7	PUSLINCH	28	1096 VICTORIA RD S	L5 C9	PUSLINCH
12	192 MALTBY RD W	L16 C7	PUSLINCH	29	1216 VICTORIA RD S	L6 C9	PUSLINCH
13	224 MALTBY RD W	L16 C7	PUSLINCH	30	1938 VICTORIA RD S	L14 C9	PUSLINCH
14	251 MALTBY RD E	L16 C8	PUSLINCH	31	2172 VICTORIA RD S	L14 C9	PUSLINCH
15	264 MALTBY RD W	L16 C7	PUSLINCH	32	2188 VICTORIA RD S	L15 C9	PUSLINCH
16	381 MALTBY RD E	L16 C8	PUSLINCH	33	410 WATSON RD	L6 C1	GUELPH
17	461 MALTBY RD E	L16 C8	PUSLINCH				

Lands Proposed to be Transferred to Guelph Hydro's Service Area from Hydro One's Service Area to Redefine their Boundary to Reflect the Customers they are Serving

NO	Premise Address	Legal Description	Township
1	490 WELLINGTON ST W	L1 C1	GUELPH
2	490 WELLINGTON ST W	L1 to L5 - C5	GUELPH
3	51 PARKINSON DR	L3 C4	GUELPH

Lands Proposed to be Transferred to Hydro One's Service Area from Guelph Hydro's Service Area to Redefine their Boundary to Reflect the Customers they are Serving

NO	Premise Address	Legal Description	Township
1	675 SPEEDVALE AVE E	L3 C5	GUELPH