

Service Area Amendment Application

Hydro One Networks Inc.

And

E.L.K. Energy Inc.

July 18, 2014

## 7.0 Introduction

***This application for a Service Area Amendment is structured and follows the minimum filing requirement for SAA assigned by the Ontario Energy Board. The section numbers follow the filing requirement of the base reference.***

E.L.K. Energy (the “Applicant”) hereby applies to the Ontario Energy Board (the “OEB”) for an Order or Orders:

- a) Amending Schedule 1 of its Electricity Distribution Licence (No. ED-2003-0015) by including the lands described at 7.1.3 to this Application, to permit the connection of these said lands located within the municipal boundaries of the Corporation of the Town of Kingsville, to the Applicant’s electricity distribution system;
- b) Excluding the lands on which these said lands are located from the licenced service territory of Hydro One Networks Inc. (“Incumbant Distributor”); and
- c) Granting this relief in an expeditious manner without a hearing, pursuant to Subsection 21(4) of the Ontario Energy Board Act, 1998 (the “OEB Act”) as Hydro One has indicated its support and will confirm its support by way of correspondence to the OEB in response to this Application, and as no person will be adversely affected by the outcome of this application.

The Applicant is a local electricity distribution company (an “LDC”) that distributes electricity to customers in the Towns of Essex, Kingsville and Lakeshore. The Corporation of the Town of Essex is the sole shareholder of the Applicant. Within those towns, which cover a large geographic area in southwestern Ontario, the Applicant has six non-contiguous service areas, serving the former municipalities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. Hydro One Networks Inc. (“Hydro One”) is the electricity distributor for customers located beyond the boundaries of these six service areas.

## 7.1 Basic Facts

### General

#### 7.1.1 (a)

***Provide the contact information for the applicant. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.***

The Applicant:

Mark Danelon  
Manager, Finance & Regulatory Affairs  
172 Forest Avenue  
Essex, ON N8M 3E4  
Canada  
Telephone: 519-776-5291 ext 204  
Fax: 519-776-5640  
Email address: [mdanelon@elkenenergy.com](mailto:mdanelon@elkenenergy.com)

7.1.1 (b)

***Provide the contact information for the incumbent distributor. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.***

The Incumbent Distributor:

Pasquale Catalano  
Regulatory Analyst, Major Projects and Partnerships, Regulatory Affairs  
7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
Telephone: 416-345-5405  
Fax: 416-345-5866  
Email address: regulatory@HydroOne.com

7.1.1 (c)

***Provide every affected customer, landowner, and developer in the area that is the subject of the SAA Application. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.***

E.L.K. is currently providing electrical servicing to 4 residential properties located in the municipal boundaries of the Corporation of the Town of Kingsville that are located in Hydro One's licensed service area. Said properties, to the best of our knowledge, were serviced by one of our predecessor companies as part of a larger residential subdivision which is located in E.L.K.'s licensed service area. The contact information of these customers include:

7 Sandybrook Way  
Kingsville, ON N9Y 4A6

17 Sandybrook Way  
Kingsville, ON N9Y 4A6

23 Sandybrook Way  
Kingsville, ON N9Y 4A6

27 Sandybrook Way  
Kingsville, ON N9Y 4A6

### 7.1.1 (d) & (e)

***Provide any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application; and any representative of the persons listed above including, but not limited to, a legal representative.***

Not applicable. There are no alternate distributors other than the applicant and the incumbent distributor.

### 7.1.1 (d) & (e)

***Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA.***

The applicant has recently discovered that existing residential properties located at 7, 17, 23 and 27 Sandybrook Way are located within the Incumbent Distributor's service area. Said properties were provided electrical service, prior to the incorporation of the Applicant in 2000, by one of the Applicant's predecessor distributors. To date, the applicant continues to provide electrical service to these 4 residential properties. If the amendment is not granted for these 4 lots and the customers are transferred to the Incumbent distributor they would become load transfers.

The Applicant and Hydro One have discussed the merits of the request to provide an electricity service connection, and it has been mutually determined that it is more economically efficient to connect the requested properties to the Applicants distribution system.

## DESCRIPTION OF PROPOSED SERVICE AREA

### 7.1.3

***Provide a detailed description of the lands that are subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands.***

***For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).***

The Applicant provides the following information in this regard:

Legal description of the lands that are subject of this application;

1. PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 35 12R15587 (7 Sandybrook Way, Kingsville ON, N9Y 4A6)

2. PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 36 12R15587 (17 Sandybrook Way, Kingsville ON, N9Y 4A6)
3. PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 37 12R15587 (23 Sandybrook Way, Kingsville ON N9Y 4A6,)
4. PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 38 12R15587 (27 Sandybrook Way, Kingsville ON, N9Y 4A6)

**7.1.4**

***Provide one or more maps or diagrams of the area that is subject of the SAA application.***

**Attachment 1.1 Actual Lot Subject of the SAA Application**

The area shaded in green depicts the actual lots which are subject of the SAA application.

**Attachment 1.2 Existing Licensed Service Areas**

The area shaded in green depicts the Applicants service area in the proximity of the area subject of the SAA application. The area shaded in red depicts the Incumbent Distributor's service area in the proximity of the area subject of the SAA application.

**Attachment 1.3 E.L.K. Energy's Kingsville Service Area in Relation to the Area Subject of the SAA Application**

The area shaded in light green depicts the Applicants Kingsville Service Area. The area shaded in dark green depicts the area subject of the SAA application. The Incumbent Distributor's service area is left white for ease of reference.

**7.1.4 (a)**

***Borders of the applicant's service area***

Please reference Attachment 1.2 and Attachment 1.3 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

**7.1.4 (b)**

***Borders of the incumbent distributor's service area***

Please reference Attachment 1.2 and Attachment 1.3 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

**7.1.4 (c)**

***Borders of any alternate distributor's service area***

Not applicable

#### 7.1.4 (d)

***Territory surrounding the area for which the applicant is making SAA application***

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#### 7.1.4 (e)

***Geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities.***

The lots front onto Sandybrook Way and the area is loosely bound by the following roads: County Road 29 and Saddle Lane.

#### 7.1.4 (f)

**Existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well)**

The Applicant is currently servicing the lots subject to the SAA application. Said lots were previously serviced as by one of the applicants' predecessor LDC's at the time that they serviced the residential development which lies to the West.

#### 7.1.5

**Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).**

These are residential subdivision connections.

### 7.1.6

**Provide a description of the applicant's plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application. Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application.**

The applicant has no plans for any similar expansions in lands adjacent to the area that is the subject of the SAA application.

## 7.2 EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM

**The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency.**

**Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.**

### 7.2.1 ECONOMIC AND ENGINEERING EFFECIENCY

**In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. (NOTE: (a), (b), (c), (d), (e), (f), (g), (h),)**

#### 7.2.1 (a)

**Location of the point of delivery and the point of connection**

The delivery point is located adjacent at the intersection of Rockport Lane and Sandybrook Way. The connection point is 0.207 Km's South West at 27 Sandybrook Way.

**7.2.1(b)**

**Proximity of the proposed connection to an existing, well developed electricity distribution system**

The proposed connection is immediately adjacent a well developed electricity distribution system.

**7.2.1 (c)**

**The fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA. (Note: the Board will determine if the reason provided is acceptable).**

Not applicable

**7.2.1(d)**

**The amount of any capital contribution required from the customer**

As the customers are currently connected there is no capital contribution required to connect the customers.

**7.2.1(e)**

**Costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed**

Not applicable

**7.2.1(f)**

**Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term.**

**7.2.1(g)**

**Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.**



There is no growth potential beyond the area that is subject of the SAA application.

#### 7.2.1(h)

***Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.***

Not applicable

### 7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

#### 7.3.1

**Identify any affected customers or landowners.**

7 Sandybrook Way  
Kingsville, ON N9Y 4A6

17 Sandybrook Way  
Kingsville, ON N9Y 4A6

23 Sandybrook Way  
Kingsville, ON N9Y 4A6

27 Sandybrook Way

#### 7.3.2

**Provide a description of any impacts on costs, rates, service quality, and reliability for customers in the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.**

#### 7.3.3

***Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor outside the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.***

There will be no adverse impact as a result of this proposed service area amendment

#### 7.2.1(g)

**Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor outside the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.**

There will be no adverse impact as a result of this proposed service area amendment.

#### 7.3.4

**Provide a description of the impacts of each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is**

See section 7.2.1 (f) of this application

#### 7.3.5

**Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.**

Not applicable. There will be no assets stranded or become redundant if this application is granted.

#### 7.3.6

**Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.**

No assets are proposed to be transferred to or from the Applicant

#### 7.3.7

**Identify existing customers that are proposed to be transferred to or from the applicant.**

No existing customers are proposed to be transferred to or from the Applicant by this Application.

#### 7.3.8

**Provide a description of any existing load transfers or retail points of supply that will be eliminated.**

No existing load transfers or retail points of supply are proposed by this application.

### 7.3.9

**Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the distribution System Code (“DSC”)? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e. the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.**

No additional load transfers or retail points of supply are proposed by this application.

## **EVIDENCE OF CONSIDERATION AND MITIGATION OF IMPACTS**

### 7.3.10

**Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.**

Please refer to Attachment 2.1 for a letter of consent from the incumbent distributor

### 7.3.11

**Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.**

Please refer to Attachment 2.1 for a letter of consent from the incumbent distributor

### 7.3.12

**Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.**

Not applicable.

### 7.3.13

**Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved (i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).**

Not applicable. No customers and/or asset transfers are involved.

## 7.4 CUSTOMER PREFERENCE

### 7.4.1

**An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer (which includes landowners and developers) indicating the customer's preference.**

The lots in question were serviced by one of the Applicants predecessor LDC's prior to the Applicants incorporation in January 2000. As such records are limited so the applicant is unable to identify exactly when the lots were serviced. The existing customers on said lots have been serviced by the Applicant exclusively.

## 7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS

**If there is no agreement among affected persons regarding the proposed SAA, the applicant must file the additional information set out below.**

### 7.5.1

**If the application was initiated due to an interest in service by a customer, landowner, or developer, evidence that the incumbent distributor was provided an opportunity to make an offer to connect that customer, landowner, or developer.**

Not applicable.

### 7.5.2

**Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect from the applicant and any alternate distributor bordering on the area that is the subject of the SAA application.**

Not applicable.

### 7.5.3

**Actual copies of, as well as a summary of, the offers(s) to connect documentation (including any associated financial evaluations carried out in accordance with Appendix B of the Distribution System Code). The financial evaluations should indicate costs associated with the connection including, but not limited to, on-site capital, capital required to extend the distribution system to the customer location, incremental up-stream capital investment required to serve the load, the present value of incremental OM & A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue shortfall, and the capital contribution requested.**

Not applicable.

#### **7.5.4**

**If there are competing offers to connect, a comparisons of the competing offers to connect the customer, landowner, or developer.**

Not applicable.

#### **7.5.5**

**A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor to serve the area that is the subject of the SAA application, including any specific proposed**

Not applicable.

#### **7.5.6**

**Outage statistics or, if outage statistics are not available, any other information regarding the reliability of the existing line(s) of each distributor that are proposed to supply the area that is the subject of the SAA application.**

Not applicable.

#### **7.5.7**

**Quantitative evidence of quality and reliability of service for each distributor for similar customers in comparable locations and densities to the area that is the subject of the SAA application.**

Not applicable.

#### **7.6 OTHER**

**It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.**

## 7.7 WRITTEN CONSENT

E.L.K. Energy Inc. consents to all the statements made in this application

\_\_\_\_\_  
Mark Danelon, Manager, Finance & Regulatory Affairs  
E.L.K. Energy Inc.  
Dated:\_\_\_\_\_

## 7.8 REQUEST FOR NO HEARING

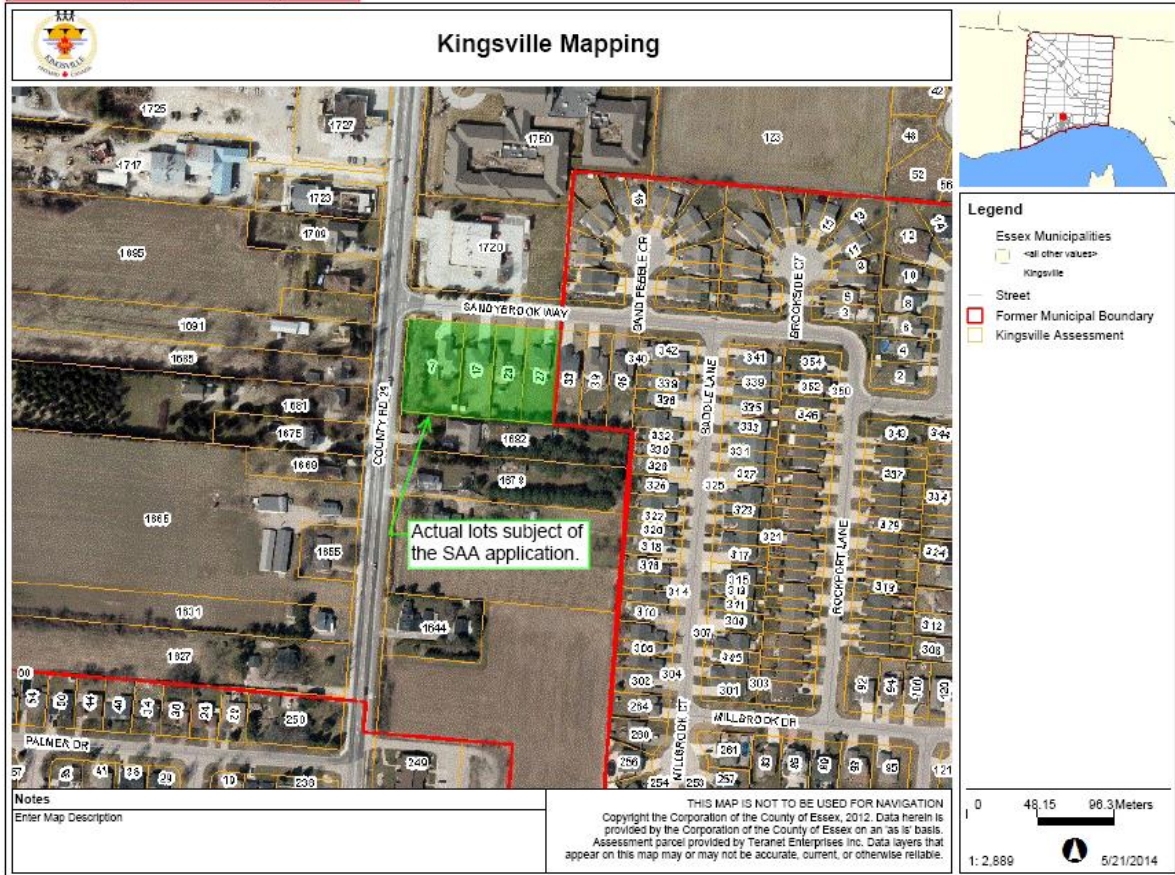
Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide:

- (a) An explanation as to how no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND
- (b) The proposed recipient's written consent to the disposal of the application without a hearing
  
- (a) There will be no adverse impacts on existing customers as this application.
- (b) E.L.K. Energy Inc. requests that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of the Act.

\_\_\_\_\_  
Mark Danelon, Manager, Finance & Regulatory Affairs  
E.L.K. Energy Inc.  
Dated:\_\_\_\_\_

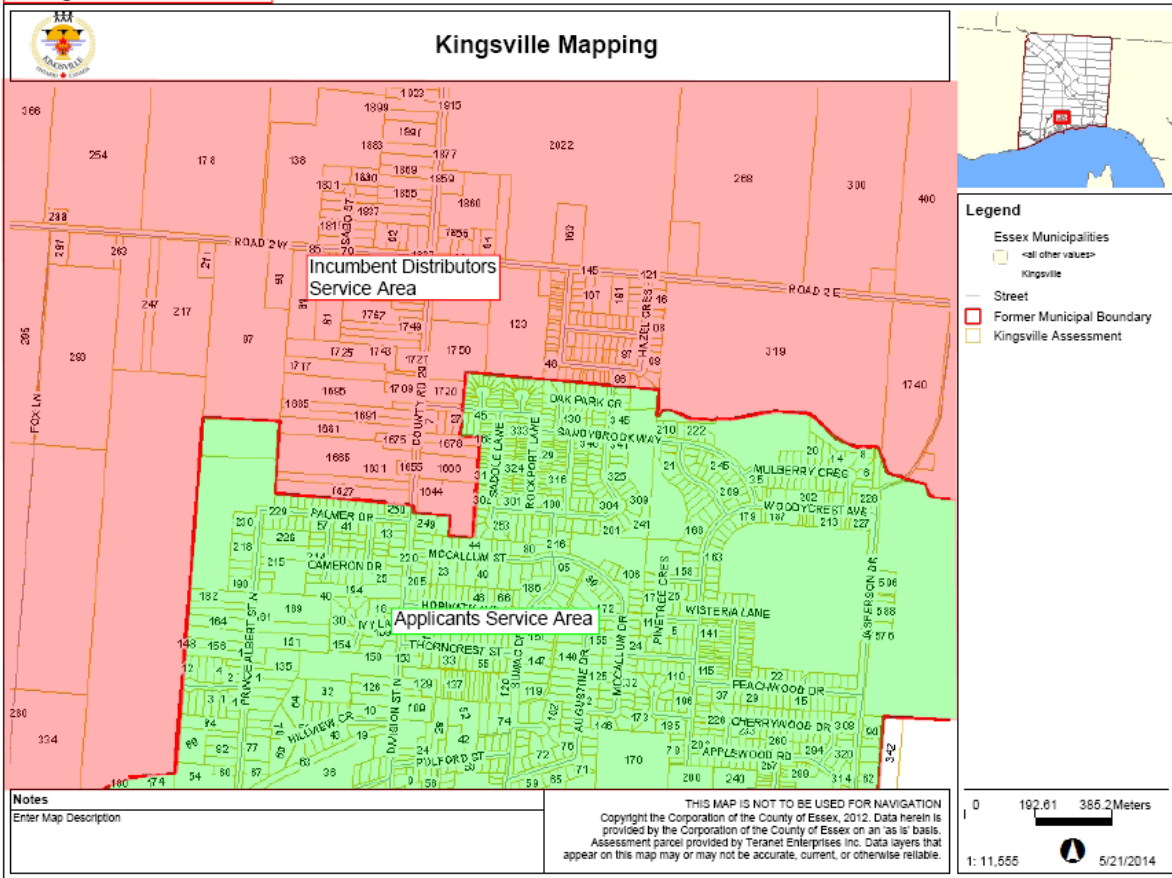
# Attachment 1.1 Actual Lot Subject of the SAA Application

Actual Lot Subject of the SAA Application



# Attachment 1.2 Existing Licensed Service Areas

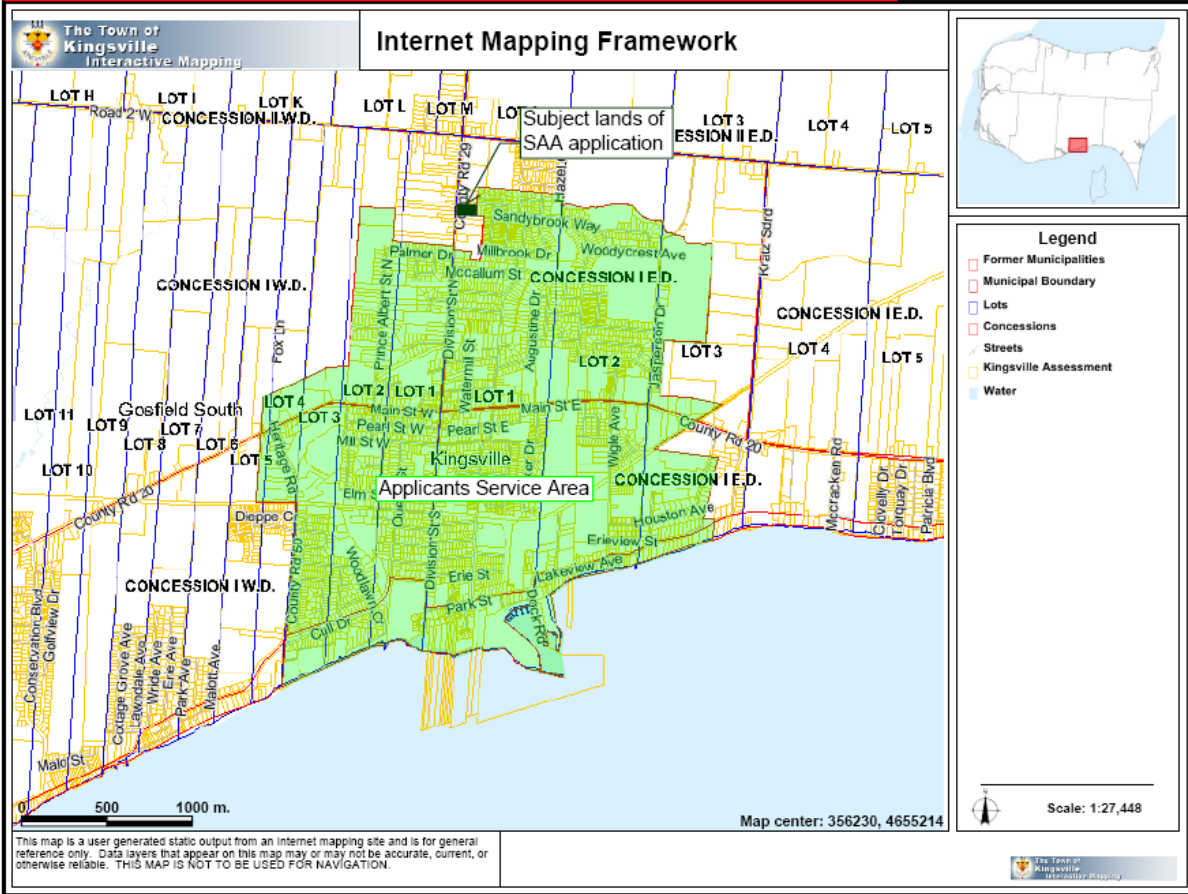
## Existing Licensed Service Areas





# Attachment 1.3 E.L.K. Energy's Kingsville Service Area in Relation to the Area Subject of the SAA Application

E.L.K. Energy's Kingsville Service Area in Relation to the Area Subject of the SAA Application



## Attachment 2.1 letter of consent from the incumbent distributor

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5393  
Fax: (416) 345-5866  
Joanne.Richardson@HydroOne.com

**Joanne Richardson**

Director – Major Projects and Partnerships  
Regulatory Affairs



BY COURIER

July 17, 2014

Mark Danelon  
Manager, Finance and Regulatory Affairs  
E.L.K Energy Inc.  
172 Forest Avenue  
Essex, ON N8M 3E4

Dear Mr. Mark Danelon:

**E.L.K Energy Inc. Application for Licence Amendment**

This is to confirm that Hydro One Networks Inc. (“Hydro One”) supports your application to amend E.L.K Energy Inc.’s (“E.L.K”) Distribution Licence as proposed in E.L.K’s service area amendment application with the lands in the Town of Kingsville as legally described below:

- PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 35 12R15587 (7 Sandybrook Way, Kingsville ON, N9Y 4A6)
- PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 36 12R15587 (17 Sandybrook Way, Kingsville ON, N9Y 4A6)
- PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 37 12R15587 (23 Sandybrook Way, Kingsville ON N9Y 4A6,)
- PT LT 1 CON 1 EASTERN DIVISION GOSFIELD PT 38 12R15587 (27 Sandybrook Way, Kingsville ON, N9Y 4A6)

Also, Hydro One supports E.L.K’s request to proceed with this service area amendment without a hearing.

Sincerely,

ORIGINAL SIGNED BY PASQUALE CATALANO FOR JOANNE RICHARDSON

Joanne Richardson