



EB-2015-0130

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 Veridian Connections Inc.
seeking an order to amend their current Electricity
Distribution Licences (ED-2003-0043 and ED-2002-0503
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 Veridian Connections Inc.

By delegation, before: Peter Fraser

DECISION AND ORDER
June 11, 2015

THE APPLICATION

Hydro One Networks Inc. (Hydro One) and Veridian Connections Inc. (Veridian) filed a joint application with the Ontario Energy Board (OEB) on March 24, 2015 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998* (OEB Act). The application seeks an order of the OEB 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 Veridian.

The OEB issued its Notice of Application and Written Hearing on April 10, 2015. The notice was served by Hydro One upon the customers located on the lands that are the subject of the service area amendment application. 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 application addresses the long term load transfer (LTLT) arrangement between Veridian and Hydro One. 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, Veridian 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 OEB's Distribution System Code requires geographic distributors to eliminate LTLT 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 proposed service area amendments would transfer 41 customers, who are currently connected to Veridian's distribution system but are located within Hydro One's licensed service area to Veridian's licensed service area. Presently, the 41 customers are considered Hydro One customers. After the amendment, these customers will be billed and otherwise served by Veridian as Veridian customers. The application states that the proposed service area amendment would have no impact on Hydro One's licence, as Hydro One's service area in the Municipality of Clarington includes all areas with the exception of that served by Veridian.

The assets proposed to be sold by Hydro One to Veridian in this transaction include a number of poles, transformers and a switch as described in the application. These assets serve and will continue to serve the transferred customers.

FINDINGS

The service area amendment is prompted by the OEB's policy that requires the elimination of long term load transfers. The application is consistent with OEB policy.

The applicants stated that the proposed service area amendment is the most cost-effective approach for eliminating the subject LTLT arrangement. The applicants further stated that it would not be economical and cost effective for Hydro One to expand its distribution system to connect these customers. According to the application, safety, reliability and service quality will not be affected. The current distribution rates for the customers being transferred from Hydro One to Veridian will be lower as a result of the service area amendment.

In relation to the sale of the distribution assets from Hydro One to Veridian, the application stated that Hydro One's distribution assets are currently used and will continue to be used to service the customers to be transferred to Veridian. The sale price for the assets proposed to be sold by Hydro One to Veridian represents the net book value of the assets.

I find that it is in the public interest to amend Schedule 1 of Veridian's electricity distribution licence to reflect the transfer of the 41 customers from Hydro One to Veridian. I also find that it is in the public interest to grant Hydro One leave to sell the assets described above to Veridian.

IT IS THEREFORE ORDERED THAT:

1. Veridian Connections Inc.'s electricity distribution licence (ED-2002-0503), specifically Schedule 1 of the licence, is amended to include the lands described in Appendix A to this Decision and Order.
2. Hydro One Networks Inc. is granted leave to sell the assets described above.

DATED at Toronto, June 11, 2015

ONTARIO ENERGY BOARD

Original signed by

Peter Fraser
Vice President, Industry Operations & Performance

Appendix A

Legal Description of the Lands that are the Subject of the Service Area Amendment – EB-2015-0130

No.	Premise Address	Legal Description	No.	Premise Address	Legal Description
1	4 Cedar Crest Beach Rd., Darlington	Lot 4 Conc BF 181 701 002 001 500	22	105 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 004 300
2	9 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 000 800	23	107 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 004 400
3	43 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 100	24	109 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 004 500
4	49 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 200	25	111 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 004 600
5	55 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 400	26	115 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 004 700
6	59 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 50	27	119 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 004 800
7	63 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 600	28	121 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 004 900
8	67 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 700	29	123 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 000
9	69 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 800	30	125 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 100
10	71 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 002 900	31	127 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 200
11	75 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 003 100	32	131 Cedar Crest Beach Rd., Darlington	Lot 12 Con BF 181 701 002 005 300
12	79 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 003 200	33	133 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 500
13	81 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 003 300	34	135 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 600
14	83 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 003 003 400	35	137 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 700
15	91 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 003 600	36	139 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 800
16	93 Cedar Crest Beach Rd., Darlington	181 701 002 003 700	37	141 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 005 900
17	95 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 003 800	38	143 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 006 000
18	97 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 003 900	39	149 Cedar Crest Beach Rd., Darlington	Lot SH 12 Conc BF 181 701 002 006 200
19	99 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 004 000	40	151 Cedar Crest Beach Rd., Darlington	Lot SH 12 Conc BF 181 701 002 006 300
20	101 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 004 100	41	16 Cedar Crest Beach Rd., Darlington	Lot 13 Conc BF 181 701 002 001 300
21	103 Cedar Crest Beach Rd., Darlington	Lot 12 Conc BF 181 701 002 004 200			