



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2016-0167

HYDRO ONE NETWORKS INC.

HYDRO OTTAWA LIMITED

Joint Application for Elimination of Load Transfer Arrangements

BY DELEGATION, BEFORE: Peter Fraser
Vice President
Consumer Protection and Industry Performance

August 18, 2016

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Hydro Ottawa Limited (Hydro Ottawa) have jointly applied to the Ontario Energy Board (OEB) for approval to amend the service areas of both distributors such that all existing load transfer arrangements between the two distributors are eliminated. A load transfer arrangement is a situation in which an electricity consumer located in the licensed service area of one distributor (the geographic distributor) is physically served by another distributor (the physical distributor).

The application is granted, as set out in this Decision and Order.

THE PROCESS

This Decision and Order is being issued without a hearing by Delegated Authority, pursuant to Section 6(4) of the *Ontario Energy Board Act, 1998* (the Act).

THE APPLICATION

Hydro One and Hydro Ottawa (collectively, the Applicants) filed a joint application on April 26, 2016 under sections 74 and 86(1)(b) of the Act. The Applicants requested that the application be determined on an expedited basis without a hearing. The applicants filed their updates to the application on May 5, 2016, June 1, 2016 and August 11, 2016.

The application was filed pursuant to the Distribution System Code (DSC) amendments made in the OEB proceeding EB-2015-0006 and in accordance with the OEB's filing guidelines for combined service area amendments and sale of assets. In the EB-2015-0006 proceeding, the OEB set out its policy on the elimination of load transfer arrangements between electricity distributors in Ontario. On December 21, 2015, the DSC was amended in order to facilitate distributors' compliance with the policy. In particular, section 6.5.3 of the DSC now requires distributors to eliminate all load transfer arrangements by June 21, 2017, and section 6.5.6 prohibits distributors from entering into any new load transfer arrangements.

Through the application, Hydro One seeks to transfer 309 specific customers of various rate classes to Hydro Ottawa. Of these customers, 261 are “Residential”, 33 are “General Service”, 9 are “Sentinel Lights”, 4 are “MicroFIT”, and 2 are “Unmetered Scattered” loads. Hydro One also requests OEB approval to sell the distribution assets servicing these customers to Hydro Ottawa for \$366,816, plus applicable taxes.

Hydro Ottawa seeks to transfer 44 specific customers of various rate classes to Hydro One. Of these customers, 23 are “Residential”, 12 are “General Service”, 2 are “MicroFIT”, and 7 are “Unmetered Scattered” loads. Hydro Ottawa also requests OEB approval to sell the distribution assets servicing these customers to Hydro One for \$74,235, plus applicable taxes.

The application notes that Bell Canada is the only joint use partner on the poles subject to this sale. Hydro One has provided Bell Canada’s consent and approval to sell the poles, subject to this application, to Hydro Ottawa. The Applicants state that no assets will be stranded if the application is approved.

FINDINGS

I find it to be in the public interest to approve the service area amendments and sale of assets as proposed by the Applicants in order to eliminate the load transfer arrangements between Hydro One and Hydro Ottawa. Hydro Ottawa’s licence will be amended to reflect the proposed transfer of affected customers. I note that Hydro One’s licence is not required to be amended given the manner in which Schedule 1 of Hydro One’s licence is presented.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service rate class customers moving from Hydro Ottawa to Hydro One shall receive a monthly bill credit to offset the increase in delivery charges. The credit shall be calculated using each customer’s average monthly consumption over the most recent 12 months from the application filing date with the OEB. The credit shall be fixed at this calculated level and remain in place as long as the customer remains the account holder.

Hydro One requested a deferral account to record lost revenue resulting from the rate impact mitigation plan as well as any costs involved in the set-up of such a plan. The OEB will allow Hydro One to track these costs in a deferral account. Hydro One shall

record these costs in account 1508, Other Regulatory Assets, Sub-account LTLT Rate Impact Mitigation. In order to be able to recover these costs, Hydro One will first be required to file a draft Accounting Order for OEB's approval. Consideration of the disposition of the deferral account will occur in the normal manner in the rate setting process.

The affected Residential and General Service rate class customers being transferred from Hydro One to Hydro Ottawa will see a reduction in their monthly delivery charges and, therefore, no credits are required for these customers.

An itemized list of assets authorized for transfer between Hydro One and Hydro Ottawa is set out in Schedule A of this Decision and Order.

IT IS ORDERED THAT:

1. Schedule 1 of Hydro Ottawa Limited's Electricity Distribution Licence (ED-2002-0556) is amended. The amended licence is attached to this Decision and Order.
2. Hydro One Networks Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Hydro Ottawa Limited.
3. Hydro Ottawa Limited is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

DATED at Toronto August 18, 2016

ONTARIO ENERGY BOARD

Original Signed By

Peter Fraser
Vice President, Consumer Protection and Industry Performance

SCHEDULE A

List of assets being transferred between Hydro One and Hydro Ottawa:

Table 1 - List of assets being sold by Hydro One to Hydro Ottawa

Asset Type	Count
Poles	141
Transformers	92
Primary Wire and Neutral (m)	19,258
Secondary Buss (m)	4,500
Secondary O/H Wire (m)	3,590
Secondary U/G Wire (m)	12,333
Current Transformers	13
Sentinel Lights	11
Easements	2
Total (\$) before applicable taxes	\$366,816

Table 2 - List of assets being sold by Hydro Ottawa to Hydro One

Asset Type	Count
Poles	16
Transformers	16
Primary Wire and Neutral (m)	280
Secondary Buss (m)	-
Secondary O/H Wire (m)	690
Secondary U/G Wire (m)	1,323
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$74,235