



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

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## **DECISION AND ORDER**

**EB-2016-0199**

**HYDRO ONE NETWORKS INC.**

**WELLINGTON NORTH POWER INC.**

**Joint Application for Elimination of Load Transfer Arrangements**

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

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**September 22, 2016**

## INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Wellington North Power Inc. (Wellington North Power) 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 Wellington North Power (collectively, the Applicants) filed a joint application on June 22, 2016 under sections 74 and 86(1)(b) of the Act. Wellington North Power filed their update to the application on August 17, 2016, in response to the OEB staff's request for Schedule 1 description of Wellington North Power's electricity distribution licence ED-2002-0511.

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 two specific customers of various rate classes to Wellington North Power. Of these customers, one is a “Residential” and the other one is a “General Service” customer. Hydro One also requests OEB’s approval to sell the distribution assets servicing these customers to Wellington North Power for \$2,972 plus applicable taxes.

Wellington North Power seeks to transfer two “Residential” customers to Hydro One. Wellington North Power also requests OEB’s approval to sell the distribution assets servicing these customers to Hydro One for \$2,091 plus applicable taxes.

The application notes that there are no third parties impacted by this sale. 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 Wellington North Power. Wellington North Power’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 customers moving from Wellington North Power 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 Wellington North Power 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 Wellington North Power is set out in Schedule A of this Decision and Order.

**IT IS ORDERED THAT:**

1. Schedule 1 of Wellington North Power Inc.'s Electricity Distribution Licence (ED-2002-0511) 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 Wellington North Power Inc.
3. Wellington North Power Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

**DATED** at Toronto September 22, 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 Wellington North Power:

Table 1 - List of assets being sold by Hydro One to Wellington North Power

Asset Type	Count
Poles	1
Transformers	1
Primary Wire and Neutral (m)	40
Secondary Buss (m)	-
Secondary O/H Wire (m)	-
Secondary U/G Wire (m)	63
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$2,972</b>

Table 2 - List of assets being sold by Wellington North Power to Hydro One

Asset Type	Count
Poles	-
Transformers	1
Primary Wire and Neutral (m)	-
Secondary Buss (m)	-
Secondary O/H Wire (m)	-
Secondary U/G Wire (m)	63
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$2,091</b>