



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

DECISION AND ORDER

EB-2016-0207

HYDRO ONE NETWORKS INC.

WASAGA DISTRIBUTION INC.

Joint Application for Elimination of Load Transfer Arrangements

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

September 22, 2016

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Wasaga Distribution Inc. (Wasaga Distribution) 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 Wasaga Distribution (collectively, the Applicants) filed a joint application on June 29, 2016 under sections 74 and 86(1)(b) of the Act. Wasaga Distribution filed their update to the application on August 11, 2016, in response to the OEB staff's request for Schedule 1 description of Wasaga Distribution's electricity distribution licence ED-2002-0544.

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 11 specific customers of various rate classes to Wasaga Distribution. Of these customers, 8 are “Residential” and 3 are “General Service” customers. Hydro One also requests OEB’s approval to sell the distribution assets servicing these customers to Wasaga Distribution for \$14,543 plus applicable taxes.

Wasaga Distribution seeks to transfer 4 “Residential” customers to Hydro One. Wasaga Distribution also requests OEB’s approval to sell the distribution assets servicing these customers to Hydro One for \$10,216 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 Wasaga Distribution. 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 Wasaga Distribution. Wasaga Distribution’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 Wasaga Distribution 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 Wasaga Distribution 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 Wasaga Distribution is set out in Schedule A of this Decision and Order.

IT IS ORDERED THAT:

1. Schedule 1 of Wasaga Distribution Inc.'s Electricity Distribution Licence (ED-2002-0544) 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 Wasaga Distribution Inc.
3. Wasaga Distribution 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 Wasaga Distribution:

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

Asset Type	Count
Poles	7
Transformers	3
Primary Wire and Neutral (m)	120
Secondary Buss (m)	-
Secondary O/H Wire (m)	20
Secondary U/G Wire (m)	126
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$14,543

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

Asset Type	Count
Poles	4
Transformers	4
Primary Wire and Neutral (m)	40
Secondary Buss (m)	-
Secondary O/H Wire (m)	-
Secondary U/G Wire (m)	-
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$10,216