Hydro One Networks Inc.

7th 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

January 26, 2017

Ms. Kirsten Walli Board Secretary Ontario Energy Board Suite 27, 2300 Yonge Street P.O. Box 2319 Toronto, ON M4P 1E4

Dear Ms. Walli:

Load Transfer Elimination Application – A Service Area Amendment & Asset Sale Application Between Hydro One Networks Inc. and Midland Power Utility Corporation

In accordance with the Distribution System Code amendments of December 21, 2015, Hydro One Networks Inc. and Midland Power Utility Corporation are jointly applying to the Ontario Energy Board ("Board") for approval to amend the service areas of both distributors such that all existing load transfer arrangements between the two LDCs are eliminated.

Should you have any questions on this application, please contact Pasquale Catalano at (416) 345-5405 or via email at Pasquale.Catalano@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

Attachment cc. Phil Marley



Ontario Energy Board

Elimination of Load Transfer Arrangements
Between
Hydro One Networks Inc. and Midland Power
Utility Corporation

Combined Service Area Amendment and Asset Transfer Application

January 26, 2017

PART I: SERVICE AREA AMENDMENT

1.1 Basic Facts

As a result of the Distribution System Code amendments of December 21, 2015, EB-2015-0006, Hydro One Networks Inc. ("Hydro One") and Midland Power Utility Corporation ("Midland") are jointly applying to the Ontario Energy Board ("OEB") for approval to amend the service areas of both distributors such that existing load transfer arrangements between the two LDCs are eliminated.

1.2 **Identification of the Parties**

1.2.1 Applicant

(Identify whether the applicant is a geographic and/or physical distributor)

Name of Applicant Hydro One Networks Inc.	Licence Number ED-2003-0043				
Address 483 Bay Street, 7 th Floor, South Tower	Telephone Number 416-345-5405				
Toronto, ON M5G 2P5	Facsimile Number 416-345-5866				
	E-mail Address Regulatory@HydroOne.com				
Contact Person Pasquale Catalano	Telephone Number As listed above.				
Regulatory Advisor	Facsimile Number As listed above.				
	E-mail Address Pasquale.Catalano@HydroOne.com				

1.2.2 Co-Applicant or Other Distributor to the Service Area Amendment Application

Name of Co-Applicant or Other Distributor Midland Power Utility Corporation	Licence Number ED-2002-0541
Address: 16984 Highway # 12	Telephone Number 705-526-9361
P.O. Box 820 Midland, ON L4R 4P4	Facsimile Number 705-526-7890
	E-mail Address: midpuc@midlandpuc.on.ca
Contact Person: Phil Marley, CPA, CMA President & CEO	Telephone Number 705-526-9362 ext. 204
	Facsimile Number 705-526-7890
	E-mail Address pmarley@midlandpuc.on.ca

1.3 Description of Proposed Service Area

1.3.1 Provide a detailed service area description of the area(s) that is subject to the SAA and how the amendments should be reflected in Schedule 1 of the licence(s) of the distributor(s).

The proposed amendments are premise-specific. Once this application is approved, Hydro One's licence will include all of the premises in Attachment 2. These will be removed from Midland's licence.

Additionally, once the application is approved, all of the premises listed in Attachment 1 will be included in Midland's licence, and removed from Hydro One's licence. Midland's license will be amended as per the following:

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

- 1. The Town of Midland as of December 31, 1997.
 - a. Excluding the customers located at the following addresses:
 - i. 9792 Highway 93, Midland, Ontario, L4R 4L9
 - ii. 9782 Highway 93, Midland, Ontario, L4R 4L9
 - iii. 253 Fuller Avenue, Midland, Ontario, L4R 5H6
 - iv. 1 Balm Beach Road, Midland, Ontario, L4R 4K4
- 2. The Township of Tiny as at March 31, 1999.
 - a. Including the customer located at the following address:
 - i. 1014 Brebeuf Road, Tiny, Ontario, L4R 4K4

Hydro One would like to amend its Distribution licence, specifically Schedule 1, Appendix B Tab 4 to include:

Name of Municipality: The Town of Midland.

Formerly Known As: The Town of Midland as of December 31, 1997.

Area Not Served By Networks: The area served by Midland Power Utility Corporation described as the Town of Midland as more particularly set out in Licence No. ED-2002-0541.

Networks Assets within Area not served by Networks: Yes Customer(s) within area not served by Networks: No

- 1.3.2 **Provide maps or diagrams of the area(s) that is the subject of the SAA application.** Please see Attachments 3 and 4.
- 1.3.3 Provide a description of the type of physical connection(s); i.e., individual customer; residential subdivision, commercial or industrial customer.

3 Hydro One customers are proposed to be transferred to Midland:

- 1 Residential Customer
- 1 General Service Customer
- 1 sentinel light
- 5 Midland customers are proposed to be transferred to Hydro One:
 - 3 Residential Customers
 - 2 General Service Customers

1.4 Information on Affected Load Transfer Customers

Provide a total number of load transfer arrangements between distributors. Please see 1.3.3.
Provide a number of load transfers eliminated in this application. Please see 1.3.3.
Provide a number of customers to be transferred from Hydro One to Midland. Please see 1.3.3.
Provide a number of customers to be transferred from Midland to Hydro One. Please see 1.3.3.
Provide a list of affected load transfer customers. (Customer listing must include customer address, name, billing address, rate class and meter number) Please see Attachments 1 and 2.
Provide written confirmation that all affected persons have been provided with specific and factual information about the service area amendment(s). Letters informing customers of the proposed amendments were sent by both Midland and Hydro One to their respective customers prior to December 23, 2016.

1.5 Impacts Arising from the Amendment(s)

1.5.1 Use the table below to describe the impact on the average residential customers' total bill that arises as a result of the service area amendment(s) before and after rate mitigation is applied. Use delivery charge on consumer's bill (including cost of losses and excluding all rate riders). Use 750 kWh / month for the average residential consumer. Provide any additional information as required.

1.5.1 Customers moving from Midland to Hydro One

The delivery charges will increase for the residential and general service customers moving from Midland to Hydro One. Table 1 shows the delivery impact on total bill for these customers at the typical monthly consumption levels by rate class.

Table 1: Bill Impact at Typical Consumption Levels for Customers Moving from Midland to Hydro One (Rates as of January 1, 2016)

Monthly Consumption (kWh)		N	Iidland			Ну	Average		
	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)*	Delivery Charge (\$)**	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)	Delivery Charge (\$)**	Monthly Delivery Impact on Total Bill (\$)
750	Res	19.35	0.0177	48.89	R1	30.11	0.0299	69.04	20.15
750	Res	19.35	0.0177	48.89	R2	41.36	0.0426	92.07	43.18
2,000	GS<50	22.30	0.0183	98.60	GSe	27.94	0.0563	183.10	84.50

^{*} Includes low voltage charge

The customers moving from Midland to Hydro One will receive a monthly bill credit to offset the increase in delivery charges¹. In accordance with the Ontario Energy Board's (OEB) direction provided in "Amendments to the Distribution System Code", the credit is calculated using the customer's average monthly consumption over the most recent 12 months at the time the application is filed for the OEB's approval. Midland has provided the average monthly consumption for each customer, based on the most recent 12 months of actual billing data. The credit will be fixed at this calculated level and remain in place as long as the customer remains the account holder.

The OEB has confirmed that a deferral account will be provided for the purpose of tracking the rate mitigation costs for future recovery.

^{**} Includes RTSR charges and cost of losses.

¹ For the purpose of credit calculations, the delivery charge includes distribution charges, transmission charges and cost of losses, but excludes any rate riders as specified by the OEB in "<u>Amendments to the Distribution System Code, Section C (File No.: EB-2015-0006)</u>".

1.5.2 Customers moving from Hydro One to Midland

As shown in Table 2, customers moving from Hydro One to Midland will see a reduction in their monthly delivery charges. As such, no credits are required for these customers.

Table 2: Bill Impacts at Typical Consumption Levels for Customers Moving from Hydro One to Midland (Rates effective May 1, 2016)

		Н	ydro One			Average			
Monthly Consumption (kWh)	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)	Delivery Charge (\$)**	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)*	Delivery Charge (\$)**	Monthly Delivery Impact on Total Bill (\$)
750	R2	41.36	0.0426	92.07	Res	19.35	0.0177	48.89	(43.18)
2,000	GSe	27.94	0.0563	183.10	GS<50	22.30	0.0183	98.60	(84.50)

^{*} Includes low voltage charge

Unmetered customers

There is only one Sentinel Light account being transferred from Hydro One Networks to Midland Power Utility Corporation for which no mitigation credit will be applied

1.5.2 Provide a description of any assets which may be stranded or become redundant after completion of the service area amendment(s). Please explain why these assets could not be transferred to the physical distributor.

No assets will be stranded as a result of this amendment.

1.5.3 Identify costs for stranded equipment that would need to be de-energized or removed.

N/A – please see 1.5.2

1.5.4 Identify any assets that will be transferred to and/or from the applicant(s). If an asset transfer is required, please complete Part II of the application form.

Please see Part 2

^{**} Includes RTSR charges and cost of losses.

1.5.5 Include an estimate of the credit required for each customer to ensure there is not a negative impact on the total bill.

The customers moving from Midland to Hydro One will receive a monthly bill credit to offset the increase in delivery charges². In accordance with the OEB's direction provided in "Amendments to the Distribution System Code", the credit will be calculated using each customer's average monthly consumption over the most recent 12 months at the time the application is filed for the OEB's approval. The credit will be fixed at this calculated level and remain in place as long as the customer remains the account holder.

Table 3: Credit Amount to Eliminate the Increase in Delivery Charges for Customers Moving from Midland to Hydro One (Rates as of May 1, 2016)

Index	Average Monthly	Mic	lland	Hydı	Monthly	
	Consumption (kWh)	Rate Class	Delivery Charges (\$)	Rate Class	Delivery Charges (\$)	Monthly Credit (\$)
Cust1	661	Res	45.48	R2	86.15	40.67
Cust2	814	GS<50	53.82	GSe	91.56	37.74
Cust3	1625	Res	82.42	R2	150.31	67.89
Cust4	2463	Res	114.54	R1	156.14	41.60
Cust5	5969	GS<50	248.44	GSe	489.45	241.01

^{*}Estimated average monthly consumption

As shown in Table 2 in Section 1.5.1, customers moving from Hydro One to Midland will see a reduction in their monthly delivery charges. As such, no credits are required for these customers.

² For the purpose of credit calculations, the delivery charge includes distribution charges, transmission charges and cost of losses, but excludes any rate riders as specified by the OEB in "<u>Amendments to the Distribution System Code, Section C (File No.: EB-2015-0006)</u>".

PART II: TRANSFER OF ASSETS (S. 86(1)(b))

2.1 Description of the Assets to Be Transferred

2.1.1	Provide a description of the assets that are the subject of the transaction. (Attach a detailed list of assets to be sold including value of assets) See Attachments 1 and 2.
2.1.2	Indicate where the assets are located – whether in the applicant's service territory or in the recipient's service territory (if applicable). Please include a map of the location. The assets are located within the territory that will be transferred from the geographical distributor to the physical distributor, if the application is approved. Please see Attachments 3 and 4 for maps indicating the location of the assets.
2.1.3	Indicate which distributor's customers are currently served by the assets. Currently the assets are being used to service the geographical distributor's customers. Once the application is approved, the assets will continue to service the same customers they currently service. The customers will be transferred from the geographical distributor to the physical distributor.

2.2 Description of the Sale Transaction

2.2.1	The value of the assets to be transferred shall be determined based on net book value (NBV). Attach the details of the associated cash consideration to be given and received by each of the parties to the transaction.
	Hydro One will sell the assets servicing current Hydro One Geographical Customers to Midland for \$8,889.00 plus applicable taxes. A detailed breakdown of the assets is included in Attachment 1.
	Midland will sell the assets servicing current Midland Geographical Customers to Hydro One for \$1,140.00 plus applicable taxes. A detailed breakdown of the assets is included in Attachment 2.
2.2.2	Will the transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.
	No.

PART III: CERTIFICATION AND ACNOWLEDGEMENT

Applicant

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual	Name and Title of Key Individual	Date
	Joanne Richardson	
ORIGINAL SIGNED BY JOANNE	Director - Major Projects and	January 26, 2017
RICHARDSON	Partnerships, Regulatory Affairs	

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

Co-Applicant (if applicable)

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual	Name and Title of Key Individual	Date
ORIGINAL SIGNED BY PHIL	Phil Marley, CPA, CMA	January 24, 2017
MARLEY	President & CEO	

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

Filed: 2017-01-26 Attachment 1 Page 1 of 2

Geographical Distributor LTLT Customer and Asset Transfer Information

				Pre	mise Address				Meter Information	
Map#	Primary Customer Name	Number	Street	City	Postal Code	Lot	Concession	Township	Meter ID No.	Classification Figure #
1		1014	BREBEUF RD	TINY				TINY	J2889917	Fig.5
2		649	BALM BEACH RD E	TINY	LOL 2JO	105	1 OS	TINY	J2999054	Fig.6
2		649	BALM BEACH RD E	TINY	#N/A	#N/A	#N/A	#N/A	Unmetered	Fig.6

	Figure #1	Figure #2	Figure #3	Figure #4	Figure #5	Figure #6	Figure #7	Figure #8	Figure #9	Figure #10	Figure #11	Figure #12	Figure #13	Figure #14	Figure #15	Primary Wire Line
Main Page	C) (0	0	1	2	0	0	0	0	0	0	0	0	0	
Special Case #1																
Special Case #2																
Special Case #3																
Special Case #4																
Special Case #5																
Special Case #6																
O/H	20	70	20	70		50		50		63		63				
U/G	63	3	63	3	63		63		63		63					
Primary									20	20			20		20)
Neutral									20	20			20		20)
Subtotal	C) (0	0	1	2	0	0	0	0	0	0	0	0	0)
Total O/H	C) () (0	0	100	0	0	0	0	0	0	0	0		Total Secondary O/H (m)
Total U/G	C) (0	0	63	0	0	0	0	0	0	0	0	0		Total Secondary U/G (m)
Total Primary	C) () (0	0	0	0	0	0	0	0	0	0	0	0	Total Primary (m)
Tool Ruce (m)		1	•	•	•	•	•	•	•	•	•	•	•	•	•	

POLES	30	35	40	45	50	55	Total
Main Page	0	0	0	0	0	0	0
Special Case #1							0
Special Case #2							0
Special Case #3							0
Special Case #4							0
Special Case #5							0
Special Case #6							0
TOTAL	0	0	0	0	0	0	0

Transformers	5	10	15	25	50	75	100	167	Total
Main Page	0	0	0	4	0	0	0	0	4
Special Case #1									0
Special Case #2									0
Special Case #3									0
Special Case #4									0
Special Case #5									0
Special Case #6									0
TOTAL	0	0	0	4	0	0	0	0	4
Sentinel Lights (Total)	1								

ASSET SUMMARY

								_	=
Poles	30	35	40	45	50	55	Total		
Poles	0	0	0	0	0	0	0		
Transformers	5	10	15	25	50	75	100	167	Total
Transformers	0	0	0	4	0	0	0	0	4
Primary Wire (metres)	0								
Secondary O/H Wire (Metres)	100								
Secondary U/G Wire (Metres)	63								
Current Transformers	0								
Sentinel Lights	1								
Fasements	0								

Filed: 2017-01-26 Attachment 2 Page 1 of 2

Geographical Distributor LTLT Customer and Asset Transfer Information - Midland PUC

			Premise Add		Meter Information		
Map#	Primary Customer Name	Number	Street	City	Postal Code	Meter ID No.	Classification
1		9792	Highway 93	Midland	L4R 4L9	MD 15951	Fig.4
1		9792	Highway 93	Midland	L4R 4L9	MD 20342	Fig.4
1		9782	Highway 93	Midland	L4R 4L9	MD 18008	Fig.4
2		253	Fuller Avenue	Midland	L4R 5H6	MD 15628	Fig.8
3		1	Balm Beach Road	Midland		MD 16334	Fig.14

	Figure #1	Figure #2	Figure #3	Figure #4	Figure #5	Figure #6	Figure #7	Figure #8	Figure #9	Figure #10	Figure #11	Figure #12	Figure #13	Figure #14	Figure #15	Primary Wire Line	
Main Page	0	0	0	3	0	0	0	1	0	0	0	0	0	1	0		
Special Case #1																	
Special Case #2																	
Special Case #3																	
Special Case #4																	1
Special Case #5																	
special Case #6																	
D/H	20	70	20	70		50		50		63		63					
J/G	63		63		63		63		63		63						
rimary									20	20			20		20		
Neutral									20	20			20		20		
Subtotal	0	0	0	3	0	0	0	1	0	0	0	0	0	1	0	()
otal O/H	0	0	0	210	0	0	0	50	0	0	0	0	0	0	C	Total Secondary O/H (m)	
otal U/G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C	Total Secondary U/G (m)	
otal Primary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C	Total Primary (m)	
oal Buss (m)	120												•	•			

POLES	30	35	40	45	50	55	Total
Main Page	0	0	0	0	0	0	0
Special Case #1							0
Special Case #2							0
Special Case #3							0
Special Case #4							0
Special Case #5							0
Special Case #6							0
TOTAL	0	0	0	0	0	0	0

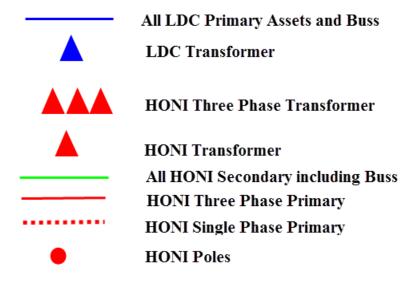
Transformers	5	10	15	25	50	75	100	167	Total
Main Page	0	0	0	0	0	0	0	0	0
Special Case #1									0
Special Case #2									0
Special Case #3									0
Special Case #4									0
Special Case #5									0
Special Case #6									0
TOTAL	0	0	0	0	0	0	0	0	0
Sentinel Lights (Total)	0								

ASSET SUMMARY

Poles	30	35	40	45	50	55	Total		
Poles	0	0	0	0	0	0	0		
Transformers	5	10	15	25	50	75	100	167	Total
	0	0	0	0	0	0	0	0	0
Primary Wire (metres)	0								
Secondary O/H Wire (Metres)	380	1							
Secondary U/G Wire (Metres)	0	1							
Current Transformers	0	1							
Sentinel Lights	0								
Easements	0	1							

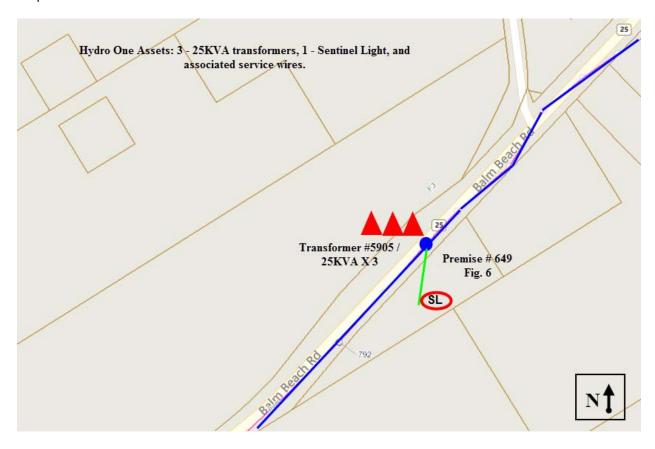
Hydro One Geographical LDC Maps for LTLT Elimination with Midland PUC as Physical LDC

Maps Legend



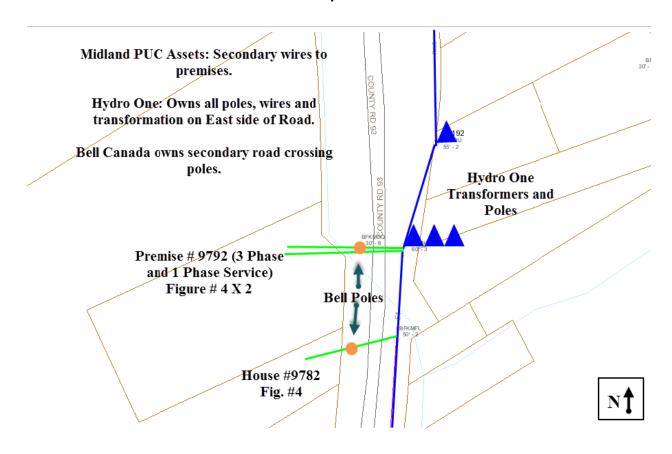
Map #1 -





Midland Geographical LDC Maps for LTLT Elimination with Hydro One as Physical LDC Maps Legend

Map #1-





Map #3

Hydro One owns poles and wires alongside of Wilson Road, as well as the 25kVA transformer on the customer owned pole line.

