



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

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## **DECISION AND ORDER**

**EB-2017-0105**

**NIAGARA PENINSULA ENERGY INC.**

**ALECTRA UTILITIES CORPORATION**

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

**BY DELEGATION, BEFORE: Brian Hewson**  
Vice President  
Consumer Protection and Industry Performance

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**May 25, 2017**

## INTRODUCTION AND SUMMARY

Niagara Peninsula Energy Inc. (NPEI) and Alectra Utilities Corporation (Alectra) 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

NPEI and Alectra (collectively, the Applicants) filed a joint application on February 23, 2017 under sections 74 and 86(1)(b) of the Act.

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, NPEI seeks to transfer nine specific customers of two rate classes to Alectra. Of these customers, eight are "Residential" and one is a "General Service" customer. NPEI also requests OEB's approval to sell the distribution assets servicing these customers to Alectra for \$44,702 plus applicable taxes.

Alectra seeks to transfer one “Residential” customer to NPEI. Alectra also requests the OEB’s approval to sell the distribution assets servicing this customer to NPEI for \$2,121 plus applicable taxes.

The application notes that Bell Canada is the only joint use partner on the poles subject to this sale. There are currently Bell Canada attachments on one pole owned by NPEI to be sold to Alectra. Bell Canada also owns four of the poles where NPEI has wire attached. This wire is being sold to Alectra as part of this application as well. As Alectra and Bell Canada have an existing joint use agreement, no new agreements will be necessary. NPEI and Alectra will work with Bell Canada to update the existing permits to reflect the impact of this application.

The Applicants also state that the existing meters will be replaced with metes belonging to the physical distributor, upon approval of this application. The application notes that the residual value of any meters that would not be reutilized is immaterial.

## **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 NPEI and Alectra. NPEI and Alectra’s licences will be amended to reflect the proposed transfer of affected customers.

As prescribed in section 6.5.4 of the DSC, the affected Residential customer moving from Alectra to NPEI shall receive a monthly bill credit to offset the increase in delivery charges. The credit shall be calculated using the 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.

The Residential and General Service customers being transferred from NPEI to Alectra will see a reduction in their monthly delivery charges and, therefore, no credits are required for these customers.

NPEI 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 NPEI to track these costs in a deferral account. NPEI shall record these costs in Account 1508, Other Regulatory Assets, Sub-account LTLT Rate Impact Mitigation. The disposition of the deferral account will be subject to an OEB determination of prudence prior to the disposition of the account, which will occur in the rate setting process. The OEB approves the Accounting Order as set out in Appendix A.

NPEI and Alectra are reminded that both geographic and physical distributors shall ensure that all relevant consumer information including, but not limited to, information regarding security deposits and consumption is properly transferred to the physical distributor to allow for the continuous billing of consumers and the continuous application of Ontario Electricity Support Program (OESP) rate assistance to the bills of eligible consumers.

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

**IT IS ORDERED THAT:**

1. Schedule 1 of Niagara Peninsula Energy Inc.'s Electricity Distribution Licence (ED-2007-0749) is amended. The amended licence is attached to this Decision and Order.
2. Schedule 1 of Alectra Utilities Corporation's Electricity Distribution Licence (ED-2016-0360) is amended. The amended licence is attached to this Decision and Order.
3. Niagara Peninsula Energy Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Alectra Utilities Corporation.
4. Alectra Utilities Corporation is granted leave to sell assets listed in Schedule A (Table 2) to Niagara Peninsula Energy Inc.
5. Niagara Peninsula Energy Inc. shall establish the Accounting Order for Account 1508, Other Regulatory Assets, Sub-account LTLT Rate Impact Mitigation, as set out in Appendix A of this Decision and Order.

**DATED** at Toronto May 25, 2017

**ONTARIO ENERGY BOARD**

*Original Signed By*

Brian Hewson  
Vice President, Consumer Protection and Industry Performance

**SCHEDULE A**

The assets being transferred between NPEI and Alectra are listed below:

Table 1 - List of assets being sold by NPEI to Alectra

Asset Type	Count
Poles	21
Transformers	11
Primary Wire and Neutral (m)	103
Secondary Buss (m)	-
Secondary O/H Wire (m)	50
Secondary U/G Wire (m)	126
Current Transformers	2
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$44,702</b>

Table 2 - List of assets being sold by Alectra to NPEI

Asset Type	Count
Poles	-
Transformers	1
Primary Wire and Neutral (m)	32.3
Secondary Buss	-
Secondary O/H Wire (m)	-
Secondary U/G Wire (m)	-
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$2,121</b>

**APPENDIX A**

**Niagara Peninsula Energy Inc. Accounting Order**

**OEB Order No. EB-2017-0105**

**Dated May 25, 2017**

## Niagara Peninsula Energy Inc. Accounting Order EB-2017-0105

### Account 1508 Other Regulatory Assets – Sub-account LTLT Rate Impact Mitigation Deferral Account

Niagara Peninsula Energy Inc. shall establish this new deferral account effective May 25, 2017 to record costs associated with lost revenue resulting from the rate impact mitigation plan associated with the transfer of long term load transfer customers and any costs involved in the set-up of such a plan.

The disposition of the deferral account will be subject to an OEB determination of prudence.

The accounting entries to be recorded are as follows:

<b>USofA #</b>	<b>Account Description</b>
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Dr: 1508	Other Regulatory Assets – Sub account LTLT Rate Impact Mitigation Deferral Account
Cr: 1100	Customer Accounts Receivable

To record the lost revenue and setup cost resulting from the rate impact mitigation plan.

<b>USofA #</b>	<b>Account Description</b>
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Dr: 1508	Other Regulatory Assets – Sub account LTLT Rate Impact Mitigation Deferral Account
Cr: 4405	Interest and Dividend Income

To record carrying charges on the principal balance in the LTLT Rate Impact Mitigation Deferral Account