



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

DECISION AND ORDER

EB-2017-0096

NIAGARA-ON-THE-LAKE HYDRO INC.

ALECTRA UTILITIES CORPORATION

Joint Application for Elimination of Load Transfer Arrangements

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

May 25, 2017

INTRODUCTION AND SUMMARY

Niagara-on-the-Lake Hydro Inc. (NOTLH) and Alectra Utilities Corporation (Alectra), formerly Horizon Utilities Corporation 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

NOTLH and Alectra (collectively, the Applicants) filed a joint application on February 16, 2017 under sections 74 and 86(1)(b) of the Act.

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

Through the application, NOTLH seeks to transfer 45 specific customers to Alectra. Of these customers, 34 are "Residential" customers and 11 are "General Service" customers. There are no customers being transferred from Alectra to NOTLH, as part of this application.

NOTLH also requests the OEB's approval to sell the distribution assets servicing the affected customers to Alectra for \$32,290 plus applicable taxes. The application notes that no assets will be stranded or become redundant, if the application is approved.

The Applicants state that both distributors have joint use agreements with Bell Canada and some of the poles involved in this transaction are jointly used by Bell Canada; as such, no new arrangements will be necessary. The Applicants will work with Bell Canada to modify their existing permits to include the new poles.

FINDINGS

The OEB finds 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 NOTLH and Alectra. NOTLH and Alectra's licences will be amended to reflect the proposed transfer of the affected customers.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from NOTLH to Alectra 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.

Alectra 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 Alectra to track these costs in a deferral account. Alectra 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, which will occur in the rate setting process. The Accounting Order as set out in Appendix A, is approved.

NOTLH and Alectra are reminded that both geographic and physical distributors shall ensure that all relevant customer 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 the affected customer and the continuous application of Ontario Electricity Support Program (OESP) rate assistance to the bills of eligible customers.

IT IS ORDERED THAT:

1. Schedule 1 of Niagara-on-the-Lake Hydro Inc.'s Electricity Distribution Licence (ED-2002-0547) 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-on-the-Lake Hydro Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Alectra Utilities Corporation.
4. Alectra Utilities Corporation 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 NOTLH and Alectra are listed below:

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

Asset Type	Count
Poles	17
Transformers	8
Primary Wire and Neutral (m)	2,253.3
Secondary Buss (spans)	3
Secondary O/H Wire (m)	-
Secondary U/G Wire (m)	-
Current Transformers	2
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$32,290

APPENDIX A

Alectra Utilities Corporation Accounting Order

OEB Order No. EB-2017-0096

Dated May 25, 2017

Alectra Utilities Corporation Accounting Order EB-2017-0096

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

Alectra Utilities Corporation 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:

USofA #	Account Description
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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.

USofA #	Account Description
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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