



# **Ontario Energy Board**

## **Elimination of Load Transfer Arrangements Between Hydro One Networks Inc. and E.L.K. Energy Inc.**

### **Combined Service Area Amendment and Asset Transfer Application**

**June 7, 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 E.L.K. Energy Inc. ("E.L.K.") 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 <sup>th</sup> Floor, South Tower Toronto, ON M5G 2P5	Telephone Number see below
	Facsimile Number see below
	E-mail Address Regulatory@Hydroone.com
Contact Person Pasquale Catalano, Regulatory Advisor	Telephone Number 416-345-5405
	Facsimile Number 416-345-5866
	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 E.L.K. Energy Inc.	Licence Number ED-2003-0015
Address: 172 Forest Ave Essex, ON N8M 3E4	Telephone Number See below
	Facsimile Number See below
	E-mail Address: See below
Contact Person: Mark Danelon, Director, Finance & Regulatory Affairs	Telephone Number 519-776-5291 ext 204
	Facsimile Number 519-776-5640
	E-mail Address mdanelon@elkenenergy.com

### 1.3 Description of Proposed Service Area

1.3.1	<p><b>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).</b></p> <p>The proposed amendments are premise-specific. The premises specified in Attachment 1 will be included in E.L.K. Hydro's licence, once the application is approved.</p> <p>E.L.K. Energy Inc. Licence ED-2003-0015 should be amended as follows</p> <p><b>SCHEDULE 1                      DEFINITION OF DISTRIBUTION SERVICE AREA</b></p> <p>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.</p> <p>Schedule 1 is amended to include:</p> <p style="padding-left: 40px;">The Town of Kingsville as of December 31, 1998</p> <p style="padding-left: 60px;">a. Including the customers located at the following address:</p> <p style="padding-left: 80px;">i. 1 Florian Street, Gosfield North, N8M 3E2, Kingsville, ON</p> <p>No changes are required to Hydro One's Distribution Licence ED-2003-0043</p>
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1.3.2	<b>Provide maps or diagrams of the area(s) that is the subject of the SAA application.</b> Please see Attachment 2.
1.3.3	<b>Provide a description of the type of physical connection(s); i.e., individual customer; residential subdivision, commercial or industrial customer.</b> 16 Hydro One customers are proposed to be transferred to E.L.K.: <ul style="list-style-type: none"> <li>• 13 Residential Customers</li> <li>• 2 General Service Customer</li> <li>• 1 Sentinel Light Customer</li> </ul> 0 E.L.K. customers are proposed to be transferred to Hydro One

#### 1.4 Information on Affected Load Transfer Customers

1.4.1	<b>Provide a total number of load transfer arrangements between distributors.</b> Section 1.3.3 addresses the majority of existing load transfer arrangements between the two distributors. Given that E.L.K is an embedded LDC, there are some load transfer arrangements that are not being addressed by this application.
1.4.2	<b>Provide a number of load transfers eliminated in this application.</b> Please see 1.3.3.
1.4.3	<b>Provide a number of customers to be transferred from Hydro One to E.L.K..</b> Please see 1.3.3.
1.4.4	<b>Provide a number of customers to be transferred from E.L.K. to Hydro One.</b> Please see 1.3.3.
1.4.5	<b>Provide a list of affected load transfer customers.</b> <b>(Customer listing must include customer address, name, billing address, rate class and meter number)</b> Please see Attachment 1 for all of the Hydro One customers impacted
1.4.6	<b>Provide written confirmation that all affected persons have been provided with specific and factual information about the service area amendment(s).</b>  Letters informing customers of the proposed amendments were sent by Hydro One to their respective customers prior to June 10, 2017

## 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 E.L.K to Hydro One

There are no customers moving from E.L.K. to Hydro One Networks. As such, no mitigation credits calculation is required.

### 1.5.2 Customers moving from Hydro One to E.L.K.

As shown in Table 1, customers moving from Hydro One to E.L.K. will see a reduction in their monthly delivery charges. As such, no credits are required for these customers. Please note that the calculations below are based on an interim rate order for E.L.K. issued by the OEB on March 31, 2017. Once E.L.K. receives its final rate order for 2017 rates, the bill impacts will be recalculated accordingly.

**Table 1: Bill Impacts at Typical Consumption Levels for Customers Moving from Hydro One (Rates effective January 1, 2017) to E.L.K. (Rates effective May 1, 2016)**

Monthly Consumption	Hydro One Networks				E.L.K. Energy Inc.				
(kWh)	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)	Delivery Charge (\$) **	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)*	Delivery Charge (\$) **	Average Monthly Delivery Impact on Total Bill (\$)
750	R1	33.77	0.003	66.33	R1	13.33	0.0074	33.86	-32.47
2000	GSE	27.87	0.056	180.65	GSE	15.77	0.0061	64.02	-116.63
* Includes low voltage charge									
** Includes RTSR charges and cost of losses									

### 1.5.3 Unmetered customers

There is only one Sentinel Light account being transferred between E.L.K. and Hydro One for which no mitigation credits 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.**  
This would not be applicable as there will not be any stranded assets in this case. 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 of this application for more details.

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

### **2.1       Description of the Assets to Be Transferred**

2.1.1	<b>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)</b> The assets being sold include one transformer and one sentinel light.
2.1.2	<b>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.</b> 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 Attachment 2 for a map indicating the location of the assets.
2.1.3	<b>Indicate which distributor’s customers are currently served by the assets.</b> 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	<b>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.</b>  Hydro One will sell the assets servicing current Hydro One Geographical Customers to E.L.K. for \$4,713.00 plus applicable taxes. This value represents one transformer and one sentinel light.
2.2.2	<b>Will the transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.</b>  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
ORIGINAL SIGNED BY JOANNE RICHARDSON	Joanne Richardson Director - Major Projects and Partnerships, Regulatory Affairs	June 7, 2017

(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
<i>Mark Danelon</i>	Mark Danelon, Director Finance & Regulatory Affairs	May 30, 2017

(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.)

## **Attachment 1**

### **Geographical Distributor (Hydro One) LTLT Customer and Asset Transfer Information**



### Geographical Distributor LTLT Customer and Asset Transfer Information

Map #	Name	Number	Premise Address						Meter ID No.	Classification Figure #	Distributor Rate Class
			Street	City	Postal Code	Lot	Concession	Township			
1		1	FLORIAN ST	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2828680	Fig.14	R1_TOU_RPP
1		1	FLORIAN ST	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047827	Fig.14	GSE_TOURPP
1		1	FLORIAN ST	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	Unmetered	Fig.14	SNL_2TRRPP
1		1	FLORIAN ST, 1	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2051816	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 2	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2051814	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 3	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047866	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 4	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2048443	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 5	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2048441	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 6	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2048444	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 7	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2048442	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 8	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047829	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 9	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047830	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 10	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047825	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 11	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047831	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 12	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047832	Fig.14	R1_2TR_RPP
1		1	FLORIAN ST, 13	GOSFIELD NORTH	N8M 3E2	281	Talbot Road North Side	KINGSVILLE	J2047826	Fig.14	GSE_2TRRPP

## **Attachment 2**

### **Geographical Distributor (Hydro One) LDC Maps**

## Attachment 2

### Hydro One Geographical LDC Maps for LTLT Elimination with E.L.K. Energy Inc. as Physical LDC

