



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

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## **DECISION AND ORDER**

**EB-2017-0173**

**HYDRO ONE NETWORKS INC.**

**WATERLOO NORTH HYDRO INC.**

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

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

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**June 15, 2017**

## INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Waterloo North Hydro Inc. (Waterloo North) 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 a customer 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 Waterloo North (collectively, the Applicants) filed a joint application on April 24, 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, Hydro One seeks to transfer 130 customers of various rate classes to Waterloo North. Of these customers, 106 are "Residential", 19 are "General Service", 2 are "MicroFIT" and 3 are "Sentinel Light" customers. Hydro One also requests the OEB's approval to sell the distribution assets servicing these customers to Waterloo North for \$183,032 plus applicable taxes.

Waterloo North seeks to transfer 6 “Residential” and 22 “General Service” customers to Hydro One. Waterloo North also requests the OEB’s approval to sell the distribution assets servicing these customers to Hydro One for \$78,737 plus applicable taxes.

The Applicants submit that no assets will be stranded or become redundant, and no third parties will be affected, if the application is approved.

## **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 Hydro One and Waterloo North. Hydro One and Waterloo North’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 Waterloo North 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. The disposition of the deferral account will be subject to an OEB determination of prudence, which will occur in the rate setting process.

Hydro One and Waterloo North 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 customers 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 Hydro One Networks Inc.'s Electricity Distribution Licence (ED-2003-0043) is amended. The amended licence is attached to this Decision and Order.
2. Schedule 1 of Waterloo North Hydro Inc.'s Electricity Distribution Licence (ED-2002-0575) is amended. The amended licence is attached to this Decision and Order.
3. Hydro One Networks Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Waterloo North Hydro Inc.
4. Waterloo North Hydro Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

**DATED** at Toronto June 15, 2017

**ONTARIO ENERGY BOARD**

*Original signed by*

Brian Hewson  
Vice President, Consumer Protection and Industry Performance

**SCHEDULE A**

The assets being transferred between Hydro One and Waterloo North are listed below:

Table 1 - List of assets being sold by Hydro One to Waterloo North

<b>Asset Type</b>	<b>Count</b>
Poles	47
Transformers	94
Primary Wire and Neutral (m)	920
Secondary Buss (m)	-
Secondary O/H Wire (m)	2,913
Secondary U/G Wire (m)	1,638
Current Transformers	-
Sentinel Lights	3
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$186,032</b>

Table 2 - List of assets being sold by Waterloo North to Hydro One

<b>Asset Type</b>	<b>Count</b>
Poles	14
Transformers	28
Primary Wire and Neutral (m)	440
Secondary Buss	-
Secondary O/H Wire (m)	1,450
Secondary U/G Wire (m)	63
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$78,737</b>