



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

DECISION AND ORDER

EB-2017-0163

HYDRO ONE NETWORKS INC.

**ESPANOLA REGIONAL HYDRO DISTRIBUTION
CORPORATION**

Joint Application for Elimination of Load Transfer Arrangements

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

June 15, 2017

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Espanola Regional Hydro Distribution Corporation (Espanola Hydro) 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 Espanola Hydro (collectively, the Applicants) filed a joint application on April 6, 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 21 specific customers of three rate classes to Espanola Hydro. Of these customers, 19 are "Residential" and the other 2, are "General Service" and "Sentinel Light" customers. Hydro One also requests the OEB's approval to sell the distribution assets servicing these customers to Espanola Hydro for \$152,080.30 plus applicable taxes.

Espanola Hydro seeks to transfer 15 specific customers of three rate classes to Hydro One. Of these customers, 8 are “Residential”, 2 are “General Service” and 5 are “Streetlight” accounts. Espanola Hydro also requests the OEB’s approval to sell the distribution assets servicing these customers to Hydro One for \$32,008 plus applicable taxes. The Applicants submit that no assets will be stranded, if the application is approved.

The Applicants state that Bell Canada is the only joint use partner on the poles subject to this application. Bell Canada has granted Hydro One approval to sell the poles subject to this sale to Espanola Hydro, as required by the First Right of Refusal clause in the Hydro One-Bell Canada Joint Use Agreement.

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 Espanola Hydro. Espanola Hydro’s licence will be amended to reflect the proposed transfer of the affected customers. Hydro One’s licence is not required to be amended given the manner in which Schedule 1 of Hydro One’s licence is presented.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from Espanola Hydro 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 Espanola Hydro 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 Espanola Regional Hydro Distribution Corporation's Electricity Distribution Licence (ED-2002-0502) is amended. The amended licence is attached to this Decision and Order.
2. Hydro One Networks Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Espanola Regional Hydro Distribution Corporation.
3. Espanola Regional Hydro Distribution Corporation 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 Espanola Hydro are listed below:

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

Asset Type	Count
Poles	128
Transformers	18
Primary Wire and Neutral (m)	24,262
Secondary Buss (m)	-
Secondary O/H Wire (m)	460
Secondary U/G Wire (m)	756
Current Transformers	-
Sentinel Lights	1
Easements	-
Total (\$) before applicable taxes	\$152,080.30

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

Asset Type	Count
Poles	7
Transformers	10
Primary Wire and Neutral (m)	3,560
Secondary Buss	-
Secondary O/H Wire (m)	280
Secondary U/G Wire (m)	315
Current Transformers	6
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$32,008