



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

DECISION AND ORDER

EB-2016-0366

HALTON HILLS HYDRO INC.

**Application for an exemption from section 6.5.3 of the Distribution
System Code (Elimination of Load Transfer Arrangements)**

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

June 15, 2017

INTRODUCTION AND SUMMARY

On December 9, 2016, Halton Hills Hydro Inc. (HHHI) applied for an amendment to its Electricity Distribution Licence, ED-2002-0552. The amendment would exempt HHHI from compliance with section 6.5.3 of the Distribution System Code (DSC). HHHI requests that the Ontario Energy Board (OEB) grant the exemption for the period of time that it takes HHHI to expand its distribution system to connect 33 load transfer customers who are currently located in HHHI's licensed service area, but are physically served by Alectra Utilities Corporation (Alectra), formerly known as Hydro One Brampton Networks Inc.

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).

BACKGROUND

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 connected to and served by another distributor (the physical distributor).

Section 6.5.3 of the DSC requires distributors to eliminate all load transfer arrangements by June 21, 2017. This section was added to the DSC as the result of the OEB's EB-2015-0006 code amendments proceeding and took effect December 21, 2015 (the DSC amendment date).

In the EB-2015-0006 "Notice of Amendments" to the DSC, issued December 21, 2015, in the section entitled "OEB Response to Other Comments Received", the OEB provided the following guidance:

It was suggested that, if an expansion that would connect the load transfer customers had been approved before the final amendments are issued, the load transfer should not need to be eliminated. The OEB agrees with this suggestion as the load transfer will be eliminated without the need for approval of any

incremental costs. In such cases, a request for an exemption can be made by distributors as part of the applicable SAA application. However, any request for an exemption will need to be accompanied by evidence that the expansion was approved by the OEB before the final amendments were made.

THE APPLICATION

HHHI and Alectra are parties to a load transfer arrangement that involves 33 customers who are geographically located in HHHI's licensed service area (on the west side of Winston Churchill Boulevard), but are physically being served by Alectra's distribution assets (which are located on the east side of Winston Churchill Boulevard in Alectra's licensed service area). The 33 load transfer customers are listed in Appendix A hereto. Winston Churchill Boulevard represents the border in this territory between the two distributors' licensed service areas.

Through the application, HHHI seeks an exemption from compliance with section 6.5.3 of the DSC until HHHI expands its distribution system and is able to physically serve the 33 load transfer customers. In particular, HHHI submits that its load transfer arrangement with Alectra does not immediately need to be eliminated because it relates to a portfolio of system expansion plans that was filed with the OEB prior to the DSC amendment date as part of its cost of service application (EB-2015-0074) and ultimately approved by the OEB (in its decision and rate order issued on March 28, 2016). In support of its application, HHHI submits that:

- (i) HHHI's planned system expansion and hydro pole relocation (relating to the 33 load transfer customers) is required as part of a larger project being undertaken jointly by the Regional Municipality of Halton and Regional Municipality of Peel. Among other work, the joint municipality-directed project includes the reconstruction of the existing road surface and installation of road shoulders to both widen the road and improve drainage on Winston Churchill Boulevard.
- (ii) The municipal project began in 2013, and negotiations between the regional municipalities and with landowners have been ongoing since then. The portion of work relating to the 33 load transfer customers; namely, hydro pole relocations, is expected to be completed in 2019.

- (iii) HHHI's exemption request from section 6.5.3 of the DSC is only for the period of time until the municipal project is completed and, as such, until HHHI is able to expand its distribution system and become the physical distributor to the 33 load transfer customers.
- (iv) The Distribution System Plan (DSP) filed by HHHI in its EB-2015-0074 cost of service proceeding referenced, as a system access project, the asset relocation relating to the 33 load transfer customers. The DSP was filed with the OEB in August 2015, well before the DSC amendment date.
- (v) The November 2015 presentation, entitled "Halton Hills Hydro 2016 Cost of Service Rate Application", which was filed with the application, explained HHHI's plans for the system access project on Winston Churchill Boulevard included addressing the long term load transfers.
- (vi) The OEB, in its decision and rate order in HHHI's EB-2015-0074 cost of service application (issued March 24, 2016), approved HHHI's DSP.
- (vii) For the OEB to rely on the guidance set out in the Notice of Amendments to deny HHHI's exemption request would be patently unfair given that: the expansion project will improve reliability and result in cost-sharing with a neighbouring utility; HHHI has already been working and expending time and money on the expansion project; and, the guidance in the Notice of Amendments is not an order of the OEB that can operate retroactively to nullify evidence that had been filed with the OEB months earlier.

Alectra is directly affected by HHHI's exemption request and filed a letter of comment with the OEB on January 24, 2016. Alectra stated that the ability to request an exemption from section 6.5.3 of the DSC is predicated on the OEB's previous approval of a system expansion and, in this regard, notes that the OEB did not issue a decision on HHHI's EB-2015-0074 cost of service application until three months after the DSC amendments came into force. Alectra also indicated it is currently in a position to serve the load transfer customers, as the physical distributor, and that it can serve the customers on an ongoing and permanent basis, as the geographic distributor, through the immediate elimination of the load transfer arrangement. Alectra also states that it

has extensive distribution assets on the east side of Winston Churchill Boulevard and, in its view, Alectra's proposal is the simplest and most economical way to eliminate the load transfer arrangements by the June 21, 2017 deadline, as set out in the DSC.

FINDINGS

Based on the evidence, and having considered the submissions of HHHI and Alectra, I find that HHHI's application to amend its licence, for an exemption from section 6.5.3 of the DSC, should be granted, with certain conditions set out below. The exemption shall remain in place until HHHI has physically connected to the 33 load transfer customers or until December 31, 2020, whichever is earlier. Upon completion of the joint-municipality directed project along Winston Churchill Boulevard, HHHI shall advise the OEB as to the date of the elimination of the load transfer and confirm that it was completed without the need for OEB approval of any incremental costs.

HHHI applied for the DSC exemption based on evidence filed and ultimately accepted by the OEB in the context of HHHI's EB-2015-0074 cost of service proceeding. The evidence in that application, which was filed in August 2015, includes the Winston Churchill Boulevard project as part of the DSP and evidence was filed to indicate that the project was, in part, being undertaken to address the long term load transfers that are the subject of the exemption application. Notwithstanding that HHHI did not receive approval of its DSP until after the DSC amendment date, I find that the project to eliminate the long term load transfers was part of an OEB approval and therefore the application by HHHI for an exemption to complete that project is reasonable.

IT IS ORDERED THAT:

1. Halton Hills Hydro Inc.'s electricity distribution licence (ED-2002-0552), specifically Schedule 3 of the licence, is amended to reflect an exemption from the requirements of section 6.5.3 of the Distribution System Code until December 31, 2020 in relation to the 33 load transfer customers located on the lands listed under item 1 in Appendix A to this Decision and Order or until Halton Hills Hydro Inc. has physically connected those customers, whichever is earlier.

DATED at Toronto June 15, 2017

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance

APPENDIX A

Load transfer customers for which Halton Hills Hydro Inc. is granted an exemption from section 6.5.3 of the Distribution System Code until December 31, 2020:

1. 33 customers located on Winston Churchill Boulevard with the following municipal address numbers:

9118, 9190, 9206, 9218, 9250, 9278, 9294, 9296, 9362, 9368, 9402, 9420, 9438, 9446, 9550, 9564, 9580, 9584, 9590, 9610, 9616, 9618, 9626, 9636, 9652, 9674, 9690, 9714, 9734, 9738, 9754, 9774 and 9792.