



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

DECISION AND ORDER

EB-2017-0186

NIAGARA PENINSULA ENERGY INC.

CANADIAN NIAGARA POWER INC.

Joint Application for Elimination of Load Transfer Arrangements

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

June 29, 2017

INTRODUCTION AND SUMMARY

Niagara Peninsula Energy Inc. (NPEI) and Canadian Niagara Power Inc. (CNPI) 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

NPEI and CNPI (collectively, the Applicants) filed a joint application on May 4, 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, NPEI seeks to transfer 10 "Residential" customers to CNPI. NPEI also requests the OEB's approval to sell the distribution assets servicing the affected customers to CNPI for \$11,091 plus applicable taxes. CNPI seeks to transfer 3 "Residential" customers to NPEI and requests the OEB's approval to sell the distribution assets servicing the affected customers to NPEI for \$440 plus applicable taxes.

Upon approval of the application, the existing meters will be replaced with meters belonging to the physical distributor. The application notes that the residual value of any meters that would not be reutilized is immaterial. The Applicants also submit that no third parties will be impacted, 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 NPEI and CNPI. NPEI and CNPI'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 customers moving from NPEI to CNPI 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.

CNPI 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 CNPI to track these costs in a deferral account. CNPI 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.

The Residential customers being transferred from CNPI to NPEI will see a reduction in their monthly delivery charges and, therefore, no credits are required for these customers.

NPEI and CNPI 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 Peninsula Energy Inc.'s Electricity Distribution Licence (ED-2007-0749) is amended. The amended licence is attached to this Decision and Order.
2. Schedule 1 of Canadian Niagara Power Inc.'s Electricity Distribution Licence (ED-2002-0572) is amended. The amended licence is attached to this Decision and Order.
3. Niagara Peninsula Energy Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Canadian Niagara Power Inc.
4. Canadian Niagara Power Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Niagara Peninsula Energy Inc.
5. Canadian Niagara Power Inc. 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 June 29, 2017

ONTARIO ENERGY BOARD

Original signed by

Brian Hewson
Vice President, Consumer Protection and Industry Performance

SCHEDULE A

The assets being transferred between NPEI and CNPI are listed below:

Table 1 - List of assets being sold by NPEI to CNPI

Asset Type	Count
Poles	15
Transformers	5
Primary Wire and Neutral (m)	-
Secondary Buss (m)	-
Secondary O/H Wire (m)	480
Secondary U/G Wire (m)	63
Current Transformers	2
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$11,091

Table 2 - List of assets being sold by CNPI to NPEI

Asset Type	Count
Poles	-
Transformers	-
Primary Wire and Neutral (m)	-
Secondary Buss (m)	-
Secondary O/H Wire (m)	120
Secondary U/G Wire (m)	63
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$440

APPENDIX A

Canadian Niagara Power Inc. Accounting Order

OEB Order No. EB-2017-0186

Dated June 29, 2017

Canadian Niagara Power Inc. Accounting Order EB-2017-0186

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

Canadian Niagara Power Inc. shall establish this new deferral account effective June 29, 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