



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

DECISION AND ORDER

EB-2017-0237

HYDRO ONE NETWORKS INC.

ALECTRA UTILITIES CORPORATION

Joint Application for Elimination of Load Transfer Arrangements

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

September 21, 2017

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Alectra Utilities Corporation (Alectra) 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 in the Horizon Utilities and PowerStream rate zones are eliminated. A load transfer arrangement is a situation in which an electricity 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 Alectra (collectively, the Applicants) filed a joint application on June 14, 2017 under sections 74 and 86(1)(b) of the Act.

The application was filed pursuant to the Distribution System Code (DSC) amendments made in the OEB proceeding EB-2015-0006 and in accordance with the OEB's filing guidelines for combined service area amendments and sale of assets. In the EB-2015-0006 proceeding, the OEB set out its policy on the elimination of load transfer arrangements between electricity distributors in Ontario. On December 21, 2015, the DSC was amended in order to facilitate distributors' compliance with the policy. In particular, section 6.5.3 of the DSC now requires distributors to eliminate all load transfer arrangements by June 21, 2017, and section 6.5.6 prohibits distributors from entering into any new load transfer arrangements.

Through the application, Hydro One seeks to transfer 205 specific load transfer customers of various rate classes to Alectra. Of these customers, 144 are "Residential", 53 are "General Service", 1 is an "Unmetered Scattered Load" and 7 customers belong to "Sentinel Light" rate class. Hydro One also requests OEB's approval to sell the distribution assets servicing these customers to Alectra for \$305,672 plus applicable taxes.

Alectra seeks to transfer 103 specific load transfer customers of various rate classes to Hydro One. Of these customers, 100 are “Residential”, 2 are “General Service” and the remaining customer belongs to “Unmetered Scattered Load” rate class. Alectra also requests OEB’s approval to sell the distribution assets servicing these customers to Hydro One for \$87,549.90 plus applicable taxes.

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

The Applicants state that during the course of the load transfer elimination exercise, one new load transfer customer, who is located at 8600 County Road 27, Essa within Hydro One’s licensed service area, requested connection. Both distributors jointly agree that it is more economically and technically efficient for Alectra (the physical distributor in this case) to connect and serve the new customer. Therefore in lieu of creating a new load transfer arrangement, which is prohibited by section 6.5.6 of the DSC, the customer mentioned above will be connected to Alectra’s distribution system. As part of this application, the Applicants request that the electricity distribution licences of both Hydro One and Alectra be amended to reflect the transfer of this customer as well.

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 Alectra. The transfer of the customer referred to above is also approved. Hydro One and Alectra’s licences will be amended to reflect the proposed transfer of affected customers in the Horizon Utilities and PowerStream rate zones.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from Alectra to Hydro One, as well as 5 specific General Service customers moving from Hydro One to Alectra’s Horizon Utilities rate zone shall receive a monthly bill credit from the physical distributor 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.

All Residential and General Service customers being transferred from Hydro One to Alectra (except for the 5 specific General Service customers) will see a reduction in their monthly delivery charges and, therefore, no credits are required for these customers.

Hydro One and Alectra 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 and Alectra to track these costs in a deferral account. Both distributors shall record these costs in account 1508, Other Regulatory Assets, Sub-account LTLT Rate Impact Mitigation. Consideration of the disposition of the deferral accounts will occur in the normal manner in the rate setting process.

Hydro One and Alectra 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.

An itemized list of assets authorized for transfer between Hydro One and Alectra is set out in Schedule A of this Decision and Order.

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 Alectra Utilities Corporation's Electricity Distribution Licence (ED-2016-0360, specifically Horizon Utilities and PowerStream rate zones) 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 Alectra Utilities Corporation.
4. Alectra Utilities Corporation is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

DATED at Toronto September 21, 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 Alectra are listed below:

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

Asset Type	Count
Poles	81
Transformers	129
Primary Wire and Neutral (m)	3,950
Secondary Buss (m)	-
Secondary O/H Wire (m)	7,240
Secondary U/G Wire (m)	5,355
Current Transformers	-
Sentinel Lights	5
Easements	-
Total (\$) before applicable taxes	\$305,672

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

Asset Type	Count
Poles	8
Transformers	16
Primary Wire and Neutral (m)	1,247.92
Secondary Buss (m)	-
Secondary O/H Wire (m)	240
Secondary U/G Wire (m)	3,945.41
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$87,549.90