



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

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## **DECISION AND ORDER**

**EB-2017-0217**

**NIAGARA PENINSULA ENERGY INC.**

**GRIMSBY POWER 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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**October 19, 2017**

## INTRODUCTION AND SUMMARY

Niagara Peninsula Energy Inc. (NPEI) and Grimsby Power Inc. (GPI) 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). As part of this application, NPEI and GPI also proposed to transfer two non-load transfer customers from NPEI to GPI.

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 GPI (collectively, the Applicants) filed a joint application on May 26, 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 four "Residential" and two "General Service" load transfer customers to GPI. NPEI also seeks to transfer two non-load transfer customers (one Residential and one General Service) to GPI, as part of this application.

There are three customers (one Residential and two General Service) located at 8120 Mud Street East, Grimsby in NPEI's licensed service area. The two General Service customers are connected to GPI's three-phase supply, and are therefore load transfer customers to be transferred to GPI. The Residential customer at this location is however connected to NPEI's single-phase supply, and is therefore not a load transfer customer. In order to avoid customer confusion and have one distributor service all customers located at the same address, NPEI and GPI propose that the Residential customer at 8129 Mud Street East also be transferred to GPI. Upon approval of this request, GPI will install a single-phase service for this Residential customer and NPEI's service to this customer will be removed.

NPEI and GPI also jointly propose that the General Service customer located at 3657 Fairbrother Road, Beamsville be transferred from NPEI to GPI, even though this is not a load transfer customer. This customer is supplied by an NPEI 8.32 kV pole line on the east side of Fairbrother Road, which consists of 10 poles, 1 transformer and 725 meters of wire. As noted by the Applicants, this pole line is used exclusively to supply this single customer, and most of the assets are over 50 years old. The Applicants further state that GPI owns a newer 27.6 kV pole line on the west side of Fairbrother Road. Due to the location of this customer, both NPEI and GPI agree that it is more efficient for GPI to supply the customer than NPEI. Applicants submit that by transferring this General Service customer to GPI, the need for NPEI to rebuild its aging pole line on the east side of Fairbrother Road will be eliminated. Upon transfer of this customer to GPI, NPEI will remove its aging pole line assets on the east side of Fairbrother Road, which have a residual value of \$5,423 and will transfer the transformer and the road crossing pole to GPI.

NPEI requests the OEB's approval to sell the distribution assets servicing the affected customers (load transfer and non-load transfer customers) to GPI for \$20,953 plus applicable taxes.

Through the application, GPI seeks to transfer eight "Residential", two "General Service", one "MicroFIT" customers and three vacant properties to NPEI's service area and also requests the OEB's approval to sell the distribution assets servicing the affected customers to NPEI for \$7,357 plus applicable taxes.

The Applicants submit that upon approval of the application, the existing meters will be replaced with meters belonging to the physical distributor. The Applicants also submit the residual value of any meters that would not be reutilized is immaterial.

The Applicants state that Bell Canada is the only joint use partner on the poles subject to this sale. There are currently Bell Canada attachments on one pole owned by NPEI to be sold to GPI. As GPI and Bell Canada have an existing joint use agreement, no new agreements will be necessary. NPEI and GPI will work with Bell Canada to update the existing permits to reflect the impact of this application.

## **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 GPI. The transfer of two non-load transfer customers is also approved. NPEI and GPI licences will be amended to reflect the proposed transfer of the affected customers.

The Residential and General Service customers (both load transfer and non-load transfer customers) being transferred from NPEI to GPI will see a reduction in their monthly delivery charges.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from GPI to NPEI 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.

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

NPEI and GPI are reminded that both geographic and physical distributors shall ensure that all relevant consumer 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 consumers and the continuous application of Ontario Electricity Support Program (OESP) rate assistance to the bills of eligible consumers.

**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 Grimsby Power Inc.'s Electricity Distribution Licence (ED-2002-0554) 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 Grimsby Power Inc.
4. Grimsby Power Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Niagara Peninsula Energy Inc.

**DATED** at Toronto October 19, 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 GPI are listed below:

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

Asset Type	Count
Poles	5
Transformers	4
Primary Wire and Neutral (m)	63
Secondary Buss (spans)	-
Secondary O/H Wire (m)	170
Secondary U/G Wire (m)	126
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$20,953</b>

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

Asset Type	Count
Poles	6
Transformers	4
Primary Wire and Neutral (m)	-
Secondary Buss (spans)	-
Secondary O/H Wire (m)	515
Secondary U/G Wire (m)	108
Current Transformers	-
Sentinel Lights	-
Easements	-
<b>Total (\$) before applicable taxes</b>	<b>\$7,357</b>