



December 18, 2017

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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27th Floor  
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Ajax, ON L1T 3V3

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[www.veridian.on.ca](http://www.veridian.on.ca)

Dear Ms. Walli:

**Re: Load Transfer Elimination Application – A Service Area Amendment & Asset Sale Application  
Between Veridian Connections Inc. and Hydro One Networks Inc.**

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In accordance with the Distribution System Code amendments of December 21, 2015, Veridian Connections Inc. and Hydro One Networks Inc. are jointly applying to the Ontario Energy Board (“Board”) for approval to amend the service areas of both distributors such that existing load transfer arrangements between the two LDCs are eliminated.

Veridian submits that there will be no adverse impacts on existing customers, and therefore ask that the Board dispose of the proceeding without a hearing under Section 21(4)(b) of the *Ontario Energy Board Act, 1998*.

This application contains certain confidential customer information and is therefore being filed in accordance with the Board’s *Practice Direction of Confidential Filings*. Please find enclosed two copies of a confidential filing, and two copies of a non-confidential public filing.

Should you have any questions on this application, please do not hesitate to contact me.

Yours truly,

*Original signed by*

Steve Zebrowski  
Manager of Regulatory Affairs and Conservation  
Veridian Connections Inc.

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The power to make your community better.

Veridian Connections is a wholly owned subsidiary of Veridian Corporation





# **Ontario Energy Board**

**Elimination of Load Transfer Arrangements  
Between  
Hydro One Networks Inc. and Veridian  
Connections Inc.**

**Combined Service Area Amendment and Asset  
Transfer Application**

**December 18, 2017**

## **PART I: SERVICE AREA AMENDMENT**

### **1.1 Basic Facts**

As a result of the Distribution System Code amendments of December 21, 2015, EB-2015-0006, Hydro One Networks Inc. (“Hydro One”) and Veridian Connections Inc. (“Veridian”) are jointly applying to the Ontario Energy Board (“OEB”) for approval to amend the service areas of both distributors such that existing load transfer arrangements between the two LDCs are eliminated.

On May 17, 2017 Veridian and Hydro One filed a Service Area Amendment (“SAA”) application with the OEB which proposed the elimination of 59 Long Term Load Transfers (“LTLT”) between the two distributors. Since filing that application, Veridian and Hydro One have identified four (4) additional customers that were not known to be an LTLT arrangement at that time. This application proposes the transfer of those four (4) customers from Veridian to Hydro One.

### **1.2 Identification of the Parties**

#### **1.2.1 Applicant**

(Identify whether the applicant is a geographic and/or physical distributor)

Name of Applicant Hydro One Networks Inc. ( <i>Physical Distributor</i> )	Licence Number ED-2003-0043
Address 483 Bay Street, 7 <sup>th</sup> Floor, South Tower Toronto, ON M5G 2P5	Telephone Number 416-345-5405
	Facsimile Number 416-345-5866
	E-mail Address Regulatory@Hydroone.com
Contact Person Pasquale Catalano Regulatory Advisor	Telephone Number As listed above.
	Facsimile Number As listed above.
	E-mail Address Pasquale.Catalano@Hydroone.com

**1.2.2 Co-Applicant or Other Distributor to the Service Area Amendment Application**

Name of Co-Applicant or Other Distributor Veridian Connections Inc. ( <i>Geographic Distributor</i> )	Licence Number ED-2002-0503
Address: 55 Taunton Road East Ajax, ON L1T 3V3	Telephone Number See below
	Facsimile Number See below
	E-mail Address: See below
Contact Person: George Armstrong	Telephone Number 905-427-9870 x2202
	Facsimile Number 905-619-0210
	E-mail Address garmstrong@veridian.on.ca

### 1.3 Description of Proposed Service Area

1.3.1	<p><b>Provide a detailed service area description of the area(s) that is subject to the SAA and how the amendments should be reflected in Schedule 1 of the licence(s) of the distributor(s).</b></p> <p>The proposed amendments are premise-specific. Once this application is approved, Hydro One's licence will include all of the premises in Attachment 1. These will be removed from Veridian's licence.</p> <p>Veridian Connections Inc. Licence ED-2002-0503 should be amended as documented in Attachments 3 and 4.</p> <p>No changes to Hydro One's licence are required.</p>
1.3.2	<p><b>Provide maps or diagrams of the area(s) that is the subject of the SAA application.</b></p> <p>Please see Attachment 2.</p>
1.3.3	<p><b>Provide a description of the type of physical connection(s); i.e., individual customer; residential subdivision, commercial or industrial customer.</b></p> <p>Four (4) Veridian customers are proposed to be transferred to Hydro One:</p> <ul style="list-style-type: none"><li>• Three (3) Residential Seasonal Customers</li><li>• One (1) Residential Customers</li></ul>

#### 1.4 Information on Affected Load Transfer Customers

1.4.1	<b>Provide a total number of load transfer arrangements between distributors.</b> Please see 1.3.3.
1.4.2	<b>Provide a number of load transfers eliminated in this application.</b> Please see 1.3.3.
1.4.3	<b>Provide a number of customers to be transferred from Hydro One to Veridian.</b> There are no customers being transferred from Hydro One to Veridian
1.4.4	<b>Provide a number of customers to be transferred from Veridian to Hydro One.</b> Please see 1.3.3.
1.4.5	<b>Provide a list of affected load transfer customers.</b> <b>(Customer listing must include customer address, name, billing address, rate class and meter number)</b> Please see Attachment 1
1.4.6	<b>Provide written confirmation that all affected persons have been provided with specific and factual information about the service area amendment(s).</b>  Letters informing customers of the proposed amendments were sent by Veridian to its affected customers on October 3 <sup>rd</sup> , 2017.

**1.5 Impacts Arising from the Amendment(s)**

1.5.1	<p><b>Use the table below to describe the impact on the average residential customers’ total bill that arises as a result of the service area amendment(s) before and after rate mitigation is applied. Use delivery charge on consumer’s bill (including cost of losses and excluding all rate riders). Use 750 kWh / month for the average residential consumer. Provide any additional information as required.</b></p> <p style="text-align: center;"><b>Customers moving from Veridian to Hydro One</b></p> <p>The delivery charges will increase for the residential and general service customers moving from Veridian to Hydro One. Table 1 shows the delivery impact on total bill for these customers at the typical monthly consumption levels by rate class.</p> <p style="text-align: center;"><b>Table 1: Bill Impacts at Typical Consumption Levels for Customers Moving from Veridian (Rates effective May 1, 2017) to Hydro One (Rates effective January 1, 2017)</b></p> <table border="1" data-bbox="284 787 1399 1144"> <thead> <tr> <th rowspan="2">Monthly Consumption (kWh)</th> <th colspan="4">Veridian Connections Inc.</th> <th colspan="4">Hydro One Networks</th> <th rowspan="2">Average Monthly Delivery Impact on Total Bill (\$)</th> </tr> <tr> <th>Rate Class</th> <th>Fixed Charge (\$)</th> <th>Variable Charge (\$/kWh or \$/kW)*</th> <th>Delivery Charge (\$)**</th> <th>Rate Class</th> <th>Fixed Charge (\$)</th> <th>Variable Charge (\$/kWh or \$/kW)</th> <th>Delivery Charge (\$)**</th> </tr> </thead> <tbody> <tr> <td>750</td> <td>RES</td> <td>19.73</td> <td>0.0093</td> <td>39.58</td> <td>R2</td> <td>19.83</td> <td>0.0374</td> <td>52.47</td> <td>12.89</td> </tr> <tr> <td>545</td> <td>RES SEASONAL</td> <td>37.39</td> <td>0.0228</td> <td>60.25</td> <td>Seasonal</td> <td>36.28</td> <td>0.0635</td> <td>81.93</td> <td>21.68</td> </tr> </tbody> </table> <p>* Includes low voltage charge  ** Includes RTSR charges and cost of losses, as well as \$36.43 Distribution Rate Protection on R2 Delivery Charges as per the Fair Hydro Plan (2017)</p> <p>The customers moving from Veridian Connections Inc. to Hydro One Networks will receive a monthly bill credit to offset the increase in delivery charges<sup>1</sup>. In accordance with the Ontario Energy Board’s (OEB) direction provided in “Amendments to the Distribution System Code”, the credit will be calculated using each customer’s average monthly consumption over the most recent 12 months at the time the application is filed for the OEB’s approval. The credit will be fixed at this calculated level and remain in place as long as the customer remains the account holder.</p> <p>The OEB has confirmed that a deferral account will be provided for the purpose of tracking the rate mitigation costs for future recovery.</p>	Monthly Consumption (kWh)	Veridian Connections Inc.				Hydro One Networks				Average Monthly Delivery Impact on Total Bill (\$)	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)*	Delivery Charge (\$)**	Rate Class	Fixed Charge (\$)	Variable Charge (\$/kWh or \$/kW)	Delivery Charge (\$)**	750	RES	19.73	0.0093	39.58	R2	19.83	0.0374	52.47	12.89	545	RES SEASONAL	37.39	0.0228	60.25	Seasonal	36.28	0.0635	81.93	21.68
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1.5.2	<p><b>Provide a description of any assets which may be stranded or become redundant after completion of the service area amendment(s). Please explain why these assets could not be transferred to the physical distributor.</b></p> <p>No assets will be stranded as a result of this amendment.</p>																																						

<sup>1</sup> For the purpose of credit calculations, the delivery charge includes distribution charges (including the Distribution Rate Protection as described in the *Fair Hydro Act, 2017*), transmission charges and cost of losses, but excludes any rate riders as specified by the OEB in “[Amendments to the Distribution System Code, Section C \(File No.: EB-2015-0006\)](#)”.

1.5.3	<p><b>Identify costs for stranded equipment that would need to be de-energized or removed.</b></p> <p>This would not be applicable as there will not be any stranded assets in this case. See 1.5.2.</p>																																							
1.5.4	<p><b>Identify any assets that will be transferred to and/or from the applicant(s). If an asset transfer is required, please complete Part II of the application form.</b></p> <p>Please see Part 2 of this application for more details.</p>																																							
1.5.5	<p><b>Include an estimate of the credit required for each customer to ensure there is not a negative impact on the total bill.</b></p> <p>Table 2 provides the credit amounts for each specific residential customer moving from Veridian Connections Inc. to Hydro One Networks.</p> <p style="text-align: center;"><b>Table 2: Credit Amounts to Eliminate the Increase in Delivery Charges for Customers Moving from Veridian (Rates effective May 1, 2017) to Hydro One (Rates effective January 1, 2017)</b></p> <table border="1" data-bbox="280 852 1421 1161"> <thead> <tr> <th rowspan="2">Index</th> <th rowspan="2">Average Monthly Consumption (kWh)</th> <th colspan="2">Veridian Connections Inc.</th> <th colspan="2">Hydro One Networks</th> <th rowspan="2">Monthly Credit (\$)</th> </tr> <tr> <th>Rate Class</th> <th>Delivery Charges (\$)</th> <th>Rate Class</th> <th>Delivery Charges (\$)</th> </tr> </thead> <tbody> <tr> <td>Cust1</td> <td>511.78</td> <td>RES SEASONAL</td> <td>58.90</td> <td>Seasonal</td> <td>79.20</td> <td>20.29</td> </tr> <tr> <td>Cust2</td> <td>2,947.20</td> <td>RES SEASONAL</td> <td>157.52</td> <td>Seasonal</td> <td>279.66</td> <td>122.14</td> </tr> <tr> <td>Cust3</td> <td>229.54</td> <td>RES</td> <td>26.35</td> <td>R2</td> <td>33.87</td> <td>7.52</td> </tr> <tr> <td>Cust4</td> <td>909.67</td> <td>RES SEASONAL</td> <td>75.01</td> <td>Seasonal</td> <td>111.95</td> <td>36.93</td> </tr> </tbody> </table>	Index	Average Monthly Consumption (kWh)	Veridian Connections Inc.		Hydro One Networks		Monthly Credit (\$)	Rate Class	Delivery Charges (\$)	Rate Class	Delivery Charges (\$)	Cust1	511.78	RES SEASONAL	58.90	Seasonal	79.20	20.29	Cust2	2,947.20	RES SEASONAL	157.52	Seasonal	279.66	122.14	Cust3	229.54	RES	26.35	R2	33.87	7.52	Cust4	909.67	RES SEASONAL	75.01	Seasonal	111.95	36.93
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**PART II: TRANSFER OF ASSETS (S. 86(1)(b))**

**2.1 Description of the Assets to Be Transferred**

2.1.1	<p><b>Provide a description of the assets that are the subject of the transaction. (Attach a detailed list of assets to be sold including value of assets)</b></p> <p>See Attachments 1.</p>
2.1.2	<p><b>Indicate where the assets are located – whether in the applicant’s service territory or in the recipient’s service territory (if applicable). Please include a map of the location.</b></p> <p>Please see Attachment 2 for maps indicating the location of the assets.</p>
2.1.3	<p><b>Indicate which distributor’s customers are currently served by the assets.</b></p> <p>Currently the assets are being used to service Veridian’s customers. Once the application is approved, the assets will continue to service the same customers they currently service. The customers will be transferred from the geographical distributor to the physical distributor.</p>

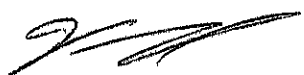
**2.2 Description of the Sale Transaction**

2.2.1	<p><b>The value of the assets to be transferred shall be determined based on net book value (NBV). Attach the details of the associated cash consideration to be given and received by each of the parties to the transaction.</b></p> <p>Veridian will sell the assets servicing current Veridian Geographical Customers to Hydro One for \$5,080 plus applicable taxes.</p> <p>This cost relates to the sale of the following assets:</p> <ul style="list-style-type: none"><li><b>(1) Transformer</b> Year: 2017 Size: 50 kVa Phases: 1 Secondary Voltage: 120/240 Value: \$4,850</li><li><b>(2) Wire</b> Value: \$230</li></ul>
2.2.2	<p><b>Will the transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.</b></p> <p>No</p>

**PART III: CERTIFICATION AND ACKNOWLEDGEMENT**

**Applicant**

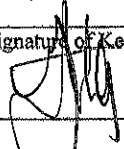
I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual 	Name and Title of Key Individual Joanne Richardson Director - Major Projects and Partnerships, Regulatory Affairs	Date 12 Dec 2017
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(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

**Co-Applicant (if applicable)**

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual 	Name and Title of Key Individual George Armstrong Vice President, Corporate Services	Date Dec. 13, 2017
--	--	-----------------------

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

# **Attachment 1**

## **Geographical Distributor (Veridian) LTLT Customer and Asset Transfer Information**

(Confidential)





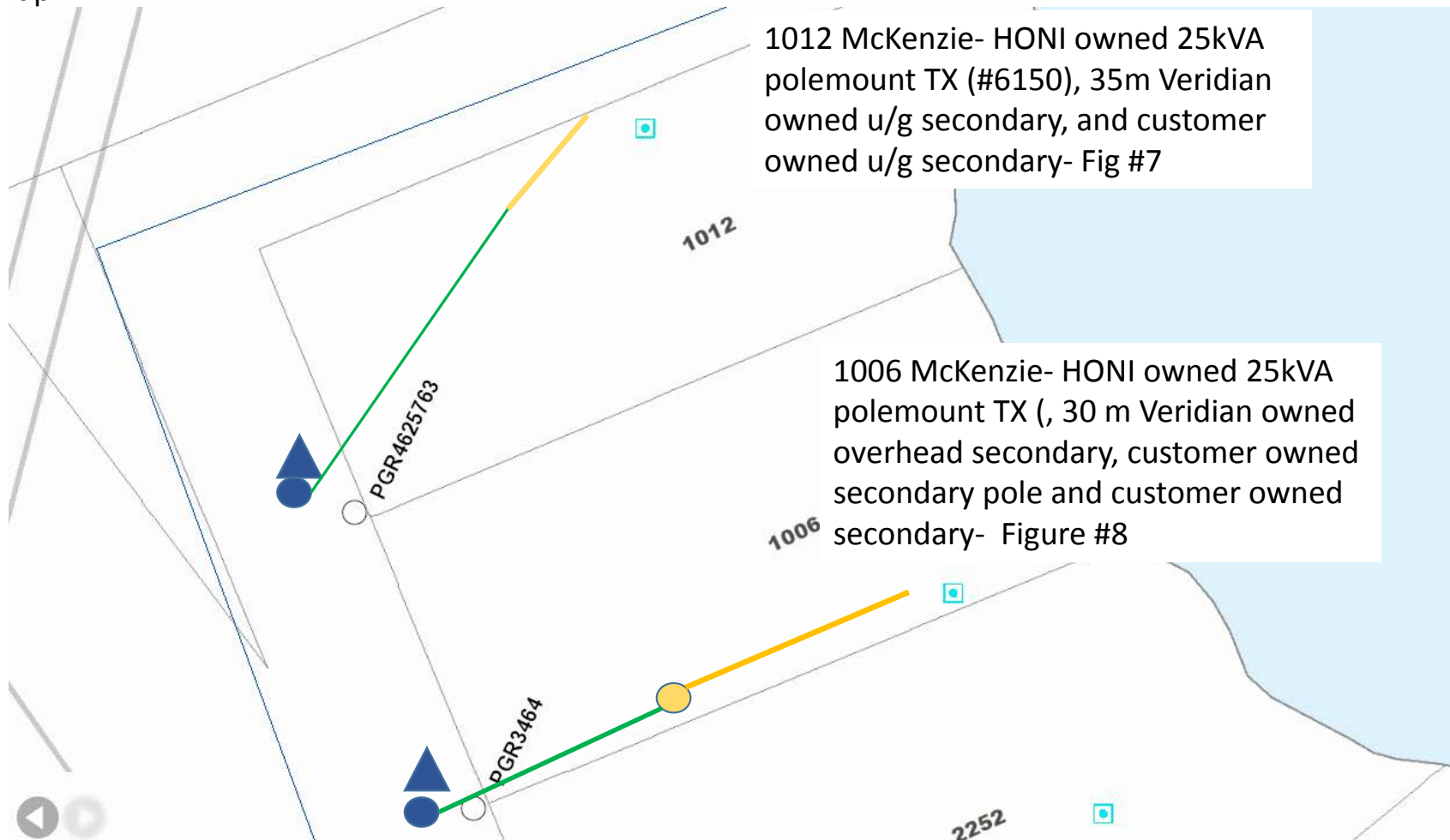
## **Attachment 2**

**Veridian Asset Map for LTLT Elimination with HONI**

**Maps Legend**

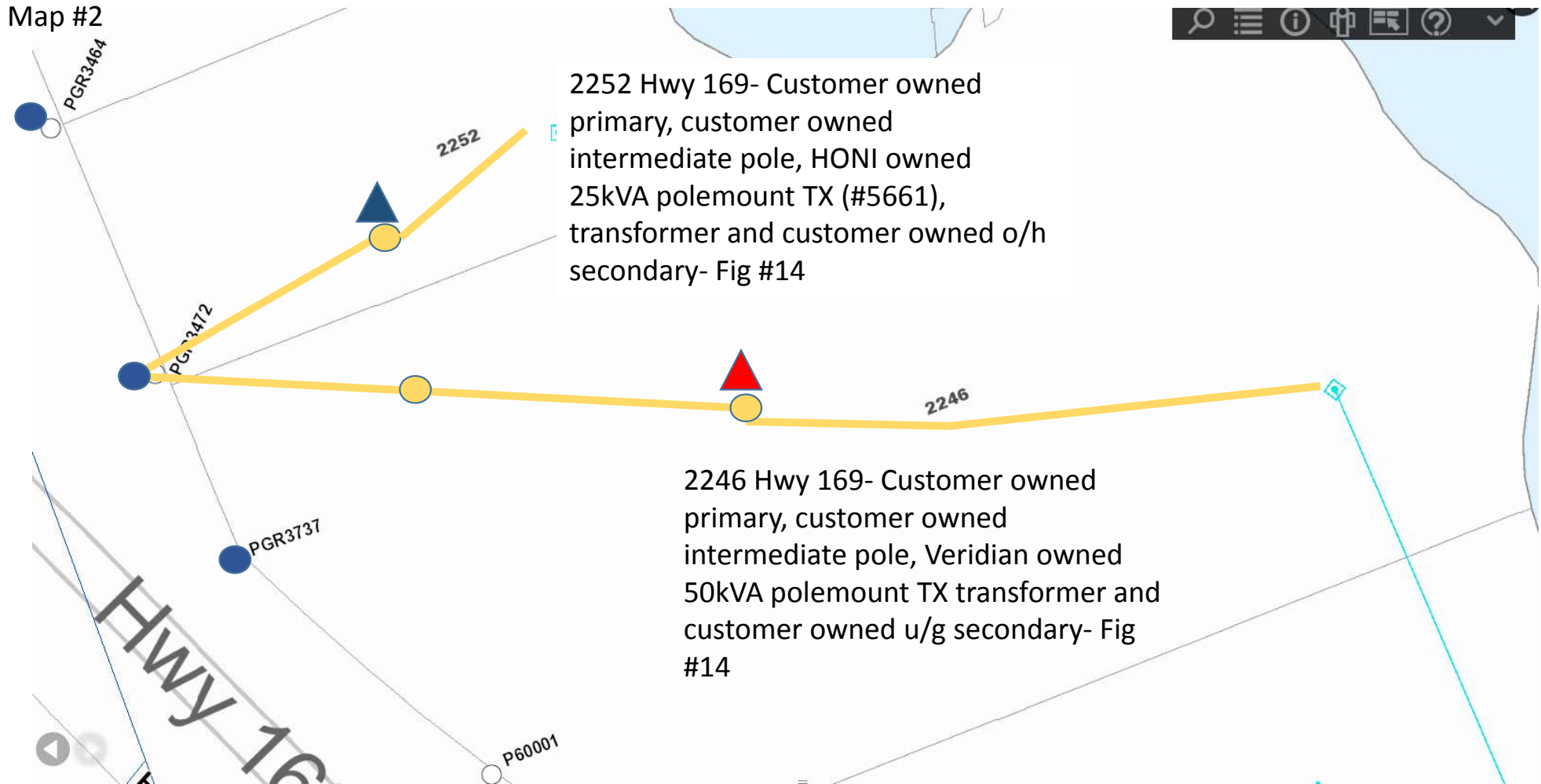
-  Hydro One owned Pole
-  Hydro One owned Primary line
-  Hydro One owned Secondary line
-  Hydro One owned Polemount Transformer
-  Hydro One owned Padmount Transformer
  
-  Veridian owned Pole
-  Veridian owned Primary line
-  Veridian owned Secondary line
-  Veridian owned Polemount Transformer
  
-  Customer owned Pole
-  Customer owned lines

Map #1



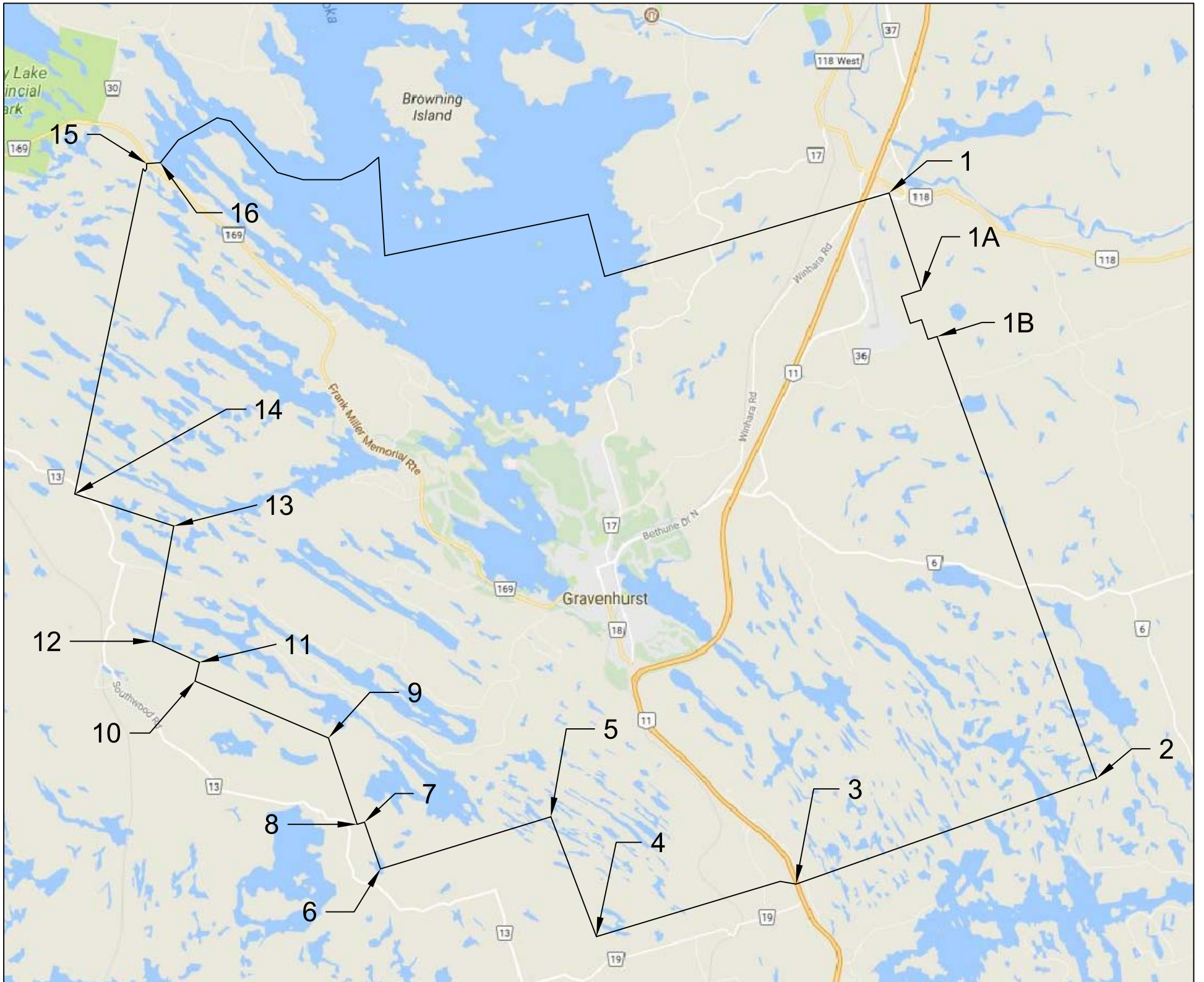


Map #2



## **Attachment 3**

**Geographical Distributor (Veridian) LDC Licence Map**



## **Attachment 4**

### **Geographical Distributor (Veridian) LDC Licence Description**

## **GRAVENHURST SERVICE AREA**

Beginning at the most northeast corner of the Town of Gravenhurst (the northeast corner of Muskoka County Conc. IX Lot 1), in a clockwise direction, the franchise area limits are an irregular polygon the bounds of which are described as a line:

### EASTERN BOUNDARY

The meets and bounds generally begin at the north-east corner of the Town of Gravenhurst but exclude Lot 1, Conc. IX and Lot 1, Conc VIII Muskoka.

1. Beginning at the intersection of the boundary between Lots 1 and 2, Conc. IX Muskoka and the north Muskoka County line, proceeding southerly along the boundary between Lots 1 & 2 (generally parallel to the eastern limit of the Town of Gravenhurst, or the Town of Bracebridge Town Line, being the Muskoka/Draper County Line) to point # 1A at the southeast corner of Lot 1, Conc. VIII, Muskoka;

At Point #1A turning ~~easterly~~westerly along the Conc. VIII/Conc. VII boundary and then following an irregular line along the west and south edges of Registered properties known as 1181 and 1188 Campbell's Road, Gravenhurst to Point # 1B at the intersection with the easterly limit of the Town of Gravenhurst;

At Point #1B turning southerly along the easterly limit of the Town of Gravenhurst to the point where the Town Line turns sharply east (southeast corner of Lot 1, Conc. I, Muskoka County 1 Lot 1);

1B. continuing straight through the preceding point (and not following the Town line) in a straight line southerly along the boundary between the Counties of Ryde and Morrison to the north/south midpoint of Lot 1, Conc. X, Morrison;

### SOUTHERN BOUNDARY

2. turning sharply west and continuing in a straight line bisecting Conc. X, Morrison, into north/south halves through Lots 1-13 and into Range East, Morrison, to a point on the boundary between Range West and Range East, Morrison;
3. there making a slight bend northerly and continuing westerly along a line again bisecting Conc. X through Lots 18-25, Conc. X, Morrison to a point immediately west of the boundary between Lots 25 and 26, Conc. X, Morrison;

4. turning sharply northerly along a line just west of the boundary between Lots 25 and 26, through Conc. X to a point midway (north/south) in Conc. Xii, Morrison;

#### WESTERN BOUNDARY

5. there turning westerly and proceeding along a line approximately bisecting Conc. XII, Morrison, to a point on the boundary between Lots 34 and 35, Morrison;
6. turning sharply northerly along the boundary between Lots 34 and 35, Morrison to a point on the Morrison County boundary with Muskoka County;
7. turning sharply westerly and continuing on the south side of the boundary to the intersection of Morrison, Wood, and Muskoka Counties;
8. there turning northerly and following a line along the east side of the boundary between Wood and Muskoka Counties to a point midway in Conc. XVI, Wood;
9. there turning westerly and following a line bisecting Conc. XVI, Wood through Lots H to A to the boundary between Lot A and Lot 1, Conc. XVI, Wood;
10. there turning sharply northerly along a line following the west side of that boundary to the intersection with the allowance between Conc. XV and XVI, Wood;
11. turning sharply westerly along the center of that allowance to a point at the boundary between Lots 3 & 4, Wood;
12. turning sharply northerly along the boundary between Lots 3 & 4, Wood to the boundary between Conc. XII and XIII;
13. there turning sharply westerly and following the boundary between Conc. XII and XIII, Wood to the westerly limit of Lot 8, Wood County, also known as the westerly limit of the Town of Gravenhurst;
14. there turning sharply northerly and following the westerly limit of Lot 8, Wood changing to the easterly limit of Lot 9 Wood finishing at the intersection of the easterly limit of Lot 9 Wood and Muskoka Road 169 (westerly limit of The Town of Gravenhurst) and then continuing to follow the limits of the Town of Gravenhurst northerly to the north most point of Wood County, there taking a slight turn westerly for some 300 meters to the northwest limit of the Town of Gravenhurst;
15. Point #15A located at the intersection of the easterly limit of Lot 9 Wood and Muskoka Road 169 then turning sharply east and following the southerly limit of Lot 35 Con 14 Muskoka (2246 Muskoka Road 169) to the shore of Lake Muskoka, Point #165B.

NORTHERN BOUNDARY

16. then turning sharply north then east to strike out across Lake Muskoka following the Gravenhurst/Bracebridge Town Line being an irregular open water route meeting the eastern shore at the northwest corner of Muskoka County Conc. Ix Lot 14, and then a straight line easterly along the line between Conc. IX and X, Muskoka County, returning to the northeast corner of the Town of Muskoka.