

Hydro One Networks Inc.

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Joanne Richardson

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

February 26, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 27, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Load Transfer Elimination Application – A Service Area Amendment & Asset Sale Application
Between Hydro One Networks Inc. and Kitchener-Wilmot Hydro Inc.**

In accordance with the Distribution System Code amendments of December 21, 2015, Hydro One Networks Inc. and Kitchener-Wilmot Hydro 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.

Should you have any questions on this application, please contact Pasquale Catalano at (416) 345-5405 or via email at Pasquale.Catalano@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson



Ontario Energy Board

**Elimination of Load Transfer Arrangements
Between
Hydro One Networks Inc. and
Kitchener-Wilmot Hydro Inc.**

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

February 26, 2018

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 Kitchener-Wilmot Hydro Inc. ("Kitchener-Wilmot Hydro") 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. This application is being filed as a follow up to a previous application that was filed and approved by the OEB (EB-2017-0233). Since then, Hydro One and Kitchener-Wilmot Hydro have identified that there was one customer that was not identified in the original application, and are jointly submitting this application to make the correction.

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. | Licence Number ED-2003-0043 |
| Address 483 Bay Street, 7 th 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 Analyst | 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 Kitchener-Wilmot Hydro Inc. | Licence Number ED-2002-0573 |
| Address: 301 Victoria St S Kitchener, On N2G 4L2 | Telephone Number 519-749-6176 |
| | Facsimile Number 519-745-2360 |
| | E-mail Address: lmuir@kwhydro.ca |
| Contact Person: Liz Muir Manager of Regulatory Affairs | Telephone Number As listed above |
| | Facsimile Number As listed above |
| | E-mail Address As listed above |

1.3 Description of Proposed Service Area

| | |
|-------|--|
| 1.3.1 | <p>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).</p> <p>The proposed amendment is premise specific. Once this application is approved, Kitchener-Wilmot Hydro's licence will include the premise in Attachment 1, and the premise will be removed from Hydro One's licence.</p> <p>No changes are required to the wording in Hydro One's licence as a result of this application.</p> <p>Once the application is approved, Kitchener-Wilmot Hydro's licence will be amended to state the following:</p> <p>This schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence</p> <ol style="list-style-type: none"> 1. The City of Kitchener and the Township of Wilmot as of January 1, 1991 2. The customers in the Township of Blandford-Blenheim located at : <ul style="list-style-type: none"> - 965880, 966070, 966104, 966178, 966182, 966248, 966426, 966484, 966558, 966568, 966584, 966608, 966616, 966654, 966750, 966780, 966800, 966858, 966956, 966980 (three customers), 967022, 967092, 967192, 967244, 967268, 967324, 967372, 967376 (two customers), 967418, 967470, 967520, 967530, 967590, 967610, 967638 (two customers), 967672, and 967720 Oxford-Waterloo Road; and - 3033 and 3063 Trussler Road - 776928 and 776949 Blandford Road - 816911 Oxford Road 22 - 856910 River Road - 896941 Washington Road 3. The customers in the Township of North Easthope located at : <ul style="list-style-type: none"> - 1466 and 1478 (two customers) Line 34; and - 4104, 4184 (two customers) and 4426 Wilmot-Easthope Road; and - 4010, 4086, 4526 (two customers), 4576, 4582, 4596 Perth Road 99; and - 4264 Perth Road 101; and - 4714 (two customers), 4888, 4906, 4920, 4930, 4994, 5076 (two customers) Perth Road 103 - 1481 Perth Line 43 4. The customers in the Township of South Easthope located at : <ul style="list-style-type: none"> - 1481, 1483 and 1559 Line 34 - 3976 Perth Road 100 - 3880 and 3976 Perth Road 101 - 3940 Perth Road 5. The customers in the Township of Zorra East located at : <ul style="list-style-type: none"> - 756795, 756819, 756871, 756907, 756893, 756995, 757119, 757161 and 757165 (two customers) Oxford Road 5 |
|-------|--|

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| 1.3.2 | Provide maps or diagrams of the area(s) that is the subject of the SAA application. Please see Attachment 2. |
| 1.3.3 | Provide a description of the type of physical connection(s); i.e., individual customer; residential subdivision, commercial or industrial customer. One residential customer is proposed to be transferred from Hydro One to Kitchener Wilmot Hydro. |

1.4 Information on Affected Load Transfer Customers

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|-------|--|
| 1.4.1 | Provide a total number of load transfer arrangements between distributors. Please see 1.3.3. |
| 1.4.2 | Provide a number of load transfers eliminated in this application. Please see 1.3.3. |
| 1.4.3 | Provide a number of customers to be transferred from Hydro One to Kitchener-Wilmot Hydro. Please see 1.3.3. |
| 1.4.4 | Provide a number of customers to be transferred from Kitchener Wilmot Hydro to Hydro One. There are no customers to be transferred from Kitchener-Wilmot Hydro to Hydro One. |
| 1.4.5 | Provide a list of affected load transfer customers. (Customer listing must include customer address, name, billing address, rate class and meter number) Please see Attachment 1. |
| 1.4.6 | Provide written confirmation that all affected persons have been provided with specific and factual information about the service area amendments. Letters informing the customer of the proposed amendment were sent by Hydro One to the customer on November 30, 2017. |

1.5. Impacts Arising from the Amendment(s)

| 1.5.1 | <p>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.</p> <p>As shown in Table 1, customers moving from Hydro One to Kitchener-Wilmot Hydro will see a reduction in their monthly delivery charges. As such, no credits are required for any customers subject to this application.</p> <p>Table 1: Bill Impacts at Typical Consumption Levels for Customers Moving from Hydro One Networks to Kitchener-Wilmot Hydro Inc. (Rates effective January 1, 2017)</p> <table border="1"> <thead> <tr> <th rowspan="2">Monthly Consumption (kWh)</th><th colspan="4">Hydro One Networks</th><th colspan="4">Kitchener-Wilmot Hydro Inc.</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>R2</td><td>19.83</td><td>0.0374</td><td>52.47</td><td>RES</td><td>16.64</td><td>0.0084</td><td>32.10</td><td>(20.37)</td></tr> </tbody> </table> <p>* Includes low voltage charge ** Includes RTSR charges and cost of losses.</p> | Monthly Consumption (kWh) | Hydro One Networks | | | | Kitchener-Wilmot Hydro Inc. | | | | 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 | R2 | 19.83 | 0.0374 | 52.47 | RES | 16.64 | 0.0084 | 32.10 | (20.37) |
|---------------------------|--|---------------------------|-----------------------------------|------------------------|-----------------------------|-------------------|------------------------------------|------------------------|--|--|--|------------|-------------------|-----------------------------------|------------------------|------------|-------------------|------------------------------------|------------------------|-----|----|-------|--------|-------|-----|-------|--------|-------|---------|
| Monthly Consumption (kWh) | Hydro One Networks | | | | Kitchener-Wilmot Hydro Inc. | | | | 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 | R2 | 19.83 | 0.0374 | 52.47 | RES | 16.64 | 0.0084 | 32.10 | (20.37) | | | | | | | | | | | | | | | | | | | | |
| 1.5.2 | <p>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.</p> <p>No assets will be stranded as a result of this application.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.5.3 | <p>Identify costs for stranded equipment that would need to be de-energized or removed.</p> <p>N/A – please see 1.5.2.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.5.4 | <p>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.</p> <p>Please see Part 2.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.5.5 | <p>Include an estimate of the credit required for each customer to ensure there is not a negative impact on the total bill.</p> <p>There are no credits required as none of the customers being transferred will be negatively impacted.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

PART II: TRANSFER OF ASSETS (S. 86(1)(b))

2.1 Description of the Assets to Be Transferred

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| 2.1.1 | 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) See Attachment 1. |
| 2.1.2 | 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. The assets are located within the territory that will be transferred from the geographical distributor to the physical distributor upon approval of the application. Please see Attachment 2 for maps indicating the location of the assets. |
| 2.1.3 | Indicate which distributor’s customers are currently served by the assets. Currently the assets are being used to service the geographical distributor’s customer. Once the application is approved, the assets will continue to service the same customer they currently service. The customer will be transferred from the geographical distributor to the physical distributor. |

2.2 Description of the Sale Transaction

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|-------|--|
| 2.2.1 | 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. Once approved, Hydro One will sell the assets servicing the current Hydro One geographical customer to Kitchener-Wilmot Hydro for \$416.00 plus applicable taxes. A detailed breakdown of the assets is included in Attachment 1. |
| 2.2.2 | Will the transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how. There are no third parties that will be impacted by this sale. |

PART III: CERTIFICATION AND ACNOWLEDGEMENT

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 | Date |
|---|--|-------------------|
| Original Signed By Joanne Richardson | Joanne Richardson Director - Major Projects and Partnerships, Regulatory Affairs | February 26, 2018 |

(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 | Date |
|-------------------------------------|---------------------------------------|-------------------|
| Original Signed By Greig Cameron | Greig Cameron VP, Engineering & IT | February 26, 2018 |

(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 (Hydro One) LTLT Customer and Asset Transfer Information









| Geographical Distributor LTLT Customer and Asset Transfer Information | | | | | | | |
|---|-----------------------|-----------------|---------------|----------------|-------------|--------------|---|
| Map # | Primary Customer Name | Number | Street | City | Postal Code | Meter ID No. | Geographical Distributor Rate Class, include Tariff (Res, Scomm + RPP, DCB, etc.) |
| | | Premise Address | | | | | Customer care Billing Information |
| 1 | | 1481 | Perth Line 43 | NORTH EASTHOPE | N3A 3Z3 | J2481248 | R2_TOU_RPP |

Attachment 2

Geographical Distributor (Hydro One) Maps

Hydro One Geographical LDC Maps for LTLT Elimination with Kitchener Wilmot
Hydro
as Physical LDC

Maps Legend

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|  | All LDC Primary Assets and Buss |
|  | LDC Transformer |
|  | HONI Three Phase Transformer |
|  | HONI Transformer |
|  | All HONI Secondary including Buss |
|  | HONI Three Phase Primary |
|  | HONI Single Phase Primary |
|  | HONI Poles |

Map #1 -

