



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

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## **DECISION AND ORDER**

**EB-2019-0298**

**HYDRO ONE NETWORKS INC.**

**NIAGARA PENINSULA ENERGY 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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**March 12, 2020**

## INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Niagara Peninsula Energy Inc. (NPEI) have jointly applied to the Ontario Energy Board (OEB) for approval to amend the service areas of both distributors such that 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).

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* (OEB Act).

## THE APPLICATION

Hydro One and NPEI (collectively, the Applicants) filed a joint combined application on December 12, 2019 under sections 74 and 86(1)(b) of the OEB 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.

In the application, the Applicants stated that they are cognizant that this application is filed well beyond the deadline posed by the OEB in section 6.5.3 of the DSC. The reason for such a delay was inability by the distributors to reach a complete agreement on how to eliminate all LTLT arrangements. Initially, NPEI filed a combined application<sup>1</sup> for a service area amendment and sale of assets on November 30, 2017. However, Hydro One had not agreed with NPEI's proposal and did not co-sign the application. Therefore, on February 23, 2018, the OEB issued a letter indicating that the application was incomplete and could not be processed as the application for LTLT elimination

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<sup>1</sup> EB-2017-0356

should be a joint application and NPEI filed its application unilaterally, without Hydro One consenting to the proposed transfers.

Through this application, Hydro One seeks to transfer 86 Residential, 11 General Service, 1 Sentinel Light and 1 MicroFIT customers to NPEI. Hydro One also requests the OEB's approval to sell the distribution assets servicing these customers to NPEI for \$114,921.40 plus applicable taxes.

NPEI seeks to transfer 97 Residential and 13 General Service customers to Hydro One. NPEI also requests the OEB's approval to sell the distribution assets servicing these customers to Hydro One for \$132,558.90 plus applicable taxes.

The Applicants submit that Bell Canada and Niagara Regional Broadband Network (NRBN) are the joint use partners on the poles subject to this sale. Bell Canada has granted Hydro One approval to sell the poles subject to this sale to NPEI, as required by the First Right of Refusal clause in the Hydro One-Bell Joint Use Agreement. With respect to the poles sold by NPEI to Hydro One, the Applicants submit that NPEI and Hydro One will work with Bell Canada and NRBN to update the existing joint use permits to reflect the new poles ownership. The Applicants also submit that no assets will be stranded, 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 Hydro One and NPEI. Hydro One's and NPEI's licences will be amended to reflect the proposed transfer of the affected customers.

The Residential and General Service customers being transferred from Hydro One to NPEI will see a reduction in their monthly delivery charges and, therefore, no credits are required for these customers. As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from NPEI to Hydro One 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.

Hydro One 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 to track these costs in a deferral account. Hydro One 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.

Hydro One and NPEI 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.

**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 Niagara Peninsula Energy Inc.'s Electricity Distribution Licence (ED-2007-0749) 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 Niagara Peninsula Energy Inc.
4. Niagara Peninsula Energy Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

**DATED** at Toronto March 12, 2020

**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 NPEI are listed below:

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

| Asset Type                                | Count            |
|---|------------------|
| Poles                                     | 60               |
| Transformers                              | 15               |
| Primary Wire and Neutral (m)              | 4,498            |
| Secondary Buss (m)                        | -                |
| Secondary O/H Wire (m)                    | 3,140            |
| Secondary U/G Wire (m)                    | 3,276            |
| Current Transformers                      | -                |
| Sentinel Lights                           | 1                |
| Easements                                 | -                |
| <b>Total (\$) before applicable taxes</b> | <b>\$114,092</b> |

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

| Asset Type                                | Count            |
|---|------------------|
| Poles                                     | 53               |
| Transformers                              | 46               |
| Primary Wire and Neutral (m)              | 4,932            |
| Secondary Buss                            | -                |
| Secondary O/H Wire (m)                    | 2,590            |
| Secondary U/G Wire (m)                    | 2,520            |
| Current Transformers                      | 19               |
| Sentinel Lights                           | -                |
| Easements                                 | -                |
| <b>Total (\$) before applicable taxes</b> | <b>\$132,558</b> |