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**BY EMAIL**

August 25, 2023

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission  
Entegrus Powerlines Inc.  
Service Area Amendment Application  
OEB File Number: EB-2022-0178**

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Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 6.

Yours truly,

*Tracy Garner*

Tracy Garner  
Manager, Transmission Policy & Compliance

Encl.

cc: All parties in EB-2022-0178



# **ONTARIO ENERGY BOARD**

## **OEB Staff Submission**

**Entegrus Powerlines Inc.**

**Service Area Amendment Application**

**EB-2022-0178**

**August 25, 2023**

## Application Summary and Background

On October 17, 2022, Entegrus Powerlines Inc. (Entegrus Powerlines) applied to the OEB for an amendment to its electricity distribution licence pursuant to Section 74(1) of the *Ontario Energy Board Act, 1998* to include the customer located at 1 Cosma Court, St. Thomas, Ontario in its service area. Schedule 1 of Entegrus Powerlines electricity distributor licence defines Entegrus Powerlines' service area, including the following:

### The St. Thomas Energy Inc. Rate Zone

1. The municipal boundaries of the City of St. Thomas as of December 31, 1999,
  - Excluding the customers located at the following addresses:
    - i) 1 Cosma Court, St. Thomas, ON N5R 4J5
    - ii) ...<sup>1</sup>

This customer located at 1 Cosma Court is Formet Industries, a division of Magna International Inc. (Formet Industries). Formet Industries is currently supplied by Hydro One Networks Inc. (Hydro One), and has been supplied by Hydro One and its predecessor, Ontario Hydro, for approximately 25 years. In its application, Entegrus Powerlines stated that it had sought Hydro One's consent to the service area amendment, and that Hydro One had declined to grant its consent and had indicated that it would contest the application. In Procedural Order No. 1 the OEB approved Hydro One as an intervenor.

On March 28, 2023, Formet Industries requested intervenor status. In Procedural Order No. 2 the OEB approved Formet Industries as an intervenor. There are no other intervenors.

The supply arrangement at 1 Cosma Court dates to the late 1990s. On September 19, 1997, St. Thomas PUC and Ontario Hydro signed an agreement titled "Agreement for Supply Facilities – Formet Industries, Two Dedicated 27.6 Feeders" pertaining to the construction, rental and maintenance of feeders M7 and M8, emanating from Edgeware TS and extending to the customer (the 1997 Agreement). The 1997 Agreement provides that St. Thomas PUC would construct, own and maintain two dedicated 27.6 kV feeders between Edgeware TS and the 1 Cosma Court property. The 1997 Agreement set out monthly rental and maintenance fees, based on the estimated feeder construction costs, that would be charged by St. Thomas PUC to Ontario Hydro for the use of the feeders until December 31, 2017. The 1997 Agreement also set out an option for Ontario Hydro to purchase the feeders from St. Thomas PUC at book value on

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<sup>1</sup> Electricity Distributor Licence ED-2002-0563

January 1, 2018.<sup>2</sup> A 1998 addendum to the 1997 Agreement revised the rental and maintenance fees based on the actual construction costs. In referring to the 1997 Agreement in this submission, OEB staff is referring to the 1997 Agreement as revised by the 1998 addendum.

St. Thomas Energy Inc. (STEI), formed on November 3, 2000, was the successor of St Thomas PUC.<sup>3</sup> In 2018, Entegrus Powerlines amalgamated with STEI, and the amalgamated corporation continued under the name Entegrus Powerlines Inc.<sup>4</sup>

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<sup>2</sup> Entegrus Powerlines, Pre-filed Evidence, Attachment 3.

<sup>3</sup> EB-2002-0523 Application, December 10, 2002.

<sup>4</sup> EB-2017-0212

## OEB Staff Submission

### Overview

OEB staff submits that the requested service area amendment should be denied. In its application, Entegrus Powerlines argues that the 1 Cosma Court supply arrangement is a load transfer between Hydro One and Entegrus Powerlines. On December 21, 2015, the OEB amended the Distribution System Code (DSC) including Section 6.5.3 which, pursuant to these amendments, currently states that all load transfer arrangements shall be eliminated by June 21, 2017.<sup>5</sup> Entegrus Powerlines has argued that the load transfer that it contends exists is inconsistent with Section 6.5.3 of the DSC and the requested service area amendment should be granted to eliminate the arrangement. Entegrus Powerlines has also argued that the amended Section 6.5.3 of the DSC has frustrated the 1997 Agreement.

For the reasons discussed below, OEB staff submits that the 1 Cosma Court supply arrangement is not a load transfer. As a result, Entegrus Powerlines is not in breach of Section 6.5.3, and any alleged non-compliance with the DSC is not a reason for the OEB to approve the requested amendment.

OEB staff further submits that not only does the relationship between Hydro One and Entegrus Powerlines not correspond to the physical distributor/geographic distributor relationship common to load transfers, but it also does not exhibit the cross-subsidization with which the OEB was concerned in determining that long term load transfers should be eliminated. In the OEB's February 12, 2015, Notice of Proposal to Amend a Code (the 2015 Notice) which resulted in the amendment of Section 6.5.3 to establish a deadline for the elimination of long-term load transfers, eliminating the cross-subsidization that occurs due to load transfer arrangements was stated as a reason for eliminating load transfer arrangements. The 1 Cosma Court supply arrangement does not amount to cross-subsidization, therefore the elimination of cross-subsidization cannot be a reason for the OEB to approve the requested licence amendment.

As the 1997 Agreement does not constitute a load transfer arrangement, OEB staff submits there is no basis for finding that the 1997 Agreement has been frustrated as a result of the OEB's amendments to s. 6.5.3 of the DSC. Entegrus Powerlines argues in the alternative that the 1997 Agreement would be frustrated by a future OEB decision to refuse any application Entegrus Powerlines brings under s.86(1)(b) of the OEB Act. OEB staff respectfully submits that it is not within the scope of this service area amendment proceeding to prejudge the merits of a s.86(1)(b) application. Further, Entegrus Powerlines cannot rely on frustration to relieve its obligations under the 1997

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<sup>5</sup> [Notice of Proposal to Amend a Code](#) – Proposed Amendments to the Distribution System Code, OEB File No. EB-2015-0006

Agreement, where it has not taken appropriate steps to apply for OEB approval.

The evidence describes Entegrus Powerlines' expectation that electricity demand in the St. Thomas area will grow significantly in the near term. Entegrus Powerlines is pursuing this service area amendment at this time to increase its ability to supply expected demand growth within its service area. This appears to OEB staff to suggest that the application is less about which distributor should serve Formet Industries, and more about Entegrus Powerlines taking these lines back to serve future load. OEB staff appreciates the challenge faced by Entegrus Powerlines and submits that distribution planning and regional planning, in conjunction with Hydro One and other regional distributors, should be undertaken by Entegrus Powerlines to plan for growth.

OEB staff submits that because the 1997 Agreement does not constitute a load transfer arrangement, and because there is no need for a service area amendment in order to serve Formet Industries, there is no basis for approval of this service area amendment application.

### **Entegrus Powerlines' Load Transfer Argument**

In its application, Entegrus Powerlines states that the 1997 Agreement effected a load transfer that is "inconsistent with the OEB's current load transfer elimination policy".<sup>6</sup> OEB staff submits that the 1997 Agreement has not created a load transfer.

The DSC defines a load transfer between two distributors as "a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point" (emphasis added).<sup>7</sup> The DSC further defines the former distributor as the "geographic distributor" and the latter distributor as the "physical distributor".<sup>8</sup> OEB staff submits that it is also helpful to consider the OEB's description of a load transfer arrangement in its February Notice:<sup>9</sup>

A load transfer arrangement involves two distributors. One is referred to as the geographic distributor and the other is referred to as the physical distributor. While the customer ("load transfer customer") is located in the licensed service area of the geographic distributor, the load transfer customer is physically

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<sup>6</sup> Entegrus Powerlines Pre-filed Evidence, p. 3 of 32.

<sup>7</sup> Distribution System Code, p. 14.

<sup>8</sup> Section 1.2 of the DSC (at p.16) defines a "physical distributor" with respect to a load transfer as "the distributor that provides physical delivery of electricity to a load transfer customer, but is not responsible for connecting and billing the load transfer customer directly;" and (at p.12) a "geographic distributor" with respect to a load transfer as "the distributor that is licensed to service a load transfer customer and is responsible for connecting and billing the load transfer customer".

<sup>9</sup> [Notice of Proposal to Amend a Code](#) – Proposed Amendments to the Distribution System Code, OEB File No. EB-2015-0006, at p.1.

connected to the physical distributor's distribution system because the geographic distributor does not have existing assets in close proximity to serve the load transfer customer. It is therefore the physical distributor that provides the delivery of electricity to the load transfer customer. However, the customer is billed by the geographic distributor (i.e., pays geographic distributor's distribution rates which may be higher or lower than physical distributor's rates).

### The Physical Distributor

In its pre-filed evidence, Entegrus Powerlines claims that it is the physical distributor to Formet Industries, consistent with its claim that this load has been transferred from Hydro One to Entegrus Powerlines. OEB staff respectfully disagrees, and submits that Hydro One is the physical distributor to Formet Industries.

OEB staff submits that while Entegrus Powerlines and its predecessor, STEI, have owned the feeders serving Formet Industries, Hydro One (and its predecessor, Ontario Hydro) has been paying for the use of the dedicated feeders based, apparently, on the construction and maintenance costs of those feeders, and has been distributing electricity to Formet Industries for the past 25 years pursuant to the 1997 Agreement with St. Thomas PUC, the predecessor to STEI. Moreover, St. Thomas PUC waived any rights it may have to supply Formet Industries in the 1997 Agreement and granted Ontario Hydro the discretion to serve other customers from those feeders. OEB staff suggests that it is inaccurate to assert that Entegrus Powerlines is the physical distributor to Formet Industries when its predecessor waived its right to distribute electricity to Formet Industries.

In addition, OEB staff disagrees with Entegrus Powerlines and submits that feeders M7 and M8 are part of Hydro One's distribution network, for two reasons. First, as stated by Entegrus Powerlines in its pre-filed evidence and by Hydro One in its intervenor evidence, Hydro One is billed for the electricity that is conveyed through these feeders. Entegrus Powerlines states that it is billed for the four breakers connecting the feeders that make up the Entegrus Powerlines distribution network that supplies its St. Thomas service territory, and that it is not billed for the two breakers associated with the M7 and M8 feeders.<sup>10</sup> This is consistent with Hydro One being billed for electricity that is conveyed through other feeders in its distribution network, and with Entegrus Powerlines being billed for electricity that is conveyed through its distribution network.

In its intervenor evidence, Hydro One stated that it settles directly with Formet Industries, and that over the lengthy history of the connection there has never been an

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<sup>10</sup> On p. 14 of 32 of its pre-filed evidence, Entegrus distinguishes the two breakers at Edgeware TS that connect feeders M7 and M8, respectively, to Hydro One's Edgeware TS from the four breakers that connect the four Entegrus feeders that supply the Entegrus-St. Thomas service territory.

annual settlement between the two distributors based on Formet Industries' consumption, as would have been the case had the connection been viewed as a load transfer.<sup>11</sup>

Finally, pursuant to the 1997 Agreement, Hydro One controls how the feeders are used. In the 1997 Agreement it is stated that, in addition to Hydro One using the feeders to supply Formet Industries, "[t]he servicing of any other customers from the [f]eeders shall be at Ontario Hydro's discretion".<sup>12</sup> This is consistent with Hydro One controlling which customers are served through other feeders in its distribution network and with Entegrus Powerlines controlling which customers are served through its distribution network. OEB staff therefore submits that Entegrus Powerlines is not the physical distributor to Formet Industries.

### The Geographic Distributor

The other party in a load transfer relationship is the geographic distributor. Entegrus Powerlines argues that the 1997 Agreement creates a long-term load transfer arrangement.<sup>13</sup> In support of this, Entegrus Powerlines cites the OEB's RP-2003-0044 Decision, and in particular quotes the following line from the decision:

Load transfers are arrangements whereby an incumbent distributor permits an adjacent distributor to serve a load located in the incumbent's service territory.

Entegrus Powerlines submits that the Customer is located "squarely within the Entegrus (St. Thomas) service territory" and that the parties recognized in the 1997 Agreement that the Customer was in the St. Thomas service territory but that it was agreed that Hydro One could serve the Customer. Based on Entegrus Powerlines' characterization of this arrangement, it would appear that Entegrus Powerlines would be considered the geographic distributor and therefore subject to a transfer of Formet Industries to Hydro One under the long-term load transfer policy. However, Entegrus Powerlines maintains in its Argument-in-Chief that it is the physical distributor and Hydro One is the geographic distributor. For the reasons discussed below, OEB staff agrees that Hydro One is the geographic distributor.

On May 8, 2017, St. Thomas Energy Inc. and Hydro One jointly filed an application with the OEB to eliminate all load transfers between Hydro One and St. Thomas.<sup>14</sup> This application was approved by the OEB on June 15, 2015. This joint application specifically excluded 1 Cosma Court. As matters currently stand, Hydro One's Electricity

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<sup>11</sup> Hydro One Intervenor Evidence, p. 9 of 28.

<sup>12</sup> Entegrus Powerlines, Pre-filed Evidence, Attachment 3.

<sup>13</sup> Entegrus Powerlines Argument-in-Chief, beginning at para. 63

<sup>14</sup> EB-2017-0192



Distributor Licence (ED-2003-0043)<sup>15</sup> indicates that in the City of St. Thomas, Hydro One has “Assets within area not served by Networks” and that it has one “Customer(s) within area served by Networks” – that is the industrial customer located at 1 Cosma Court. Similarly, the Entegrus Powerlines Electricity Distributor Licence (ED-2002-0563)<sup>16</sup> provides that Entegrus Powerlines’ St. Thomas Energy Inc. Rate Zone consists of (in part) the municipal boundaries of the City of St. Thomas as of December 31, 1999, excluding the customers located at 13 addresses identified in the Schedule. One of those 13 excluded addresses is 1 Cosma Court.

The Entegrus Powerlines application implies that the failure to include the subject lands in the joint Hydro One/STEI application to eliminate load transfers ([EB-2017-0192](#), referred to here as the Joint Application) was an oversight. At p.9 of the current Entegrus Powerlines application, Entegrus Powerlines states that “This exclusion from the distribution licence of STEI (and by extension, Entegrus Powerlines) should have been addressed in the processes that eliminated LTLTs by June 2017 (see Section 5.3 below).” It is clear from a review of the Joint Application, however, that Hydro One and STEI explicitly addressed the subject property in three ways:

- Hydro One and STEI requested<sup>17</sup> that the STEI licence show the subject property, and 12 others, as properties within the municipal boundaries of the City of St. Thomas as of December 31, 1999 that are excluded from the STEI service area;
- Hydro One requested an amendment to Schedule 1, Tab 4 of its licence (Municipalities in which a Portion of the Municipality is Served by the Licensee and Another Portion of the Municipality is Served by Another Distributor). According to the Joint Application, the previous version of the Hydro One licence showed the subject property as a “Customer within area not served by Networks” in the City of St. Thomas, but the subject property was properly addressed in Schedule 5 (as a customer in the area served by Networks). Accordingly, Schedule 4 would be amended to show that there were no customers within the area not served by Networks; and
- Section 1.3.3 of the Joint Application that the subject property “is a pre-existing exclusion from the St. Thomas Energy Inc. licence).”

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<sup>15</sup> See Appendix B, Tab 5 – “Consumers Embedded Within Another Distributor but Served by the Licensee”. The description of Tab 5 goes on to state: “(Note also that each municipality noted in Tab 5 is a municipality served almost entirely by another distributor but in which the Licensee serves one or more consumers.)”

<sup>16</sup> See Schedule 1, at p.10 of the licence – Definition of Distribution Service Area – The St. Thomas Energy Inc. Rate Zone

<sup>17</sup> Joint Application EB-2017-0192, at s.1.3.1

As Hydro One notes at p.8 of its [April 17, 2023 Intervenor Evidence](#), “As evidenced by the LTLT Joint Application references above, the Subject Area was not one of the addresses to be transferred nor was it not considered or inadvertently missed.” OEB staff submits that Hydro One is the geographic distributor to Formet Industries because the 1 Cosma Court address is excluded from the STEI (now Entegrus Powerlines) service area and included in the Hydro One service area.

#### Cross-subsidization as a basis for eliminating long term load transfers

As discussed above, OEB staff submits that in this case, Hydro One is both the physical and geographic distributor to Formet Industries, and there is therefore no load transfer. OEB staff further submits that not only is there no physical distributor/geographic distributor relationship common to load transfers, but the 1 Cosma Court supply arrangement between Hydro One and Entegrus likewise does not give rise to the same cross-subsidization concerns that could otherwise be expected in a load transfer. In the OEB’s 2015 Notice, the OEB noted that there are a number of undesirable outcomes associated with load transfer arrangements and provided cross-subsidization as an example. In a load transfer arrangement, cross-subsidization arises between the two distributors when the customers of the geographic distributor benefit from the revenue paid by the transferred customer, while the customers of the physical distributor pay for the cost of the distribution network assets used to supply the transferred customer.

The OEB has previously stated that its policy on the elimination of long term load transfers “addresses the recognition that [long term load transfers] can give rise to cross-subsidization between customers.”<sup>18</sup>

In the 1 Cosma Court supply arrangement, Hydro One customers benefit from the rates paid by Formet Industries and have paid monthly rental and maintenance fees to Entegrus Powerlines and its predecessors up to December 2017, in accordance with the May 1998 addendum to the 1997 Agreement. OEB staff estimates the present value in 1997 dollars of the stream of rental and maintenance fees to be as follows:

<b>Time Range</b>	<b>Number of Monthly Payments</b>	<b>Amount of Monthly Payment</b>	<b>Annual Discount Rate</b>	<b>Present Value (1997 dollars)</b>
September 14, 1997 to December 2007	123.5	\$5827.93	12%	\$412,253.63
				+

<sup>18</sup> OEB Decision and Order, EB-2013-0072 (August 2, 2013).

January 2008 to December 2017	120	\$5527.93	12%	$\$385,299.61 / 1.02^{10.25} =$ $\$314,518.94^{19}$
<b>Total Present Value (1997 dollars)</b>				<b>\$726, 772.57</b>

The above total is very close to the actual feeder construction cost of \$739,699.75 which was reported in the May 1998 addendum. OEB staff submits that Entegrus Powerlines' customers have not been cross-subsidizing Hydro One customers because, even accounting for reasonable maintenance costs that can be assumed to be low for such new assets, the rental and maintenance fees paid by Hydro One between 1997 and 2017 have returned a significant portion of the capital invested by Entegrus Powerlines' predecessor.<sup>20</sup>

## Frustration

Entegrus Powerlines submits that the “intent” of the 1997 Agreement has been frustrated as a result of the OEB’s policy directing the elimination of LTLT arrangements. In particular, Entegrus Powerlines cites the amendments made to s.6.5.3 of the DSC that came into force on December 21, 2015, and which directed that all load transfer arrangements be eliminated by June 21, 2017:

All load transfer arrangements shall be eliminated by transferring the load transfer customers to the physical distributor by June 21, 2017. The geographic distributor shall apply to the Board for a service area amendment to the necessary licence(s) to effect the transfer.

Entegrus Powerlines notes in its Argument-in-Chief that as a result of this amendment to the DSC, “[i]t is no longer possible for the provisions of the 1997 Letter to be enforced or observed, because doing so contravenes the OEB’s direction”.

OEB staff submits above that the 1997 Agreement does not constitute a load transfer arrangement as contemplated by and defined within the DSC. As a result, there can be no frustration of the 1997 Agreement. The provisions the 1997 do not contravene the OEB’s direction on the elimination of LTLT arrangements, and the 1997 Agreement has

<sup>19</sup> Annual inflation rate of 2% between January 2008 and September 1997 (10.25 years)

<sup>20</sup> On page 9 of 28 of its Intervenor Evidence, Hydro One referred to the 1997 Agreement as “a commercial lease to own arrangement”.

therefore not been frustrated as a result of s. 6.5.3.

Entegrus Powerlines submits, in the alternative, that if the 1997 Agreement is not frustrated by the OEB's load transfer elimination policy, that the 1997 Agreement would instead be frustrated by the OEB's decision to deny Entegrus Powerlines' future application under s. 86(1)(b).

OEB staff respectfully submits that this is not a s.86(1)(b) proceeding, and there is currently no such application. It is not within the scope of this service area amendment proceeding to speculate on or prejudge the merits or outcome of any future application by Entegrus Powerlines under s. 86(1)(b).

Nevertheless, OEB staff submits that Entegrus Powerlines may not rely on the law of frustration to argue that its obligations under the 1997 Agreement have been discharged as a result of the potential outcome of a future s. 86(1)(b) proceeding. Entegrus Powerlines, at the date of this submission, has not submitted a s.86(1)(b) application with respect to the M7 and M8 feeders. OEB staff notes that frustration does not apply to discharge a party's obligations under an agreement, where the frustration is self-induced.

The case law referenced by Entegrus Powerlines supports OEB staff's position on this issue. In *Petrogas Processing Ltd. v. Westcoast Transmission Co.*, the Court (quoting a text on commercial law) in summarizing the law of frustration, provided as follows:

Self-induced frustration does not terminate a contract, so that, for example, a party who fails to take proper steps to apply for an export licence cannot rely on the failure to obtain the licence as a frustrating event, and supervening impossibility that would have been avoided if the party invoking it had not previously broken the contract will not ground a plea of frustration.

OEB staff submits that a failure by Entegrus Powerlines to take the proper steps to apply for approval from the OEB under s.86(1)(b) cannot form the basis of a finding that the 1997 Agreement has been frustrated.

### **Entegrus Powerlines' Service Area Amendment Argument**

Entegrus Powerlines submits in its Argument-in-Chief that its service area amendment proceeding should be approved, such that the Customer becomes an Entegrus Powerlines customer and the M7 and M8 feeders remain Entegrus Powerlines assets.

OEB staff submits that if the OEB finds the 1997 Agreement does not constitute a LTLT arrangement, that there is no basis for Entegrus Powerlines' service area amendment application. With respect to Entegrus Powerlines' submission that the M7 and M8 feeders remain Entegrus Powerlines assets, OEB staff submits that this issue appears

to be a commercial dispute between Hydro One and Entegrus Powerlines to be resolved as between the parties (subject to any necessary approvals being obtained from the OEB).

From 2003 to 2004, the OEB carried out a service area amendment proceeding that culminated with a Decision with Reasons, issued on February 27, 2004, which set out the OEB's principles for dealing with service area amendments, which emphasized economic efficiency. OEB staff submits that the OEB's desired outcome of efficient use of the assets can be achieved by Hydro One. Through interrogatories, Hydro One stated that it can connect additional customers to make use of the feeder capacity that is surplus to the capacity needed by Formet Industries. Having reviewed the evidence of both Hydro One and Entegrus Powerlines, OEB staff submits that whether Hydro One or Entegrus Powerlines controls the feeders, efficient use will be made of them. Accordingly, it is not clear to OEB staff that the requested service area amendment, if granted, would result in more efficient use of the two feeders.

### **Supplying Anticipated Electricity Demand Growth in the St. Thomas Area**

In its pre-filed evidence, Entegrus Powerlines noted “upcoming St. Thomas capacity challenges.”<sup>21</sup> Entegrus Powerlines also describes its interest in “optimizing the utilization of the existing M7 and M8 feeders” to supply growing demand in Entegrus Powerlines' St. Thomas service area.<sup>22</sup> In OEB staff's view, this application was motivated by Entegrus' need to supply demand growth, and its desire to do so through the M7 and M8 feeders. As noted previously, this application appears to be less about which distributor should serve the customer (Formet Industries), and more about Entegrus Powerlines taking these lines back to serve future load. OEB staff submits that the service area amendment should be denied.

OEB staff is not disputing Entegrus Powerlines' assertions that it needs capacity to serve future load in its service area. However, because there is no long term load transfer here, the 1997 Agreement has not been frustrated by section 6.5.3 of the DSC, and OEB staff cannot agree that Entegrus Powerlines should be permitted to take those lines back on the basis of section 6.5.3.

With regard to planning for future load, section 3.3.1 of the DSC states that “A distributor shall continue to plan and build the distribution system for reasonable forecast load growth.”<sup>23</sup>

Section 8.3.1 of the DSC states:

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<sup>21</sup> Entegrus Powerlines pre-filed evidence, p. 11 of 32.

<sup>22</sup> Entegrus Powerlines pre-filed evidence, p. 21 of 32.

<sup>23</sup> DSC p. 69

A transmission-connected distributor shall provide the following to the lead transmitter for the region within which the distributor's licensed service area is located, in whole or in part:

...

(b) prompt notice of any developments in that part of the region in which its licensed service area is located that may trigger the need for investments in transmission facilities, distribution facilities or both, as applicable, or that may otherwise reasonably be expected to affect the lead transmitter's conduct of a needs assessment for the region.<sup>24</sup>

In OEB staff's view, Entegrus Powerlines should coordinate with Hydro One to plan for potential demand growth in the St. Thomas area. Such planning does not require a service area amendment nor will a service area amendment in and of itself address Entegrus Powerlines' need to supply anticipated load growth within its existing service area.

## Conclusion

In summary, OEB staff submits that the arrangement between Hydro One and Entegrus Powerlines for the supply of 1 Cosma Court is not long term load transfer between Hydro One and Entegrus Powerlines. As a result, section 6.5.3 of the DSC, which required the elimination of long term load transfers by June 21, 2017, does not apply in the current case and does not act to frustrate the 1997 Agreement.

As for the merits of service area amendment itself, for the reasons set out above, OEB staff submits that the requested amendment should be denied.

~All of which is respectfully submitted~

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<sup>24</sup> DSC p. 137.