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BY EMAIL

January 29, 2026

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Wasaga Distribution Inc.
Application for a Contested Service Area Amendment
OEB File Number: EB-2025-0254**

Please find attached OEB staff's submission in the above referenced proceeding.

Yours truly,

Tracy Garner

Tracy Garner
Manager, Transmission Policy & Compliance

Encl.

cc: All parties in EB-2025-0254



ONTARIO ENERGY BOARD

OEB Staff Submission

Wasaga Distribution Inc.

Contested Service Area Amendment Application

EB-2025-0254

January 29, 2026

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Application Summary and Background

On August 19, 2025, Wasaga Distribution Inc. (Wasaga Distribution) 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 property located at 400 45th Street South in the Town of Wasaga Beach (subject area) in its service area. The subject area is currently served by Hydro One Networks Inc. (Hydro One). In its application, Wasaga Distribution stated that it had sought Hydro One's consent to the service area amendment; however, Hydro One has not consented to the amendment.

The subject area is located at the northeast corner of Morgan Road and Highway 7. Morgan Road is a boundary of the Town of Wasaga Beach. From its formation in 1976 until 2016, Wasaga Distribution's service area boundary was aligned with the municipal boundary of the Town of Wasaga Beach such that the subject area was served by Wasaga Distribution. In 2016, Hydro One and Wasaga Distribution's electricity distributor licences were amended to remove the subject area from Wasaga Distribution's service area and add it to Hydro One's service area pursuant to an OEB proceeding that eliminated long-term load transfers between them.¹ Until recently, the subject area consisted of an active farm. In 2024, Hydro One removed the permanent electrical service to the subject area at the request of the customer.² The subject area is currently vacant except for a sales office that is being served by Hydro One through a temporary connection. The subject area is contiguous with Wasaga Distribution's service area.

Primont (Wasaga 2) Inc. (Primont) and Sterling Group of Companies (Sterling) plan to develop the property in phases into a 660-unit residential subdivision with a projected load of 2.1MW. Wasaga Distribution's application includes a letter from Sterling dated January 30, 2024, confirming its preference to have Wasaga Distribution as its electricity distributor and confirming local support from the Town of Wasaga Beach. Primont submitted an intervention request that included its support for Wasaga Distribution as the electricity distribution service provider.

In Procedural Order No. 1, the OEB stated that it would accept Hydro One, Primont, Sterling, and the Town of Wasaga Beach as intervenors in this proceeding if they notified the OEB in writing by October 10, 2025, of their intention to participate. On October 8, 2025, Hydro One notified the OEB that it intended to be an intervenor. Hydro One submitted intervenor evidence on October 17, 2025. On October 9, 2025, Primont notified the OEB that it intended to be an intervenor.

Wasaga Distribution submitted supplementary evidence on October 27, 2025.

¹ EB-2016-0207 Decision and Order, September 22, 2016.

² Hydro One Response to OEB Staff Interrogatory #1, November 7, 2025

In their respective evidence submissions, each of Wasaga Distribution and Hydro One described the infrastructure investments that would be required for it to serve the proposed subdivision.

In response to Hydro One interrogatory #1c), Wasaga Distribution stated that it first became aware of the potential development of the subject area through circulation of a Notice of Pre-Consultation Meeting, dated August 23, 2022, by the Town of Wasaga Beach.³ In its application, Wasaga Distribution noted that it is applying for the service area amendment in advance of providing an offer to connect to the subdivision developers so that the distribution service provider can be confirmed before distribution system design issues need to be finalized in the context of the municipal planning approval process.

Hydro One's intervenor evidence included a Multi-Service Connection Cost Agreement, dated April 2, 2025, that Hydro One provided to the subdivision developers.

Wasaga Distribution Proposal

Wasaga Distribution proposes to supply the proposed subdivision using existing distribution infrastructure on the south side of Morgan Road that is supplied by Wasaga Distribution's MS#6 station.

Wasaga Distribution recently upgraded most of its existing Morgan Road infrastructure up to the eastern corner of the subject area. In its pre-filed evidence, Wasaga Distribution stated that it can serve the proposed subdivision without upstream investment.⁴ To connect the proposed subdivision, Wasaga Distribution would need to upgrade the remaining 470 m segment of existing infrastructure along the Morgan Road frontage of the subject area, spanning five existing poles. The timing of the upgrade would depend on the subdivision phasing and actual load requirements. In an interrogatory response, Wasaga Distribution noted that it may be possible to serve the first phase of the development using the existing infrastructure without upgrading the remaining segment.⁵

Hydro One Proposal

In its intervenor evidence, Hydro One stated that it has upstream capacity to supply the proposed subdivision.⁶ To access this capacity, Hydro One would need to invest in new infrastructure to connect the proposed subdivision. Hydro One's proposed connection consists of upgrading approximately 250 m of existing line on the north side of Morgan

³ Wasaga Distribution response to Hydro One Interrogatory #1c), November 7, 2025.

⁴ Wasaga Distribution Pre-filed Evidence, August 19, 2025, p. 4 of 27.

⁵ Hydro One response to OEB Staff Interrogatory #10, November 7, 2025.

⁶ Hydro One Intervenor Evidence, October 17, 2025, p. 15 of 18.

Road and constructing 350 m of line expansion.⁷

OEB Staff Submission

OEB staff submits that Wasaga Distribution's service area amendment request is in the public interest and should be approved such that the subject area is added to Wasaga Distribution's service area.

Economic Efficiency

In February 2004, the OEB issued a Decision with Reasons that set out the OEB's principles for considering service area amendment applications.⁸ In OEB staff's view, the proposal put forward by Wasaga Distribution to connect the proposed subdivision is more consistent with the principles set out by the OEB in its February 2004 Decision with Reasons, which emphasized economic efficiency as a key principle with respect to the consideration of service area amendment applications, than the competing proposal put forward by Hydro One. In its RP-2003-0044 decision, the OEB stated:

The Board is persuaded that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. Economic efficiency would include ensuring the maintenance or enhancement of economies of contiguity, density and scale in the distribution network; the development of smooth, contiguous, well-defined boundaries between distributors; the lowest incremental cost connection of a specific customer or group of customers; optimization of use of the existing system configuration; and ensuring that the amendment does not result in any unnecessary duplication or investment in distribution lines and other distribution assets and facilities. The Board recognizes that there may be applications where all these components of economic efficiency do not apply.⁹

Additionally, the OEB stated that "amendments that involve contiguous distribution companies, but that are opposed by the incumbent distributor, may be in the public interest where the amendment results in the most effective use of existing distribution infrastructure, and a lower incremental cost of connection for the customer or group of customers".¹⁰

OEB staff submits that Wasaga Distribution's proposal to supply the proposed subdivision is the most economically efficient. Based on OEB staff's review of the evidence, Wasaga Distribution's proposal has the lowest incremental cost to connect the proposed subdivision, does not result in unnecessary duplication or investment in

⁷ Hydro One Intervenor Evidence, October 17, 2025, p. 6 of 18.

⁸ RP-2003-0044 Decision with Reasons, February 27, 2004.

⁹ *Ibid.*, paragraph 84.

¹⁰ *Ibid.*, paragraph 197.

distribution assets and results in the most effective use of existing distribution infrastructure.

The subject area is contiguous to both Hydro One and Wasaga Distribution service areas and in OEB staff's view either entity could serve the proposed subdivision efficiently. However, OEB staff notes that the density of the proposed subdivision is consistent with that of the surrounding subdivisions served by Wasaga Distribution, whereas the surrounding Hydro One service area appears to be undeveloped rural and agricultural land, consistent with the previous agricultural use of the subject area.

OEB staff notes that the subject area was supplied by Wasaga Distribution prior to 2016 and since 2016 has been supplied by Hydro One because the OEB required distributors to eliminate load transfers by June 21, 2017. However, OEB staff submits that the OEB's 2016 decision to rationalize service areas to eliminate load transfers did not preclude the subsequent amendment of service areas as local needs evolve.

Avoidance of Unnecessary Duplication

In its intervenor evidence, Hydro One stated Wasaga Distribution's proposal "does not optimize the use of existing system configurations and unnecessarily duplicates existing distribution assets."¹¹

In its response to OEB staff interrogatory #7, Hydro One stated that:

Given that Hydro One has sufficient infrastructure readily available to serve the Subject Area, these recent [Wasaga Distribution] expansions have duplicated the infrastructure necessary to service the needs of the area.

To complete a fair apples-to-apples comparison of the connection costs, [Wasaga Distribution's] recent purpose-built expansion should include all upstream investment necessary to expand the [Wasaga Distribution] distribution supply to the Subject Area.¹²

OEB staff has reviewed both proposals with reference to avoidance of unnecessary duplication, and consistency with previously approved investments. For the reasons set out below, OEB staff does not agree with Hydro One's assertion that Wasaga Distribution's proposal is duplicative or inefficient.

Infrastructure duplication implies the construction or retention of redundant facilities intended to serve the same load. In response to OEB staff interrogatory #5, Wasaga Distribution stated that the MS#6 and Morgan Road investments were planned independently from the current service area amendment application to serve existing

¹¹ Hydro One Intervenor Evidence, October 17, 2025, p.15 or 18.

¹² Hydro One response to OEB staff Interrogatory #7, November 7, 2025.

and forecast customers in its service territory, not to duplicate Hydro One facilities.^{13,14} These investments were reviewed and approved by the OEB as part of Wasaga Distribution's 2024 Cost of Service proceeding.¹⁵ In OEB staff's view, they should be considered prudent system investments rather than purpose-built facilities for this development and should not be included in the comparison of costs to connect the proposed subdivision.

According to the evidentiary record, both utilities have upstream capacity available to supply the subject area and in neither case was that capacity constructed to serve the subject area. In OEB staff's view, one of the reasons the OEB formalized the regional planning process in 2013 was to facilitate optimized and efficient use of regional capacity to supply local demand growth.

The most recent Integrated Regional Resource Plan for the South Georgian Bay-Muskoka region was completed in May 2022, before Wasaga Distribution became aware of the subdivision development proposal. The subsequent (ongoing) planning cycle for the region was not initiated until February 4, 2025. OEB staff notes that the regional planning process could have been triggered by either Wasaga Distribution or Hydro One Distribution to review the potential future needs in the region and evaluate which utility should serve the subject area based on the optimal use of the combination of Hydro One and Wasaga Distribution upstream capacity to supply regional growth in the longer run.¹⁶ In OEB staff's view, the lack of a regional planning report that recommends a solution for the supply to the subject area in the context of optimizing use of upstream capacity for regional development represents a lost opportunity for the formalized regional planning process to serve both Hydro One and Wasaga Distribution ratepayers.

The fact that Hydro One has upstream capacity available to supply the proposed subdivision is not sufficient reason for Hydro One to supply it – the cost for Hydro One to use the upstream capacity to supply the subdivision needs to be considered. While Hydro One has upstream capacity available, using that capacity for the subject lands would still require new distribution investment to reach the edge of the subject area.

¹³ Wasaga Distribution response to OEB Staff Interrogatory #5, November 7, 2025.

¹⁴ In OEB Staff Interrogatory #5, Wasaga Distribution responded to an assertion made by Hydro One in its intervenor evidence that certain investments made by Wasaga Hydro were "purpose-built" by Wasaga Distribution to supply the proposed subdivision stating that the projects were initiated before the subdivision development was proposed and were driven by broader system planning needs and to meet anticipated load growth from other subdivisions.

¹⁵ EB-2023-0055 Wasaga Distribution Cost of Service Application

¹⁶ The Planning Process Working Group Report to the Board: The Process for Regional Infrastructure Planning in Ontario states that "The Regional Infrastructure Planning process begins with a planning trigger. Potential triggers include regularly scheduled Needs Screening by the transmitter, a scheduled review specified in an existing Regional Infrastructure Plan, a Government directive, a significant change to codes and standards or an emergent need brought forward by the transmitter, distributors, customers, the OPA or the IESO that cannot wait until the next scheduled review.", p. 14.

Upstream capacity alone does not determine economic efficiency; the costs required to physically connect the load to that capacity must be considered.

OEB staff notes that Wasaga Distribution's proposal does not require any incremental investment to supply the first phase of subdivision development and only requires the upgrade of a segment of existing infrastructure to supply the second phase whereas Hydro One's proposal requires an upgrade to existing infrastructure as well as the construction of new infrastructure to supply any amount of subdivision development. All else being equal, reinforcement of existing assets is generally more cost efficient than the construction of new facilities so prior to considering cost information Wasaga Distribution's proposal would appear to be more cost-effective. The potential for Wasaga Distribution to defer infrastructure upgrades until load materializes would also reduce the risk of stranded investment and support economically efficient system expansion.

Connection Cost Comparison

In its intervenor evidence, Hydro One provided a table containing the before tax costs for the two Hydro One service connection options included in Hydro One's Multi-Service Connection Cost Agreement. Under Option A, Hydro One performs both the contestable and non-contestable work. Under Option B, Hydro One performs only the contestable work. Hydro One included an estimated cost of \$82,625.38 for the expansion and upgrade cost that would be required for it to supply the subdivision.¹⁷

In response to Hydro One interrogatory #5 a), Wasaga completed the table for Wasaga Distribution's proposal, aligned with Hydro One's Option A. This table has been reproduced below as Table 1. In its interrogatory response, Wasaga Distribution noted that its response is based on a preliminary estimate based on a draft design for the subdivision. Wasaga Distribution also noted that its costs include different contestable and non-contestable components compared to Hydro One's.

Table 1: Connection cost comparison.¹⁸

Connection Cost Component	Hydro One		Wasaga Distribution
	Option A	Option B	Option A
Non-contestable work (poles, wires, meters)	1,226,835.53	1,226,835.53	1,952,850.42
Design costs	16,718.54	16,718.54	15,240.96
Contestable work	1,021,279.92	-	199,681.70

¹⁷ Hydro One, Intervenor Evidence, October 17, 2025, p. 7 of 18.

¹⁸ Wasaga Distribution, Response to Hydro One Interrogatory #5, November 7, 2025.

Civil work	-	-	-
Capital contributions	-	-	1,132,221.00
Total (excludes HST)	2,264,833.98	1,243,554.07	2,167,773.07

Based on the evidence presented, Wasaga Distribution's proposal to serve the proposed subdivision costs \$96,060.91 (4.3%) less than Hydro One's proposal so the Wasaga Distribution option represents the lowest incremental cost connection for the proposed subdivision.

Customer Preference

OEB Staff notes that in addition to the economic efficiency and connection cost considerations discussed above, there is demonstrated customer and municipal preference in favour of Wasaga Distribution serving the proposed subdivision. Wasaga Distribution's application included a letter from Sterling in support of Wasaga Distribution as the preferred distributor, and Primont filed an intervention request supporting Wasaga Distribution's service area amendment application. Wasaga Distribution also indicated that the Town of Wasaga has expressed a preference for Wasaga Distribution as the electrical service provider, although a letter of support was not submitted.

In its 2004 Decision with Reasons, the OEB stated that "customer preference is an important, but not overriding consideration when assessing the merits of an application for a service area amendment." The OEB went on to state that "customer choice may become a determining factor where competing offers to the customer(s) are comparable in terms of economic efficiency, system planning and safety and reliability, demonstrably neutral in terms of price impacts on customers of the incumbent and applicant distributor, and where stranding issues are addressed."¹⁹ OEB staff is of the view that this guidance is applicable in the present case.

While OEB staff has identified Wasaga Distribution as the more economically efficient option, developer and municipal preference provides an additional reason for Wasaga Distribution to serve the proposed subdivision.

Supply Reliability

Wasaga Distribution's proposes to create a looped supply to serve the subject area. Wasaga Distribution states that the looped supply will improve fault tolerance and reduce outage durations.²⁰

¹⁹ RP-2003-0044 Decision with Reasons, February 27, 2004.paragraph 233.

²⁰ Wasaga Distribution response to OEB Staff Interrogatory #3, November 7, 2025.

In contrast, Hydro One proposes to supply the subject property using a radial connection. In response to Hydro One interrogatory #6, Wasaga Distribution states that the looped configuration provides more operational flexibility and can be a more reliable configuration.²¹

OEB staff notes that Hydro One's proposal is sufficient to provide reliable supply to the subject area; however, in OEB staff's view, implementing Wasaga Distribution's proposal would result in a more reliable connection configuration at a lower incremental cost.

Conclusion

OEB staff submits that the supply proposal provided by Wasaga Distribution would be more economically efficient than Hydro One's supply proposal; has a lower incremental cost; does not result in unnecessary duplication of distribution asset investments; and results in a more reliable supply configuration. OEB staff submits that the requested service area amendment is in the public interest and should be approved by the OEB.

~All of which is respectfully submitted~

²¹ Wasaga Distribution response to Hydro One Interrogatory #6, November 7, 2025.