



EB-2008-0149

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Oshawa PUC Networks Inc. seeking an order to amend its
current Electricity Distribution Licence (ED-2002-0560).

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Oshawa PUC Networks Inc. ("OPUCN") filed an application dated June 16, 2008 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998*. The application seeks an order of the Board granting OPUCN a licence amendment to reflect an interim exemption from section 6.5.4 of the Board's Distribution System Code (the "DSC") in relation to 25 customers who are located within OPUCN's service area but are physically served by Hydro One Networks Inc. ("Hydro One") through a long term load transfer ("LTLT") arrangement between the two distributors.

A long term load transfer is a situation in which a customer is within one distributor's service area but is actually served electricity from a second distributor. In this case, Hydro One is the physical distributor (i.e., provides the physical delivery of electricity to the 25 customers) while OPUCN is the geographic distributor (i.e., licensed to serve the 25 customers). Section 6.5.4 of the DSC requires distributors to eliminate long term load transfers before January 31, 2009. The interim exemption from section 6.5.4 of the DSC is being sought by OPUCN in order to maintain its LTLT arrangements with Hydro One beyond the January 31, 2009 deadline.

OPUCN plans to expand its distribution systems to directly serve the 25 long-term load transfer customers by the end of the requested exemption terms.

The exemption from section 6.5.4 of the DSC being sought by OPUC is as follows:

- (a) an exemption until December 31, 2009 with respect to nine customers located on Coates Road West with civic address numbers 245, 291, 345, 405, 433, 451, 655, 775 and 815 in the City of Oshawa;
- (b) an exemption until December 31, 2010 with respect to six customers located on Townline Road North with civic address numbers 4626, 4580, 4220, 4420, 4336 and 4800 in the City of Oshawa; and
- (c) an exemption until December 31, 2011 with respect to ten customers located on properties with the following civic addresses: 38 Coates Rd E, 65 Coates Rd E, 285 Coats Road E, 1500 Ritson Rd N, 5245 Wilson Rd N #1, 5245 Wilson Rd N #2, 3572 Townline Rd N, 1590 Columbus Rd E, 1600 Conlin Rd E, and 1848 Townline Rd N in the City of Oshawa.

THE PROCEEDING

The Board assigned file number EB-2008-0149 to the application. By letter dated June 26, 2008, the Board requested additional information from OPUCN. OPUCN filed the requested information with the Board on July 25, 2008, which contained revisions to the original application. The Board issued its Notice of Application and Written Hearing on August 20, 2008. As directed by the Board, the applicant served the notice upon the customers that are the subject of the application. The Notice was also served upon the parties who submitted written comments to the Board in response to the Board's notice of proposal to amend the DSC issued on January 31, 2007, which dealt with the extension of the timelines for the elimination of long term load transfers. No one responded to the Notice. Board staff filed interrogatories on October 6, 2008. OPUCN filed responses to the Board staff interrogatories on November 6, 2008.

Section 6.5.4 of the DSC requires geographic distributors to eliminate their LTLT arrangements before January 31, 2009 by either negotiating the transfer of the customers to the physical distributor or by the geographic distributor extending its system to connect the customers.

OPUCN is seeking an exemption from the DSC with respect to 25 customers. OPUCN plans to directly serve the subject customers through two feeder extensions and installation of distribution equipment on a recently constructed pole owned by Hydro One under a joint-use arrangement with Hydro One by the following dates:

- (a) nine customers by December 31, 2009;
- (b) six customers by December 31, 2010; and
- (c) ten customers by December 31, 2011.

FINDINGS

Based on the evidence, I find that it is in the public interest to amend Schedule 3 of the OPUCN's distribution licence to grant an exemption from the requirements of section 6.5.4 of the DSC for the customers and for the time period requested in the application. The following facts were important in reaching this decision.

The applicant submitted that it would not be prudent to eliminate its load transfer arrangements with Hydro One any sooner than the dates reflected in its plan. The applicant stated that the feeder extensions are necessary not only for the connection of the load transfer customers but also for addressing future load growth. Synergies and cost savings will be achieved if the connection of the present LTLT customers is co-ordinated with expansion in the area. OPUCN provided evidence that eliminating the subject load transfer arrangements any sooner than the dates reflected in its plan will cause OPUCN operational and financial harm, and have a detrimental effect on the ability of OPUCN to complete other expansion work resulting from rapid growth in its service area. The applicant's system maintenance and enhancement program, which could affect the safety of both the public and the OPUCN workforce, would also be affected.

OPUCN submitted that after considering engineering effectiveness and long term economic costs, the plan to connect its load transfer customers through two feeder extensions and one joint-use arrangement with Hydro One was considered the best alternative for both OPUCN and its customers. The new feeders will improve reliability and power quality. Hydro One supports OPUCN's application and agrees to the extension of the current LTLT arrangements as requested by OPUCN.

Under the current arrangement, the subject customers are being charged OPUC's current distribution rates. If the exemption request is granted, the customers will continue to pay OPUCN's approved distribution rates.

IT IS THEREFORE ORDERED THAT:

1. Oshawa PUC Networks Inc.'s Electricity Distribution Licence (ED-2002-0560), specifically Schedule 3 of the licence, is amended to reflect the exemption from the requirements of section 6.5.4 of the Distribution System Code as per Oshawa PUC Networks Inc.'s request set out in the application.

DATED at Toronto, November 26, 2008

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects