



Niagara-on-the-Lake Hydro Inc.

December 2, 2008

BY E-MAIL and Puralator

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

**Niagara-on-the-Lake Hydro Inc. Service Area Amendment Application with
Niagara Peninsula Energy Inc.**

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. would like to submit the Service Area Amendment Application with regards to Long Term Load Transfer customers with Niagara Peninsula Energy Inc.

Yours truly

David Steinschifter
Operations Manager

Elimination of Long Term Load Transfers

Between

Niagara-on-the-Lake Hydro Inc.

And

Niagara Peninsula Energy Inc.

December 2, 2008

Part A: Service Area Amendment and Exemptions

1.1 Basic Facts

This application addresses the elimination of a total of 4 Long Term Load Transfers (LTLT) customers existing in proximity to service area boundaries between Niagara-on-the-Lake Hydro Inc. and Niagara Peninsula Energy Inc. This application proposes the transfer of 4 LTLT customers and associated facilities from Niagara-on-the-Lake Hydro Inc. to Niagara Peninsula Energy Inc.

This is a combined application amalgamating and streamlining the elements of a Service Area Amendment for LTLT and associated exemption purposes only.

1.1.1 General

(a) Co-Applicant

Niagara Peninsula Energy Inc.

447 Pin Oak Drive	Contact Person - Dan Sebert
P.O. Box 120	Telephone Number - 1-877-270-3938
Niagara Falls, ON L2E 6S9	Fax Number - 905-356-0118
	Email Address -
	DanSebert@niagarafallshydro.on.ca

(b) Co-Applicant

Niagara-on-the-Lake Hydro Inc.

8 Henegan Road	Contact Person - David Steinschifter
P.O. Box 460	Telephone Number - 905-468-4235 x52
Virgil, ON L0S 1T0	Fax Number - 905-468-4235
	Email Address - davids@notlhydro.com

(c) Alternate Distributor and Other Parties to the Transaction – None

(d) List of Affected LTLT Customers

**Table 1
Niagara-on-the-Lake LTLT Customers (total = 4)
Served by Niagara-on-the-Lake Hydro Inc.
proposed to be Transferred to Niagara Peninsula Inc.**

Geographic LDC: NOTL Hydro Inc.		Physical LDC: Niagara Peninsula Energy Inc.
Customer No.	Customer Name	Mailing Address
1	DANIEL SEMPER	206 WARNER RD, SS #4, NOTL, ON L0S 1J0
2	TONY KUCAN	196 WARNER RD, SS #4, NOTL, ON L0S 1J0
3	JOE PERRI	176 WARNER ROAD, SS #4, NOTL, ON L0S 1J0
4	MRS LOU-ANN GRIMWOOD	92 WARNER ROAD, SS #4, NOTL, ON L0S 1J0

1.1.2 Service Area Amendment

Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA:

This application addresses the elimination of a total of 4 Long Term Load Transfers (LTLT) customers existing in proximity to service area boundaries between Niagara Peninsula Energy Inc. and Niagara-on-the-Lake Hydro Inc. This application proposes the transfer of 4 LTLT customers and associated facilities from Niagara-on-the-Lake Hydro to Niagara Peninsula Energy Inc.

This application is consistent with the Board's Amendments to the Distribution System Code, Board File No. – "EB-2007-0005 – Timing for the Elimination of Load Transfers" issued March 12, 2007.

1.1.3 Description of Proposed Service Area

Provide a detailed description of the lands that are the subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands. For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).

- Individual customer addresses found in Section 1.1.1(d)
- Detailed information of all LTLTs are found in Section 1.1.4

Niagara-on-the-Lake Hydro Inc. LTLTs to be transferred to Niagara Peninsula Energy Inc.:

- This application is dealing with individual customers located in the Town of Niagara-on-the-Lake, Warner Road, fronting on the north side of Warner Road, between Garner Road and Ministry of Transportation lands to the east. Listed below are the individual Customers and the legal description of each Customer as also indicated on the attached maps in Attachment 1.

Customer No.	Map No.	Customer Name	Municipal Address	Legal Description
1	1	DANIEL SEMPER	206 WARNER RD, SS #4, NOTL, ON L0S 1J0	PT TWP LOT 139 PT RD ALLOW BTOWN LOTS 139 184
2	1	TONY KUCAN	196 WARNER RD, SS #4, NOTL, ON L0S 1J0	PT LOT 184 RP 30R1083 PART 1

Elimination of Long Term Load Transfers – Niagara-on-the-Lake Hydro – Niagara Peninsula Energy Inc.

3	1	JOE PERRI	176 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	PT NOTL TWP LOT 184 PT STAM TWP GORE LOT 9 - 0.16 AC PT RD ALLOW RP 30R9163 PARTS
4	1	MRS LOU-ANN GRIMWOOD	92 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	PT LOT 183 PT LOT 184

1.1.4 Provide maps/diagrams of the area that is the subject of the SAA application

(a)	Borders of the applicant’s service area	See Attached Maps
(b)	Borders of the incumbent distributor's service area	
(c)	Borders of any alternate distributor's service area – Not Applicable	
(d)	Territory surrounding the area for which the applicant is making SAA application – see maps for a & b	
(e)	Geographical and geophysical features of the area including, rivers and lakes, property borders, roads, and major public facilities	
(f)	Existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well).	

1.1.5 Distribution Infrastructure In and Around the Proposed Amendment Area

Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).

Niagara-on-the-Lake Hydro Inc. – Niagara Peninsula Energy Inc.

Customer No.	Address	Customer Type	Primary Supply	Transformation	Secondary Supply
1	206 WARNER RD, SS #4, NOTL, ON L0S 1J0	Residential	Niagara Peninsula Energy Inc.	NPEI transformer – TX. 2935 –on NPEI pole	o/h secondary to house
2	196 WARNER RD, SS #4, NOTL, ON L0S 1J0	Residential	Niagara Peninsula Energy Inc.	NPEI transformer – TX. 2935 –on NEPI Pole	o/h secondary to house
3	176 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	Residential	Niagara Peninsula Energy Inc.	NPEI transformer – TX 2613 –on NEPI Pole	u/g secondary to house
4	92 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	Residential	Niagara Peninsula Energy Inc.	NPEI transformer – TX 2613 – on NEPI Pole	o/h secondary to house

1.2 Efficient Rationalization of the Distribution System

The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency. Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.

1.2.1	In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. The comparison must include the following:
(a)	Location of the point of delivery and the point of connection. <ul style="list-style-type: none"> See list below. <p style="text-align: center;">Niagara-on-the-Lake Hydro Inc. – Niagara Peninsula Energy Inc.</p>

Elimination of Long Term Load Transfers – Niagara-on-the-Lake Hydro – Niagara Peninsula Energy Inc.

	Address	Feeder Name
	206 WARNER RD, SS #4, NOTL, ON L0S 1J0	KM3 from Kalar TS
	196 WARNER RD, SS #4, NOTL, ON L0S 1J0	KM3 from Kalar TS
	176 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	KM3 from Kalar TS
	92 WARNER ROAD, SS #4, NOTL, ON L0S 1J0	KM3 from Kalar TS
(b)	Proximity of the proposed connection to an existing distribution system.	
	<ul style="list-style-type: none"> • Not Applicable 	
(c)	The fully allocated connection costs for supplying the customer, unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA (Note: the Board will determine if the reason provided is acceptable).	
	<ul style="list-style-type: none"> • Not Applicable 	
(d)	The amount of any capital contribution required from the customer.	
	<ul style="list-style-type: none"> • Not Applicable 	
(e)	Costs for stranded equipment that would need to be de-energized or removed.	
	<ul style="list-style-type: none"> • Not Applicable 	
(f)	Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term.	
	<ul style="list-style-type: none"> • Not Applicable 	
(g)	Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.	
	<ul style="list-style-type: none"> • Not Applicable 	
(h)	Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.	
	<ul style="list-style-type: none"> • Not Applicable 	

1.3 Impacts Arising from the Proposed Amendment

Description of Impacts

1.3.1	Identify any affected customers or landowners.
	<ul style="list-style-type: none"> • See listing in Section 1.1.1(d)
1.3.2	Provide a description of any impacts on costs, rates, service quality, and reliability for customers <i>in</i> the area. If an assessment of service quality and reliability impacts cannot be provided, explain why.
	<ul style="list-style-type: none"> • For all customers moving to Niagara Peninsula Energy Inc., the current Niagara Peninsula Energy Inc. rates will be slightly higher than the equivalent current Niagara-on-the-Lake Hydro Inc. distribution rates.

Elimination of Long Term Load Transfers – Niagara-on-the-Lake Hydro – Niagara Peninsula Energy Inc.

	<ul style="list-style-type: none"> The elimination of the LTLTs will allow Niagara Peninsula Energy Inc., to serve the customers more effectively than Niagara-on-the-Lake Hydro Inc. and the service quality will remain the same.
1.3.3	<p>Provide a description of any impacts on costs, rates, service quality, and reliability of any distributor <i>outside</i> the area. If an assessment of service quality and reliability impacts cannot be provided, explain why.</p> <ul style="list-style-type: none"> Not Applicable
1.3.4	<p>Provide a description of the impacts on each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable.</p> <ul style="list-style-type: none"> See detailed description of the service area amendment in Section 1.1.3 See attached map in Section 1.1.4 for description details.
1.3.5	<p>Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.</p> <ul style="list-style-type: none"> Not Applicable
1.3.6	<p>Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.</p> <ul style="list-style-type: none"> Niagara-on-the-Lake Hydro Inc. will file the relevant section 86 application at the completion of discussions with Niagara Peninsula Energy Inc. regarding asset transfers between the two Utilities.
1.3.7	<p>Identify any customers that are proposed to be transferred to or from the applicant.</p> <ul style="list-style-type: none"> See Section 1.1.1 (d)
1.3.8	<p>Provide a description of any existing load transfers or retail points of supply that will be eliminated.</p> <ul style="list-style-type: none"> 4 - Niagara-on-the-Lake Hydro Inc. LTLTs will be eliminated as shown on the attached maps in Section 1.1.4.
1.3.9	<p>Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the Distribution System Code (“DSC”)? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e., the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.</p> <ul style="list-style-type: none"> There are no new Load Transfers being created as a result of the proposed SAA.

Evidence of Consideration and Mitigation of Impacts

1.3.10	<p>Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written</p>
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	<p>confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.</p> <ul style="list-style-type: none"> • [Pending input from the OEB on Notice process]
1.3.11	<p>Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.</p> <ul style="list-style-type: none"> • Niagara-on-the-Lake Hydro Inc. has been in contact with Niagara Peninsula Energy Inc. regarding consent to this application and the letter is attached as Attachment II.
1.3.12	<p>Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.</p> <ul style="list-style-type: none"> • Not Applicable
1.3.13	<p>Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved.</p> <ul style="list-style-type: none"> • Not Applicable – there are no adverse affects expected

1.4 Customer Preference

The Board, in the RP-2003-0044 decision, stated that customer preference is an important, but not overriding consideration when assessing the merits of an SAA.

1.4.1	<p>An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer indicating the customer's preference.</p> <ul style="list-style-type: none"> • Not Applicable
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Elimination of Long Term Load Transfers – Niagara-on-the-Lake Hydro – Niagara Peninsula Energy Inc.

2.3	<p>Are the assets surplus to the applicant’s needs? If yes, please indicate why, and since when.</p> <ul style="list-style-type: none"> The secondary wire assets have been serving the customers for several years. It would be uneconomical for Niagara-on-the-Lake Hydro to remove these assets and for Niagara Peninsula Energy Inc. to install new conductors to serve these customers. Niagara-on-the-Lake Hydro has agreed to transfer these assets to Niagara Peninsula Energy Inc. 	
2.4	<p>Are the assets useful to the proposed recipient or any other party in serving the public? If yes, please indicate why.</p> <ul style="list-style-type: none"> The assets transferred to Niagara Peninsula Energy Inc. will continue to supply the load to the existing customers at the same location as they are being served presently. This is strictly an ownership change. 	
2.5	<p>Please indicate which utility’s customers are currently served by the assets.</p> <ul style="list-style-type: none"> 4 of Niagara-on-the-Lake Hydro’s customers. 	
2.6	<p>Please indicate which utility’s customers will be served by the assets after the transaction and into the foreseeable future.</p> <ul style="list-style-type: none"> 4 of Niagara-on-the-Lake Hydro’s LTLT customers (currently served from Niagara Peninsula Energy Inc.’s service area) will become Niagara Peninsula Energy Inc.’s customers and will be served by Niagara Peninsula Energy Inc. using the assets after the transaction. 	

3.0 DESCRIPTION OF THE PROPOSED TRANSACTION

3.1	<p>Please indicate if the proposed transaction will be a sale, lease or other (please specify).</p> <ul style="list-style-type: none"> Niagara-on-the-Lake Hydro Inc. and Niagara Peninsula Energy Inc. have not settled on final re-alignment of the service territory at this time. Initial discussions indicate that the service territory served by Niagara Peninsula Energy Inc. will expand to include the 4 properties in question. 	
3.2	<p>Please attach the details of the consideration (e.g. cash, assets, shares) to be given and received by each of the parties to the proposed transaction.</p> <ul style="list-style-type: none"> Unknown at this time. 	
3.3	<p>Would the proposed transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.</p> <ul style="list-style-type: none"> No 	
3.4	<p>Would the proposed transfer impact distribution or transmission rates of the applicant? If yes, please specify how.</p> <ul style="list-style-type: none"> No 	
3.5	<p>Will the transaction adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of the applicant or the proposed recipient? If yes, please specify how.</p> <ul style="list-style-type: none"> Safety and reliability will remain the same. There is no change in any environmental aspects in the areas surrounding the assets being sold. 	

4.0: OTHER INFORMATION

It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.

5.0: WRITTEN CONSENT/JOINT AGREEMENT

Both parties Niagara-on-the-Lake Hydro Inc. and Niagara Peninsula Energy Inc. agree to all the statements made in this application.



Dan Sebert, V.P. Operations
Niagara Peninsula Energy Inc.



David Steinschifter, Operations Manager
Niagara-on-the-Lake Hydro Inc.

Dated: Dec 2/08

12/02/08

6.0: REQUEST FOR NO HEARING

Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide -

- (a) an explanation as to how no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND
 - (b) The proposed recipient's written consent to the disposal of the application without a hearing.
- (a) Both parties to this application request no hearing.

The assets in this transaction are part of a Service Area Amendment application to eliminate Niagara-on-the-Lake Hydro's LTLTs as requested in the Board's Amendments to the Distribution System Code, Board File No. – "EB-2007-0005 – Timing for the Elimination of Load Transfers" issued March 12, 2007.

- (b) The signature on this application acknowledges agreement to dispose of this application without a hearing.



Dan Sebert, V.P. Operations
Niagara Peninsula Energy Inc.

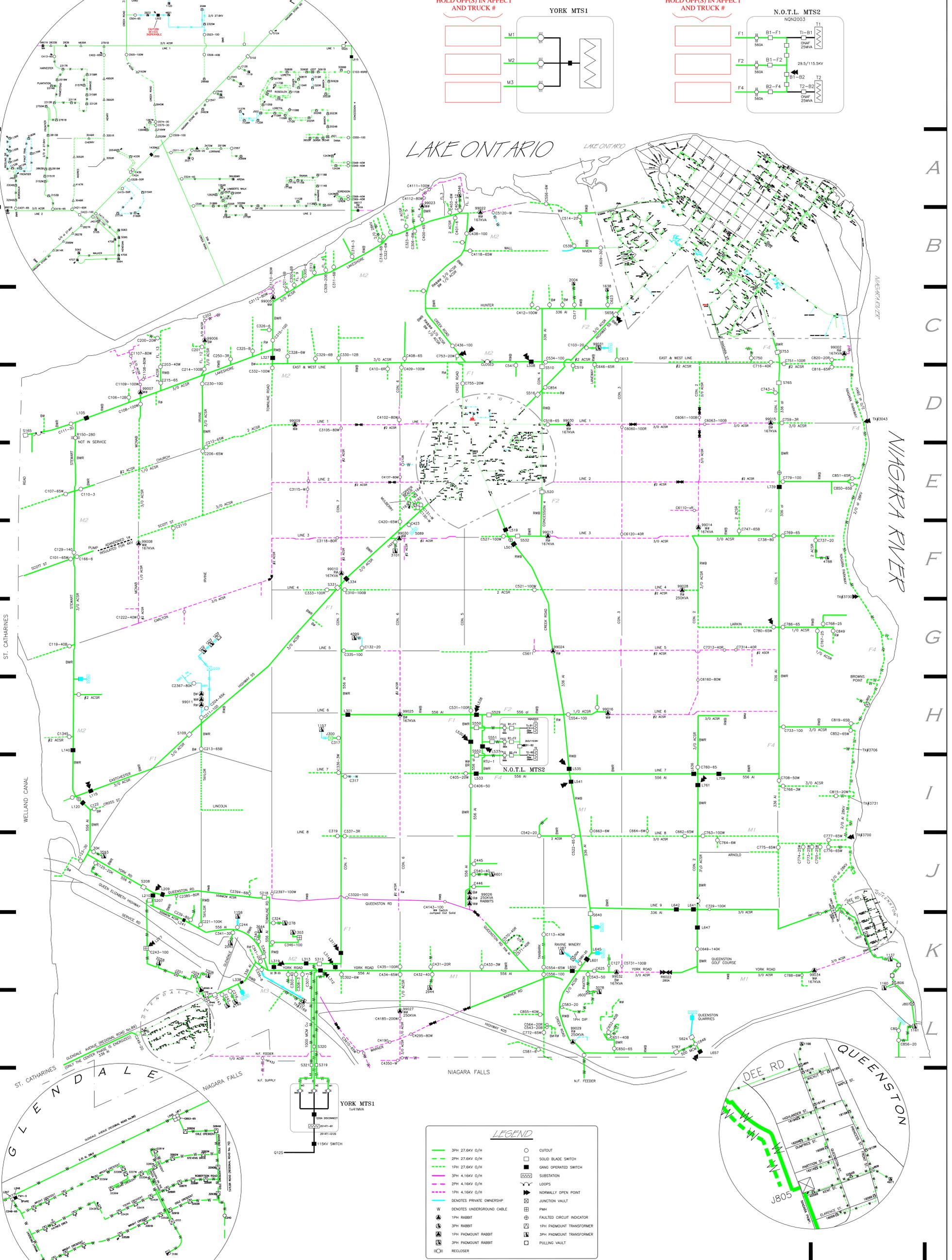


David Steinschifter, Operations Manager
Niagara-on-the-Lake Hydro Inc.

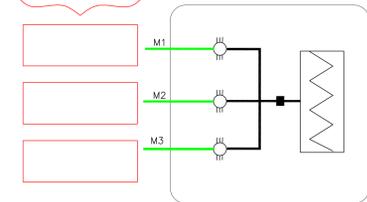
Dated: Dec 2/08.

12/02/08

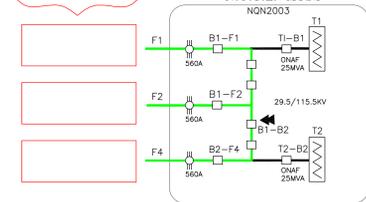
Attachment I



HOLD OFF(S) IN AFFECT AND TRUCK #



HOLD OFF(S) IN AFFECT AND TRUCK #



LAKE ONTARIO

NIAGARA RIVER

N.O.T.L. MTS2

YORK MTS1

LEGEND

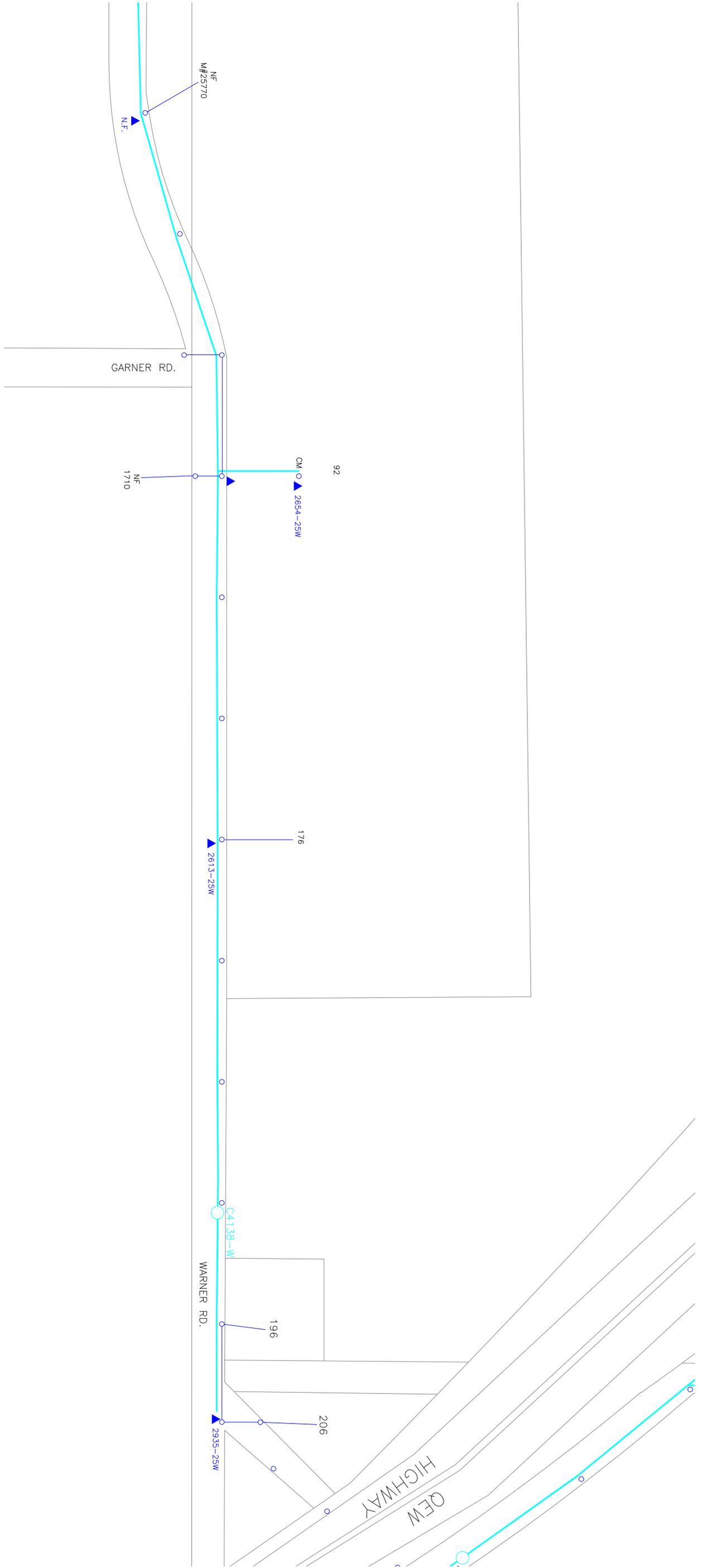
—	3PH 27.6KV O/H	○	CUTOUT
---	3PH 27.6KV O/H	□	SOLID BLADE SWITCH
---	1PH 27.6KV O/H	■	GANG OPERATED SWITCH
---	3PH 4.16KV O/H	■	SUBSTATION
---	2PH 4.16KV O/H	○	LOOPS
---	1PH 4.16KV O/H	○	NORMALLY OPEN POINT
---	DENOTES PRIVATE OWNERSHIP	○	JUNCTION VAULT
W	DENOTES UNDERGROUND CABLE	○	PHM
⚡	1PH RABBIT	⚡	FAULTED CIRCUIT INDICATOR
⚡	3PH RABBIT	⚡	1PH PADMOUNT TRANSFORMER
⚡	1PH PADMOUNT RABBIT	⚡	3PH PADMOUNT TRANSFORMER
⚡	3PH PADMOUNT RABBIT	□	PULLING VAULT
⚡	RECLOSER		



TITLE
MAIN OPERATING MAP
 DRAWN BY: T. WATSON
 APPROVED BY: C. McLEAN
 FILE NAME: OPERATINGMAPS.DWG
 REVISION DATE: FEB. 06/08



Warner Rd Between QEW & Garner Rd - LTLT Customers (Niagara Falls)



Warner Rd Between QEW & Garner Rd - LTLT Customers (Niagara Falls)



Attachment II



NIAGARA FALLS HYDRO

DIVISIONS OF:



"Providing power for the future"

NIAGARA PENINSULA ENERGY INC

November 28, 2008

David Steinschifter
Operations Manager
Niagara on the Lake Hydro Inc.

David,

As per our ongoing discussions regarding long term load transfer customers existing between our two utilities, Niagara Peninsula Energy Inc. agrees with the identification of customers subject to this required process. Niagara Peninsula Energy Inc. also agrees to maintain electrical supply as the physical distributor to the Niagara on the Lake geographically located customers until such time as a mutually acceptable settlement is reached to transfer the geographic customers to the respective physical distributor.

Dan Sebert

V.P. Operations NPEI Inc.

N.O.T.L Hydro

N.P.E.I

