



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

DECISION AND ORDER

EB-2017-0211

HYDRO ONE NETWORKS INC.

VERIDIAN CONNECTIONS INC.

Joint Application for Elimination of Load Transfer Arrangements

BY DELEGATION, BEFORE: Brian Hewson
Vice President
Consumer Protection and Industry Performance

August 31, 2017

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Veridian Connections Inc. (Veridian) 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 distributor physically serves a customer located in the licensed service area of another distributor (the geographic 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* (the Act).

THE APPLICATION

Hydro One and Veridian (collectively, the Applicants) filed a joint application on May 18, 2017 under sections 74 and 86(1) (b) of the 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, and section 6.5.6 was amended to prohibit distributors from entering into any new load transfer arrangements.

Through the application, Hydro One seeks to transfer 14 specific customers of three rate classes to Veridian. Of these customers, 11 are "Residential", 2 are "General Service" and the remaining one belongs to "Sentinel Light" rate class. Hydro One also requests the OEB's approval to sell the distribution assets servicing these customers to Veridian for \$23,906 plus applicable taxes.

Veridian seeks to transfer 45 specific customers of two rate classes to Hydro One. Of these customers, 43 are "Residential" and 2 are "General Service" customers. Veridian

also requests the OEB's approval to sell the distribution assets servicing these customers to Hydro One for \$41,407 plus applicable taxes. As stated in the application, no assets will be stranded or become redundant and no third parties will be impacted, 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 Veridian. Hydro One and Veridian'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 Veridian 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 Veridian 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 will 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 Veridian 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 Veridian Connections Inc.'s Electricity Distribution Licence (ED-2002-0503) 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 Veridian Connections Inc.
4. Veridian Connections Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

DATED at Toronto August 31, 2017

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 Veridian are listed below:

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

Asset Type	Count
Poles	5
Transformers	11
Primary Wire (m)	80
Secondary Buss (span)	-
Secondary O/H Wire (m)	660
Secondary U/G Wire (m)	189
Current Transformers	9
Sentinel Lights	1
Easements	-
Total (\$) before applicable taxes	\$23,906

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

Asset Type	Count
Poles	7
Transformers	16
Primary Wire (m)	202
Secondary Buss (span)	-
Secondary O/H Wire (m)	1,130
Secondary U/G Wire (m)	252
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$41,407