



EB-2008-0328

## NOTICE OF APPLICATION

### Application by Hydro One Networks Inc. and Bluewater Power Distribution Corporation for Licence Amendments and Sale of Distribution Assets

#### The Application

Hydro One Networks Inc. ("Hydro One") and Bluewater Power Distribution Corporation ("Bluewater Power ") have filed a joint application with the Ontario Energy Board under the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, for an order of the Board:

- (a) amending the distribution service areas of Hydro One and Bluewater Power to reflect the transfer of 30 customers from Hydro One to Bluewater Power and 12 customers from Bluewater Power to Hydro One to eliminate the long term load transfer arrangements between the two distributors;
- (b) approving the sale from Hydro One to Bluewater Power of distribution assets necessary in serving the public to facilitate the transfer of the 30 customers proposed to be transferred from Hydro One to Bluewater Power through service area amendments, and the transfer of two customers proposed to be transferred from Hydro One to Bluewater Power to eliminate a historical arrangement between the two distributors;
- (c) approving the sale from Bluewater Power to Hydro One of distribution assets necessary in serving the public to facilitate the transfer of the 12 customers proposed to be transferred from Bluewater Power to Hydro One through service area amendments.

The Board has assigned file number EB-2008-0328 to the application.

#### **Section 6.5.4 of the Distribution System Code**

Section 6.5.4 of the Distribution System Code (the "DSC") deals with long term load transfer ("LTLT") arrangements. A load transfer is a situation in which a customer is located in the licensed service area of one distributor (the "geographic distributor") but is physically served electricity by another distributor (the "physical distributor"). Section 6.5.4

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

### **Service Area Amendments**

According to the application, the service area amendments are being sought in order to eliminate the LTLT arrangements between Hydro One and Bluewater Power through the transfer of the customers to the physical distributor. The applicants state that since the physical distributor has the existing facilities and is already serving the customers, it would not be cost effective for the geographic distributor to incur significant capital costs to build duplicate facilities, nor would it be sensible for the affected customers to bear these capital costs.

#### *Hydro One's LTLT Customers Proposed to be Transferred to Bluewater Power:*

The proposed service area amendments will expand Bluewater Power's service area to include 30 customers who are currently located within Hydro One's service area but are physically supplied by Bluewater Power. Presently, the customers are considered Hydro One customers and are being charged Hydro One's rates. The proposed amendments, if granted, will result in these customers becoming customers of Bluewater Power and being subject to lower distribution rates. The 30 customers are located within the Townships of Plympton – Wyoming, St. Clair and Enniskillen as listed below:

1. 25 customers in the Township of Plympton – Wyoming with the following civic addresses:
  - (a) 23 customers on Mandaumin Road with civic address numbers 5188, 5200, 5254, 5292, 5306, 5322, 5326, 5328, 5332, 5340, 5374, 5386, 5410, 5432, 5450, 5590, 5778, 6136, 6252, 6426, 6644 and 6654;
  - (b) one customer at 3008 Confederation Line; and
  - (c) one customer at 3024 Churchill Line.
2. One customer in the Township of St. Clair with the civic address 2331 Marshall Road.
3. Four customers in the Township of Enniskillen with the following civic addresses:
  - (a) one customer at Concession 1, Lot 19;

- (b) two customers on Gypsie Flats Road with civic address numbers 2255 and 2345; and
- (c) one customer at 4185 Oil Heritage Road.

*Bluewater Power's LTLT Customers Proposed to be Transferred to Hydro One*

The proposed service area amendments will expand Hydro One's service area to include 12 customers who are currently located within Bluewater Power's service area but are physically supplied by Hydro One through a LTLT arrangement between the two distributors. Presently, the customers are considered Bluewater Power customers and are being charged Bluewater Power's rates. The proposed amendments, if granted, will result in these customers becoming customers of Hydro One and being subject to higher distribution rates.

The applicants propose to mitigate the impact of the rate increase by following the methodology prescribed by the Board in its decision on similar applications from Hydro One/Whitby Hydro Electric Corporation and Hydro One/Peterborough Distribution (EB-2007-0917 and EB-2007-0947). Based on this methodology, if the application is approved, the new Hydro One customers will be charged Hydro One's rates. However, Hydro One will establish a credit for each transferred customer. The credit will be applied to the customer's account in equal installments over the course of a year beginning with the first bill after implementation of the Board's Order. The credit will be equivalent to one-half of one year's increase on the delivery portion of the bill (based on the customer's previous 12 months' consumption and the rates in effect at the time of the Board's decision and order).

The 12 customers are located within the Townships of Warwick, Brooke-Alvinston, Village of Oil Springs, Town of Petrolia and the City of Sarnia as listed below:

1. One customer in the Township of Warwick on Confederation Line, lot 19, concession 5 with the civic address number 7985.
2. The following customers in the Township of Brooke-Alvinston:
  - (a) three customers on Nauvoo Road, lots 17 and 19, concessions 5 and 6 with civic address numbers 3123, 3370 and 3392; and
  - (b) three customers on Shiloh Line, lot 17, concession 6 with civic address numbers 8011, 8055 and 8077.

3. One customer in the Village of Oil Springs on Oil Heritage Road, lot 16, concession 3 with the civic address number 2658.
4. Two customers in the Town of Petrolia as follows:
  - (a) one customer on Oil Heritage Road, lot 15, concession 12 with the civic address number 4423; and
  - (b) one customer on Petrolia Line, lot 16, concession 10 with civic address number 4567.
5. Two customers in the City of Sarnia on Waterworks Road, lots 3 and 4, concession 2 with civic address numbers 4817 and 4872.

### **Sale of Distribution Assets**

Hydro One is seeking approval to sell certain assets that are part of its distribution system to Bluewater Power for the net book value of the assets. Similarly, Bluewater Power is seeking approval to sell certain assets that are part of its distribution system to Hydro One for the net book value of the assets. The assets will continue to be used to serve the same customers presently served by the assets.

According to the application, the proposed sale of the distribution assets facilitates the elimination of the LTLT arrangements between Hydro One and Bluewater Power. It will also eliminate a historical distribution service arrangement between the two distributors, in which two customers who are currently located within Bluewater Power's service area are supplied, charged and billed by Hydro One. A service area amendment will not be necessary in this case as the two customers are already located within Bluewater Power's service area. The customers will be subject to lower distribution rates after the asset sale. These two customers are located on Oil Heritage Road, lot 16, concession 11 with civic address numbers 4286 and 4336 in the Town of Petrolia.

### **How to see the Application**

Copies of the application are available for inspection at the Board's office in Toronto, and at Hydro One and BlueWater Power's offices.

### **How to Participate**

You may participate in this proceeding in one of three ways:

#### **1. Send a Letter with your Comments to the Board**

Your letter with comments will be provided to the decision maker deciding the application, and will be part of the public record for the application. Your letter must be received by the Board no later than **30 days** from the publication or service date of this notice. The Board accepts letters of comment by either post or e-mail at the addresses below.

#### **2. Become an Observer**

Observers do not actively participate in the proceeding but monitor the progress of the proceeding by receiving documents issued by the Board. You may request observer status in order to receive documents issued by the Board in this proceeding. If you become an observer, you need to contact the applicants and others in order to receive documents that they file in this proceeding and they may charge you for this. Most documents filed in this application will also be available on the Board's website. Your request for observer status must be made in writing and be received by the Board no later than **10 days** from the publication or service date of this notice. The Board accepts observer request letters by either post or e-mail at the addresses below; however, two paper copies are also required. You must also provide a copy of your letter to the applicants.

#### **3. Become an Intervenor**

You may ask to become an intervenor if you wish to actively participate in the proceeding. Intervenor are eligible to receive evidence and other material submitted

by participants in the hearing. Likewise, intervenors will be expected to send copies of any material they file to all parties to the hearing.

Your request for intervenor status must be made by letter of intervention and be received by the Board no later than **10 days** from the publication or service date of this notice. Your letter of intervention must include a description of how you are, or may be, affected by the outcome of this proceeding; and if you represent a group, a description of the group and its membership. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the applicants and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicants.

The Board may proceed in this matter by way of a written hearing or an oral hearing. The Board will not hold a written hearing if a party satisfies the Board that there is good reason for holding an oral hearing. Your letter of intervention should indicate your preference for a written or oral hearing, and the reasons for that preference.

If you already have a user ID, please submit your intervention request through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). Additionally, two paper copies are required. If you do not have a user ID, please visit the Board's website under e-filings and fill out a user ID password request. For instructions on how to submit and naming conventions please refer to the RESS Document Guidelines found at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), e-Filing Services. The Board also accepts interventions by e-mail, at the address below, and again, two additional paper copies are required. Those who do not have internet access are required to submit their intervention request on a CD or diskette in PDF format, along with two paper copies.

### **How to Contact Us**

In responding to this Notice, please include Board file number EB-2008-0328 in the subject line of your e-mail or at the top of your letter. It is also important that you provide your name, postal address and telephone number and, if available, an e-mail address and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

### **Need More Information?**

Further information on how to participate may be obtained by visiting the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) or by calling our Consumer Relations Centre at 1-877-632-2727.

### **IMPORTANT**

**IF YOU DO NOT NOTIFY THE BOARD OF YOUR INTENTION TO PARTICIPATE IN THIS PROCEEDING IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED WITHOUT YOUR PARTICIPATION AND YOU WILL NOT BE ENTITLED TO FURTHER NOTICE IN THE PROCEEDING.**

**ADDRESSES**

**The Board**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON  
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Attention: Board Secretary

Tel: 1-877-632-2727 ( toll free)  
Fax: 416-440-7656  
E-mail: [Boardsec@oeb.gov.on.ca](mailto:Boardsec@oeb.gov.on.ca)

**The Applicants**

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Bluewater Power Distribution Corporation  
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Attention: Ms. Janice McMichael-Dennis

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DATED at Toronto December 3, 2008

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary