



EB-2008-0347

NOTICE OF APPLICATION

Application by Hydro One Networks Inc. and Thunder Bay Hydro Electricity Distribution Inc. for Licence Amendments and Sale of Distribution Assets

The Application

Hydro One Networks Inc. ("Hydro One") and Thunder Bay Hydro Electricity Distribution Inc. ("Thunder Bay") 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 Thunder Bay to reflect the transfer of 19 customers from Hydro One to Thunder Bay and 50 customers from Thunder Bay to Hydro One to eliminate the long term load transfer arrangements between the two distributors;
- (b) approving the sale from Hydro One to Thunder Bay of distribution assets necessary in serving the public to facilitate the transfer of the 19 customers proposed to be transferred from Hydro One to Thunder Bay through service area amendments;
- (c) approving the sale from Thunder Bay to Hydro One of distribution assets necessary in serving the public to facilitate the transfer of the 50 customers proposed to be transferred from Thunder Bay to Hydro One through service area amendments;

The Board has assigned file number EB-2008-0347 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 Thunder Bay 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 Thunder Bay:

The proposed service area amendments will expand Thunder Bay's service area to include 19 customers who are currently located within Hydro One's service area but are physically supplied by Thunder Bay. 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 Thunder Bay and being subject to lower distribution rates. The 19 customers are located within the Townships of Paipooonge, Oliver, and MacGregor as listed below:

1. Fourteen customers in the Township of Paipooonge with the following civic addresses:
 - (a) two customers on Riverdale Road, lot 1, concession 1, with civic address numbers 2 and 4
 - (b) four customers on 25th Side Road, lot 1, with civic address numbers 6, 253, 311, and 247;
 - (c) one customer at Bnkr Concession Lot NH, lot 1, concession B; and
 - (d) one customer at 224 Hwy 130, lot 2, concession B;
 - (e) six customers on McLaren Road, lots 1 and 2, concession A, with civic address numbers 358, 360,140, 382, 506, and 214.
2. Four customers in the Township of Oliver on Townline Road, lot 1, concessions 7 and 8, with civic address numbers 6641, 6655, 6677, and 6941.
3. One customer in the Township of MacGregor at 161 Copenhagen Road.

Thunder Bay's LTLT Customers Proposed to be Transferred to Hydro One

The proposed service area amendments will expand Hydro One's service area to include 50 customers who are currently located within Thunder Bay's service area but are physically supplied by Hydro One through a LTLT arrangement between the two distributors. Presently, the customers are considered Thunder Bay customers and are being charged Thunder Bay'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 50 customers are located within the Townships of McIntyre and Neebing as listed below:

1. Forty-six customers in the Township of McIntyre with the following civic addresses:
 - (a) Fourteen customers on Gorevale Road with civic address numbers 275(was 1408), 295, 335, 919(was 745), 941(was 723), 971(was 681), 981(was 669), 1001(new#), 1021(was 631), 1031(was 621), 1055(was 589), 1081, 1162(was 301) and 1285(was 351);
 - (b) one customer at 1500 Hilldale Road;
 - (c) eight customers on Kivikoski Road with civic address numbers 131, 161, 173, 199, 201, 211, 217, 225,
 - (d) 23 customers on Townline Road with civic address numbers 6636, 6626, 6590, 6564, 6500, 5694, 5670, 5624, 5512, 5454, 5280, 5230, 5216, 5186, 5172, 5130, 5078, 5068, 5020, 5010, 4980, 4960, and 4936.

2. The Hwy 61 Sign, E. of Little Norway Road, lot 25, concession 5 and 6
3. Four customers in the Township of Neebing on Little Norway Road, lot 25, concessions 5 and 6, with civic address numbers 2790, 6150, and 6350.

Sale of Distribution Assets

Hydro One is seeking approval to sell certain assets that are part of its distribution system to Thunder Bay for the net book value of the assets. Similarly, Thunder Bay 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.

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 Thunder Bay'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. Intervenors 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. 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, 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-2008-0347 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 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
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Attention: Board Secretary

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The Applicants

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Thunder Bay Hydro Electricity Distribution
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Thunder Bay, On P7A 4L4
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DATED at Toronto December 5, 2008

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary