



EB-2009-0008

NOTICE OF APPLICATION AND HEARING

Application by Hydro One Networks Inc. and Rideau St. Lawrence Distribution Inc. for a Service Area Amendment and an Interim Exemption from Section 6.5.4 of the Distribution System Code

The Application

Hydro One Networks Inc. ("Hydro One") and Rideau St. Lawrence Distribution Inc. ("Rideau St. Lawrence Distribution") 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 Rideau St. Lawrence Distribution to reflect the transfer of 20 customers from Hydro One to Rideau St. Lawrence Distribution and 9 customers from Rideau St. Lawrence Distribution to Hydro One to eliminate the long term load transfer ("LTLT") arrangements between the two distributors; and
- (b) approving an interim exemption for 44 LTLT customers served by Hydro One and for 1 customer served by Rideau St. Lawrence Distribution until December 31, 2009.

The Board assigned file number EB-2009-0008 to the application.

Section 6.5.4 of the Distribution System Code

Section 6.5.4 of the Distribution System Code ("DSC") deals with 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 Rideau St. Lawrence Distribution 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 Rideau St. Lawrence Distribution:

The proposed service area amendments will expand Rideau St. Lawrence Distribution's service area to include 20 customers who are currently within Hydro One's service area but are physically supplied by Rideau St. Lawrence Distribution. 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 Rideau St. Lawrence Distribution and being subject to lower distribution rates.

The 20 customers are located within the Township of Williamsburgh, the Township of Edwardsburgh, and the Township of Matilda as listed below:

1. The following customers in the Township of Williamsburgh:
 - (a) One customer on Highway 2 with the civic address number 12520;
 - (b) Seven customers on Villa Drive with the civic address number 4330, including Apartment 7, 8, 9, 10, 11, 12.

2. One customer in the Township of Edwardsburgh on Highway 2 Cardinal Village, with civic address number 324.

3. The following customers in the Township of Matilda:
 - (a) Two customers on Highway 2 with the civic address number 10586; and
 - (b) Nine customers on Carman Road with civic address numbers 5901, 5911, 5914, 6011, and 6020.

Rideau St. Lawrence Distribution's LTLT Customers Proposed to be Transferred to Hydro One:

The proposed service area amendments will expand Hydro One's service area to include 9 customers who are currently located within Rideau St. Lawrence Distribution's service area but are physically supplied by Hydro One through a LTLT arrangement between the two distributors. Presently, the customers are considered Rideau St. Lawrence Distribution customers and are being charged Rideau St. Lawrence Distribution'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 and Hydro One / Peterborough Distribution (EB-2007-0917 and EB-2007-0947 respectively). 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 instalments 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 9 customers are located within the Township of Matilda, the Township of Edwardsburgh and the Township of North Crosby as listed below:

1. Two customers in the Township of Matilda on Golf Club Road with civic address numbers 10930 and 10910.
2. Two customers in the Township of Edwardsburgh on Station Road with civic address numbers 543 and 547.

3. The following customers in the Township of North Crosby:
 - a. One customer on Perth Road with civic address number 10062;
 - b. One customer on Mulville Road with civic address number 145; and
 - c. Three customers on Rebecca Line with civic address numbers 55 and 56.

Interim Exemption

An interim exemption from section 6.5.4 of the DSC is being sought by Hydro One and Rideau St. Lawrence Distribution in order to maintain the LTLT arrangements between the two distributors for eleven months beyond the January 31, 2009 deadline.

Hydro One Interim Exemption

This request is with respect to 44 customers who are located within Hydro One's service area but are physically served by Rideau St. Lawrence Distribution. Hydro One intends to connect these customers by constructing the necessary facilities by December 31, 2009 to serve these customers.

The 44 customers are located within the Township of Matilda on Bridlewood Court with the following civic address numbers:

1. 5500, 5502, 5504, 5506, 5508, 5510, 5512, 5514, 5516, 5518, 5520, 5522, 5524, 5526, 5528, 5530, 5532, 5533, 5534, 5536, 5537, 5538, 5540, 5541, 5542, 5544, 5550, 5554, 5558, 5561, 5562, 5563, 5566, 5570, 5578, 5582, 5584, 5585, 5589, 5590, 5592, 5593, 5596, 5598.

Under the current arrangement, the 44 customers are being charged Hydro One's current distribution rates. If the Board grants the exemption request and Hydro One eliminates the LTLT arrangements by constructing the necessary facilities to serve these customers as planned, the customers will continue to pay Hydro One's approved rates.

Rideau St. Lawrence Interim Exemption

This request is with respect to 1 customer who is located within Rideau St. Lawrence's service area but is physically served by Hydro One. Rideau St. Lawrence intends to connect this customer by constructing the necessary facilities by December 31, 2009 to serve this customer.

The customer is located within the Township of Augusta on Edward Street with civic address number 1500.

Under the current arrangement, the customer is being charged Rideau St. Lawrence Distribution's current distribution rates. If the Board grants the exemption request and Rideau St. Lawrence Distribution eliminates the LTLT arrangements by constructing the necessary facilities to serve this customer as planned, the customer will continue to pay Rideau St. Lawrence Distribution's approved rates.

How to see the Application

A copy of the application and related documents are available for inspection at the Board's offices in Toronto and on its website, www.oeb.gov.on.ca. A copy can also be viewed at the applicants' offices at the addresses indicated below and may be viewed on their websites.

How to Participate in the Proceeding

The application will be decided by way of written hearing unless a party satisfies the Board that there is good reason for holding an oral hearing. If you object to a written hearing in this matter, you must provide written reasons why an oral hearing is necessary. Any objections to a written hearing must be received by the Board and copied to the applicant within 10 days of the date this notice was served. The Board does not intend to provide for an award of costs when deciding this application.

If you wish to participate in the written hearing, please file a written submission setting out your views on the application with the Board and deliver it to the applicant no later than 21 days after the date this notice was served.

If the applicant wishes to respond to the submission(s), the written response must be filed with the Board and delivered to all parties who made submissions no later than 28 days after the date this notice was served.

How to File Documents with the Board

If you already have a user ID, please submit your submission through the Board's web portal at www.errr.oeb.gov.on.ca. Additionally, two paper copies are required. For instructions on how to file and naming conventions, please refer to the RESS Document Guidelines found at www.oeb.gov.on.ca, e-Filing Services. Those who do not have internet access are asked to submit their submission on a CD or diskette in PDF format, along with two paper copies. You may also send your submission by post or e-mail to the addresses below.

In responding to this Notice, please include Board file number EB-2009-0008 in the subject line of your e-mail or at the top of your document. 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 Web site at www.oeb.gov.on.ca or by calling our Consumer Relations Centre at 1-877-632-2727.

IMPORTANT

IF YOU DO NOT FILE AN OBJECTION TO A WRITTEN HEARING OR IF YOU DO NOT FILE A WRITTEN SUBMISSION 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

(for viewing copies of the application)

The Board

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Attention: Board Secretary

Tel: 1-877-632-2727 (toll free)
Fax: 416-440-7656

E-Mail: Boardsec@oeb.gov.on.ca

The Applicants

Hydro One Networks Inc.
8th Floor, South Tower
483 Bay St.
Toronto ON M5G 2P5

Attention: Mr. Blair MacDonald

Tel: 416-345-5067
Fax: 416-345-5866

E-Mail: Blair.macdonald@hydroone.com

Rideau St. Lawrence Distribution Inc.
985 Industrial Road
P.O. Box 699
Prescott ON K0E 1T0

Attention: Mr. John Walsh

Tel: 613-925-3851
Fax: 613-925-0303

E-Mail: jwalsh@rslu.ca

DATED at Toronto, January 20, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary