



EB-2012-0457

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Festival Hydro Inc. seeking an order to amend its current
Electricity Distribution Licence (ED-2002-0513);

By delegation, before: Adrian Pye

DECISION AND ORDER

March 14, 2013

Festival Hydro Inc. ("Festival Hydro") filed an application with the Ontario Energy Board on December 19, 2012, under section 74 of the *Ontario Energy Board Act, 1998*. The application seeks an order of the Board to amend the applicant's licensed distribution service area only. The proposed amendment will have no impact on Hydro One Networks Inc. ("Hydro One") licensed service areas in the Municipality of Huron East as it includes all areas with the exception of that served by Festival Hydro.

The service area amendment is sought in order to redefine the boundary between Festival Hydro and Hydro One to eliminate a long term load transfer ("LTLT") arrangement between the two distributors. A long term load transfer is a situation in which a customer is within one distributor's service area but is actually served electricity from a second distributor. In this case, Festival Hydro is the physical distributor (i.e., provides the physical delivery of electricity to the customers) while Hydro One is the geographic distributor (i.e., licensed to serve the customers).

Section 6.5.4 of the Board's Distribution System Code requires distributors to eliminate long term load transfers before June 30, 2014.

The proposed service area amendment would transfer two customers who are currently connected to Festival Hydro's distribution system but are located within Hydro One's licensed service area, to Festival Hydro's licensed service area. Presently, the two customers are Hydro One customers. After the amendment, these customers will be billed and otherwise served by Festival Hydro as Festival Hydro customers.

The two customers are located on Huron Road, Seaforth with civic addresses 42909 and 42971.

The proposed service area amendment would also expand Festival Hydro's service area to include two residential homes located in Seaforth but within Hydro One's service area.

FINDINGS

The service area amendment is prompted by the Board's policy that long term load transfers are to be eliminated by June 30, 2014. The application is consistent with that Board policy.

The applicant stated that the distribution rates for the customers being transferred are expected to be favourable as Festival Hydro's rates are lower than Hydro One rates. As well, the applicant stated that service quality and reliability will not be affected as the physical connection is not changing. No assets will be stranded or made redundant and no assets will be transferred.

The application included a letter from Hydro One in which it confirmed that Hydro One supports the application to amend Festival Hydro's distribution licence to include 42909 and 42971 Huron Road located in Seaforth; and it is in agreement to dissolve the two LTLT arrangements for these specific properties.

The applicant stated that the proposed amendment is consistent with the objective and rational and efficient service area alignment based on economic and engineering efficiency and is the environmentally preferred option. The applicant further stated that it is rebuilding its existing infrastructure that supplies the physical connection to these two customers. For Hydro One to service these two customers, it would need to expand its infrastructure.

The applicant with Hydro One's support requested that the Board decide the application without a hearing. I have done so.

The evidence filed with the Board demonstrated that the amendment will not produce any adverse effects on the existing customers of the distributors.

I find that it is in the public interest to amend Festival Hydro's distribution licence as requested by the applicant.

IT IS THEREFORE ORDERED THAT:

1. Festival Hydro Inc.'s Distribution Licence (ED-2002-0513) specifically, Schedule 1 of the licence, is amended as requested by the applicant.

DATED at Toronto, March 14, 2013.

ONTARIO ENERGY BOARD

Original signed by

Adrian Pye
Manager, Licence Applications