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## VIA E-MAIL AND WEB POSTING

March 30, 2016

**To:** All Licenced Electricity Distributors  
All Participants in Consultation Process EB-2009-0095  
All Participants in Consultation Process EB-2015-0006  
All Other Interested Parties

**Re: Elimination of Load Transfer Arrangements**  
**Board File No.:** EB-2015-0006

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On December 21, 2015, the Ontario Energy Board (OEB) issued a [Notice of Amendments to the Code – Amendments to the Distribution System Code](#) (EB-2015-0006), related to the Elimination of Load Transfer Arrangements between electricity distributors (LDCs). The amount of work to complete this requirement involves significant coordination between multiple distributors, and in particular with Hydro One Networks Inc. (Hydro One), who has Load Transfer Arrangements with almost 50 other LDCs in Ontario.

The OEB has set the objective of elimination of the remaining Load Transfer Arrangements by June 21, 2017. In order to achieve this objective, the OEB has developed an expedited service area amendment (SAA) and asset transfer approach during a consultation process<sup>1</sup>. The OEB has facilitated the formation of an operationally focused distributor Working Group (WG), in order for the industry to collaborate in the development of processes and approaches that will support the achievement of the goals set out by the OEB, but developed with the focus of minimizing effort, expediting the work and establishing an approach that can be cost effective.

The following process (see Figure 1) along with key documents has been developed to facilitate the process in a timely and efficient manner. The OEB is expecting you to use them for your Load Transfer elimination applications; however, unique configurations of customers and assets will require to be examined individually.

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<sup>1</sup> The OEB has convened and facilitated a distributor Working Group (WG) comprised of distributors which have significant load transfer arrangements involving a large number of customers. The WG has developed two key products: (1) Load Transfer Asset Valuation Scenarios and Residual Value Tables and, (2) Customer Information & Asset Valuation Spreadsheet that can be applied to standard distribution configurations.

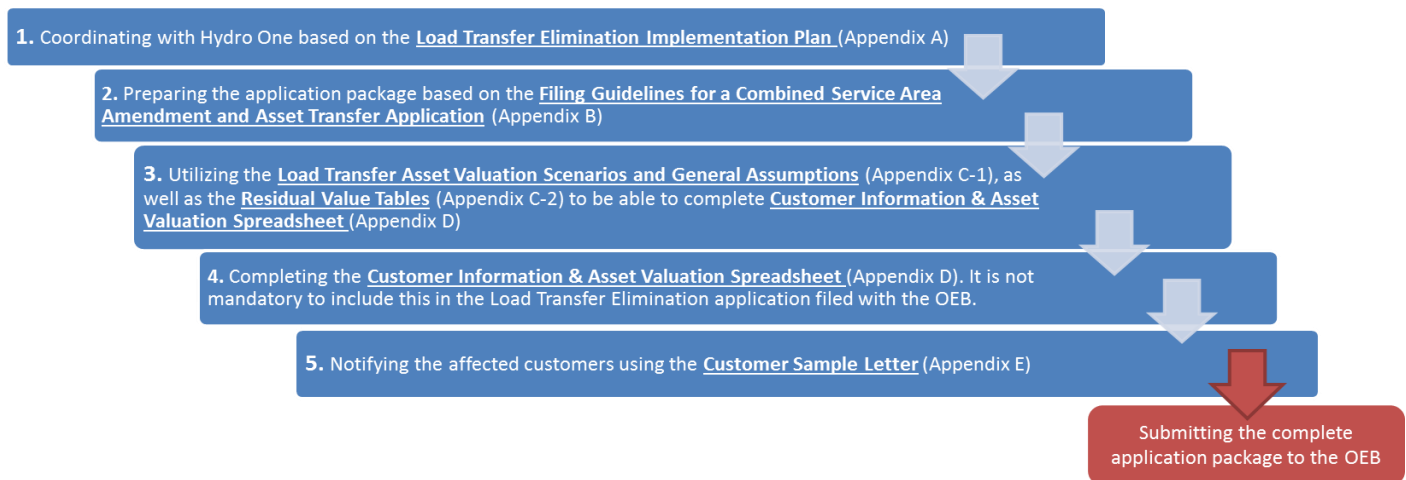


Figure 1: Elimination of Load Transfer Arrangements application process

1. **Load Transfer Elimination Implementation Plan for Cases Involving Hydro One<sup>2</sup>** (see Appendix A) has been developed and provided by Hydro One, identifying the sequence and approximate timing that any individual distributor will be engaged in order to complete the Load Transfer elimination. The OEB encourages the LDCs to work closely with Hydro One in order to achieve the implementation goal of completion by June 21, 2017 that has been set in the Distribution System Code (DSC).
2. **Filing Guidelines for a Combined Service Area Amendment and Asset Transfer Application** (see Appendix B) have been developed in consultation with the WG. This process, referred to in the final [Notice](#) (Notice of Amendments to the Code – Amendments to the Distribution System Code EB-2015-0006), is designed to expedite SAA applications and reduce the administrative burden.
3. **Load Transfer Asset Valuation Scenarios and Residual Value Tables<sup>3</sup>**
  - 3.1 **Load Transfer Asset Valuation Scenarios and General Assumptions** (see Appendix C-1) have been designed to assist the distributors with various examples and scenarios.

<sup>2</sup> For cases that do not involve Hydro One, distributors are expected to work independently to meet the deadline of June 21, 2017.

<sup>3</sup> The WG has created the valuation tables to best represent typical costs for various standard configurations and asset ages. Supporting this, they have developed an extensive customer information package template that when completed, will serve the interests of the receiving distributor, enabling easier integration into their systems.

**3.2 Residual Value Tables for poles, depreciated Transformers and Current Transformers** (see Appendix C-2) have been created for distributors to use, when completing their application.

4. **Customer Information & Asset Valuation Spreadsheet**<sup>4</sup> (see Appendix D for the spreadsheet screenshots and the e-mail attachment for the spreadsheet itself) can be completed and submitted along with the Combined Service Area Amendment and Asset Transfer application.
5. **Customer Sample Letter** (see Appendix E) has been developed by the OEB for this process. The sample letter addresses two situations where (1) load transfer customers experience a reduction in their delivery charges; and (2) load transfer customers would be impacted by an increase in the delivery charges due to the transfer. In the latter case, the customers must receive a credit to offset that increase as long as they remain the account holders. The credit should be applied on a monthly basis or the frequency in which you bill your customers. The subtle differences in the letter content are highlighted for your convenience.

If you have any questions regarding the Elimination of Load Transfer Arrangements, please contact the OEB using one of the following methods:

1. Industry Relations Enquiry (IRE) Online Form: [Submit your IRE Online](#)
2. Email: [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca)

Please include the following:

- Full contact information
- Subject - e.g. Elimination of Load Transfer Arrangements
- Specific details
- Supporting documents

By clearly describing the circumstances and providing the background information, we are able to provide a complete response in a faster period of time.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

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<sup>4</sup> Although it is not mandatory to include this spreadsheet in the Load Transfer Elimination application filed with the OEB, distributors are expected to use it to enhance their communications with respect to customer and asset information. The spreadsheet can also be used for any SAA applications and other asset transfers.

## Appendix A

### Load Transfer Elimination Implementation Plan for Cases Involving Hydro One<sup>5</sup> (To be completed by June 21, 2017)

Zone	LDC	Customer Transfer to HONI (Physical Distributor)	Customer Transfer from HONI (Geographic Distributor)
4	Hydro Ottawa	45 + 1 ST	290
4	Hydro 2000	1	13
5	Wasaga Distribution	3	10
5	Orillia Power	1	0
5	Collus PowerStream	1	5
1A	ELK Energy Inc.	41 + 1 ST	1
1A	Entegrus	78	28
1A	EnWin	14	0
1B	Westario Power Inc.	44 + 3 ST	32
1B	Wellington North Power Inc.	2	2
1B	Waterloo North Hydro	50	139
1A & 2	Brant County Power	25	91
2	Cambridge North Dumfries	28	18
2	Horizon Utilities	160	117
7	Thunder Bay Hydro	55	23
7	Sioux Lookout Hydro	0	34
7	Atikokan Hydro	1	0
6	Espanola Regional Distribution Company	8	20
6	Hearst Power Distribution Company	5	9
6	Greater Sudbury Power	5 + 1 ST	19
6	Chapleau PUC	1 ST	0
4	Rideau St. Lawrence	16+7 ST	21
4	Hydro Hawkesbury	4 ST	0
2	Niagara Peninsula Energy	111	178
2	Canadian Niagara Power	0	5
2	Centre Wellington Hydro	6	2
2	Orangeville Hydro	1	18
2	Milton Hydro	103	64
2	Welland Hydro-Electric System Corp.	0	3
1A	Essex Powerlines	44 + 1 ST	14
1A	Festival Hydro	20	18
1A	Kitchener Wilmot Hydro	0	81
5	Parry Sound Power	31	0
5	Midland PUC	6 + 3 ST	4
5	Lakeland Power	10 + 8 ST	44
3B	Ottawa River Power	11	4
3A & 3B	Veridian Connections	50 + 4 ST	14
3A	Oshawa PUC	8	0
2	Burlington Hydro	32	0
2	Hydro One Brampton	7	21
2	Halton Hills Hydro	50	77
1A	Tilsonburg Hydro	5	8
1A	London Hydro	6	6
1A	Bluewater Power	16	32
1A	St. Thomas Energy	12	3
1A	Erie Thames Powerlines	7 + 2 ST	67
2 & 5	Innpower	1 ST	62
2 & 5	PowerStream	16 + 3 ST	79
3A	Newmarket-Tay Power	7	0
3A	Lakefront Utilities	10	12
3A	Whitby Hydro	1 ST	0

<sup>5</sup> This schedule only applies to cases that involve Hydro One. For other cases, distributors are expected to work independently to meet the June 21, 2017 deadline.

## Appendix B

### Filing Guidelines for a Combined Service Area Amendment and Asset Transfer Application



# Ontario Energy Board

## Elimination of Load Transfer Arrangements

### Filing Guidelines for a Combined Service Area Amendment and Asset Transfer Application

**PART I: SERVICE AREA AMENDMENT****1.1 Basic Facts**

Provide a brief description of the service area amendment

**1.2 Identification of the Parties****1.2.1 Applicant**

(Identify whether the applicant is a geographic and/or physical distributor)

Name of Applicant	Licence Number
Address	Telephone Number
	Facsimile Number
	E-mail Address
Contact Person	Telephone Number
	Facsimile Number
	E-mail Address

**1.2.2 Co-Applicant or Other Distributor to the Service Area Amendment Application**

Name of Co-Applicant or Other Distributor	Licence Number
Address	Telephone Number
	Facsimile Number
	E-mail Address
Contact Person	Telephone Number
	Facsimile Number
	E-mail Address

**1.3 Description of Proposed Service Area**

1.3.1	Provide a detailed service area description of the area(s) that is subject to the SAA and how the amendments should be reflected in Schedule 1 of the licence(s) of the distributor(s).
1.3.2	Provide maps or diagrams of the area(s) that is the subject of the SAA application.
1.3.3	Provide a description of the type of physical connection(s); i.e., individual customer; residential subdivision, commercial or industrial customer.

**1.4 Information on Affected Load Transfer Customers**

1.4.1	Provide the total number of Load Transfer Arrangements between distributors
1.4.2	Provide the number of Load Transfer Arrangements eliminated in this application

1.4.3	Provide the number of customers to be transferred from LDC # 1 (Geographic Distributor) to LDC # 2 (Physical Distributor)
1.4.4	Provide the number of customers to be transferred from LDC # 2 (Geographic Distributor) to LDC # 1 (Physical Distributor), if applicable.
1.4.5	Provide the list of affected load transfer customers. (Customer listing must include customer address, name, billing address, rate class and meter number)
1.4.6	Provide written confirmation that all affected persons have been provided with specific and factual information about the service area amendment(s).

### 1.5 Impacts Arising from the Amendment(s)

1.5.1	Use the table below to describe the impact on the average residential customers' total bill that arises as a result of the service area amendment(s) before and after rate mitigation is applied. Use delivery charge on consumer's bill (including cost of losses and excluding all rate riders). Use 800 kWh / month for the average residential consumer. Provide any additional information as required.
1.5.2	Provide a description of any assets which may be stranded or become redundant after completion of the service area amendment(s). Please explain why these assets could not be transferred to the physical distributor.
1.5.3	Identify costs for stranded equipment that would need to be de-energized or removed.
1.5.4	Identify any assets that will be transferred to and/or from the applicant(s). If an asset transfer is required, please complete Part II of the application form.
1.5.5	Include an estimate of the credit required for each customer to ensure there is not a negative impact on the total bill.

#### Bill Impacts (Geographic distributor #1)

	Geographic Distributor	Physical Distributor
Fixed Customer Charge (\$ / month)		
Variable Distribution Charge (cents / kWh)		
Delivery Charge (\$ / month)		
Total bill impact (\$ / month)	n / a	
Credit, if applicable (\$ / month)	n / a	
Total bill impact - after mitigation, if applicable (\$ / month)	n / a	

#### Bill Impacts (Geographic distributor #2), if applicable

	Geographic Distributor	Physical Distributor
Fixed Customer Charge (\$ / month)		
Variable Distribution Charge (cents / kWh)		
Delivery Charge (\$ / month)		
Total bill impact (\$ / month)	n / a	
Credit, if applicable (\$ / month)	n / a	
Total bill impact - after mitigation, if applicable (\$ / month)	n / a	

**PART II: TRANSFER OF ASSETS (S. 86(1)(b))****2.1 Description of the Assets to Be Transferred**

2.1.1	Provide a description of the assets that are the subject of the transaction. (Attach a detailed list of assets to be sold including value of assets)
2.1.2	Indicate where the assets are located – whether in the applicant’s service territory or in the recipient’s service territory (if applicable). Please include a map of the location.
2.1.3	Indicate which distributor’s customers are currently served by the assets.

**2.2 Description of the Sale Transaction**

2.2.1	The value of the assets to be transferred shall be determined based on net book value (NBV). Attach the details of the associated cash consideration to be given and received by each of the parties to the transaction.
2.2.2	Will the transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.

**PART III: CERTIFICATION AND ACKNOWLEDGEMENT****Applicant**

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual	Name and Title of Key Individual	Date
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(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

**Co-Applicant**

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual	Name and Title of Key Individual	Date
-----------------------------	----------------------------------	------

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)



## Appendix C-1

### Load Transfer Asset Valuation Scenarios and General Assumptions

1. The following "Figure Drawings" are to be used when scrubbing data to identify common Scenarios the Geographic Distributor will find in the field.
2. In the Figure Drawings, there has been some assumptions made on length of wire, and Unit costs of typical findings have been added, as agreed to by the Ontario Energy Board (OEB) working group for Elimination of Load Transfer Arrangements.
3. This information will be captured by the Geographic Distributor in the LDC Customer Information/Asset Valuation Spreadsheet that will be submitted to the OEB in the Joint Application.
4. The purpose of using the Figures 1 to 16, as well as Unit prices as identified, is to come up with a reasonable asset selling price, without wasting labour and money on field verifications. (i.e. spend \$1000 in labour to sell \$100 of wire).
5. The working group also agreed to use the *LDC 2016 residual value table* to determine the selling price of poles. The setting type agreed to for all poles was "Earth Plus", as seen at the bottom of this document, and the excel version will be sent to the LDCs in a separate email.

#### GENERAL ASSUMPTIONS/AGREEMENTS WITH THE OEB WORKING GROUP

1. If *pole age and height are not known*, the *default pole age will be 25 years* and the *default pole height will be 40 foot*.
2. If *transformer kVA size and age are not known*, the *default size will be 25 kVA* and the *default age will be 20 years*.
3. *Secondary Buss or triplex running in line*, with the main line, will be sold at *\$180 per span* regardless of the span length.
4. For situations found in the field, that are not found in one of the Figures below, they will be treated as a *special case* and the asset will be captured separately. (Examples of this would be for subdivisions, overhead or underground OR something out of the norm e.g. excessively long runs of wire.)
5. Wire prices for special cases, as indicated in 4 above, has been agreed to be valued at 25 years old, at the following prices: *Overhead Wire (secondary or primary) = \$3/Meter*  
*Underground Wire (secondary or primary) = \$1.25/Meter*
6. For metering, Current Transformers and Potential Transformers will be valued on a case by case scenario and *if age is not known, they will be sold as 20 years old*.
7. In some rare metering situations, the meter can be agreed to be sold, to the Physical Distributor. (This will be discussed on a case by case basis between the LDCs).
8. Easements are going to be searched for all subdivisions and any "Main-line" assets that are on private property. Once the easement is searched, the value of the easement will be the *"book value"* or what it cost the Geographic Distributor to obtain. These should be minimal, and in most cases of subdivisions, will be only *one dollar*. (Note: this will be reviewed as more easements are searched, to try and simplify to a unit cost for all).
9. Sentinel Lights owned by the Geographic Distributor will be sold to the Physical Distributor for *\$100.00 each*.
10. Transformers sold that are pre 1980 and have *not* been tested for PCBs, OR, transformers that have been tested and contain PCBs, when sold, will be given a *\$250.00 credit* to the purchasing LDC for the disposal.

Figure 1 – Secondary “GD” supplied transformer

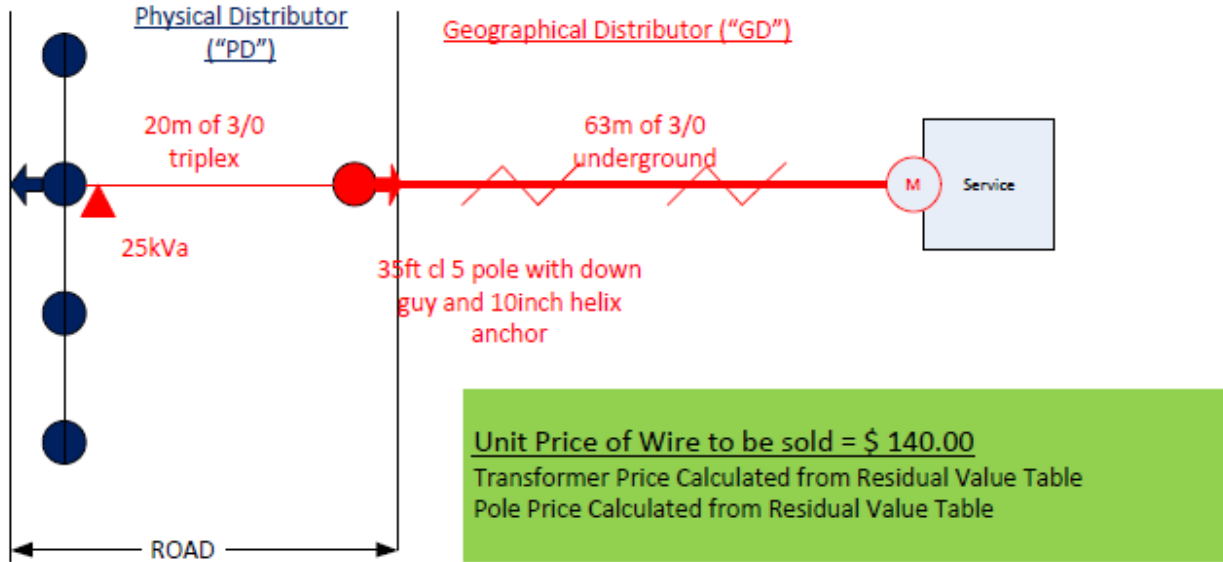


Figure 2 – Secondary “GD” supplied transformer

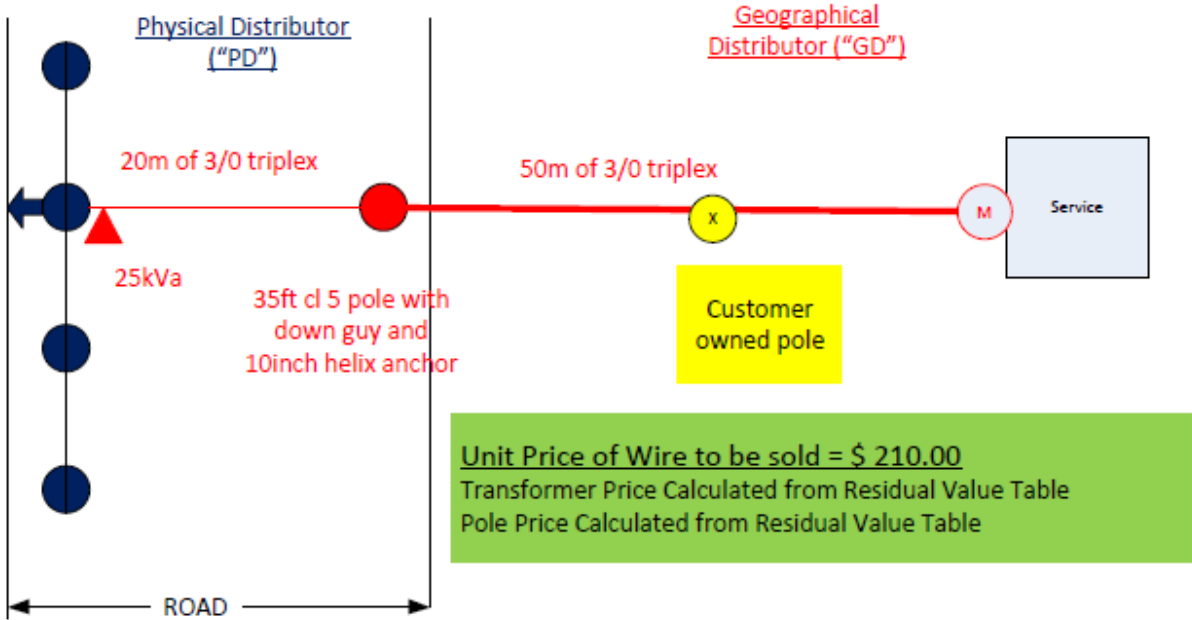


Figure 3 – Secondary “PD” supplied transformer

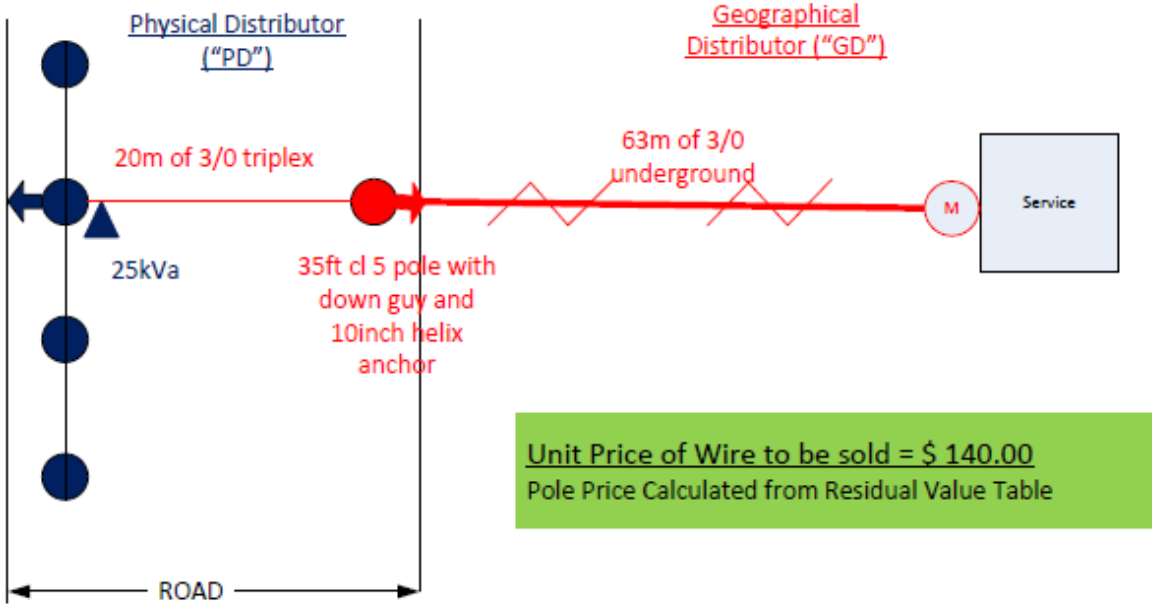


Figure 4 – Secondary “PD” supplied transformer

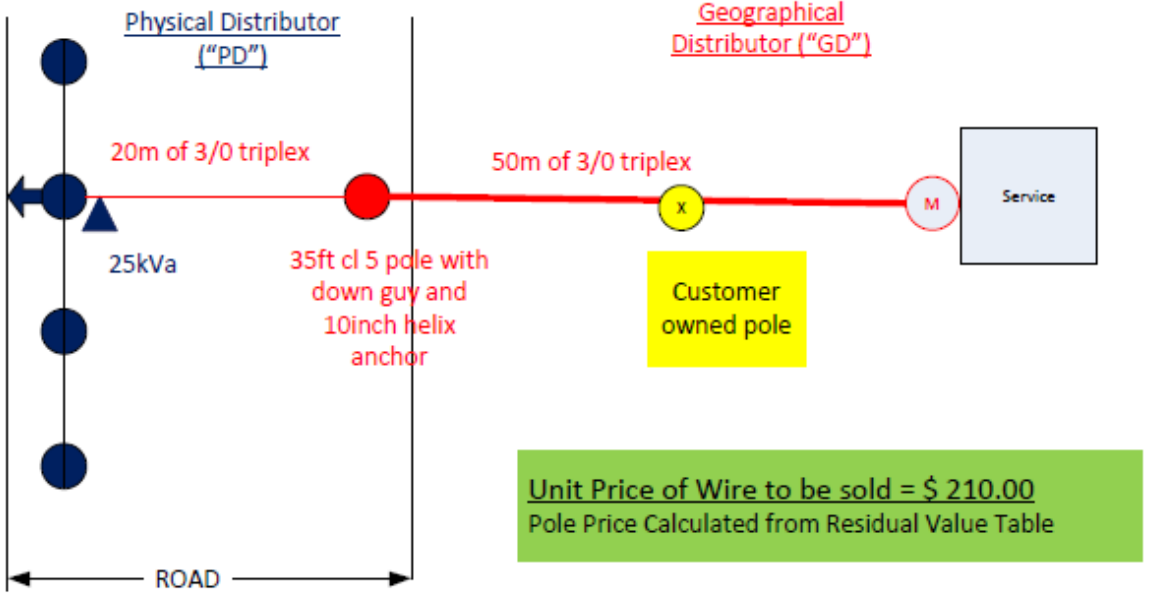


Figure 5 – Secondary “GD” supplied transformer

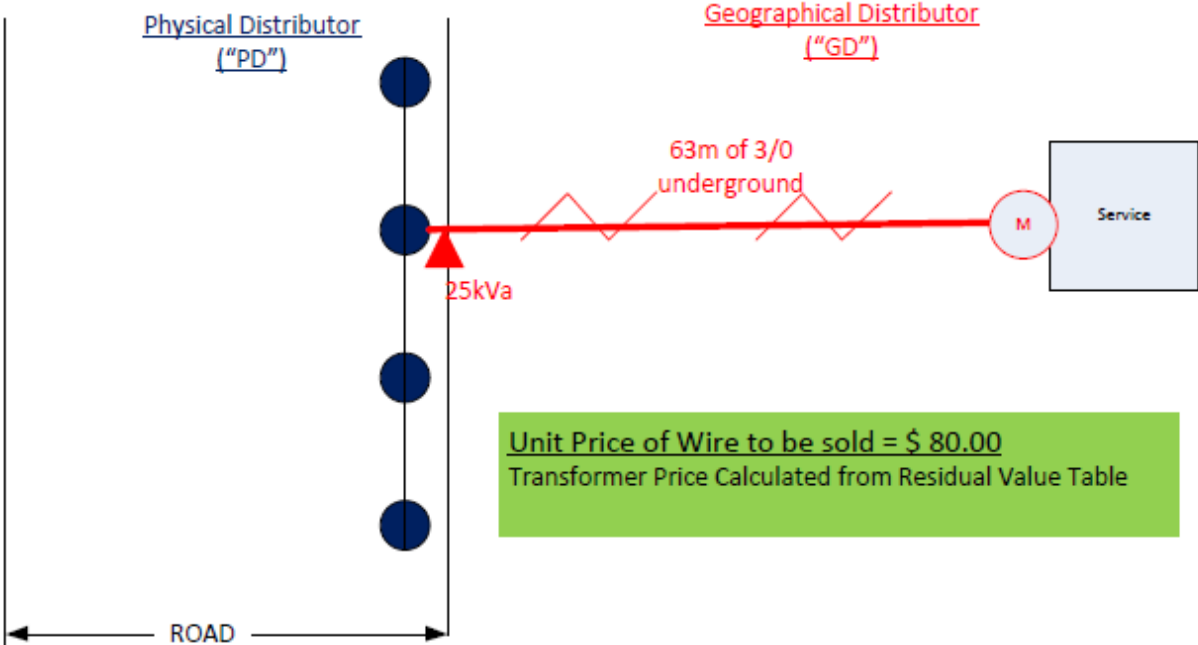


Figure 6 – Secondary “GD” supplied transformer

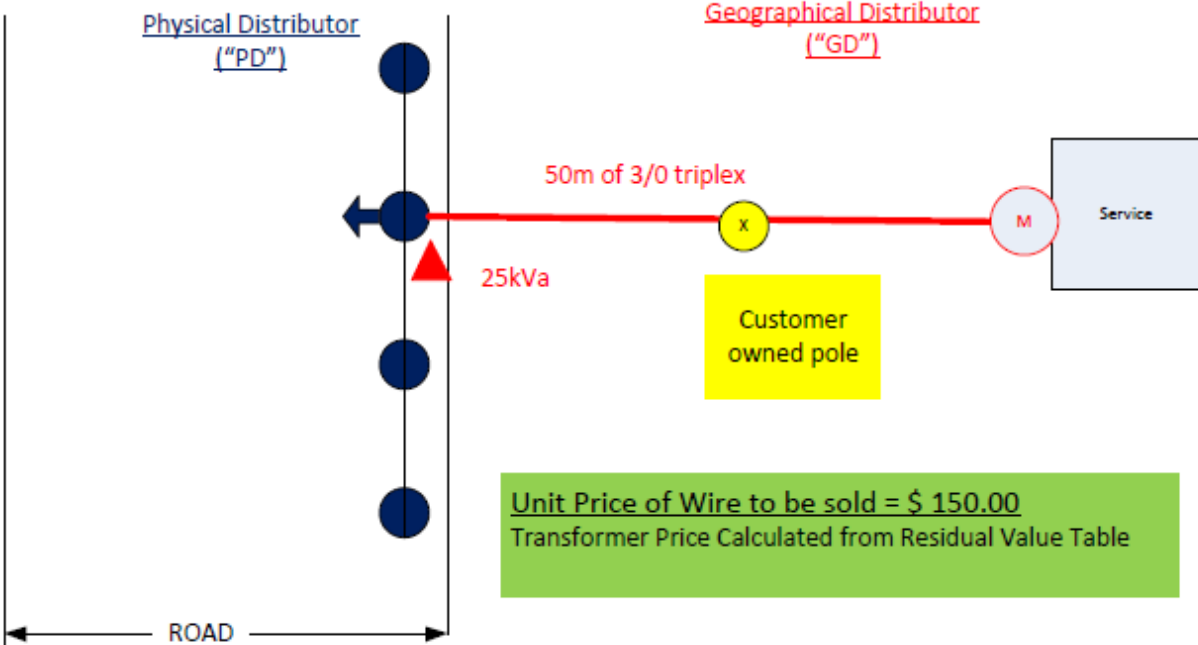


Figure 7 – Secondary “PD” supplied transformer

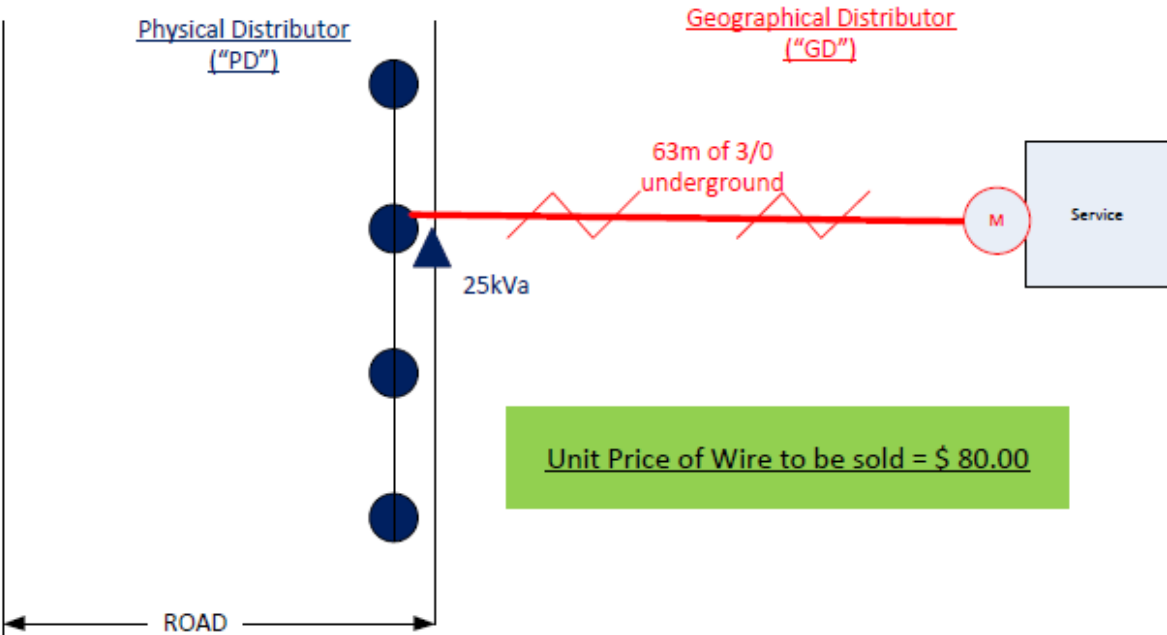


Figure 8 – Secondary “PD” supplied transformer

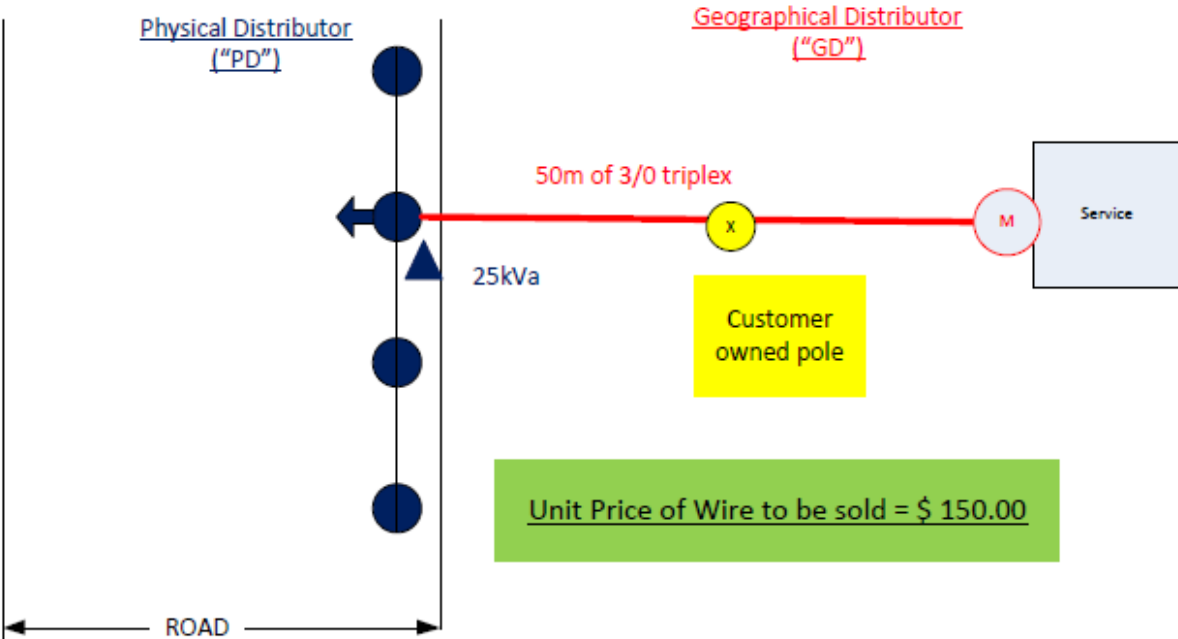


Figure 9 – Primary “GD” supplied transformer, switch and Road crossing

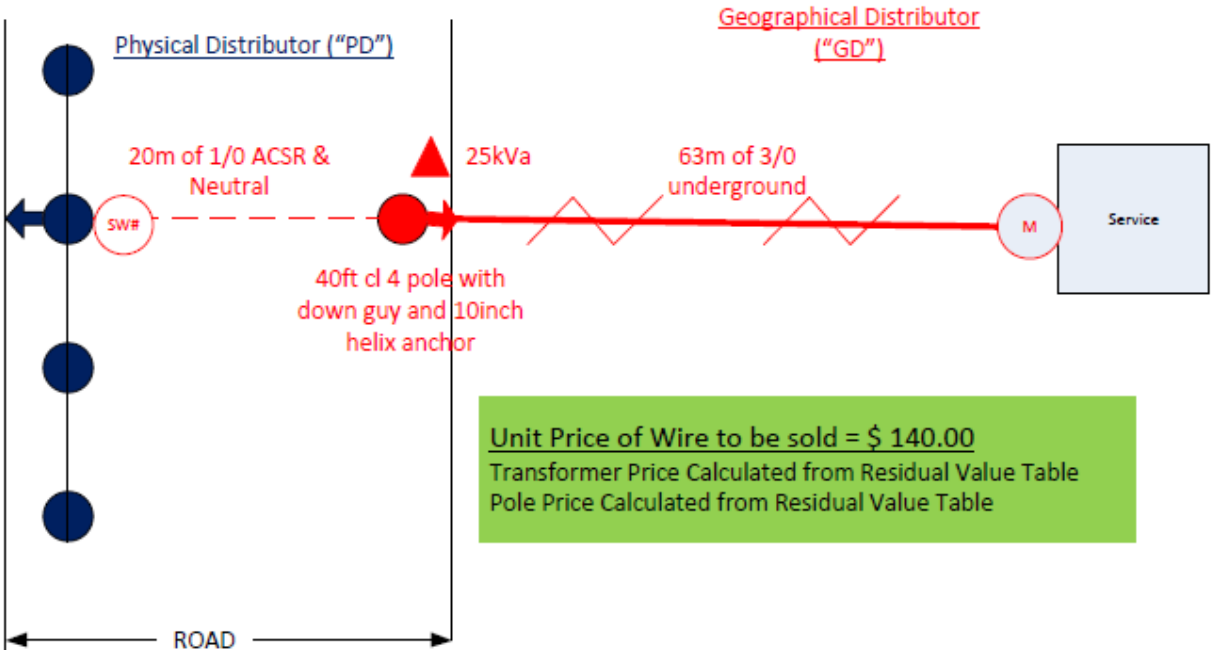


Figure 10 – Primary “GD” supplied transformer, switch and Road crossing

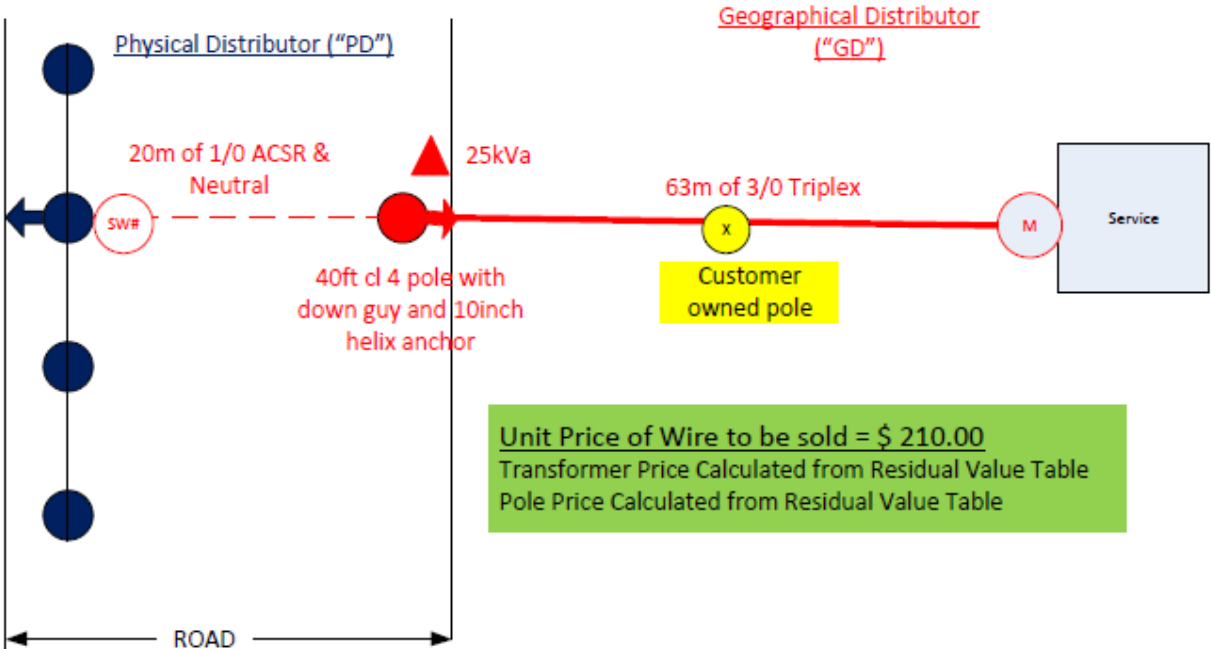


Figure 11 – Primary “PD” supplied transformer, switch and Road crossing

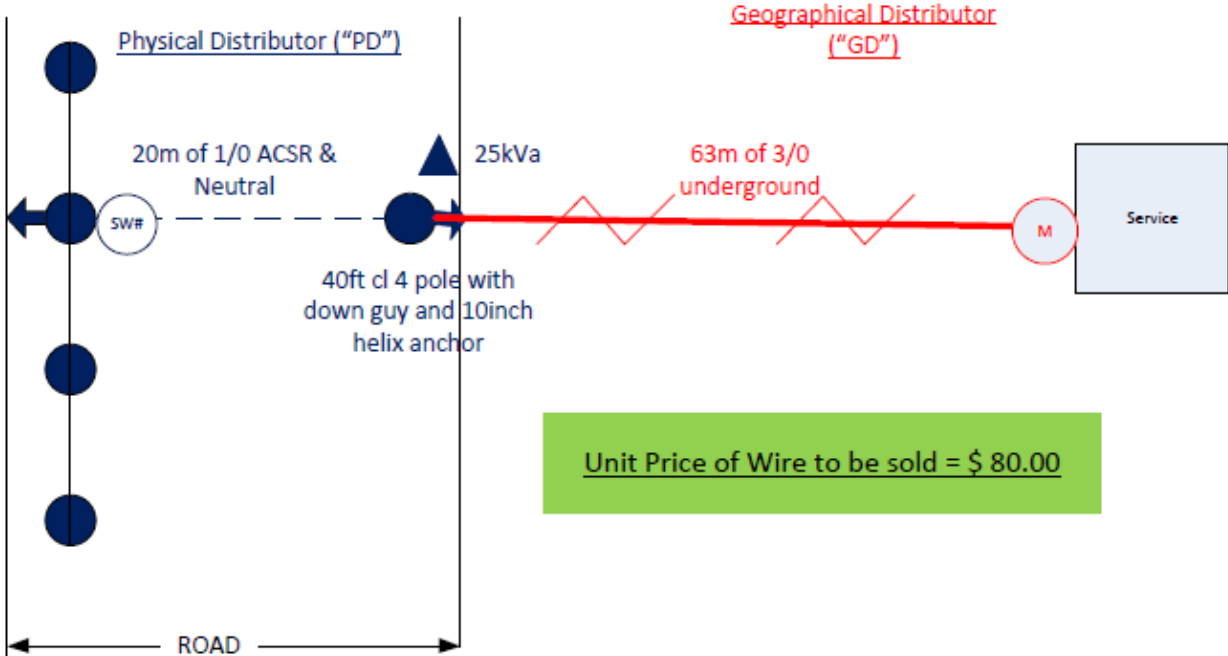


Figure 12 – Primary “PD” supplied transformer, switch and Road crossing

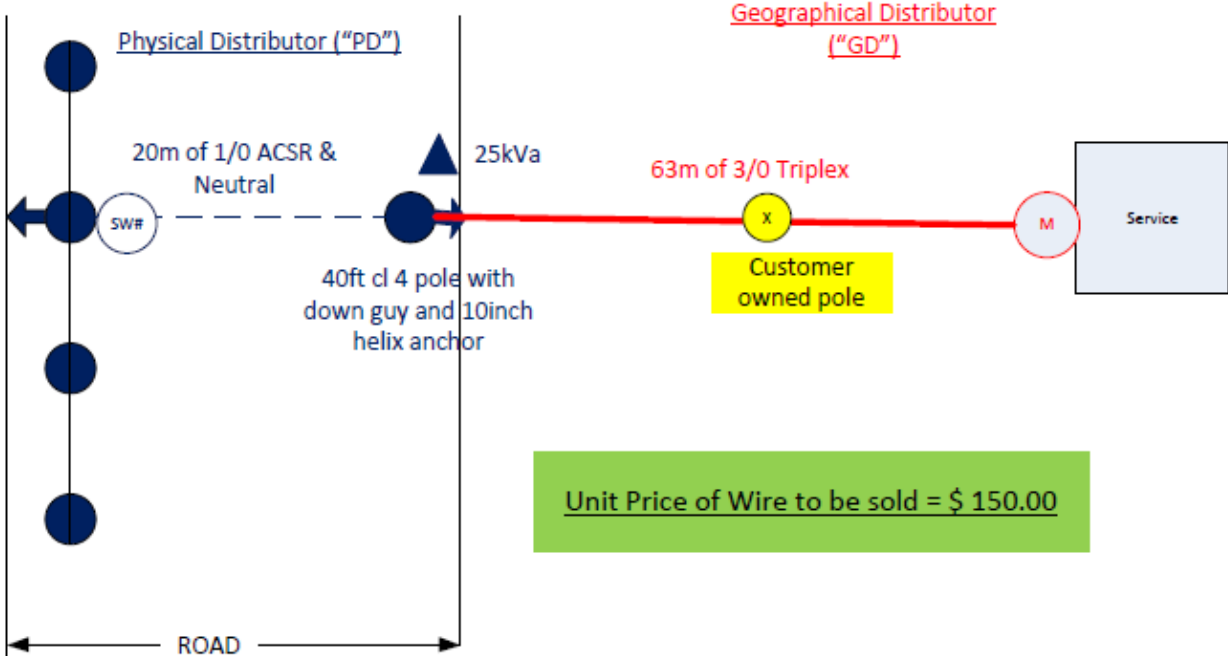


Figure 13 – Private Primary Overhead “GD” supplied transformer, switch and Road crossing

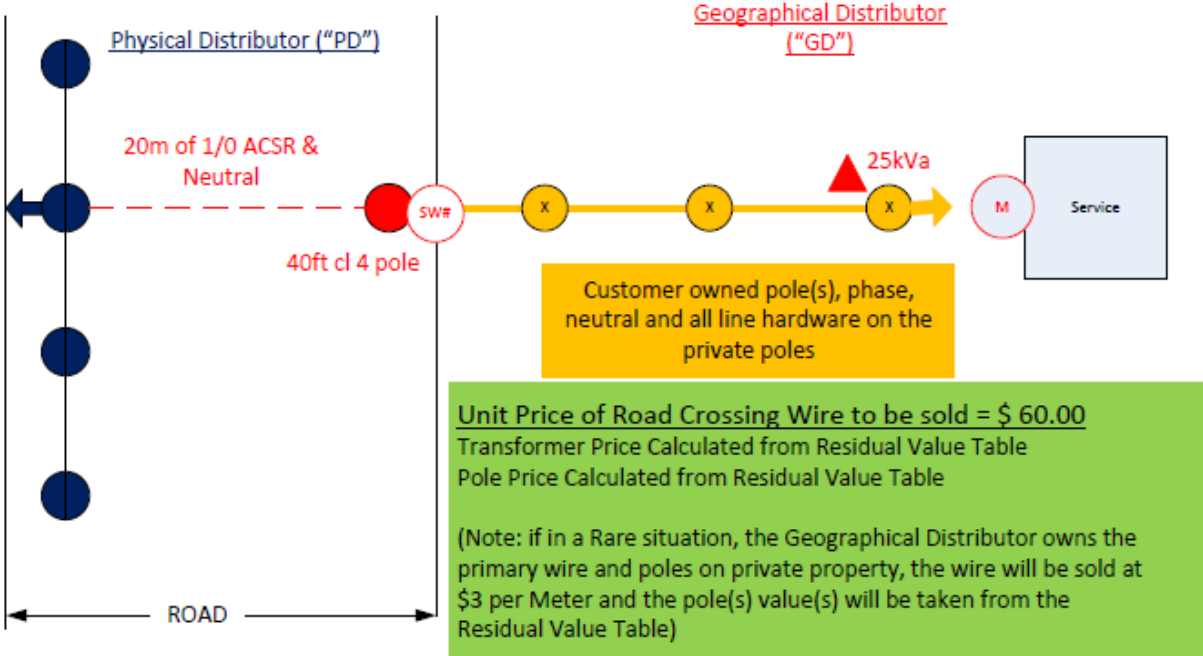


Figure 14 –Private Primary Overhead “PD” supplied transformer, switch and Road crossing

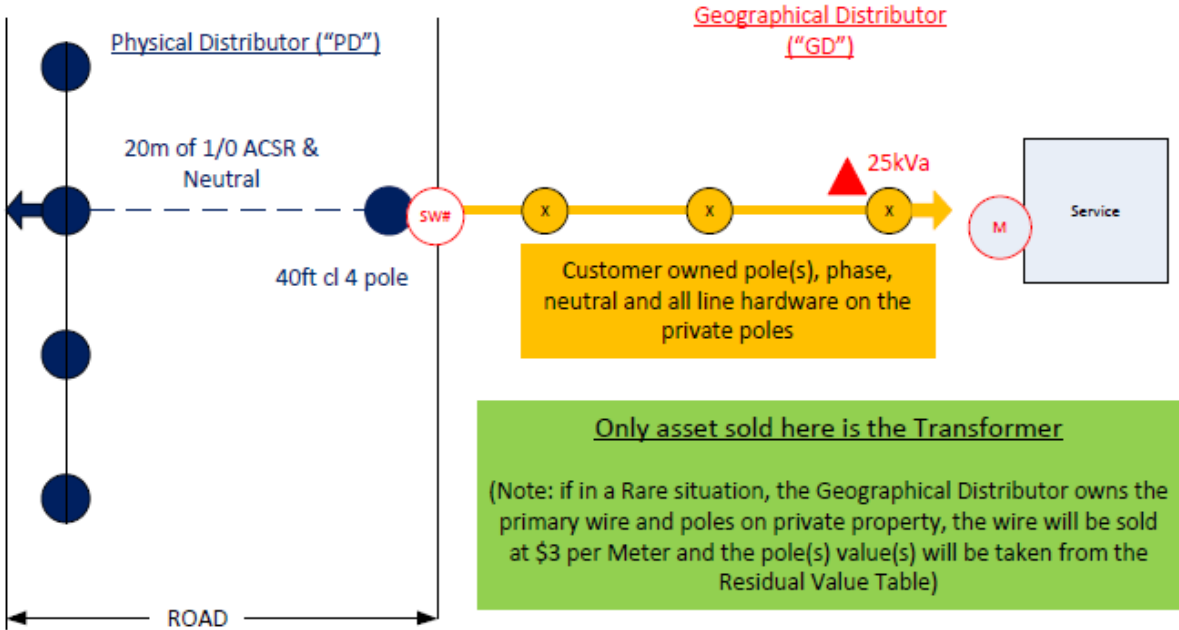




Figure 15 – Private Primary Underground “GD” supplied U/G transformer, switch and Road crossing

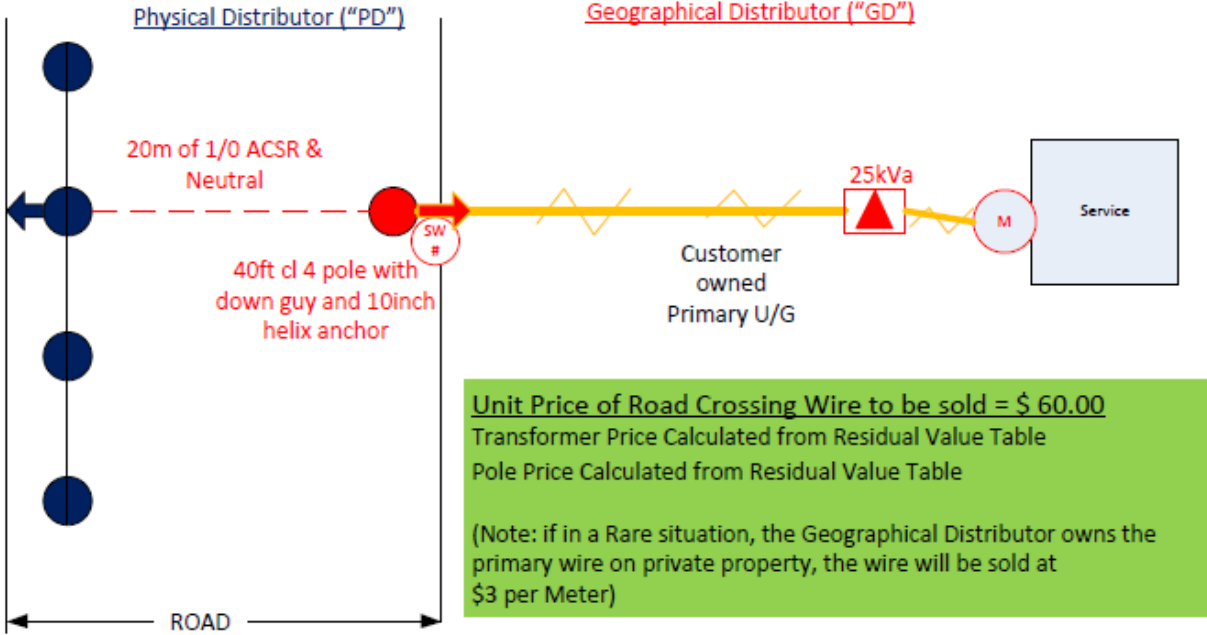
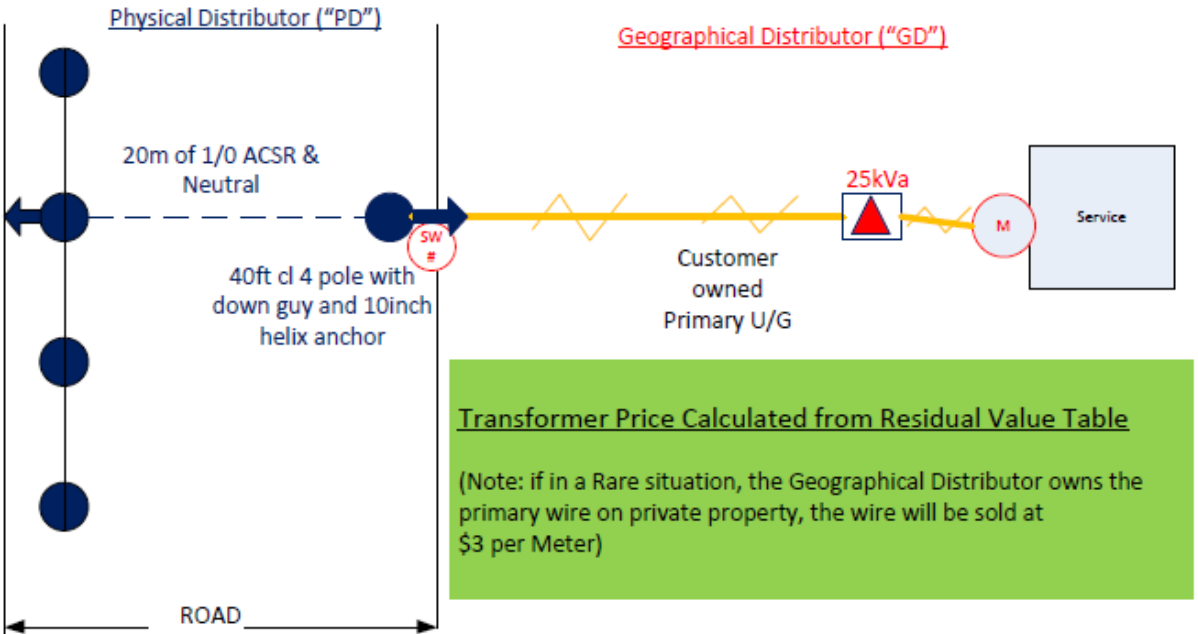


Figure 16 –Private Primary Underground “PD” supplied U/G transformer, switch and Road crossing



**Appendix C-2**

**Residual Value Tables for Poles, Depreciated Transformers  
and Current Transformers**



**Residual Value Table for Depreciated Transformers**

Age (yr)	Conditon	25kVA OH 1PH	50kVA OH 1PH	75kVA OH 1PH	100kVA OH 1PH	25kVA UG mini 1PH	50kVA UG mini 1PH	75kVA UG mini 1PH	100kVA UG mini 1PH
0	100.0%	\$4,050	\$4,850	\$5,250	\$6,150	\$6,150	\$6,250	\$6,950	\$7,550
5	87.5%	\$3,544	\$4,244	\$4,594	\$5,381	\$5,381	\$5,469	\$6,081	\$6,606
10	75.0%	\$3,038	\$3,638	\$3,938	\$4,613	\$4,613	\$4,688	\$5,213	\$5,663
15	62.5%	\$2,531	\$3,031	\$3,281	\$3,844	\$3,844	\$3,906	\$4,344	\$4,719
20	50.0%	\$2,025	\$2,425	\$2,625	\$3,075	\$3,075	\$3,125	\$3,475	\$3,775
25	37.5%	\$1,519	\$1,819	\$1,969	\$2,306	\$2,306	\$2,344	\$2,606	\$2,831
30	25.0%	\$1,013	\$1,213	\$1,313	\$1,538	\$1,538	\$1,563	\$1,738	\$1,888
35	12.5%	\$506	\$606	\$656	\$769	\$769	\$781	\$869	\$944
40	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimate: Each transformer requires 3 FTE x 4 hrs each \$1,000 2 trucks x 4 hrs each \$400 minor material \$250 termination/fuse \$500 \$2,150									
Depreciation life from Kinetrics-Report No: K-418033-RA-001-R000 Transformers with PCB, reduce cost by \$250 per unit									

**Residual Value Table for Current Transformers**

Age (yr)	Conditon	Current Transformers	
0	100.0%	\$305	
1	97.5%	\$297	
2	95.0%	\$290	
3	92.5%	\$282	
4	90.0%	\$275	
5	87.5%	\$267	
6	85.0%	\$259	
7	82.5%	\$252	
8	80.0%	\$244	
9	77.5%	\$236	
10	75.0%	\$229	
11	72.5%	\$221	
12	70.0%	\$214	
13	67.5%	\$206	
14	65.0%	\$198	
15	62.5%	\$191	
16	60.0%	\$183	
17	57.5%	\$175	
18	55.0%	\$168	
19	52.5%	\$160	
20	50.0%	\$153	
21	47.5%	\$145	
22	45.0%	\$137	
23	42.5%	\$130	
24	40.0%	\$122	
25	37.5%	\$114	
26	35.0%	\$107	
27	32.5%	\$99	
28	30.0%	\$91	
29	27.5%	\$84	
30	25.0%	\$76	
31	22.5%	\$69	
32	20.0%	\$61	
33	17.5%	\$53	
34	15.0%	\$46	
35	12.5%	\$38	
36	10.0%	\$30	
37	7.5%	\$23	
38	5.0%	\$15	
39	2.5%	\$8	
40	0.0%	\$0	

Estimate:	Each CT Requires	Labour and wire to Install	\$200
		Current Transformer	\$105
			\$305

**Appendix D**

**Customer Information and Asset Valuation Spreadsheet**



## Appendix E

### Customer Sample Letter

[Note: Where it states **GD**, insert LDC name of **Geographic Distributor (GD)** and where it states **PD**, insert LDC name of **Physical Distributor (PD)**]

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#### YOU WILL SOON BE SERVED BY A NEW ELECTRICITY DISTRIBUTOR

Dear valued customer:

We are writing to let you know you will be served by a new electricity distributor. While you are currently a customer of **[GD]** and charged **[GD's]** distribution rates, your electricity is provided to you by **[PD]**. Pending the Ontario Energy Board's (OEB) approval, **[PD]** will become your electricity distributor in the near future. We expect this change to take place in approximately **[xxx]** weeks.

#### What This Means To You

We are making this change to serve you better.

It is more cost-effective and efficient for all electricity consumers to have the same distributor deliver electricity to your **[home/business]** and provide you with customer service. For example, if your power goes out, you will now be contacting **[PD]** – the distributor that has control over when the power will be restored. Once this transfer is complete, **[PD]** will be responsible for delivering electricity to you, reading your smart meters, issuing your monthly bills and providing you with quality customer service.

**[PD]** will ensure the delivery of electricity to your **[home/business]** is not affected in any way, due to this transfer. **[As a result of this transfer, the estimated reduction in your electricity bill is approximately xx% or \$xx per month.] [OR] [As this transfer results in a higher electricity delivery charge, the increase will be offset by a credit applied by [PD] on your bill, as long as you remain the account holder.]**

Please do not hesitate to contact **[name of person]** at **[GD]** at **[phone number]**, if you have any questions or concerns.