



EB-2008-0389

NOTICE OF APPLICATION AND WRITTEN HEARING

Application by Hydro One Networks Inc. and Milton Hydro Distribution Inc. for Licence Amendments and Sale of Distribution Assets

The Application

Hydro One Networks Inc. ("Hydro One") and Milton Hydro Distribution Inc. ("Milton Hydro") 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 Milton Hydro to reflect the transfer of 59 customers from Hydro One to Milton Hydro and 83 customers from Milton Hydro to Hydro One;
- (b) approving the sale from Milton Hydro to Hydro One of distribution assets necessary in serving the public to facilitate the transfer of the 83 customers proposed to be transferred from Milton Hydro to Hydro One through service area amendments.

The Board has assigned file number EB-2008-0389 to the application. The application will be decided by the Counsel, Special Projects, who has been delegated this authority pursuant to section 6 of the Act. The Counsel, Special Projects, does not intend to provide for an award of costs when deciding this 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 mainly being sought in order to eliminate the LTLT arrangements between Hydro One and Milton Hydro 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 Milton Hydro:

The proposed service area amendments will expand Milton Hydro's service area to include 44 customers who are currently located within Hydro One's service area but are physically supplied by Milton Hydro. 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 Milton Hydro and being subject to lower distribution rates. The 44 customers are located within the former Town of Flamborough as of December 31, 2000, now in the City of Hamilton, Township of Puslinch and Township of Guelph/Eramosa as listed below:

1. 16 customers in the former Town of Flamborough as of December 31, 2000, now in the City of Hamilton with the following civic addresses:
 - (a) 15 customers on Milborough Line with civic address numbers 2063, 2161, 2177, 2185, 2199, 2259, and 4052; and the
 - (b) CPR Crossing.
2. Eight customers in the Township of Puslinch on Nassagaweya/Puslinch Town Line with civic address numbers 4082, 4098, 4108, 4114, 4126, 4166, 4178, and 4194.
3. 20 customers in the Township of Guelph/Eramosa on Highway 7E with the following civic address numbers: 8456, 8470, 8532, 8540, 8554, 8572, 8584, 8610, 8616, 8654, 8656, 8658, 8662, 8668 and 8676.

Milton Hydro's LTLT Customers Proposed to be Transferred to Hydro One

The proposed service area amendments will expand Hydro One's service area to include

83 customers who are currently located within Milton Hydro's service area but are physically supplied by Hydro One through a LTLT arrangement between the two distributors. Presently, the customers are considered Milton Hydro customers and are being charged Milton Hydro'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 83 customers are located within the Town of Milton as of December 31, 1990 as follows:

1. 25 customers on Milborough Line with the civic address numbers 7051, 7131 (2 customers), 7151, 7191, 7199, 7271, 7291, 7367, 7385, 7407, 7411, 7491, 7519, 7553, 7575, 7579, 7707, 7711, 7755, 7799, 8159, 8223, 8251 and 8327.
2. 17 customers on Nassagaweya/Puslinch Town Line Road with civic address numbers 1005, 1062, 1075, 4315, 11451, 11497, 11525, 12067, 12187, 12225, 12383, 12453, 12535, 12557, 12601, 12613 and 12671.
3. 31 customers on 30th Sideroad with civic address numbers 1025, 1057, 1083, 1180, 1185, 1187, 1200, 1218, 1250 (2 customers), 1269 (2 customers), 1308, 13719 (2 customers), 13761, 14070, 14072, 14074, 14075, 14076, 14077, 14080, 14089, 14106, 14140, 14150, 14254, 14258, 14310, and 14350.
4. two customers on Guelph Line with civic address numbers 14259 and 14276.
5. Eight customers on Highway 7 with civic address numbers 2586 (2 customers), 3158, 3188, 3234, 4010, 4050 and 4060.

Hydro One's non- LTLT Customers Proposed to be Transferred to Milton Hydro:

According to the application, there are 15 Hydro One non-LTLT customers and nine Milton Hydro LTLT customers currently served by Hydro One but connected to a Milton Hydro owned circuit. The applicants state that since the existing circuit is owned by Milton Hydro, it is economical to effect a simple change to the circuit configuration to transfer the responsibility of serving these customers to Milton Hydro from Hydro One. The revised configuration will result in the elimination of the LTLT arrangements between the two distributors with respect to the nine Milton Hydro LTLT customers and will change the service areas of both Hydro One and Milton Hydro as the 15 non-LTLT Hydro One customers will be transferred to Milton Hydro. Presently, the 15 customers are Hydro One customers and are being charged Hydro One's rates. The proposed amendments, if granted, will result in these customers becoming customers of Milton Hydro and being subject to lower distribution rates.

The 15 customers are located within the Township of Puslinch on Nassagaweya/Puslinch Town Line with civic address numbers 4622, 4660, 4680, 4696, 4722, 4764, 4768, 4774, 4780, 4786, 4796 and 4708.

Sale of Distribution Assets

Milton Hydro 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 Milton Hydro.

How to See Hydro One and Milton Hydro's Pre-filed Evidence

Copies of the application and the pre-filed evidence in support of the application will be available for public inspection at the Board's offices, at the address indicated below. Copies can also be viewed at Hydro One and Milton Hydro offices at the addresses indicated below.

How to Participate in the Hearing

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 applicants within 10 days of the date this notice was served.

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 applicants no later than 21 days after the date this notice was served.

If the applicants wish to respond to the submission(s), the written response must be filed with the Board and delivered to any party that 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-2008-0389 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

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 Street
Toronto, ON M5G 2P5
Attention: Mr. Blair MacDonald

Tel: 416-345-5067
Fax: 416-345-5866
E-Mail: blair.macdonald@HydroOne.com

Milton Hydro Distribution Inc.
55 Thompson Road South
P.O. Box 189
Milton, ON L9T 6P7
Attention: Mr. George Matai

Tel: 905-876-4611 ext.285
Fax: 905-876-2044
E-mail: GeorgeMatai@miltonhydro.com

DATED at Toronto December 23, 2008

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary