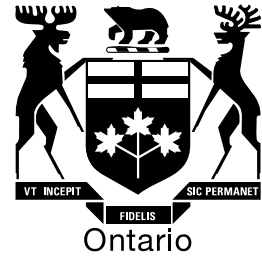


Ontario Energy Board

Commission de l'énergie de l'Ontario



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Ontario Energy Board

Filing Requirements for Service Area Amendment Applications

To be included as Chapter 7
of the Filing Requirements for Transmission and
Distribution Applications

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CHAPTER 7: FILING REQUIREMENTS FOR SERVICE AREA AMENDMENT APPLICATIONS

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7.0 Introduction

This chapter provides information to guide distributors in filing applications that involve service area amendments (“SAA”).

A SAA is an amendment to Schedule 1 of a distributor’s licence. Schedule 1 of a distributor’s licence is the part of the licence that defines the distributor’s service area. Section 74(1) of the Act allows the Board to amend distributors’ licences where the amendment is in the public interest.

The development of SAA filing requirements is guided by the Board’s objectives in electricity namely, economic efficiency, consumer protection and the maintenance of a financially viable electricity industry. The filing requirements are also based on the general principles articulated in the Board’s Decision on the Combined Service Area Amendments Proceeding (“RP-2003-0044”).

In RP-2003-0044, the Board articulated certain principles on consumer protection and economic efficiency in relation to SAAs. One such principle is that economic efficiency and the protection of consumer interests will be achieved through the rational optimization of existing distribution systems.

The RP-2003-0044 decision also provided the Board’s view that applications that are consented to by the contiguous distributors and individual customers involved can be processed expeditiously. While all SAA applications would need to address the principles outlined in the RP-2003-0044 decision (i.e., economic efficiency, impacts on distributors and their customers, and customer preference), the Board stated that the level of detail required for consent applications would be less than that required for contested applications.

The information in sections 7.1 to 7.4 must be provided for all SAA applications. The information requested under section 7.5 must be provided for contested SAA applications (i.e., applications where the applicant has not been able to obtain the consent of all affected parties).

For the purposes of these filing requirements, it is assumed that the applicant is a distributor who requires a service area amendment to its licence. Some of the information required by these filing requirements may be third-party information that the applicant does not have in its possession. In such cases, the applicant will be expected to use its best efforts to obtain the third-party information and comply with all provisions of these filing requirements. The Board may continue to process the SAA application notwithstanding the fact that the third-party information is not included with the filed SAA application. However, the Board will not determine the SAA application until all of the required information is filed during the course of the proceeding regardless of whether the information is provided by the applicant, the incumbent distributor (i.e., the distributor that

currently has the region that is the subject of the SAA application in its service area), the customer, or other relevant third party. In appropriate cases, the Board may direct the relevant third parties to file the information required by the Board.

The filing requirements set out in this chapter do not limit the discretion of the Board in terms of what information and evidence it may wish to see during the course of a proceeding. The filing requirements set out in this chapter are also not intended to limit the applicants in terms of what information they may wish to file in addition to the information required by this chapter.

7.1 Basic Facts

The information in this section is required to provide the Board with basic information about the application and an understanding of the details of the proposed SAA.

General

7.1.1 Provide the contact information for each of the following persons:

- (a) the applicant;
- (b) the incumbent distributor;
- (c) every affected customer, landowner, and developer in the area that is the subject of the SAA application;
- (d) any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application; and
- (e) any representative of the persons listed above including, but not limited to, a legal representative.

Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the persons listed above.

7.1.2 Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA.

Description of Proposed Service Area

7.1.3 Provide a detailed description of the lands that are the subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands. For SAA applications dealing with general expansion areas, the

description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).

- 7.1.4 Provide one or more maps or diagrams of the area that is the subject of the SAA application. The maps or diagrams must identify the following information:
- a) the borders of the applicant's service area;
 - b) the borders of the incumbent distributor's service area;
 - c) the borders of any alternate distributor's service area, if applicable;
 - d) the territory surrounding the area for which the applicant is making the SAA application;
 - e) the geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities; and
 - f) the existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well).

Distribution Infrastructure In and Around the Proposed Amendment Area

- 7.1.5 Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).
- 7.1.6 Provide a description of the applicant's plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application. Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application.

7.2 Efficient Rationalization of the Distribution System

The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency.

Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed

SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.

7.2.1 In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. The comparison must include the following:

- a) the location of the point of delivery and the point of connection;
- b) the proximity of the proposed connection to an existing, well-developed electricity distribution system;
- c) the fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA (Note: the Board will determine if the reason provided is acceptable).
- d) the amount of any capital contribution required from the customer;
- e) the costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed;
- f) information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term;
- g) information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application; and
- h) information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.

7.3 Impacts Arising from the Proposed Amendment

Description of Impacts

7.3.1 Identify any affected customers or landowners.

7.3.2 Provide a description of any impacts on costs, rates, service quality, and reliability for customers **in** the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

- 7.3.3 Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor **outside** the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.
- 7.3.4 Provide a description of the impacts on each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable.
- 7.3.5 Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.
- 7.3.6 Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.
- 7.3.7 Identify any customers that are proposed to be transferred to or from the applicant.
- 7.3.8 Provide a description of any existing load transfers or retail points of supply that will be eliminated.
- 7.3.9 Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the Distribution System Code (“DSC”)? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e., the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.

Evidence of Consideration and Mitigation of Impacts

- 7.3.10 Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.
- 7.3.11 Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.

7.3.12 Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.

7.3.13 Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved (i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).

7.4 Customer Preference

The Board, in the RP-2003-0044 decision, stated that customer preference is an important, but not overriding consideration when assessing the merits of an SAA.

7.4.1 An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer (which includes landowners and developers) indicating the customer's preference.

7.5 Additional Information Requirements for Contested Applications

If there is no agreement among affected persons regarding the proposed SAA, the applicant must file the additional information set out below.

7.5.1 If the application was initiated due to an interest in service by a customer, landowner, or developer, evidence that the incumbent distributor was provided an opportunity to make an offer to connect that customer, landowner, or developer.

7.5.2 Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect from the applicant and any alternate distributor bordering on the area that is the subject of the SAA application.

7.5.3 Actual copies of, as well as a summary of, the offer(s) to connect documentation (including any associated financial evaluations carried out in accordance with Appendix B of the Distribution System Code). The financial evaluations should indicate costs associated with the connection including, but not limited to, on-site capital, capital required to extend the distribution system to the customer location, incremental up-stream capital investment required to serve the load, the present value of incremental OM&A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue shortfall, and the capital contribution requested.

7.5.4 If there are competing offers to connect, a comparison of the competing offers to connect the customer, landowner, or developer.

- 7.5.5 A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor to serve the area that is the subject of the SAA application, including any specific proposed connections.
- 7.5.6 Outage statistics or, if outage statistics are not available, any other information regarding the reliability of the existing line(s) of each distributor that are proposed to supply the area that is the subject of the SAA application.
- 7.5.7 Quantitative evidence of quality and reliability of service for each distributor for similar customers in comparable locations and densities to the area that is the subject of the SAA application.