EDA
The Voice of Ontario's Electricity Distributors

March 6, 2015

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
PO Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Via Web Portal and by post

Dear Ms. Walli,

Re: Board File no. EB-2015-0006
Proposed Amendments to the Distribution System Code on Load Transfers

The Electricity Distributors Association (EDA) is the voice of Ontario's local electricity distribution sector, which consists primarily of municipally and privately owned local distribution companies (LDC). The distribution sector delivers power to Ontarians through 4.9 million residential, commercial and institutional customer accounts. The sector employs 10,000 people directly and holds $19 billion in assets; it has $1.9 billion in annual capital spending and $1.6 billion in annual operational spending; and makes hundreds of millions in direct contributions to both municipal and provincial revenues.

The proposed 6 months timeline to complete the transition for customers receiving a reduction in distribution rates is not enough time to carry out the transition. Under either of the two scenarios addressed in the proposed code amendment, whether customers receiving a reduced distribution rate (first scenario) or new customers receiving a higher distribution rate when the previous homeowner or tenant leaves (second scenario), the proposed codes do not provide enough direction and are open to different interpretations.

The EDA understands that the goal of the proposed codes is to mitigate rate impacts from the elimination of load transfers and to eliminate transfers in order to reduce the need to maintain these arrangements. The proposed changes as written could lead to greater customer confusion and higher implementation costs. The proposal does not appear to consider several situations and scenarios, such as what happens when one customer moves from a street made up of several customers under a load transfer arrangement. Do you transfer just the one customer, and if so, which assets are transferred? Obviously it would be difficult to transfer just the assets for one customer when a line serves the entire street. Do you wait until all the existing customers move out, and then go about transferring over all the assets connecting the entire street? Do you not wait and transfer all the customers, once one customer moves out?

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To address these questions and other matters, the EDA recommends establishing a working group made up of the EDA, LDCs and OEB staff to develop a guide and potentially also suggested code amendment wording.

Other issues the working group should address include the following:

- The appropriate timeline for implementation of the first scenario after the completion of the guide and code amendment approval – although it appears that 3,500 customers may seem small, the administrative effort associated with dealing with each unique arrangement could in total be significant for many distributors.
- The rules under the second scenario for determining when a customer is classified as a new customer when there is a change in ownership of the account or a new account is opened – e.g. Is the death of the account holder considered a change in ownership when a surviving spouse or family member takes over the premises? What if there is an account change caused by a divorce? What if the customer expands his business or moves elsewhere on the street?
- The rules for grandfathering the arrangement under the second scenario – e.g. What do you do if a customer is expected to never change an account for several decades (i.e. business is the current account)? Is the LDC expected to monitor the situation for several decades?
- The rules for pricing of transferred assets – is it book value, or net present value of revenues lost, or replacement cost. Will there be rules or is it just negotiated? What if there is no agreement on price?
- The rules for determining whose distribution rates are higher when there is a small difference in distribution rates – e.g. one distributor may have a temporary rate rider which makes its rates temporarily higher, or a distributor that recently rebased to a higher rate after being lower and knowing that the next rebasing for the other distributor will lead to higher rates. Does it matter if the difference between distribution rates is not material i.e. within a certain range?

There may be other issues not yet identified and without all the issues being addressed through a guide and a rewritten code amendment, it is likely that many distributors will not meet the proposed timelines and will possibly adopt different protocols for addressing the issues that arise. The EDA is willing to assist the OEB in establishing a working group to address the issues over the next few months and we look forward to working together to facilitate this initiative.

Regards,

Teresa Sarkesian

Teresa Sarkesian
Vice President, Policy and Government Affairs

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