

Service Area Amendment Application
WELLINGTON NORTH POWER INC.
License # ED-2002-0511

SEPTEMBER 30, 2012

7.0 INTRODUCTION

This application for a Service Area Amendment is structured and follows the minimum filing requirement for SAA assigned by the Ontario Energy Board. The section numbers follow the filing requirement of the base reference.

Wellington North Power Inc. (WNP) is making a Service Area Amendment Application (“SAA Application”) to the Ontario Energy Board (“OEB”) for the purpose of amending WNP licenced service area as described in Schedule 1 of its Distribution Licence ED-2002-0511 to include the properties located along London Road, in Mount Forest. Although these properties are accessed by London Road in Mount Forest, the land is in the Township of Southgate in Grey County. The properties in question are currently “**Long Term Load Transfers**” (LTLT), connected to WNP’s distribution system and billed by Hydro One Networks Inc. (HONI). WNP is the physical distributor and HONI is the geographic distributor.

As stated in the attached Letter of Consent, HONI has no objection to the transfer of these properties to WNP’s service area as HONI does not have the infrastructure to service these customers. WNP and HONI are in agreement to dissolve the LTLT arrangements that currently exist for these specific properties as it will also simplify the connection process for the proposed Feed-in-Tariff project.

WNP’s SAA Application has been prepared in accordance to the Board’s Filing Requirements for SAA Applications, Chapter 7, Board File Number - EB-2006-0327, issued March 12, 2007. In addition this application is consistent with the Board’s Amendments to the Distribution System Code, Board File Number – “EB-2009-0095 – Timing for Elimination of Load Transfers” issued June 10, 2009.

7.1 BASIC FACTS

GENERAL

7.1.1 (a)

*Provide the contact information for the applicant
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

The Applicant/LDC Application:

WELLINGTON NORTH POWER INC.

Judy Rosebrugh
President / CEO
P.O. Box 359
290 Queen Street West
Mount Forest, ON
Telephone: 519-323-1710 Cell: 519-261-1710 Fax: 519-323-2425
E-mail: jrosebrugh@wellingtonnorthpower.com

7.1.1 (b)

*Provide the contact information for the incumbent distributor
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

The Incumbent Distributor:

Hydro One Networks Inc.

Pasquale Catalano
Regulatory Analyst, Regulatory Affairs
483 Bay Street
South Tower, 8th floor
Toronto, ON, M5G 2P5
Phone: 416-345-5405 Fax: 416-345-5866
E-mail: pasquale.catalano@hydroone.com

7.1.1 (c)

*Provide every affected customer, landowner, and developer in the area that is the subject of the SAA Application
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

See Attachment 1 – Confidential List of Affected LTLT Customers.

7.1.1 (d) & (e)

Provide 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 any representative of the persons listed above including, but not limited to, a legal representative

There are no alternate distributors and other parties to this transaction.

7.1.2 REASONS FOR APPROVAL OF THIS AMENDMENT

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

The following reasons support the proposed SAA Application amendments being accepted:

1. It will eliminate three LTLT customers. These customers are proposed to be transferred to the physical distributor. The proposed amendment aligns with the direction provided within the Distribution System Code to end LTLT arrangements by June 30, 2014.
2. It is the most cost effective solution to solve the problem created by these LTLT customers. HONI recognizes it would be difficult and not cost effective to expand its distribution system to connect these customers.
3. It will simplify the connection process for the proposed feed-in-tariff project planned at 330 London Road. The proposed amendment will eliminate the conflict created by this customer having a different physical and geographic distributor. The proposed amendment will make the physical distributor the licensed distributor and will result in a less complex renewable energy generation project connection process for the customer.
4. It benefits the customers by allowing them to receive the lower delivery rates charged by their physical distributor.

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).

Detailed information of the affected customers is found in Attachment 1 – Confidential List of Affected LTLT Customers and Attachment 2A, 2B, 2C – Confidential – SAA Application Maps.

WNP is the physical distributor. HONI is the geographic distributor. The properties affected by the proposed amendment are located within Southgate Township in the County of Grey;

however, these properties are accessible off London Road in Wellington North Township (Mount Forest) in Wellington County.

HONI and WNP Licence Amendments

The proposed service area amendment would have no impact on HONI's distribution licence, as HONI's licensed service area in the Township of Southgate includes all areas with the exception of that served by WNP.

Hydro One Networks Inc. – ED-2003-0043

APPENDIX - TAB 4

Name of Municipality:	Township of Southgate
Formerly Known As:	Village of Dundalk, Township of Egremont, Township of Proton, Police Village of Holstein, as at December 31, 1999.
Area Not Served By Networks:	The area served by Wellington North Power Inc. described as the former Police Village of Holstein as more particularly set out in Licence No. ED-2002-0511.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

→ *No change is required*

Wellington North Power Inc. (ED-2002-0511)

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

5. The customers located at the following premise addresses in the former Township of Egremont now in the Township of Southgate.
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→ *Upon approval of this application, this will be added*

7.1.4

Provide one or more maps or diagrams of the area that is the subject of the SAA application.

See Attachment 2A, 2B, 2C – Confidential – SAA Application Maps

7.1.4 (a)

Borders of the applicant's service area

See Attachment 2A, 2B, 2C – Confidential – SAA Application Maps

7.1.4 (b)

Borders of the incumbent distributor's service area

See Attachment 2A, 2B, 2C – Confidential – SAA Application Maps

7.1.4 (c)

Borders of any alternate distributor's service area

Not applicable

7.1.4 (d)

Territory surrounding the area for which the applicant is making SAA application

See Attachment 2A, 2B, 2C – Confidential – SAA Application Maps

7.1.4 (e)

Geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities

See Attachment 2A, 2B, 2C – Confidential – SAA Application Maps

7.1.4 (f)

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)

See Attachment 2 – Confidential – SAA Application Maps

The customers are currently physically connected to WNP's pole line on London Road in Mount Forest. They will remain connected to this pole line after the amendment.

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).

These residential customers are currently physically connected to WNP's pole line on London Road in Mount Forest, however, revenue metering is provided by HONI. They will remain connected to this pole line after the proposed amendment.

The physical connections between WNP and HONI are found in Attachment 1 – Confidential List of Affected Customers and Attachment 2C – Confidential – SAA Maps showing the 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.

There are no known plans for expansion in the land adjacent to the area that is subject to 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.

No new infrastructure is required to facilitate this service area amendment.

As WNP is the physical distributor of these three customers, supplied by a 2.4kV line along London Road. The proposed amendment will not require significant capital investment to achieve the transition. HONI will recover a revenue meter, while WNP will supply and install a revenue meter. This will provide for billing to switch from HONI to WNP. Alternately, HONI would have to build a new 7.2kV joint-use line for approximately 1km across a farmer's field or within WNP's service area to offer connection for these customers.

Since WNP owns the existing facilities and is already serving these customers, it would not be cost effective for HONI to incur significant capital costs to build duplicate facilities, nor would it be sensible for the affected customers to bear these capital costs. HONI will transfer these customers to WNP service area and amend WNP service area territory to include these customers.

As technology evolves, the advantage for customers to reside with their physical distributor will increase. Advanced operations and power outage management software will allow the physical distributor to troubleshoot their system more easily increasing the reliability, responsiveness and customer service the physical distributor is able to provide. The complications a LTLT customer presents to modern operations management systems is significant. The proposed amendment ensures these customers will continue to be serviced from WNP's distributions assets.

7.2.1 ECONOMIC AND ENGINEERING EFFICIENCY

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.

(NOTE: (a), (b), (c), (d), (e), (f), (g), (h))

If the SAA Application is approved as proposed, HONI will not be required to expand its distribution system to connect these LTLT customers. This approval will allow WNP to better utilize its existing pole line assets on London Road.

7.2.1 (a)

Location of the point of delivery and the point of connection

Currently, these LTLT customers are connected to WNP's 2.4kV distribution pole line on London Road on the east-side of Mount Forest in Wellington County.

The customer demarcation point is the load-side of the fused cut-outs located on the last pole owned by WNP and set on London Road in Mount Forest or the public right-of-way. Further, WNP owns the existing transformation at these properties. Revenue metering is supplied by the geographic distributor, or HONI.

7.2.1 (b)

Proximity of the proposed connection to an existing, well developed electricity distribution system

The customers in the proposed amendment are currently connected to WNP distribution system.

7.2.1 (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).

There is no feasible cost-effective supply option for HONI to supply these customers. In order for HONI to serve these customers, the cost to expand their distribution system would exceed the revenue support. HONI would have to build a new 7.2kV joint-use line for approximately 1 kilometer from the south with river crossing structures.

The existing LTLT customers are presently connected to WNP's distribution system and will remain connected to WNP's distribution system at no additional cost.

HONI supports the proposed service area amendment and confirms that it is more economically efficient for WNP to extend its service area territory to service these customers.

7.2.1 (d)

The amount of any capital contribution required from the customer

There are no capital contributions required for customers to be transferred.

7.2.1 (e)

Costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed

There is no equipment being stranded if the proposed amendment is approved.

7.2.1 (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

There will be no reliably impact as a result of the proposed amendment as the physical distributor will remain servicing these customers.

7.2.1 (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

There is no known load growth potential for these properties.

7.2.1 (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.

The existing distribution system assets that service these customers are in good condition. WNP monitors asset integrity as part of its asset management program.

7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

Description of Impacts

7.3.1

Identify any affected customers or landowners.

See Attachment 1 – Confidential – List of Affected Customers

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.

- The affected customers moving to WNP will see a reduction in their distribution costs following approval of the proposed SAA Application. WNP rates are lower than the equivalent HONI distribution rates.
- Attachment 3 contains a spreadsheet showing HONI LTLT customers' average monthly delivery bill based on the average consumption experienced this past year, WNP rates and the monthly difference.
- The elimination of the LTLTs will allow WNP to serve the customers more effectively and the service quality will improve as advanced operations and power outage management software is implemented.

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.

There are no customer impacts for any distributor outside the area subject to the SAA Application.

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.

- See detailed description of service area territory provided in Section 7.1.3. of this application.
- See Attachment 2A, 2B and 2C – Confidential SAA Maps

7.3.5

Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.

The proposed SAA application would not result in any distribution assets being stranded.

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.

The revenue meter will be replaced with a WNP provided revenue meter.

7.3.7

Identify any customers that are proposed to be transferred to or from the applicant.

See Attachment 1 – Confidential – List of Affected LTLT Customers”

7.3.8

Provide a description of any existing load transfers or retail points of supply that will be eliminated.

There will be three LTLT customers transferred to the physical distributor if the proposed SAA Application is approved.

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.

There will be no LTLT customers created as a result of the proposed SAA Application.

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.

The affected customers have not been contacted at present. , customers will be notified pending direction from the OEB on Notice process as per OEB letter dated November 23, 2007 on

“Guidance to Electricity Distributors with Respect to Filing Applications for Service Area Amendment and Applications under Section 86.(1)(b) of the *Ontario Energy Board Act* to Eliminate Long Term Load Transfers”.

7.3.11

Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.

See Attachment 4, HONI consent letter.

7.3.12

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

Not Applicable – customers have not been notified as per Section 7.3.10.

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).

The affected customers will see a rate reduction in overall electricity costs.

See Attachment 3 – Cost Comparison Chart

7.4 CUSTOMER PREFERENCE

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.

Not applicable.

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.

Not applicable.

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.

Not applicable.

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.

Not applicable.

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.

Not applicable.

7.5.4

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

Not applicable.

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.

Not applicable.

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.

Not applicable.

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.

Not applicable.

7.6 OTHER

It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.

7.7 REQUEST FOR NO HEARING

Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide:

- (a) an explanation as to how no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND
 - (b) the proposed recipient's written consent to the disposal of the application without a hearing.
-
- (a) WNP requests no hearing.
WNP Service Area Amendment application will eliminate three Long Term Load Transfer customers between WNP and HONI and it will also simplify the connection process for the proposed Feed-in-Tariff project.
 - (b) Please see Attachment 4 – HONI's consent letter.



Judy Rosebrugh
President and CEO
Wellington North Power Inc.

Dated: October 29, 2012

7.8 CERTIFICATION AND ACKNOWLEDGMENT STATEMENT

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



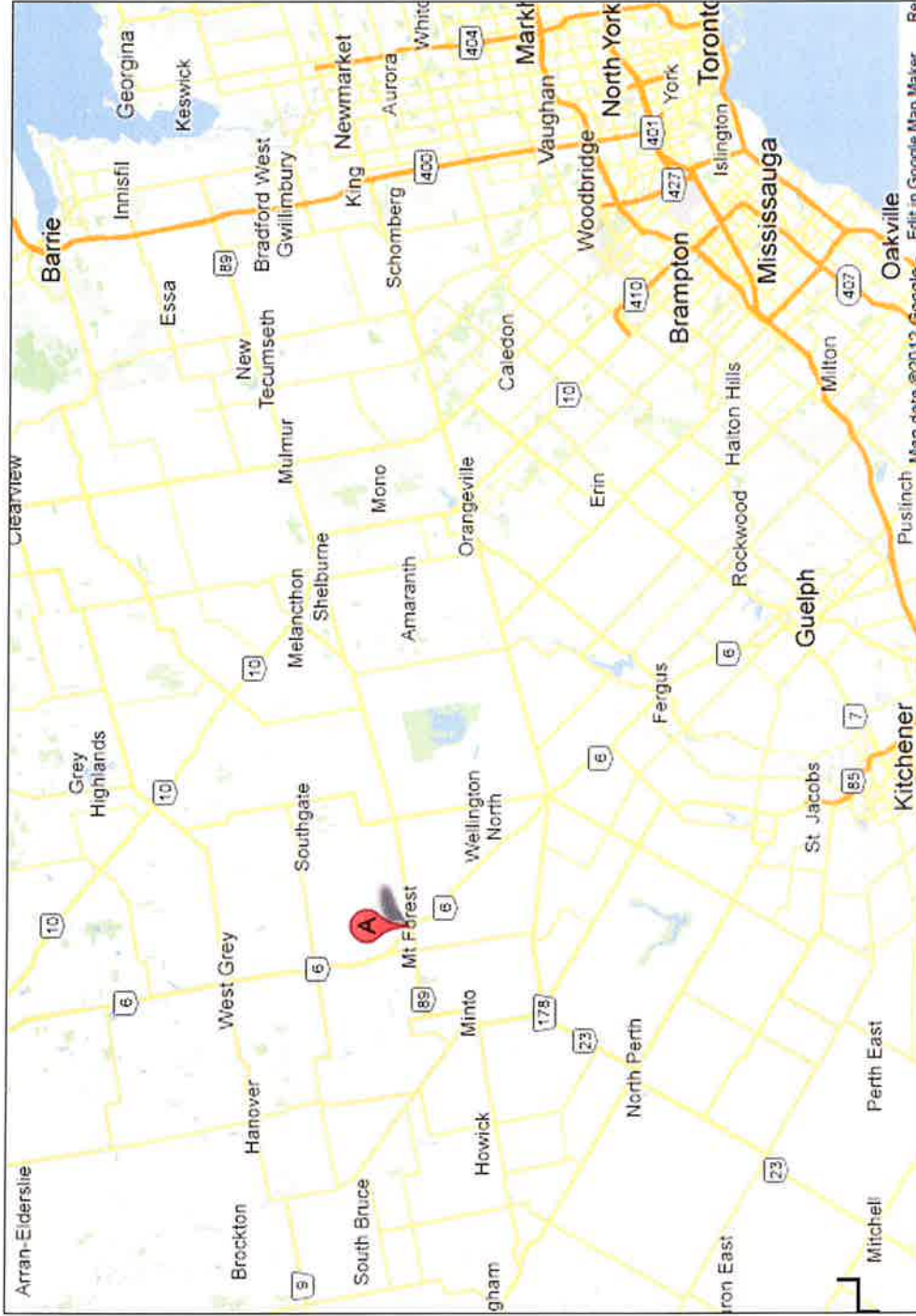
Judy Rosebrugh
President and CEO
Wellington North Power Inc.

Dated: October 29, 2012

ATTACHMENT 1: – CONFIDENTIAL LIST OF AFFECTED CUSTOMERS

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ATTACHMENT 2A – MAP 1:



ATTACHMENT 2B – MAP 2:

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**ATTACHMENT 2C – MAP 3:
(Intentionally Left Blank)**

ATTACHMENT 3 – RATES COMPARISON CHART:

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ATTACHMENT 4 – HYDRO ONE LETTER OF CONSENT

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