



## Lakeland Rural Electrification Association Ltd.

Amalgamation of the Distribution System Service Areas of  
Lakeland REA Ltd. and Vegreville West REA Ltd.

October 13, 2010

**ALBERTA UTILITIES COMMISSION**

Decision 2010-488: Lakeland Rural Electrification Association Ltd.

Amalgamation of the Distribution System Service Areas of  
Lakeland REA Ltd. and Vegreville West REA Ltd.

Application No. 1606484

Proceeding ID. 807

October 13, 2010

Published by

Alberta Utilities Commission  
Fifth Avenue Place, 4th Floor, 425 - 1 Street SW  
Calgary, Alberta  
T2P 3L8

Telephone: (403) 592-8845

Fax: (403) 592-4406

Web site: [www.auc.ab.ca](http://www.auc.ab.ca)

**LAKELAND RURAL ELECTRIFICATION ASSOCIATION LTD.  
AMALGAMATION OF THE DISTRIBUTION SERVICE AREAS  
OF LAKELAND REA LTD. AND  
VEGREVILLE WEST REA LTD.**

**Decision 2010-488  
Application No. 1606484  
Proceeding ID. 807**

---

**1 INTRODUCTION**

1. Lakeland Rural Electrification Association Ltd. (Lakeland REA) filed Application No. 1606484 (Application) with the Alberta Utilities Commission (AUC or Commission) on August 24, 2010, seeking approval to alter its existing distribution system service area boundary by amalgamating with Vegreville West REA Ltd. (Vegreville West REA).

**2 DISCUSSION**

2. Lakeland REA is the operator of an electric distribution system in the Vegreville-Smoky-Lake-Vermilion area. The current service area boundary for the Lakeland REA was approved on May 7, 2010, pursuant to Approval No.U2010-149. Vegreville West REA is the operator of an electric distribution system in the Vegreville West area. The current service area boundary for the Vegreville West REA was approved on October 17, 1988, pursuant to Approval No. HE77125D.

3. Lakeland REA informed the Commission that memberships of the Lakeland REA and the Vegreville West REA voted in favor of the amalgamation at special general meetings held by these REAs on April 22, 2010. The amalgamation agreement was signed on April 22, 2010. The Lakeland REA received a Certificate of Amalgamation pursuant to the Rural Utilities Act on April 22, 2010.

4. The new service area boundaries of the Lakeland REA will encompass both the existing Lakeland REA service area and the existing Vegreville West REA service area. The REA states that the amalgamation would not only take advantage of economies of scale to more efficiently operate the electric distribution system, but also reduce costs for all members.

5. The Commission notes that the membership of both Lakeland and Vegreville West REAs voted in favour of the amalgamation, that the combined service area encompasses only the existing Lakeland REA service area and the existing Vegreville West REA service area, and the amalgamation has been certified. Therefore, the Commission determined that a Notice of Application was not required. In addition, the Commission considered that its decision or order would not directly or adversely affect the rights of a person pursuant to section 9 of the *Alberta Utilities Commission Act* and, therefore, a hearing was not required.

### 3 FINDINGS

6. Under section 25 of the *Hydro and Electric Energy Act*, the service area of an electric distribution system may not be altered without approval of the Commission. Specifically, section 25 of the *Hydro and Electric Energy Act* states:

#### **Approval of Commission**

**25(1)** Notwithstanding anything in any other Act or in any approval or order issued pursuant to any other Act, no person shall construct or operate an electric distribution system or alter the service area of an electric distribution system without the approval of the Commission, which approval shall include the designation by the Commission of the person's service area.

**(2)** Approval under this section shall not be given unless the Commission is satisfied, having regard to the availability of any other source of electric energy and to any other circumstances, that it is in the public interest having regard to those circumstances and the present and future need for the extension of electric service throughout Alberta.

7. Section 29 of the *Hydro and Electric Energy Act* states:

#### **Boundaries**

**29(1)** The Commission, on the application of an interested person or on its own motion,

- (a) When in its opinion it is in the public interest to do so, and
- (b) On any notice and proceedings that the Commission considers suitable, may alter the boundaries of the service area of an electric distribution system, or may order that the electric distribution system shall cease to operate in a service area or part of it at a time fixed in the order. (emphasis added)

8. The Commission notes that there would be cost savings for the members associated with the amalgamation. Having reviewed the Application and in view of the anticipated cost savings to the members, the Commission is satisfied that issuing a service area approval for the operation of the REA's combined distribution system would be in the public interest in accordance with sections 25 and 29 of the *Hydro and Electric Energy Act*.

9. Based on these findings, the Commission approves the Application pursuant to sections 25 and 29 of the *Hydro and Electric Energy Act*.

### 4 DECISION

10. Pursuant to sections 25 and 29 of the *Hydro and Electric Energy Act*, the Commission approves the Application and grants an approval to operate an electrical distribution system within the service area defined by the AUC as set out in Appendix – Service Area Approval No. U2010-345 – October 13, 2010, to Lakeland REA to operate its distribution system within the consolidated service area boundary (Appendix 1 will be distributed separately).

11. The Commission rescinds existing REA Approval No. HE77125D and Approval No. U2010-149.

Dated on October 13, 2010.

**ALBERTA UTILITIES COMMISSION**

*(original signed by)*

Tudor Beattie, Q.C.  
Commissioner