

Hydro One Networks Inc.

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Andrew Skalski

Director – Applications
Regulatory Affairs



BY COURIER

June 12, 2009

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks' Request for Leave to Sell Distribution Assets to Orangeville Hydro Inc.
("Orangeville Hydro")**

Hydro One Networks seeks the Board's approval under Section 86(1)(b) of *the Ontario Energy Board Act* ("*the Act*"), 1998, for leave to sell assets to Orangeville Hydro Inc. ("Orangeville Hydro"). Given that the proposed sale has no material effect on any other party, we ask that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of *the Act*.

The assets being sold in this transaction are described in the attached application and are illustrated in the attached map.

Should you have any questions on this application, please contact Yoon Kim at (416) 345-5228.

Sincerely,

ORIGINAL SIGNED BY ANDREW SKALSKI

Andrew Skalski

Attachment



Application Form for Applications Under Section 86(1)(b) of the *Ontario Energy Board Act, 1998*

Application Instructions

1. Purpose of This Form

This form is to be used by parties applying under section 86(1)(b) of the *Ontario Energy Board Act, 1998* (the "Act"). Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

2. Completion Instructions

This form is in a writeable PDF. The applicant must either:

- type answers to all questions, print two copies, and sign both copies; or
- print a copy of the form, clearly print answers to all questions, make a copy, and sign both copies.

Please send both copies of the completed form and two copies of any attachments to:

Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

If you have any questions regarding the completion of this application, please contact the Market Operations Hotline by telephone at 416-440-7604 or 1-888-632-6273 or email at market.operations@oeb.gov.on.ca.

The Board's "Performance Standards for Processing Applications" are indicated on the "Corporate Information and Reports" section of the Board's website at www.oeb.gov.on.ca. Applicants are encouraged to consider the timelines required to process applications to avoid submitting applications too late. If the submitted application is incomplete, it may be returned by the Board or there may be a delay in processing the application.

PART I: IDENTIFICATION OF PARTIES

1.1 Name of Applicant

Legal name of the applicant: **Hydro One Networks Inc.**
Name of Primary Contact: **Yoon Kim**
Title/Position: **Applications Analyst, Regulatory Affairs**
Address of Head Office: **483 Bay Street, 8th Floor, South Tower, Toronto, ON, M5G 2P5**
Phone, Fax, Email: **416-345-5228, 416-345-5866, Yoon.Kim@HdroOne.com**

1.2 Other Party to the Transaction (If more than one attach a list)

Name of other party: **Orangeville Hydro Ltd.**
Name of Primary Contact: **George Dick**
Title/Position: **President**
Address of Head Office: **400 "C" Line, Box 400, Orangeville, ON, L9W 2Z7**
Phone, Fax, Email: **519-942-8000, 519-941-6061, gdick@orangevillehydro.on.ca**

1.3 If the proposed recipient is not a licensed distributor or transmitter, is it a distributor or transmitter that is exempted from the requirement to hold a distribution or transmission licence?

- Yes
 No

PART II: DESCRIPTION OF ASSETS TO BE TRANSFERRED

2.1 Please provide a description of the assets that are the subject of the proposed transaction.

The assets to be sold are described as 1230 meters of 3 phase 3/0 wire on 18 Hydro One poles. Hydro One will retain ownership of the poles as well as the overbuild 22M3 44kV feeder.

2.2 Please indicate where the assets are located – whether in the applicant's service area or in the proposed recipient's service area (if applicable). Please include a map of the location.

The proposed sale of the idle C-Line 4kV feeder involves a line section that is entirely within the purchaser's service territory, and the sale has no material effect on any third party other than the purchaser and the seller. (Please see Attachment 2 - Map)

2.3 Are the assets surplus to the applicant's needs?

- Yes
 No

The C-Line 4 kV feeder has been idle for a number of years but has not been deemed surplus in order to allow for potential new connections. However, the prospect of new connections is now considered low.

If yes, please indicate why the assets are surplus and when they became surplus.

2.4 Are the assets useful to the proposed recipient or any other party in serving the public?

- Yes
 No

If yes, please indicate why.

Upon purchase these assets will be integrated into Orangeville Hydro system to better supply its customers. Safety and reliability will be maintained, and operational flexibility can be improved.

2.5 Please identify which utility's customers are currently served by the assets.

The C-Line 4 kV feeder is currently owned by Hydro One Networks Inc. and has been idle for a number of years; the feeder has no customers connected to it.

2.6 Please identify which utility's customers will be served by the assets after the transaction and into the foreseeable future.

Orangeville Hydro's customers will be served by the assets.

PART III: DESCRIPTION OF THE PROPOSED TRANSACTION

3.1 Will the proposed transaction be a sale, lease or other?

- Sale
- Lease
- Other

If other, please specify.

3.2 Please attach the details of the consideration (e.g. cash, assets, shares) to be given and received by each of the parties to the proposed transaction.

This is a cash sale. The idle C-Line 4kV asset will be sold for a nominal consideration of \$2 on an “as is, where is” basis.

The nominal consideration of \$2 is more economical than otherwise where Hydro One would retain responsibility for removing facilities, which are nearing end-of-life, and would need to install new poles that are not used to supply Hydro One’s customers. The avoided removal cost plus the cost of the installation is estimated to be \$80,000.

3.3 Would the proposed transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties?

- Yes
- No

If yes, please explain how.

3.4 Would the proposed transfer impact distribution or transmission rates of the applicant?

- Yes
- No

If yes, please explain how.

3.5 Will the transaction adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of the applicant or the proposed recipient?

- Yes
- No

If yes, please explain how.

PART IV: WRITTEN CONSENT/JOINT AGREEMENT

4.1 Please provide the proposed recipient's written consent to the transfer of the assets by attaching:

- (a) a letter from the proposed recipient consenting to the transfer of the assets;
- (b) a letter or proposed sale agreement jointly signed by the applicant and the proposed recipient agreeing to the transfer of the assets; or
- (c) the proposed recipient's signature on the application.

(a) **The letter is found in Attachment 1 – Letter.**

PART V: REQUEST FOR NO HEARING

- 5.1 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 or licence holder, will be adversely affected in a material way by the outcome of the proceeding; and
 - (b) the proposed recipient's written consent to dispose of the application without a hearing.
- (a) **The proposed sale of the idle C-Line 4kV feeder is located entirely within the purchaser's service territory. Also it has no material effect on any party other than the purchaser and the seller.**
- (b) **The letter is found in Attachment 1 – Letter.**

PART VI: OTHER INFORMATION

- 6.1 Please provide the Board with any other information that is relevant to the application. When providing this additional information, please have due regard to the Board's objectives in relation to electricity.

PART VII: CERTIFICATION AND ACKNOWLEDGMENT STATEMENT

7.1 Certification and Acknowledgment

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

Signature of Key Individual	Print Name of Key Individual	Title/Position
	Andrew Skalski	Director - Applications
	Date	Company
		Hydro One Networks Inc.

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

ATTACHMENT 1- Letter

Hydro One Networks Inc.
483 Bay Street
North Tower, 14th Floor
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5970
Fax: (416) 345-5977



May 20, 2009

George Dick
Orangeville Hydro Ltd.
400 "C" Line, Box 400
Orangeville, Ontario L9W 2Z7

Subject: Sale of Idle C-Line to Orangeville Hydro

Dear Mr. Dick:

This letter is to confirm Hydro One Networks Inc.'s ("Hydro One") agreement to sell approximately 1.23 km of the idle C-Line 4 kV feeder to Orangeville Hydro Ltd. ("Orangeville Hydro") for a nominal \$2 consideration, conditional on OEB approval. This also confirms Orangeville Hydro supports Hydro One to proceed with the OEB s.86(1)(b) application without a hearing.

The assets will be sold, following OEB approval, on an "as is, where is" basis, pursuant to Hydro One Networks Inc.'s standard asset purchase and sale agreement. The assets being sold in this transaction are generally described as follows and supported by the attached map:

- 1230 meters of 3 phase 3/0 wire on 18 Hydro One poles. Hydro One will retain ownership of the poles as well as the overbuild 22M3 44kV feeder.

If you are in agreement with these conditions of sale, please sign and return this letter at your earliest convenience. On receipt of the signed letter and your letter of indemnity, we will proceed to obtain formal approval to sell these assets to Orangeville Hydro.

Yours truly,

A handwritten signature in cursive script that reads "Arthur Fischer".

Arthur Fischer
Account Executive
Customer Business Relations

Acknowledgment

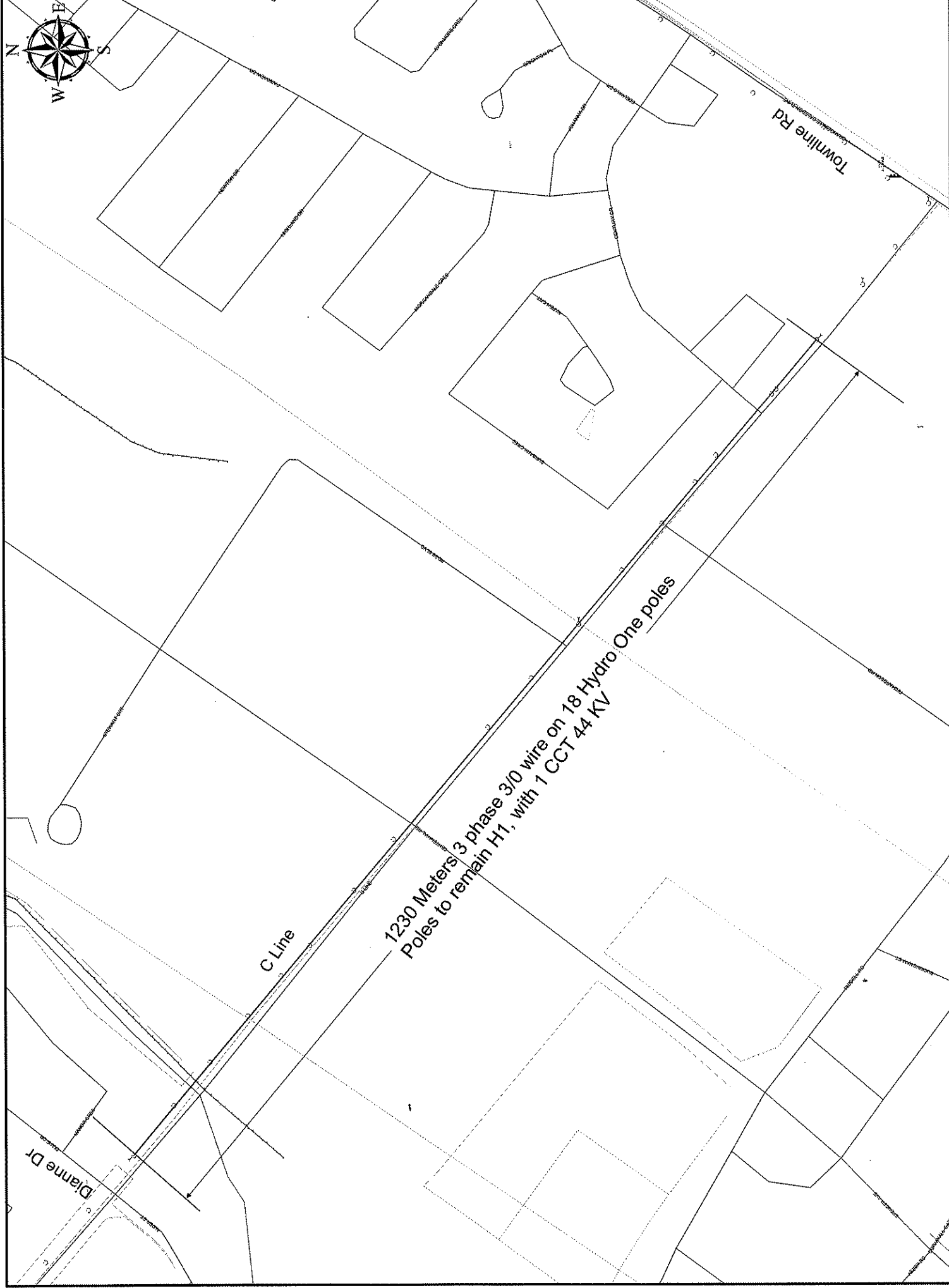
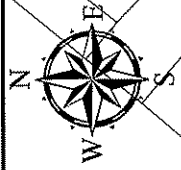
I, George Dick, Orangeville Hydro, agree with content, terms and conditions set out in this letter regarding the purchase of the idle C-Line 4kV feeder for the nominal consideration of \$2 and support Hydro One to proceed with the OEB s.86(1)(b) application without a hearing.

Per: _____

George Dick
President, Orangeville Hydro Inc.

I have authority to bind the Corporation

ATTACHMENT 2- Map



Idle Line Transfer from Hydro One to Orangeville Hydro