

Hydro One Networks Inc.

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483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5707
Fax: (416) 345-5866
Andrew.skalski@HydroOne.com

Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

October 9, 2012

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

Dear Ms. Walli:

Hydro One Networks' Request for Leave to Sell Distribution Assets to Hydro Ottawa Ltd.

Hydro One Networks Inc. 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 Hydro Ottawa Ltd. 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 Pasquale Catalano at (416) 345-5405 or via email at Pasquale.Catalano@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON FOR ANDREW SKALSKI

Andrew Skalski

Attach



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:	Pasquale Catalano
Title/Position:	Regulatory Analyst, Regulatory Affairs
Address of Head Office:	483 Bay Street, South Tower, Toronto, ON, M5G 2P5
Phone:	416-345-5405
Fax:	416-345-5866
Email:	pasquale.catalano@hydroone.com

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

Name of other party:	Hydro Ottawa Ltd.
Name of Primary Contact:	Franz Kropp
Title/Position:	Manager – Asset Planning
Address of Head Office:	1970 Merivale Road, Ottawa, ON, K2G 6Y9
Phone:	613-738-5499 ext. 7174
Fax:	613-738-6403
Email :	franzkropp@hydroottawa.com

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 proposed sale involves a section of the Hawthorne 48M2 feeder comprised of approximately 10.5 km of 44kV line including conductor, poles and associated hardware as well as the sub-license for the land rights for the transmission right-of-way east of the Rideau River crossing currently owned by Hydro One Networks Inc. (“Hydro One”) to Hydro Ottawa Ltd. (“Hydro Ottawa”).

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 physical locations of the proposed assets to be sold and the land rights for the transmission right-of-way are entirely within Hydro Ottawa’s service territory in the City of Ottawa. The proposed asset sale consists of the metering unit, underground egress cable and all poles and overhead 44kV line on Hawthorne Road as well as the transmission right-of-way east of the Rideau River crossing. See Attachment 2 – Map

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

- Yes
 No

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 Hydro Ottawa’s system to better supply its customers. The assets are within Hydro Ottawa’s service area and they are used to supply Hydro Ottawa customers, however, Hydro Ottawa’s staff cannot work on the line which in the past has caused operational delays. If Hydro Ottawa has ownership of the feeder the response to outages will be faster and will eliminate operational delays. This will result in improved restoration time resulting in improved reliability for the Hydro Ottawa customers. Safety and reliability will be maintained, and operational flexibility will be improved.

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

Hydro Ottawa’s customers.

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

Hydro Ottawa's customers.

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 sale price of \$373,000.00 plus HST represents the net book value of the feeder and market value for the land rights, see breakdown below:

- o **Feeder - \$101,000**
- o **Sub-license of land rights - \$262,000**

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.

Bell Canada and Rogers are currently joint use occupants on the poles and are paying joint use fees to Hydro One. Hydro One has given Bell Canada the "first-right of refusal" as per the Joint Use agreement and Bell Canada has refused the purchase. (See Attachment 3). After the sale of the assets the occupants will pay joint use to Hydro Ottawa. The sale has no other material effect on any third party other than the purchaser and seller.

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.**

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 section of the Hawthorne 48M2 feeder involves line sections which are entirely within the purchaser's service territory and the sale of a sub-license for the land rights. The sale has no material effect on any third party other than the purchaser and the seller.**
- (b) The letter is found in Attachment 1.**

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.
- The feeder is in need of immediate replacement or repairs and has no strategic value to Hydro One. The feeder only serves Hydro Ottawa customers and is entirely located in Hydro Ottawa's service territory. By completing this sale, Hydro One reduces maintenance costs and eliminates having to travel unnecessarily through Hydro Ottawa's service area territory.**

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 ORIGINAL SIGNED BY JOANNE RICHARDSON FOR ANDREW SKALSKI	Print Name of Key Individual Andrew Skalski	Title/Position Director – Major Projects and Partnerships
	Date OCTOBER 9, 2012	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 Ottawa Limited
3025 Albion Road North, PO Box 8700
Ottawa, Ontario K1G 3S4
Tel.: (613) 738-6400
Fax: (613) 738-6403
www.hydroottawa.com

Hydro Ottawa limitée
3025, chemin Albion Nord, C.P. 8700
Ottawa (Ontario) K1G 3S4
Tél. : (613) 738-6400
Télééc. : (613) 738-6403
www.hydroottawa.com



June 22, 2012

Hydro One Networks Inc
483 Bay Street
Toronto ON M5G 2P5
Attention: **Stefanie S Urbanowicz, P.Eng**, Account Executive *Customer Business Relations*

RE: Purchase by Hydro Ottawa of Hawthorne TS Feeder 48M2 from Hydro One

Hydro One Networks Inc. ("Hydro One") is applying to the Ontario Energy Board (the "Board") for approval to sell a 44kV feeder referred to as 48M2 to Hydro Ottawa Limited ("Hydro Ottawa") for \$363,000 + HST. This feeder exclusively serves, and will continue to serve only Hydro Ottawa's customers. Hydro Ottawa is fully supportive of this application and requests that the sale proceed without hearing.

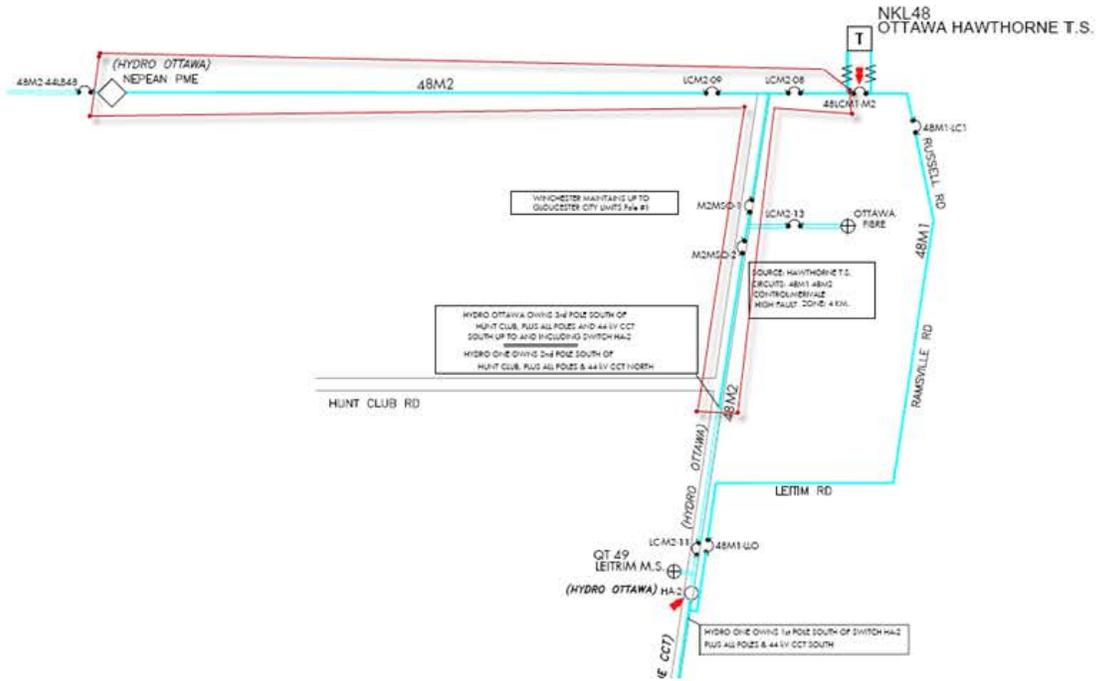
If further information is required, please contact the undersigned at 613-738-5499 ext 7174 or franzkropp@hydroottawa.com.

Yours truly,

Franz Kropp M.Eng P.Eng
Manager – Asset Planning
Distribution Operations and Customer Care
Hydro Ottawa Limited

cc. B. Bennett, Director Asset Management (HOL)
N. Fraser, Chief Operating Officer (HOL)
P. Hoey, Director Regulatory Affairs (HOL)

ATTACHMENT 2 - Map



ATTACHMENT 3 – Bell Canada Letter

Hydro One Networks Inc.
185 Clegg Road
Markham, ON L6G 1B7
www.HydroOne.com

Tel: (905) 946-6326
Fax: (905) 946-6215
Tammy.O'Sullivan@hydroone.com



Tammy O'Sullivan
Manager, Program Integration
Distribution Development

September 2012

Bell Canada
6 Reid Cres.
Collingwood, Ontario
L9Y 4T6

Attention: Byron Recoskie – External Liason

RE: SALE OF HYDRO ONE NETWORKS INC. JOINT USE POLES – CITY OF OTTAWA

This letter has been developed in respect to Hydro One Networks Inc. ("HONI") Joint Use Poles located near the City of Ottawa. There are Bell attachments on these poles. HONI would like to sell these Joint Use Poles to a third party within 12 months and as such, would like to receive Bell's consent to the proposed sale pursuant to the provisions of the existing Agreement for the Joint Use Poles dated January 1, 2006 (the "Joint Use Agreement"). Please note that HONI intends to include as part of the transfer to the purchaser a condition that the purchaser agrees to continue to allow Bell Canada's attachments thereon for the remainder of the Initial Term (as this term is defined in the Joint Use Agreement).

1. Bell Canada attached on 27 poles – along Hawthorne Rd. between poles BTTK7J south through to BTTKZC (2nd pole south of Huntclub Rd.).

Please document your consent to the above-referenced proposed sale by no later than Oct 24th, 2012 by signing the form of acceptance at the end of this letter on both the original and the enclosed duplicate and return one original to me for our files.

Should you have any further concerns do not hesitate to contact me.

Sincerely;
Tammy O'Sullivan
Manager – Program Integration
Hydro One Networks

The undersigned hereby consents to the sale by Hydro One Networks Inc. of Hydro One Networks Inc.'s Joint Use Poles identified above in this letter to a purchaser this 28 day of SEP, 2012.

Bell Canada



Name: *Byron Recoskie*
Title: *MANAGER – EXTERNAL LIASION*
I have authority to bind the corporation