

Hydro One Networks Inc.

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Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

June 14, 2011

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 Bell Aliant

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 Bell Aliant. 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 asset being sold in this transaction is described in the attached application and is illustrated in the attached map.

Should you have any questions on this application, please contact Yoon Kim at (416) 345-5228 or via email at Yoon.Kim@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY 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:	Yoon Kim
Title/Position:	Applications Analyst - Regulatory Affairs
Address of Head Office:	483 Bay Street, South Tower, Toronto, M5G 2P5
Phone:	416-345-5228
Fax:	416-345-5866
Email:	Yoon.Kim@HydroOne.com

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

Name of other party:	Bell Aliant
Name of Primary Contact:	Tim Beachey
Title/Position:	Implementation Manager
Address of Head Office:	250 McIntyre St. West, 2nd Floor, North Bay, ON, P1B 8L6
Phone:	705-495-6060
Fax:	705-474-6062
Email :	timothy.beachey@bell.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 consist of 7 poles; 1 – 35ft (2008), 4 - 45ft (2008), 1 – 50ft (2008) and 1 – 55ft (2008).

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 assets are located near South River Road and Hwy 534 to Hwy 654, lot 26, concession 6 in Nipissing Township. (See Attachment 1 – 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.

The assets will continue to supply the load to the existing customers at the same location as they are being served presently. The proposed sale is an ownership change only for the purpose of maintaining the ownership balance between Bell Aliant and Hydro One Networks Inc. (“Hydro One”) as per the signed Joint Use Agreement (“the Agreement”). Under Article 8 of the Agreement, it dictates that the ownership of Join Use poles shall continue as is on the basis of an ownership ratio of 60:40 (Hydro One: Bell) in the Province until the Agreement is amended or terminated by either party. The proposed transaction is to meet this provision of the Agreement.

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

Hydro One

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

Hydro One

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 is \$10,458.⁰⁰ plus HST (See Attachment 2 – Letter). The sale price represents the value of the assets as per the agreed upon residual value tables in the Agreement.

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 2.

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 transfer of assets is within Bell Aliant's prime exchange and it has no material effect on any party other than the purchaser and the seller.

(b) The letter is found in Attachment 2.

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

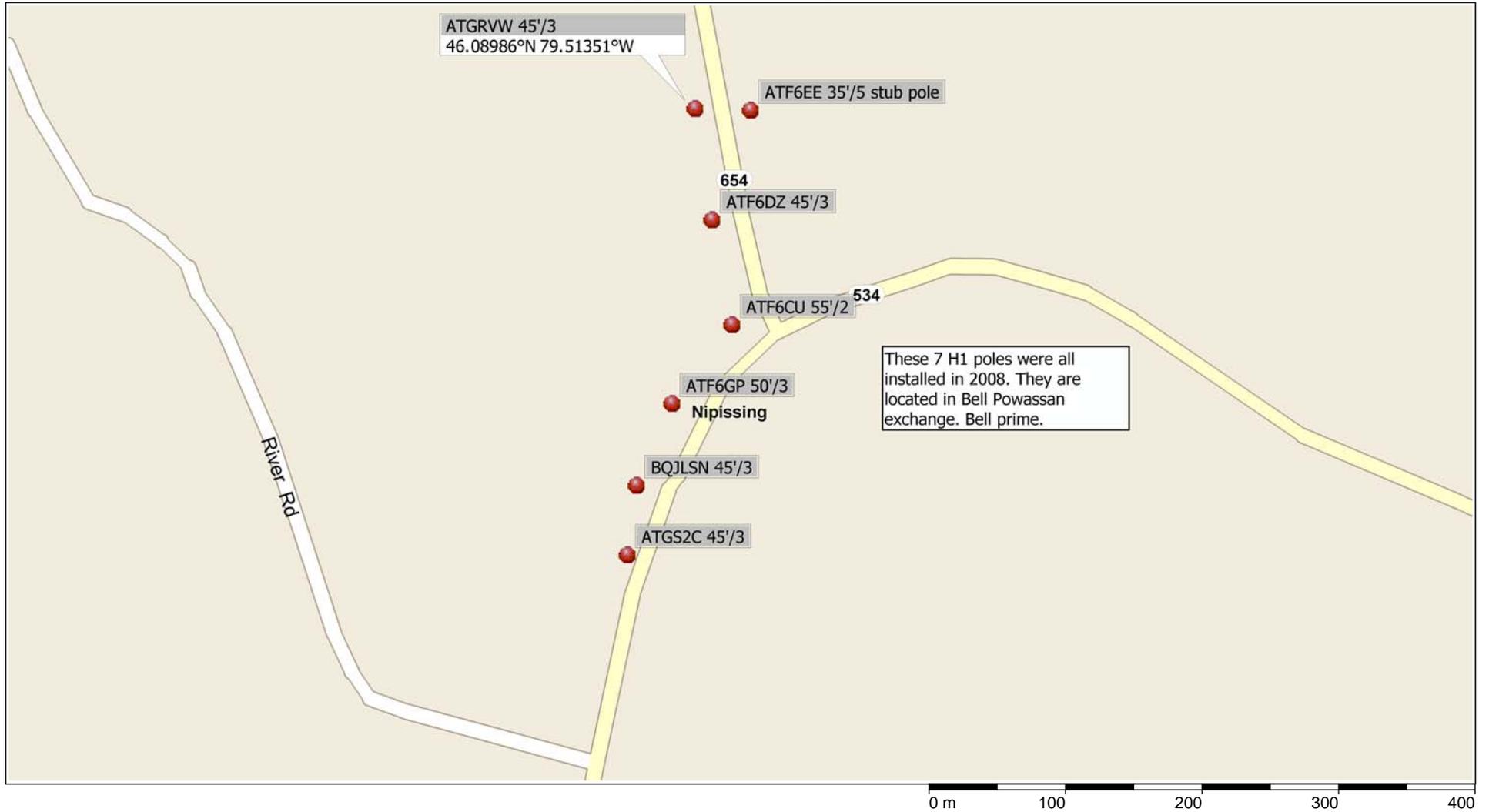
7.1 Certification and Acknowledgment
 I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual ORIGINAL SIGNED BY ANDREW SKALSKI	Print Name of Key Individual Andrew Skalski	Title/Position Director – Major Projects and Partnerships
	Date June 14, 2011	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- Map

Hwy 534 & Hwy 654, Nipissing_rev June 1311



ATTACHMENT 2- Letter

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

Tel: (905) 946-6326
Fax: (905) 946-6215
tammy.osullivan@hydroone.com

Tammy O'Sullivan
Manager, Program Integration
Distribution Business Development



May 9, 2011

Bell Aliant
250 McIntyre St. West, 2nd Floor
North Bay, ON
P1B 8L6

Attention: Tim Beachey

Re: Sale of Hydro One Assets

Dear Mr. Beachey:

This letter is to confirm Hydro One Networks Inc.'s ("Hydro One") agreement to sell 7 poles currently owned by Hydro One to Bell Aliant, conditional to the OEB's approval. This also confirms that Bell Aliant supports Hydro One to proceed with the Section 86(1)(b) application without a hearing.

The 7 poles will be transferred, following the OEB's approval, on an "as is, where is" basis, pursuant to Hydro One Networks Inc.'s Joint Use agreement. The assets being sold in this transaction are described as follows and supported by the attached map:

- The physical location of the 7 poles to be sold to Bell Aliant are near South River Road and Highway 534 to Highway 654 in Nipissing Township as shown in Attachment 1.
- The following list of poles are to be sold to Bell Aliant:

Asset	Year	Quantity	Residual Value (Ea)	Total Cost
POLES				
35 ft class 5	2008	1	\$1,033.00	\$1,033.00
45 ft class 3	2008	4	\$1,458.00	\$5,832.00
50 ft class 3	2008	1	\$1,682.00	\$1,682.00
55 ft class 2	2008	1	\$1,911.00	\$1,911.00
Sub Total				\$10,458.00
HST				\$1,359.54
Total Cost				\$11,817.54



If you are in agreement with these conditions of the sale of the 7 poles, please sign and return this letter at your earliest convenience. On receipt of this signed letter of consent and indemnity, we will proceed to obtain formal approval to transfer the 7 poles to Bell Aliant.

Thank you for your assistance in this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Tammy O'Sullivan".

Tammy O'Sullivan

Acknowledgement

I, Tim Beachey of Bell Aliant, agree with content, terms and conditions set out in this letter regarding the sale of 7 poles currently owned by Hydro One to Bell Aliant and support Hydro One to proceed with the Section 86(1)(b) application without a hearing.

Per: _____

A handwritten signature in black ink, appearing to read "Tim Beachey".

Tim Beachey
Implementation Manager
Bell Aliant

I have authority to bind the Corporation.