

Hydro One Networks Inc.

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Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

February 25, 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 Erie Thames Powerlines Corporation

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 Erie Thames Powerlines Corporation ("Erie Thames"). 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	<u>Name of Applicant</u> 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@HydroOne.com
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1.2	<u>Other Party to the Transaction</u> (If more than one attach a list) Name of other party: Erie Thames Powerlines Corporation Name of Primary Contact: Chris White Title/Position: President Address of Head Office: PO Box 157, 143 Bell St., Ingersoll ON, N5C 3K5 Phone, Fax, Email: 519-485-1820 ext 235, 519-485-5838, cwhite@erithamespowerlines.com
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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 64 meter section of Tillsonburg TS M1 27.6kV, which is comprised of 4 conductors each 64 meters in length for approximately 260 meters in total length of conductor, associated hardware, 3 single phase in line switches and one pole currently owned by Hydro One Networks Inc. (“Hydro One”) to Erie Thames Powerlines Corporation (“Erie Thames”). The proposed section of line to be sold is from and includes Switch 3002 and runs to the end of Hydro One’s line at Switch OT16 (Please see Attachment 2 – Map).

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 are entirely within Erie Thames service territory in the Township of Norwich. (Please 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 Erie Thames’ 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.

Erie Thames

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

Erie Thames

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 \$10,600 plus applicable taxes represents a negotiated commercial value for the section of the Tillsonburg TS M1 27.6 kV feeder. This sale price ensures that both buyer's and seller's rate payers are kept whole. Therefore there are no rate impacts.

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.

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 Tillsonburg TS M1 27.6 kV feeder involves line sections which are 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.

(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.

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 February 25, 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- Letter



Your Home Town Utility



January 4, 2011

By Email & Courier

Mr. Alex Urbanowicz
Account Executive
Hydro One Networks Inc.
855 Pond Mills Road
London, ON N5Z 4R1

Dear Alex,

RE: Sale of Line Section Assets – Otterville

Further to your letter dated December 10, 2010 regarding Erie Thames Powerlines Corporation ("Erie Thames") purchase of assets from Hydro One Networks Inc ("HONI") please be advised that Erie Thames accepts the purchase price of \$10,600 total for the assets defined as follows:

A section of the Tillsonburg TS M1 feeder comprised of about 260m of 27.6kV line including conductor and associated hardware, the neutral conductor, one pole and 3 single phase in line switches located just inside the town boundary of Otterville from Hydro One Networks Inc. at an asset price worth \$10,600.

Erie Thames supports HONI Application Under Section 86(1)(b) of the *Ontario Energy Board Act, 1998* that with OEB approval will transfer these assets to Erie Thames. Also, Erie Thames supports HONI request to process this Application without a hearing.

Sincerely

Chris White
President
Erie Thames Powerlines Corporation

PO Box 157, 143 Bell Street, Ingersoll ON N5C 3K5
T: 519-485-1820 • TF: 877-850-3128 • Fax: 519-485-5838
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ATTACHMENT 2- Map

Attachment 2 - Location of Assets - Map
Sale of Hydro One Assets to Erie Thames

