

Hydro One Networks Inc.

8th Floor, South Tower
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 PowerStream Inc.

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 PowerStream Inc. 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, 8th Floor, South Tower, Toronto, ON, M5G 2P5**
Phone, Fax, Email: **416-345-5405, 416-345-5866, pasquale.catalano@HydroOne.com**

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

Name of other party: **PowerStream Inc.**
Name of Primary Contact: **Ted Wojcinski**
Title/Position: **Vice President, Engineering Planning**
Address of Head Office: **161 City View Boulevard, Vaughan, ON, L4H 0A9**
Phone, Fax, Email: **905-532-4609, 905-532-4616, ted.wojcinski@powerstream.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 proposed sale involves a section of the Midhurst 44 kV (23M5) feeder comprised of approximately 800 metres of the 3-wire 44 kV circuit including 12 poles and equipment currently owned by Hydro One Networks Inc. (“Hydro One”) to PowerStream Inc. (“PowerStream”).

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 location of the proposed assets to be sold is entirely within PowerStream’s service territory in the City of Barrie. The assets are located on the corner of Sunnidale Road and Ferndale Drive, continuing northeast for 12 poles along Sunnidale Road.

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 PowerStream’s 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.

PowerStream’s customers

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

PowerStream’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 \$120,000 plus HST represents a negotiated commercial value for the section of the Midhurst 44 kV (23M5) feeder. This value is above book value but below estimated replacement cost, and includes future joint use revenue. 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.

Bell Canada, Rogers, are currently joint use occupants on the poles and are paying joint use fees to Hydro One. After the sale of the assets the occupants will pay joint use fees to PowerStream. The sale has no other material effect on any third party other than the purchaser and seller.

See Attachment 3 – Bell Canada's Consent Letter

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 Midhurst 44 kV (23M5) feeder involves approximately 800 meters of the idle circuit including 12 poles, conductor and associated devices 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 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 One Networks Inc.
483 Bay Street, North Tower, 14th Floor
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-6892
Cell: (647) 261-9575
Fax: (416) 345-5977
stefanie.urbanowicz@hydroone.com



Stefanie Urbanowicz, P.Eng
Account Executive

August 29, 2012

Mr. Ted Wojcinski
PowerStream Inc.
161 City View Blvd
Vaughan, ON L4H 0A9

Re: Section of Midhurst 44kV (23M5) Feeder

Dear Mr. Wojcinski,

This letter is to confirm Hydro One Networks Inc.'s ("Hydro One") agreement to sell a section of the Midhurst 44kV (23M5) feeder to PowerStream Inc. ("PowerStream") for \$120,000.00 plus HST, conditional to the OEB's approval. This also confirms that PowerStream supports Hydro One to proceed with the Section 86(1)(b) application without a hearing.

The assets will be sold, following the OEB's approval, on an "as is, where is" basis, pursuant to Hydro One'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:

- Approximately 800meters of the idle 44kV 23M5 circuit from Sunnidale Road to the existing normal open point (AB-B37) at Ferndale Drive, North, including 12 poles, conductors and devices.

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

Thank you for your assistance in this matter.

Yours truly,

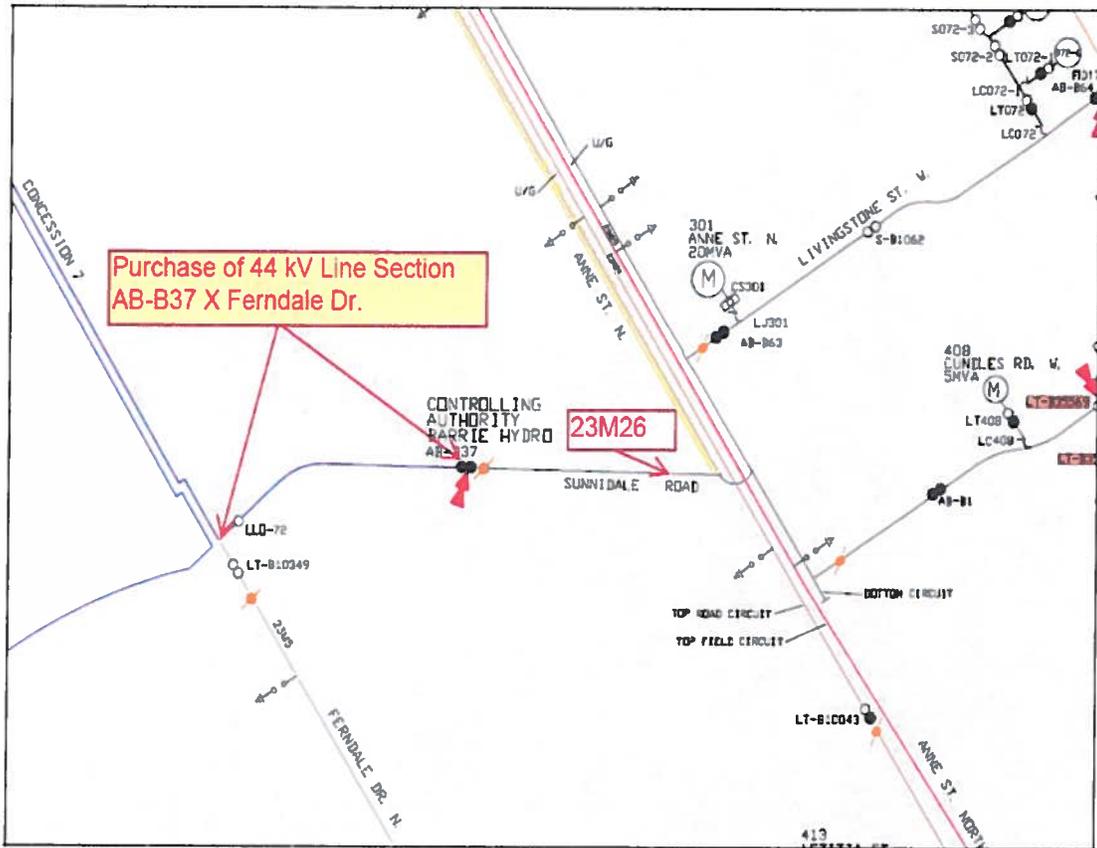

Stefanie S Urbanowicz

Acknowledgement

I, Ted Wojcinski, agree with content, terms and conditions set out in this letter regarding the purchase of a section of the Midhurst 44kV (23M5) feeder for \$120,000.00 plus HST and support Hydro One to proceed with the Section 86(1)(b) application without a hearing.

Per: 
Ted Wojcinski
Vice President, Engineering Planning
POWERSTREAM INC
I have authority to bind the Corporation.

Proposed Purchase of Hydro One 44 kV Line Section on Sunnidaie Rd. (AB-B37 X Ferndale Dr. N.)



ATTACHMENT 2 - Maps

ATTACHMENT 3 - Consent 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

October 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 –BARRIE

This letter has been developed in respect to Hydro One Networks Inc. ("HONI") Joint Use Poles located near the City of Barrie. There are Bell attachments on these 12 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).

This asset sale is located on the corner of Sunnidale Rd and Ferndale Dr, HONI barcode BUTFXA continuing Northeast along Sunnidale Rd. for 12 poles ending at HONI barcode BCGJTZ.

Please document your consent to the above-referenced proposed sale by no later than February 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 21 day of SEPT, 2012.

Bell Canada

[Redacted signature area]

Name: BYRON RECOSKIE
Title: MGR - EXTERNAL LIASION
I have authority to bind the corporation