



EB-2007-0668

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to section 86(1)(b) of the *Ontario Energy Board Act, 1998* by Hydro One Networks Inc. seeking an order granting Hydro One Networks Inc. leave to sell distribution system assets to Burlington Hydro Inc.

By delegation, before: Jennifer Lea

DECISION AND ORDER

On June 22, 2007, Hydro One Networks Inc. ("HONI") filed an application with the Ontario Energy Board under section 86(1)(b) of the *Ontario Energy Board Act, 1998*, (the "Act") for an order granting HONI leave to sell certain assets to Burlington Hydro Inc. ("Burlington").

The assets being sold in this transaction generally consist of HONI's feeder lines A4M5 and A4M6 off HONI's Palermo Transformer Station, and associated hardware. A more specific description of the assets is:

Segment 1: The overhead conductors and associated hardware from the termination point at the steel structure inside Hydro One Network's Palermo Transformer Station property to the first pole on the west side of Hwy 25. The sale includes the first 2 poles of each feeder starting after the steel structure termination point inside the transformer station (4 poles in total). Segment 1 is 6 spans or approximately 310 m in length.

Segment 2: The overhead conductors, wood poles and associated hardware commencing at the first pole on the west side of Hwy 25 and running along the Hydro One right-of-way for approximately 1.12 kms to Burnathorpe Rd. and then

westerly along the north side of Burnathorpe Rd. road allowance for approximately 1.08 kms to Burlington Hydro's service boundary at Tremaine Rd. Segment 2 is approximately 2.2 kms in length.

Segment 1 is located entirely within Oakville Hydro's service territory. Segment 2 is located entirely within Milton Hydro's service territory.

HONI requested, with Burlington's consent, that the Board dispose of this matter without a hearing under section 21(4)(b) of the Act. I find, based on the evidence filed in the application, that no person will be adversely affected in a material way by the outcome of this proceeding. I have therefore disposed of this matter without a hearing.

Section 86(1)(b) of the Act provides that leave of the Board is required before a distributor can "sell, lease or otherwise dispose of that part of its transmission or distribution system that is necessary in serving the public." The assets that are the subject of this transaction are necessary in serving the public, specifically the customers of Burlington.

The application states that upon purchase of the assets, Burlington will benefit by avoiding LV Shared Line charges. The evidence indicates that there is no change in any environmental aspects in the areas surrounding the assets being sold, nor will safety and reliability be affected by the sale. I understand that Burlington will enter into joint use agreements with Oakville Hydro, Milton Hydro and Bell Canada for joint use of the various poles and circuits associated with assets of this sale. The charges for joint use will not be affected by the sale.

The total sale price is \$575,000 plus GST. The evidence indicates that the sale price, which represents the negotiated value of the assets, covers the net book value of the assets as well as an element of future revenue. The application indicates that the sale price ensures that ratepayers for both HONI and Burlington are kept whole, and that there are no rate impacts as a result of the proposed transaction.

Based on the evidence, I find that there are benefits to the proposed transaction, and no negative consequences have been identified. It is therefore in the public interest to grant the application.

The approval of this application should in no way be construed as providing the Board's view as to the merits of any future rate proposal related to the assets that are the subject of this decision and order.

IT IS ORDERED THAT:

Hydro One Networks Inc. is granted leave to sell to Burlington Hydro Inc.:

1. Hydro One Networks Inc.'s feeder lines A4M5 and A4M6 off its Palermo transformer station, and associated hardware consisting of the following:

Segment 1: The overhead conductors and associated hardware from the termination point at the steel structure inside Hydro One Network's Palermo transformer station property to the first pole on the west side of Hwy 25. The sale includes the first 2 poles of each feeder starting after the steel structure termination point inside the transformer station (4 poles in total).

Segment 2: The overhead conductors, wood poles and associated hardware commencing at the first pole on the west side of Hwy 25 and running along the Hydro One right-of-way for approximately 1.12 kms to Burnathorpe Rd. and then westerly along the north side of Burnathorpe Rd. road allowance for approximately 1.08 kms to Burlington Hydro's service boundary at Tremaine Rd.

2. Hydro One Networks Inc. shall advise the Board of the date on which the sale is completed and shall confirm the purchase price paid.

Under section 7(1) of the Act, this decision may be appealed to the Board within 15 days.

ISSUED at Toronto, September 21, 2007

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Special Advisor, Market Operations