



EB-2009-0097

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 leave to sell distribution system assets to
Hydro Ottawa Limited

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Hydro One Networks Inc. ("Hydro One") filed an application with the Ontario Energy Board on March 30, 2009 under section 86(1)(b) of the *Ontario Energy Board Act, 1998*, for an order granting Hydro One leave to sell certain distribution system assets to Hydro Ottawa Limited ("Hydro Ottawa").

The Board assigned file number EB-2009-0097 to the application. By letter dated April 6, 2009, the Board requested clarifying information from the applicant. On April 17, 2009, the applicant filed with the Board the requested information along with an updated application which contained minor revisions to the description of the assets that are the subject of the proposed transaction.

The assets that are the subject of the proposed transaction are included in Hydro One's Fallowfield distribution station and Richmond distribution station and are described in Appendix "A" to this Decision and Order. The assets are located entirely within Hydro Ottawa's service area and are exclusively serving Hydro Ottawa customers. Hydro Ottawa currently pays LV charges to Hydro One for this service.

FINDINGS

Hydro One requested, with Hydro Ottawa'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 other 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 transmitter or 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.

The applicant states that the assets proposed to be sold from Hydro One to Hydro Ottawa exclusively serve and will continue to serve Hydro Ottawa customers and that the proposed transaction will enable Hydro Ottawa to directly monitor and control the subject assets. The evidence demonstrates that the proposed transaction will improve operational flexibility and reliability for the customers served by the subject assets. Furthermore, the applicant states that the transaction will not adversely affect the safety, reliability, quality of service or operational flexibility for other customers of Hydro One or Hydro Ottawa and that there are no environmental issues associated with the transaction.

The total sale price of \$2,830,000 plus GST represents the negotiated commercial value of the assets, which is above their net book value. The applicant states that the price includes an element of future revenue to avoid adverse impact on Hydro One's distribution rates. A letter from Hydro Ottawa filed with the application indicates that Hydro Ottawa anticipates an overall decrease to its delivery charges as a result of this transaction, as the LV charges currently paid to Hydro One for these assets exceeds the forecasted revenue requirement which will result from these assets being included in rate base upon rebasing.

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 Hydro One leave to sell the assets described in Appendix "A" to this Decision and Order to Hydro Ottawa.

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:

1. Hydro One Networks Inc. is granted leave to sell to Hydro Ottawa Limited the assets described in Appendix "A" to this Decision and Order.

ISSUED at Toronto, April 30, 2009

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

APPENDIX "A"

TO DECISION AND ORDER DATED APRIL 30, 2009 BOARD FILE NO. EB-2009-0097

DESCRIPTION OF THE ASSETS TO BE SOLD BY HYDRO ONE TO HYDRO OTTAWA

- Fallowfield DS is a Hydro one-owned facility with a single 115/27.6 kV transformer supplied from circuit S7M. There are high voltage and low voltage structures, with two 27.6 kV feeders coming out of the station. While Hydro One owns the structures and the associated reclosers, Hydro Ottawa owns the 27.6 kV feeders. The station also includes Mobile Unit Substations (MUS) facilities, protections, station fencing and 2.92 acres of land. The proposed sale to Hydro Ottawa includes all assets (including those noted above) located on the transformer side of the live-line openers FAL-LC. Hydro one retains ownership of FAL-LC on the incoming 115 kV supply line.
- Richmond DS is a Hydro One-owned facility with a single 115/8.3 kV transformer supplied from circuit S7M. There are high voltage and low voltage structures, with three 8 kV feeders coming out of the station. While Hydro One owns the structures and the associated reclosers, Hydro Ottawa owns the 8kV egress cables. The station also includes MUS facilities, protections, station fencing and 1.77 acres of land. After the proposed sale, Hydro One will retain ownership of the incoming 115 kV supply line up to, and including the mid-span opener, T1-MSO, and the line drops to the MUS facilities. The proposed sale includes all assets (including those noted above) located past these points.