



EB-2008-0286

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 Oakville Hydro Electricity Distribution Inc.

By delegation, before: Jennifer Lea

DECISION AND ORDER

On August 21, 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 Oakville Hydro Electricity Distribution Inc. ("Oakville Hydro").

The assets being sold in this transaction generally consist of HONI's feeder lines A4M7 and A4M8 off HONI's Palermo Transformer Station, more specifically described as the overhead conductors, associated hardware and poles from the termination point at the steel structure inside Hydro One Network's Palermo Transformer Station property and running to the first pole on the west side of Hwy 25. The assets being sold are 6 spans in total or approximately 310 metres in length.

HONI requested, with Oakville Hydro's consent, that the Board dispose of this matter without a hearing under section 21(4)(b) of the Act. The assets being sold are located entirely within Oakville Hydro's service territory, and will continue to be used to serve Oakville Hydro customers. The evidence indicates that there are no rate impacts expected from this transaction. 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 Oakville Hydro.

The application states that upon purchase of the assets, Oakville 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 Oakville will enter into joint use agreements with Burlington Hydro for joint use of the various poles associated with assets of this sale.

The total sale price is \$33,000 plus GST. The evidence indicates that the sale price, which represents the negotiated value of the assets, is above book value and includes as well future revenue. The application indicates that the sale price ensures that ratepayers for both HONI and Oakville 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 Oakville Hydro Electricity Distribution Inc:

Hydro One Networks Inc.'s feeder lines A4M7 and A4M8 off its Palermo transformer station, and associated hardware consisting of the following: the overhead conductors, associated hardware and poles from the termination point

at the steel structure inside Hydro One Network's Palermo Transformer Station property and running to the first pole on the west side of Hwy 25.

ISSUED at Toronto, September 22, 2008

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects