



**EB-2007-0969**

**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 Formet Industries, a division of Magna  
Structural Systems Inc.

By delegation, before: Jennifer Lea

### **DECISION AND ORDER**

On December 28, 2007, Hydro One Networks Inc. ("Hydro One") 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 Hydro One leave to sell certain assets to Formet Industries, a division of Magna Structural Systems Inc. ("Formet").

The assets being sold in this transaction consist of:

Eight (8) 27.6/0.6 kV transformers with a nameplate capacity of 4000  
KVA, 27.6 kV switching facility including six (6) line switches, two (2)  
27.6 kV feeders and 18 poles.

A full description of the assets can be found in the application. The assets proposed for sale are located entirely on the property of Formet in St. Thomas and serve no other customers.

## Findings

Hydro One requested 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.

The application states that the assets proposed for sale are not surplus to Hydro One’s needs. They are required to provide service to Formet. Hydro One acquired these assets during the de-merger of Ontario Hydro as the result of the assignment of an agreement between Ontario Hydro and Cosma International Inc. (now Formet). Under the agreement, there is a contractual obligation for Hydro One to sell the assets to Formet by December 31, 2007.

The application states that there are no environmental issues associated with the sale. The application also states that the transaction will not adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of Hydro One or Formet.

The total sale price of \$795,000 (including GST) represents the price that was established as the part of the original contract signed on October 15, 1997 by Ontario Hydro and Cosma International Inc. The General Conveyance and Bill of Sale, dated December 10, 2007, signed by both parties was provided as part of the application. Hydro One submits that the sale price is lower than the current net book value, which is approximately \$1.2 million. The application states that there will be no material impact upon distribution ratepayers of Hydro One as a result of this sale.

I find that it is in the public interest to grant Hydro One leave to sell the assets described above to Formet.

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 Formet Industries, a division of Magna Structural Systems Inc. assets generally described as:

Eight (8) 27.6/0.6 kV transformers with a nameplate capacity of 4000 KVA, 27.6 kV switching facility including six (6) line switches, two (2) 27.6 kV feeders and 18 poles.

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

ISSUED at Toronto, March 12, 2008

ONTARIO ENERGY BOARD

*Original signed by*

Jennifer Lea  
Counsel, Special Projects