

Hydro One Networks Inc.

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Allan Cowan

Director - Applications
Regulatory Affairs



November 19, 2007

BY COURIER

Ms. Kirsten Walli
Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Application Respecting Long Term Load Transfers between Hydro One Networks Inc. and
Whitby Hydro Electric Corporation**

Please find attached a Joint Application to address Long Term Load Transfers between Hydro One Networks Inc. ("Hydro One Networks") and Whitby Hydro Electric Corporation ("Whitby Hydro").

This Application would result in the elimination of 27 Long Term Load Transfer ("LTLT") customers existing in proximity to service area boundaries between Hydro One Networks and Whitby Hydro. This Application proposes the transfer of 27 LTLT customers and associated facilities from Whitby Hydro to Hydro One Networks.

This is a combined Application amalgamating and streamlining the elements of a Service Area Amendment and a Section 86b1 Application for LTLTs.

Yours truly,

ORIGINAL SIGNED BY ALLAN COWAN

Allan Cowan

c: Ms. Sandy Gray, Whitby Hydro Electric Corporation

Elimination of Long Term Load Transfers

Between

Hydro One Networks Inc.

And

Whitby Hydro Electric Corporation

Combined Service Area Amendment and Asset Transfer Application

November 19, 2007

Part A: Service Area Amendment and Exemptions

1.1 Basic Facts

This application addresses the elimination of a total of 27 Long Term Load Transfers ("LTLT") customers existing in proximity to service area boundaries between Hydro One Networks Inc ("Hydro One Networks") and Whitby Hydro Electric Corp. ("Whitby Hydro"). This application proposes the transfer of 27 LTLT customers and associated facilities from Whitby Hydro to Hydro One Networks.

This is a combined application amalgamating and streamlining the elements of a Service Area Amendment and a Section 86b1 application for LTLT and associated exemption purposes only.

1.1.1 General

(a) Co-Applicant

Hydro One Networks Inc. ED – 2003 – 0043 ("Hydro One Networks")	
8 TH Floor, South Tower 483 Bay Street Toronto, ON M5G 2P5	Contact Person – Allan Cowan
	Telephone Number – 416-345-6219
	Fax Number – 416-345-5866
	E-mail Address – allan.cowan@hydroone.com

(b) Co-Applicant

Whitby Hydro Electric Corporation ED – 2002-0571 ("Whitby Hydro")	
100 Taunton Road East Whitby, ON L1N 5R8	Contact Person – Sandy Gray
	Telephone Number - 905-668-5878 x235
	Fax Number – 905-666-8374
	E-mail Address – sgray@whitbyhydro.on.ca

(c) Alternate Distributor and Other Parties to the Transaction – None

Elimination of Long Term Load Transfers – Hydro One Networks – Whitby Hydro Electric Corporation

(d) List of Affected LTLT Customers

Table 1
Whitby Hydro's LTLT Customers (total = 27)
Served by Hydro One Networks
proposed to be Transferred to Hydro One Networks

1.1.2 Service Area Amendment

Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA:

This application addresses the elimination of a total of 27 LTLT customers existing in proximity to service area boundaries between Hydro One Networks Inc and Whitby Hydro. This application proposes the transfer of 27 LTLT customers and associated facilities from Whitby Hydro to Hydro One Networks.

This application is consistent with the Board's Amendments to the Distribution System Code, Board File No. – "EB-2007-0005 – Timing for the Elimination of Load Transfers" issued March 12, 2007.

1.1.3 Description of Proposed Service Area

Provide a detailed description of the lands that are the subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands. For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).

- Individual customer addresses found in Section 1.1.1(d)
- Detailed information of all LTLTs are found in Section 1.1.4

Whitby Hydro's LTLTs to be transferred to Hydro One Networks:

- This application is dealing with individual customers located in the Town of Whitby, Concession 9, Part of Lots 21, 22, 23, 24, 25, 26, 31, 32, 33, 34, 35 fronting on south side of Townline Road West, between Lake Ridge Road (Durham Road 23 and Highway 12) and properties fronting on the east side of Lake Ridge Road, south of Townline Road, north of Myrtle Road. Listed below are the individual Customers and the legal description of each Customer as also indicated on the attached maps in Schedule A.

1.1.4 Provide maps/diagrams of the area that is the subject of the SAA application

(a)	Borders of the applicant's service area	See Attached Maps
(b)	Borders of the incumbent distributor's service area	
(c)	Borders of any alternate distributor's service area	
(d)	Territory surrounding the area for which the applicant is making SAA application	
(e)	Geographical and geophysical features of the area including, rivers and lakes, property borders, roads, and major public facilities	
(f)	Existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well).	

1.1.5 Distribution Infrastructure In and Around the Proposed Amendment Area

Elimination of Long Term Load Transfers – Hydro One Networks – Whitby Hydro Electric Corporation

1.2 Efficient Rationalization of the Distribution System

The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency. Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.

1.2.1	In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. The comparison must include the following:
(a)	Location of the point of delivery and the point of connection. <ul style="list-style-type: none">• See list below.

(b)	Proximity of the proposed connection to an existing distribution system. <ul style="list-style-type: none">• Not Applicable
(c)	The fully allocated connection costs for supplying the customer, unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA (Note: the Board will determine

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	<p>if the reason provided is acceptable).</p> <ul style="list-style-type: none"> • Not Applicable
(d)	<p>The amount of any capital contribution required from the customer.</p> <ul style="list-style-type: none"> • Not Applicable
(e)	<p>Costs for stranded equipment that would need to be de-energized or removed.</p> <ul style="list-style-type: none"> • Not Applicable
(f)	<p>Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term.</p> <ul style="list-style-type: none"> • Not Applicable
(g)	<p>Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.</p> <ul style="list-style-type: none"> • Not Applicable
(h)	<p>Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.</p> <ul style="list-style-type: none"> • Not Applicable

1.3 Impacts Arising from the Proposed Amendment

Description of Impacts

1.3.1	<p>Identify any affected customers or landowners.</p> <ul style="list-style-type: none"> • See listing in Section 1.1.1(d)
1.3.2	<p>Provide a description of any impacts on costs, rates, service quality, and reliability for customers <i>in</i> the area. If an assessment of service quality and reliability impacts cannot be provided, explain why.</p> <ul style="list-style-type: none"> • For all customers moving to Hydro One Networks, the current Hydro One Networks rates will be higher than the equivalent current Whitby Hydro distribution rates. • The elimination of the LTLTs will allow Hydro One Networks' to serve the customers more effectively than Whitby Hydro and the service quality will remain the same.
1.3.3	<p>Provide a description of any impacts on costs, rates, service quality, and reliability of any distributor <i>outside</i> the area. If an assessment of service quality and reliability</p>

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	<p>impacts cannot be provided, explain why.</p> <ul style="list-style-type: none"> • Not Applicable
1.3.4	<p>Provide a description of the impacts on each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable.</p> <ul style="list-style-type: none"> • See detailed description of the service area amendment in Section 1.1.3 • See attached map in Section 1.1.4 for description details.
1.3.5	<p>Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.</p> <ul style="list-style-type: none"> • Not Applicable
1.3.6	<p>Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.</p> <ul style="list-style-type: none"> • See Part B (below) – Streamlined Section 86(1) (b) Application Attached.
1.3.7	<p>Identify any customers that are proposed to be transferred to or from the applicant.</p> <ul style="list-style-type: none"> • See Section 1.1.1 (d)
1.3.8	<p>Provide a description of any existing load transfers or retail points of supply that will be eliminated.</p> <ul style="list-style-type: none"> • 27 Whitby Hydro LTLTs will be eliminated as shown on the attached maps in Section 1.1.4.
1.3.9	<p>Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the Distribution System Code (“DSC”)? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e., the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.</p> <ul style="list-style-type: none"> • There are no new Load Transfers being created as a result of the proposed SAA.

Elimination of Long Term Load Transfers – Hydro One Networks – Whitby Hydro Electric Corporation

Evidence of Consideration and Mitigation of Impacts

1.3.10	<p>Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.</p> <ul style="list-style-type: none">• [Pending input from the OEB on Notice process]
1.3.11	<p>Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.</p> <ul style="list-style-type: none">• This is a joint application by both distributors.
1.3.12	<p>Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.</p> <ul style="list-style-type: none">• Not Applicable
1.3.13	<p>Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved.</p> <ul style="list-style-type: none">• Not Applicable – there are no adverse affects expected

1.4 Customer Preference

The Board, in the RP-2003-0044 decision, stated that customer preference is an important, but not overriding consideration when assessing the merits of an SAA.

1.4.1	<p>An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer indicating the customer's preference.</p> <ul style="list-style-type: none">• Not Applicable
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Part B: Transfer of Assets (streamlined S86 (1) (b))

2.0 DESCRIPTION OF THE ASSETS TO BE TRANSFERRED

2.1	<p>Please attach a description of the assets that are the subject of the proposed transaction.</p> <p>The following is a list of LTLT related assets to be transferred from Whitby Hydro to Hydro One Networks as part of this application.</p> <p style="text-align: center;">Related to Whitby Hydro</p> <table border="1"> <thead> <tr> <th>Asset</th><th>Quantity</th><th>Year</th><th>NBV</th></tr> </thead> <tbody> <tr> <td>O/H Transformers</td><td></td><td></td><td></td></tr> <tr> <td>5 kva</td><td>1</td><td>1959</td><td>\$20.00</td></tr> <tr> <td>10 kva</td><td>1</td><td>1956</td><td>\$40.00</td></tr> <tr> <td>10 kva</td><td>2</td><td>1968</td><td>\$90.00</td></tr> <tr> <td>10 kva</td><td>1</td><td>1969</td><td>\$50.00</td></tr> <tr> <td>15 kva</td><td>3</td><td>Unknown</td><td>\$672.00</td></tr> <tr> <td>15 kva</td><td>1</td><td>1975</td><td>\$474.42</td></tr> <tr> <td>15 kva</td><td>1</td><td>1977</td><td>\$290.00</td></tr> <tr> <td>15 kva</td><td>1</td><td>1997</td><td>\$290.00</td></tr> <tr> <td>25 kva</td><td>1</td><td>Unknown</td><td>\$538.00</td></tr> <tr> <td>25 kva</td><td>1</td><td>1974</td><td>\$370.22</td></tr> <tr> <td>25 kva</td><td>1</td><td>1982</td><td>\$400.00</td></tr> <tr> <td>25 kva</td><td>1</td><td>1986</td><td>\$346.00</td></tr> <tr> <td>25 kva</td><td>2</td><td>1987</td><td>\$446.00</td></tr> <tr> <td>25 kva</td><td>1</td><td>1989</td><td>\$352.80</td></tr> <tr> <td>37.5 kva</td><td>1</td><td>1970</td><td>\$345.00</td></tr> <tr> <td>37.5 kva</td><td>1</td><td>1986</td><td>\$358.00</td></tr> <tr> <td>O/H Conductors</td><td>10 meters</td><td>N/A</td><td>N/A</td></tr> <tr> <td>U/G Conductors</td><td>66 meters</td><td>N/A</td><td>N/A</td></tr> <tr> <td colspan="3">Sub Total</td><td>\$5,082.44</td></tr> <tr> <td colspan="3">GST</td><td>\$304.95</td></tr> <tr> <td colspan="3">Total</td><td>\$5,387.39</td></tr> </tbody> </table>	Asset	Quantity	Year	NBV	O/H Transformers				5 kva	1	1959	\$20.00	10 kva	1	1956	\$40.00	10 kva	2	1968	\$90.00	10 kva	1	1969	\$50.00	15 kva	3	Unknown	\$672.00	15 kva	1	1975	\$474.42	15 kva	1	1977	\$290.00	15 kva	1	1997	\$290.00	25 kva	1	Unknown	\$538.00	25 kva	1	1974	\$370.22	25 kva	1	1982	\$400.00	25 kva	1	1986	\$346.00	25 kva	2	1987	\$446.00	25 kva	1	1989	\$352.80	37.5 kva	1	1970	\$345.00	37.5 kva	1	1986	\$358.00	O/H Conductors	10 meters	N/A	N/A	U/G Conductors	66 meters	N/A	N/A	Sub Total			\$5,082.44	GST			\$304.95	Total			\$5,387.39	
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2.2	<p>Please indicate where the assets are located – whether in the applicant's service territory or in the proposed recipient's service territory (if applicable). Please include a map of the location.</p> <p><u>Hydro One Networks – Whitby Hydro Service Area :</u></p> <ul style="list-style-type: none"> The assets are located in the Town of Whitby, Concession 9, fronting on south 																																																																																													

Elimination of Long Term Load Transfers – Hydro One Networks – Whitby Hydro Electric Corporation

	<p>side of Townline Road West, between Lake Ridge Road (Durham Road 23 and Highway 12) and properties fronting on the east side of Lake Ridge Road, south of Townline Road, north of Myrtle Road.</p> <ul style="list-style-type: none"> See attached map in Section 1.1.4 of Whitby Hydro's service area amendment. 	
2.3	<p>Are the assets surplus to the applicant's needs? If yes, please indicate why, and since when.</p> <ul style="list-style-type: none"> These assets have been serving the customers for several years. It would be uneconomical for Whitby Hydro to remove these assets and for Hydro One Networks' to install new conductors to serve these customers. Hydro One Networks' has agreed to purchase these assets from Whitby Hydro for net book value. 	
2.4	<p>Are the assets useful to the proposed recipient or any other party in serving the public? If yes, please indicate why.</p> <ul style="list-style-type: none"> The assets purchased by Hydro One Networks' will continue to supply the load to the existing customers at the same location as they are being served presently. This is just an ownership change. 	
2.5	<p>Please indicate which utility's customers are currently served by the assets.</p> <ul style="list-style-type: none"> 27 Whitby Hydro's customers. 	
2.6	<p>Please indicate which utility's customers will be served by the assets after the transaction and into the foreseeable future.</p> <ul style="list-style-type: none"> 27 Whitby Hydro LTLT customers (currently served from Hydro One Networks' service area) will become Hydro One Networks' customers and will be served by Hydro One Networks' using the assets after the transaction. 	

3.0 DESCRIPTION OF THE PROPOSED TRANSACTION

3.1	<p>Please indicate if the proposed transaction will be a sale, lease or other (please specify).</p> <ul style="list-style-type: none">The transaction will be a sale.	
3.2	<p>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.</p> <ul style="list-style-type: none">The Net Book Value plus GST for this sale is \$5,387.39. Details are found in Section 2.1.	
3.3	<p>Would the proposed transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties? If yes, please specify how.</p> <ul style="list-style-type: none">No	
3.4	<p>Would the proposed transfer impact distribution or transmission rates of the applicant? If yes, please specify how.</p> <ul style="list-style-type: none">No	
3.5	<p>Will the transaction adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of the applicant or the proposed recipient? If yes, please specify how.</p> <ul style="list-style-type: none">Safety and reliability will remain the same. There is no change in any environmental aspects in the areas surrounding the assets being sold.	

4.0: OTHER INFORMATION

It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.

Elimination of Long Term Load Transfers – Hydro One Networks – Whitby Hydro Electric Corporation

5.0: WRITTEN CONSENT/JOINT AGREEMENT

Both parties Hydro One Networks Inc. and Whitby Hydro Electric Corp. agree to all the statements made in this application.

ORIGINAL SIGNED BY ALLAN COWAN

Allan Cowan, Director Applications
Hydro One Networks Inc.

ORIGINAL SIGNED BY SANDY GRAY

Sandy Gray, Director – Asset Management/Planning
Whitby Hydro Electric Corporation

Dated: Nov 19, 2007 _____

November 16, 2007 _____

6.0: REQUEST FOR NO HEARING

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 and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND
 - (b) The proposed recipient's written consent to the disposal of the application without a hearing.
- (a) Both parties to this application request no hearing.

The assets being sold in this transaction are part of a Service Area Amendment application to eliminate Whitby Hydro's LTLTs in Hydro One Networks' service area as requested in the Board's Amendments to the Distribution System Code, Board File No. – "EB-2007-0005 – Timing for the Elimination of Load Transfers" issued March 12, 2007.

- (b) The signature on this application acknowledges agreement to dispose of this application without a hearing.

ORIGINAL SIGNED BY ALLAN COWAN

Allan Cowan, Director Applications
Hydro One Networks Inc.

ORIGINAL SIGNED BY SANDY GRAY

Sandy Gray, Director – Asset Management/Planning
Whitby Hydro Electric Corp.

Dated: Nov 19, 2007

November 16, 2007