

Hydro One Networks Inc.
8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-6219
Fax: (416) 345-5866
allan.cowan@HydroOne.com

Allan Cowan
Director - Applications
Regulatory Affairs



November 15, 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 PowerStream Inc.

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

This Application would result in the elimination of 68 Long Term Load Transfer ("LTLT") customers existing in proximity to service area boundaries between Hydro One Networks and PowerStream. This Application proposes the transfer of 68 LTLT customers and associated facilities from Hydro One Networks to PowerStream.

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

Documents filed in this proceeding should be served on Hydro One Networks and Powerstream as follows –

Hydro One Networks

Mr. Glen MacDonald
Senior Advisor – Regulatory Research and Administration
Regulatory Affairs
Hydro One Networks

Address for Personal service: 8th Floor, South Tower
483 Bay Street
Toronto, Ontario
M5G 2P5

Address for Mail service: 8th Floor, South Tower
483 Bay Street
Toronto, Ontario
M5G 2P5

Telephone: 416-345-5913

Fax: 416-345-5866

Electronic Mail: regulatory@HydroOne.com

PowerStream Inc.

Ms. Paula Conboy
PowerStream Inc.

Address for Personal service: 8100 Warden Avenue
Box 4100
Markham, Ontario
L3R 8H7

Address for Mail service: 8100 Warden Avenue
Box 4100
Markham, Ontario
L3R 8H7

Telephone: 905-417-6992

Fax: 905-417-6911

Electronic Mail: paula.conboy@powerstream.ca

Sincerely,

ORIGINAL SIGNED BY ALLAN COWAN

Allan Cowan

c: Ms. Paula Conboy, PowerStream Inc.

Elimination of Long Term Load Transfers

Between

Hydro One Networks Inc.

And

PowerStream Inc.

Combined Service Area Amendment and Asset Transfer Application

November 6, 2007

Part A: Service Area Amendment and Exemptions

1.1 Basic Facts

This application addresses the elimination of a total of 68 Long Term Load Transfers (“LTLT”) customers existing in proximity to service area boundaries between Hydro One Networks Inc. (“Hydro One Networks”) and PowerStream Inc. (“PowerStream”). This application proposes the transfer of 68 LTLT customers and associated facilities from Hydro One Networks to PowerStream.

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

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

PowerStream Inc. –ED-2004-0420	
8100 Warden Ave., Box 4100 Markham, ON L3R 8H7	Contact Person – Paula Conboy
	Telephone Number – 905-417-6992
	Fax Number – 905-417-6911
	E-mail Address – paula.conboy@powerstream.ca

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

Elimination of Long Term Load Transfers – Hydro One Networks Inc. – PowerStream Inc.

(d) List of Affected LTLT Customers

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 68 LTLT customers existing in proximity to service area boundaries between Hydro One Networks and PowerStream. This application proposes the transfer of 68 LTLT customers and associated facilities from Hydro One to PowerStream.

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

Hydro One Networks' LTLT to be transferred to PowerStream:
Detailed Current and Proposed Service Area Descriptions

- The centre line of Bathurst Street is the existing service area territory for Hydro One Networks and PowerStream, where Hydro One Networks services the west side and PowerStream services the east. Heading north on Bathurst Street, Hydro One Networks is to transfer sixty of its LTLT customers, ranging from two lots north of King Vaughn Road up to two lots north of St. John's side road. The spanned area includes King Road, Bloomington (15th side road), 16th side road and Wellington (17th side road).
- Section B of PowerStream Inc./ Hydro One Networks Inc. LTLT map found in Section 1.1.4 describes the new service area territory for PowerStream on Bathurst Street, which now also includes some of the lots bordering its west side. Its southern boundary is marked by two lots north of King Vaughn Road, sliding westwards to include all the customers up to four lots south of Bloomington. In that, the existing boundary situated above King Road, is to extend two-hundred metres towards west to include customer #12 as indicated in Section 1.1.4. The centre line on Bathurst Street remains the separating boundary from four lots south of Bloomington to one lot north of the railway crossing. There onwards, up to Lot 24 (south of St. John's side road), all the customers on west side of Bathurst Street and those on 16th side road, excluding Lot 20 – just south of Wellington Street, are to be transferred to PowerStream. The existing boundary remains unchanged up to two lots north of St. John's side road, which finally draws the northern boundary on Bathurst Street.
- On 7th Concession of the Town of King, the existing service area boundary between PowerStream and Hydro One Networks lies two lots north of King Vaughn Road. The 7th Concession is a dead end road due to a large conservation area and thus, restricts growth and the extension of the road.
- PowerStream's new service area territory is to encompass all customers bordering 7th Concession of King, from two lots north of King Vaughan Road up to its dead end. As such, Hydro One Networks is to transfer eight of its customers to PowerStream as shown in Section A of PowerStream Inc. / Hydro One Networks Inc. LTLT map found in Section 1.1.4.

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 Map
(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).	

1.2 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.

Elimination of Long Term Load Transfers – Hydro One Networks Inc.– PowerStream Inc.

(b)	<p>Proximity of the proposed connection to an existing distribution system.</p> <ul style="list-style-type: none"> • Not Applicable
(c)	<p>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 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"> • To ensure there is no potential sale or transfer of PCB equipment, PowerStream at its schedule will remove Hydro One Networks' transformers in PowerStream's service area and install their own. Hydro One Networks' will receive these transformers from PowerStream within two year of the Board's approval. There are no material costs associated with this transaction for Hydro One Networks. • PowerStream will seek recovery of these costs when the assets are in service.
(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	Identify any affected customers or landowners.
-------	--

Elimination of Long Term Load Transfers – Hydro One Networks Inc.– PowerStream Inc.

	<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 PowerStream, the current rates will be lower than the equivalent current Hydro One Networks' distribution rates. The operation centre for PowerStream is close to the new customers and the service quality will remain the same. There is no impact on PowerStream's rates as a result of this transaction.
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 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"> PowerStream at its schedule over the next two years will remove and return Hydro One Networks' transformers and install their own. PowerStream will deliver the Hydro One Networks' owned transformers to Hydro One Networks' Newmarket Operations Centres as appropriate for Hydro One Networks to dispose or replace into stock.
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"> 68 Hydro One Networks' LTLTs will be eliminated in the short term as shown on the

Elimination of Long Term Load Transfers – Hydro One Networks Inc.– PowerStream Inc.

	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.

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 further input from the OEB on Notice process] <p>Subject to further Board direction, PowerStream proposes to notify the affected customers by way of direct mailing and by indicating to the customers that the rates have decreased as a result of the transfer and that the standard of service will not be affected by the transaction. As a result PowerStream does not envision any customer opposition to this transaction.</p>
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.

Elimination of Long Term Load Transfers – Hydro One Networks Inc.– PowerStream Inc.

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
-------	--

Part B: Transfer of Assets (streamlined S86(1)(b))

2.0 DESCRIPTION OF THE ASSETS TO BE TRANSFERRED

2.1

Please attach a description of the assets that are the subject of the proposed transaction.

The following is a list of LTLT related assets to be transferred from Hydro One Networks to PowerStream as part this application.

Related to PowerStream Service Area (ED – 2004 – 0420)

Asset	Quantity	Year	NBV
Poles, Towers & Fixtures	7	1955	28.99
	1	1963	26.00
	4	1967	268.17
	31	1979	1,283.91
	1	1980	318.91
	1	1982	542.36
	1	1983	746.97
	1	1986	913.05
	10	1993	29,542.16
	2	1996	7,293.67
	4	1998	10,711.08
	1	2003	4,560.49
O/H Conductor & Devices	30m	1956	N/A
	100m	1963	N/A
	490m	1967	17.21
	30m	1973	5.25
	100m	1979	81.33
	130m	1980	117.86
	30m	1993	380.81
	80m	1998	726.44
	25	1978	1,279.78
	19	1993	5,007.25
U/G Conductor & Devices	30m	1978	N/A
	420m	1993	2,752.25
O/H Transformers			
<=25 KVA	1978	19	2,156.06
<=25 KVA	1993	2	1,488.88
50 KVA	1978	5	1,009.77

Elimination of Long Term Load Transfers – Hydro One Networks Inc.– PowerStream Inc.

	75 KVA	1978	3	808.51
	75 KVA	1993	1	1,267.32
	100 KVA	1978	1	380.97
	U/G Transformers			
	0-50 KVA	1978	7	2,296.28
	0-50 KVA	1990	1	1,479.89
	0-50 KVA	1993	2	3,749.29
	75 KVA	1999	1	7,953.77
	100 KVA	1978	2	1,096.34
	150 KVA	1978	1	1,035.73
	500 KVA	1977	1	2,056.64
	Sub Total			\$93,464.07
	GST			\$5,607.84
	Total			\$99,071.91
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 – PowerStream (PowerStream Service Area):</u></p> <ul style="list-style-type: none"> These assets are located in PowerStream's new service area territory (as proposed by this application) which encompasses the east side of Bathurst Street, south to King Vaughn Road and north to St. John's side road of the Town of Richmond Hill and Aurora. In addition on 7th Concession north of King Vaughn Road of the Town of King. See PowerStream Inc./Hydro One Networks' LTLT map found in Section 1.1.4. 			
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 Hydro One Networks' to remove these assets and for PowerStream to install new equipment to serve these customers with the exception of those that potentiality may arise as outlined in 1.2.1 (e). PowerStream has agreed to purchase the assets listed in 2.1 from Hydro One Networks' for net book value. PowerStream will seek recovery of the cost of these assets in its next rebasing application. However the magnitude of the costs will have a negligible impact on distribution rates. 			
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 PowerStream 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. 			

Elimination of Long Term Load Transfers – Hydro One Networks Inc. – PowerStream Inc.

2.5	<p>Please indicate which utility's customers are currently served by the assets.</p> <ul style="list-style-type: none"> 68 Hydro One Networks 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"> 68 Hydro One LTLT customers (currently served from PowerStream's service area) will become PowerStream's customers and will be served by PowerStream 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. PowerStream will own the assets specified above. Within two years of application approval, PowerStream has the option of removing from service the transformers they are purchasing herein and returning these to Hydro One for disposition. There are no transaction costs associated with this potential return of assets. 	
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 \$99,071.91. 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. PowerStream's rate base is approximately \$480 million; therefore the magnitude of the costs outlined in this application will have a negligible impact on rates. 	
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 Inc. – PowerStream Inc.

5.0: WRITTEN CONSENT/JOINT AGREEMENT

Both parties Hydro One Networks Inc. and PowerStream Inc. 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 PAULA CONBOY

Paula Conboy, Director of Regulatory and
Government Affairs
PowerStream Inc.

Dated: Nov. 15, 2007

Nov 15, 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 Hydro One Networks' LTLT's in PowerStream's 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 PAULA CONBOY

Paula Conboy, Director of Regulatory and
Government Affairs
PowerStream Inc.

Dated: Nov. 15, 2007

Nov. 15, 2007