



**EB-2008-0012**

**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 Norfolk Power Inc.

**By delegation, before:** Jennifer Lea

### **DECISION AND ORDER**

On January 11, 2008, 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, for an order granting Hydro One leave to sell certain assets to Norfolk Power Inc. ("Norfolk").

The assets being sold in this transaction consist of feeders 57M3, 57M4 and the lateral tap of 22M6.

A full description of the assets can be found in the application. The assets are located entirely within Norfolk's service area. The application states that Norfolk has been using a part of 57M4. Except for the lateral tap of 22M6, the remaining feeders are used to provide backup capabilities for both Hydro One and Norfolk.

On completion of the proposed sale transaction, these assets will be used to serve the customers of Norfolk.

## Findings

Hydro One requested, with Norfolk'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 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 once the proposed transaction is complete, Norfolk will integrate these feeders to better supply their customers and accommodate future expansion due to customer growth.

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

The total sale price of \$475,000 plus GST represents the negotiated commercial value.

The application further states that the assets used for backup capabilities are only used on rare occasions (i.e. once in a 10 year time-frame or less) and the 57M3 and part of 57M4 are sitting idle most of the time. For this reason, Hydro One has determined that these assets are not needed and would be removed if it retained ownership.

With respect to this sale, the application states that the avoided removal cost would be \$60,000. As the net book value of the assets is \$526,000, the adjusted economic value is \$466,000. The sale price of \$475,000 is close to the adjusted economic value of these assets. And the application also states that this would result in minimal rate impacts for either the seller or buyer's customers.

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 Norfolk Power Inc. assets generally described as feeders 57M3, 57M4 and the lateral tap of 22M6 and they include:

1. All Hydro One plant along Blueline Road between Concession 13 and Hwy. 6;
2. One circuit of Hydro One's double circuit Norfolk TS M6 located on Concession 13 Townsend;
3. All Hydro One Plant west of Blueline Road Concession 6 to the boundary of the Town of Simcoe;
4. All Hydro One's 27.6 kV plant on Concession 6 east of Blueline Road to the Norfolk Power-Haldimand Hydro service boundary; and
5. All Hydro One plant west of the Blueline Road along Hwy. 6 and Hwy. 24 South within Norfolk Power's service boundary but excluding Hydro One assets on Hillcrest Road South between United Church Road north to St. Johns Road.

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

ISSUED at Toronto, April 4, 2008

ONTARIO ENERGY BOARD

*Original signed by*

Jennifer Lea  
Counsel, Special Projects