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Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

July 4, 2012

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Hydro One Networks Inc. and Kitchener-Wilmot Hydro Inc. – Service Area Amendment and a Section 86(1)(b) Application for Long Term Load Transfers

Please find attached a Joint Application to address Long Term Load Transfers (“LTLT”) between Hydro One Networks Inc. and Kitchener-Wilmot Hydro Inc.

This is a combined Application amalgamating and streamlining the elements of a Service Area Amendment and a Section 86 (1)(b) Application for LTLTs.

Should you have any questions on this application, please contact Yoon Kim at (416) 345-5228 or via email at Yoon.Kim@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY ANDREW SKALSKI

Andrew Skalski

Attachment

c: Jerry Van Ooteghem, Kitchener-Wilmot Hydro Inc.

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**Joint Application for
Combined Service Area Amendment and
Asset Transfer Application**

**Hydro One Networks Inc.
And
Kitchener-Wilmot Hydro Inc.**

June 22, 2012

7.0 INTRODUCTION

This application for a Service Area Amendment is structured and follows the minimum filing requirement for SAA assigned by the Ontario Energy Board. The section numbers follow the filing requirement of the base reference.

- Hydro One Networks Inc. ("Hydro One") and Kitchener-Wilmot Hydro Inc. ("Kitchener-Wilmot Hydro") are making this service area amendment and asset transfer application to the Ontario Energy Board ("the Board") to address the elimination of nineteen (19) Long Term Load Transfer (LTLT) customers existing in proximity to service area boundaries between Hydro One and Kitchener-Wilmot Hydro.
- Kitchener-Wilmot Hydro plans to rebuild and convert two sections of line from single-phase / 3-phase 4.8/8kV to single-phase / 3-phase 16/27.6kV on Oxford-Waterloo Road on the boundary between the Township of Wilmot and the Township of Blandford-Blenheim. The Line (40 -50 years old) serves Kitchener-Wilmot Hydro customers on the north side and 17 Hydro One LTLT customers on the south side.
- Another 2 Hydro One LTLT customers on 3033 and 3063 Trussler Rd (within the boundary of the Township of Blandford-Blenheim) will also be impacted by Kitchener-Wilmot Hydro's voltage conversion plan.
- Based on Kitchener-Wilmot Hydro's rebuild plans, Hydro One concluded that it would be more cost efficient for Kitchener-Wilmot Hydro to assume and serve the nineteen (19) Hydro One customers.
- This amendment will eliminate nineteen (19) LTLT customers upon the Board's approval of this application.
- This is a combined application amalgamating and streamlining the elements of a Service Area Amendment and a Section 86(1)(b) application for LTLT.

7.1 BASIC FACTS

GENERAL

7.1.1 (a)

*Provide the contact information for the applicant
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

Co-Applicant: Hydro One Networks Inc.
Contact Information: Yoon Kim
Applications Analyst – Regulatory Affairs
483 Bay Street
8th Floor, South Tower
Toronto, ON M5G 2P5
Phone: 416-345-5228
Email: yoona.kim@hydroone.com

Co-Applicant: Kitchener-Wilmot Hydro Inc.
Contact Information: Jerry Van Ooteghem
President and CEO
301 Victoria St S
P.O. Box 9010
Kitchener, ON N2G 4L2
Phone: 519-745-4774 ext. 280
Email: jvanooteghem@kwhydro.ca

7.1.1 (b)

*Provide the contact information for the incumbent distributor
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

- Not Applicable

7.1.1 (c)

*Provide every affected customer, landowner, and developer in the area that is the subject of the SAA Application
Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person*

- See "Attachment 1 – Confidential List of Affected LTLT Customers".

7.1.1 (d) & (e)

Provide any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application; and any representative of the persons listed above including, but not limited to, a legal representative

- There is no alternate distributor.

7.1.2 REASONS FOR APPROVAL OF THIS AMENDMENT

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

- Kitchener-Wilmot Hydro plans to rebuild and convert two sections of line from single-phase / 3-phase 4.8/8kV to single-phase / 3-phase 16/27.6kV on Oxford-Waterloo Road on the boundary between the Township of Wilmot and the Township of Blandford-Blenheim. The Line (40 -50 years old) serves Kitchener-Wilmot Hydro customers on the north side and 17 Hydro One LTLT customers on the south side. Another 2 Hydro One LTLT customers on 3033 and 3063 Trussler Rd (within the boundary of the Township of Blandford-Blenheim) will also be impacted by Kitchener-Wilmot Hydro's voltage conversion plan.
- Based on Kitchener-Wilmot Hydro's rebuild plans Hydro One concluded that it would be more cost efficient for Kitchener-Wilmot Hydro to assume and serve the nineteen (19) Hydro One customers.

- This amendment will eliminate nineteen (19) LTLT customers upon the Board's approval of this application.

DESCRIPTION OF PROPOSED SERVICE AREA

7.1.3

(a) 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).

- 17 customers are located on the south side of Oxford-Waterloo Road between Trussler Road and Sandhills Drive, 2 customers are located on the west side of Trussler Road (south of Oxford-Waterloo Road).
- All of the 19 Hydro One LTLT customers are supplied by Kitchener-Wilmot Hydro's distribution system. There is no cost efficient supply option for Hydro One to feed these customers as there is no supply point nearby. If Hydro One were to construct facilities to connect these customers, the estimated cost would be more than \$500,000. Since Kitchener-Wilmot Hydro is rebuilding and converting the lines that are 40-50 years old in the area it would not be cost efficient for Hydro One to incur significant capital costs to build facilities to serve these customers, nor would it be sensible for the affected customers to bear these capital costs. Hydro One agrees to transfer these customers to Kitchener-Wilmot Hydro's service area and Kitchener-Wilmot Hydro will seek an amendment to its licence to include these customers.
- Detailed information of the affected customers are found in "Attachment 1 – Confidential List of Affected Customers" and "Attachment 2 – Confidential - SAA Application Map"

(b) Provide geographic descriptions of the lands that are subject of the SAA application and how they should be reflected on Schedule 1 of the applicants' electricity distribution licences.

Hydro One and Kitchener-Wilmot Hydro Licence Amendments

Hydro One Networks Inc. (ED-2003-0043)

APPENDIX B – TAB 4

Name of Municipality:	Township of Blandford-Blenheim
Formerly Known As:	County of Oxford, Township of Blenheim, Township of Blandford-Blenheim, as at March 31, 1999
Area Not Served By Networks:	The area served by Cambridge and North Dumfries Hydro Inc. as particularly set out in Licence No. ED-2000-0574. The area served by Kitchener-Wilmot Hydro Inc. as particularly set out in Licence No. ED-2002-0573.
Networks assets within area	

not served by Networks: Yes

Customer(s) within area not

served by Networks: No

→ Upon approval of this application, this will be added

Kitchener-Wilmot Hydro Inc. (ED-2002-0573)

SCHEDULE 1 DEFINITION OF SERVICE AREA

The customers in the Township of Blandford-Blenheim located at:

- 967192, 967244, 967268, 967324, 967372, 967376 (two customers), 967418, 967470, 967520, 967530, 967590, 967610, 967638 (two customers), 967672, and 967720 Oxford-Waterloo Road
- 3033 and 3063 Trussler Road

→ Upon approval of this application, this will be added

7.1.4

Provide one or more maps or diagrams of the area that is the subject of the SAA application

- See "Attachment 2 - Confidential - SAA Application Map".

7.1.4 (a)

Borders of the applicant's service area

- See "Attachment 2 - Confidential - SAA Application Map".

7.1.4 (b)

Borders of the incumbent distributor's service area

- See "Attachment 2 - Confidential - SAA Application Map".

7.1.4 (c)

Borders of any alternate distributor's service area

- Not Applicable

7.1.4 (d)

Territory surrounding the area for which the applicant is making SAA application

- See "Attachment 2 - Confidential - SAA Application Map".

7.1.4 (e)

Geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities

- See “Attachment 2 - Confidential - SAA Application Map”.

7.1.4 (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)

- See “Attachment 2 - Confidential - SAA Application Map”.

DISTRIBUTION INFRASTRUCTURE IN AND AROUND THE PROPOSED AMENDMENT AREA

7.1.5

Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).

- The proposed physical connections between Hydro One and Kitchener-Wilmot Hydro are found in “Attachment 1 – Confidential – List of Affected Customers” In addition, “Attachment 2 – Confidential – SAA Application Map” shows the service area expansion.

7.1.6

Provide a description of the applicant’s plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application.

Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application.

- Kitchener-Wilmot Hydro does not have any plan for expansion in land adjacent to the area that is the subject of the SAA application.

7.2 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.

- This application is dealing with individual customers located on the boundary of the Township of Blandford-Blenheim. 17 customers are located on the south side of Oxford-Waterloo Road between Trussler Road and Sandhills Drive, 2 customers are located on the west side of Trussler Road (south of Oxford-Waterloo Road).
- All of the 19 Hydro One LTLT customers are supplied by Kitchener-Wilmot Hydro's distribution system. There is no feasible cost effective supply option for Hydro One to feed these customers as there is no supply point nearby. If Hydro One were to construct facilities to connect these customers, the estimated cost would be more than \$500,000. Since Kitchener-Wilmot Hydro is rebuilding and converting the lines that are 40-50 years old in the area, it would not be cost efficient for Hydro One to incur significant capital costs to build facilities to serve these customers, nor would it be sensible for the affected customers to bear these capital costs. Hydro One agrees to transfer these customers to Kitchener-Wilmot Hydro.

7.2.1 ECONOMIC AND ENGINEERING EFFICIENCY

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.

(NOTE: (a), (b), (c), (d), (e), (f), (g), (h))

7.2.1 (a)

Location of the point of delivery and the point of connection

- The point of delivery and point of connection are at the following facilities – Kitchener #3 DS – 8kV Feeder 3DS2 and 3DS3. Kitchener #3 DS is supplied by Kitchener Wilmot #9 TS 27.6kV Feeder 9M7.
- See “Attachment 1 – Confidential – List of Affected Customers”.

7.2.1 (b)

Proximity of the proposed connection to an existing, well developed electricity distribution system

- All of the 19 Hydro One LTLT customers are currently connected to Kitchener-Wilmot Hydro's 8kV distribution system from Kitchener #3 DS.
- Kitchener-Wilmot Hydro plans to rebuild the pole line sections that supply the impacted Hydro One LTLT customers and convert the supply voltage from 8kV to 27.6kV. All of the 19 Hydro One LTLT customers will be connected to Kitchener-Wilmot Hydro's 27.6kV system.
- The proposed connection point to Kitchener-Wilmot Hydro's 27.6kV distribution system (Wilmot #9 TS 27.6kV feeder 9M7) will be made at the intersection of Bridge St and Queen Street according to Kitchener-Wilmot Hydro's rebuild plan.
- See “Attachment 2 – Confidential – SAA Application Map”.

7.2.1 (c)

The fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs are unnecessary for the proposed SAA
(Note: the Board will determine if the reason provided is acceptable).

- There is no feasible cost efficient supply option for Hydro One to feed these customers. If Hydro One were to construct facilities to connect these customers the estimated cost would be more than \$500,000.
- The existing LTLT customers are presently supplied by Kitchener-Wilmot Hydro and will continue to be supplied at no additional connection cost.

7.2.1 (d)

The amount of any capital contribution required from the customer

- Capital contributions are not required from customers to be transferred to Kitchener-Wilmot Hydro.

7.2.1 (e)

Costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed

- No equipment will be stranded as a result of this application.

7.2.1 (f)

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

- The area infrastructure reliability will improve as a result of the proposed rebuilt lines.

7.2.1 (g)

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

- Kitchener-Wilmot Hydro plans to rebuild and convert two sections of line from single-phase / 3-phase 4.8/8kV to single-phase / 3-phase 16/27.6kV on Oxford-Waterloo Road on the boundary between the Township of Wilmot and the Township of Blandford-Blenheim. The line sections are 40 - 50 years old and are required to be rebuilt and converted. This should provide for cost efficient expansion if there is growth potential in the area that is the subject of this SAA and in the region adjacent to the area that is the subject of this SAA.

7.2.1 (h)

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.

- 1 • See section 7.2.1 (g)

2 3 4 **7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT**

5 6 **Description of Impacts**

7 8 9 **7.3.1**

10 *Identify any affected customers or landowners.*

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14 • See “Attachment 1 – Confidential – List of Affected Customers”.

15 16 **7.3.2**

17 *Provide a description of any impacts on costs, rates, service quality, and reliability for customers in the*
18 *area that is the subject of the SAA application that arise as a result of the proposed SAA. If an*
19 *assessment of service quality and reliability impacts cannot be provided, explain why.*

- 20
21
22 • The affected customers being transferred to Kitchener-Wilmot Hydro upon the OEB’s approval
23 of this SAA will see a decline in their electricity costs. Kitchener-Wilmot Hydro’s rates are
24 lower than the equivalent Hydro One distribution rates.
25
26 • Attachment 3 contains a spread sheet showing Hydro One LTLT customers’ average monthly
27 delivery bill based on the average consumptions for the past year had they been billed using
28 Hydro One’ rates, Kitchener-Wilmot Hydro’s rates and the average monthly difference.
29
30 • The elimination of the LTLTs will allow Kitchener-Wilmot Hydro to serve the customers more
31 effectively and the service quality will improved as a result of the rebuild line project.

32 33 **7.3.3**

34 *Provide a description of any impacts on costs, rates, service quality, and reliability for customers of*
35 *any distributor outside the area that is the subject of the SAA application that arise as a result of the*
36 *proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain*
37 *why.*

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40 • There are no impacts as a result of the proposed SAA.

41 42 **7.3.4**

43 *Provide a description of the impacts on each distributor involved in the proposed SAA. If these impacts*
44 *have already been described elsewhere in the application, providing cross-references is acceptable.*

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48 • See detailed description of the service area territory in Section 7.1.3.
49
50 • See “Attachment 2 – Confidential - SAA Application Map”.

51 52 **7.3.5**

53 *Provide a description of any assets which may be stranded or become redundant if the proposed SAA is*
54 *granted.*

- No assets will be stranded as a result of the proposed SAA.

7.3.6

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.

- See Part B: Transfer of Assets.

7.3.7

Identify any customers that are proposed to be transferred to or from the applicant.

- See “Attachment 1 – Confidential – List of Affected Customers”.

7.3.8

Provide a description of any existing load transfers or retail points of supply that will be eliminated.

- See section 7.1.3.

7.3.9

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.

- There are no new Load Transfers being created as a result of the proposed SAA.

EVIDENCE OF CONSIDERATION AND MITIGATION OF IMPACTS

7.3.10

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.

- Customers will be notified pending direction from the OEB on Notice process as per OEB letter dated November 23, 2007 on “Guidance to Electricity Distributors with Respect to Filing

1 **Applications for Service Area Amendment and Applications under Section 86.(1)(b) of the**
2 **Ontario Energy Board Act to Eliminate Long Term Load Transfers”**

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5 **7.3.11**

6 *Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it*
7 *consents to the application.*

- 8
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10 • **Not Applicable – Joint Application**

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12 **7.3.12**

13 *Provide a written response from all affected customers, developers, and landowners consenting to the*
14 *application, if applicable.*

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18 • **Not Applicable – customers have not been notified as per section 7.3.10.**

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21 **7.3.13**

22 *Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved*
23 *(i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).*

- 24
25
26 • **The affected customers will see a reduction in overall electricity costs.**

27
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29 **7.4 CUSTOMER PREFERENCE**

30
31 **7.4.1**

32 *An applicant who brings forward an application where customer choice may be a factor must provide a*
33 *written statement signed by the customer (which includes landowners and developers) indicating the*
34 *customer's preference.*

- 35
36
37 • **Not Applicable.**

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40 **7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS**

41 *If there is no agreement among affected persons regarding the proposed SAA, the applicant must file*
42 *the additional information set out below.*

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45 • **Not Applicable**

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48 **7.5.1**

49 *If the application was initiated due to an interest in service by a customer, landowner, or developer,*
50 *evidence that the incumbent distributor was provided an opportunity to make an offer to connect that*
51 *customer, landowner, or developer.*

- 52
53
54 • **Not Applicable**

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2 **7.5.2**

3 *Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect*
4 *from the applicant and any alternate distributor bordering on the area that is the subject of the SAA*
5 *application.*
6

- 7
8 • **Not Applicable**
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11 **7.5.3**

12 *Actual copies of, as well as a summary of, the offer(s) to connect documentation (including any*
13 *associated financial evaluations carried out in accordance with Appendix B of the Distribution System*
14 *Code). The financial evaluations should indicate costs associated with the connection including, but not*
15 *limited to, on-site capital, capital required to extend the distribution system to the customer location,*
16 *incremental up-stream capital investment required to serve the load, the present value of incremental*
17 *OM&A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue*
18 *shortfall, and the capital contribution requested.*
19

- 20
21 • **Not Applicable**
22

23 **7.5.4**

24 *If there are competing offers to connect, a comparison of the competing offers to connect the customer,*
25 *landowner, or developer.*
26

- 27
28 • **Not Applicable**
29

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31 **7.5.5**

32 *A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor*
33 *to serve the area that is the subject of the SAA application, including any specific proposed*
34 *connections.*
35

- 36
37 • **Not Applicable**
38

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40 **7.5.6**

41 *Outage statistics or, if outage statistics are not available, any other information regarding the*
42 *reliability of the existing line(s) of each distributor that are proposed to supply the area that is the*
43 *subject of the SAA application.*
44

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46
47 • **Not Applicable**
48

49 **7.5.7**

50 *Quantitative evidence of quality and reliability of service for each distributor for similar customers in*
51 *comparable locations and densities to the area that is the subject of the SAA application.*
52

- 53
54 • **Not Applicable**

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

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3 **2.0 DESCRIPTION OF THE ASSETS TO BE TRANSFERRED**

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2.1	<p><i>Please attach a description of the assets that are the subject of the proposed transaction.</i></p> <ul style="list-style-type: none"> The following is a list of LTLT related assets to be transferred from Hydro One to Kitchener-Wilmot Hydro as part of this application. <p style="text-align: center;">Related to Hydro One Networks' Service Area (ED – 2003 – 0043)</p> <table border="1" data-bbox="332 493 1344 1102"> <thead> <tr> <th>Asset</th><th>Quantity</th><th>Year</th><th>NBV</th></tr> </thead> <tbody> <tr> <td colspan="4">O/H Transformers</td></tr> <tr> <td>25 KVA (Dual Voltage)</td><td>1</td><td>1990</td><td>\$4862.64</td></tr> <tr> <td>25 KVA</td><td>1</td><td>2004</td><td>\$4421.73</td></tr> <tr> <td>75 KVA</td><td>3</td><td>1988-1989</td><td>\$3750.00</td></tr> <tr> <td></td><td></td><td></td><td></td></tr> <tr> <td colspan="4">Pad-mount Transformers</td></tr> <tr> <td>50 KVA</td><td>1</td><td>2007</td><td>\$5,623.86</td></tr> <tr> <td colspan="4">Poles, ACSR</td></tr> <tr> <td>40 feet pole</td><td>1</td><td>2000</td><td>\$2712.20</td></tr> <tr> <td>35 feet pole</td><td>4</td><td>1954-1956</td><td>n/a</td></tr> <tr> <td></td><td></td><td></td><td></td></tr> <tr> <td colspan="3">Sub Total</td><td>\$21,370.43</td></tr> <tr> <td colspan="3">HST</td><td>\$2778.16</td></tr> <tr> <td colspan="3">TOTAL</td><td>\$24,148.59</td></tr> </tbody> </table>	Asset	Quantity	Year	NBV	O/H Transformers				25 KVA (Dual Voltage)	1	1990	\$4862.64	25 KVA	1	2004	\$4421.73	75 KVA	3	1988-1989	\$3750.00					Pad-mount Transformers				50 KVA	1	2007	\$5,623.86	Poles, ACSR				40 feet pole	1	2000	\$2712.20	35 feet pole	4	1954-1956	n/a					Sub Total			\$21,370.43	HST			\$2778.16	TOTAL			\$24,148.59	
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2.2	<p><i>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.</i></p> <p><u>Hydro One to Kitchener-Wilmot Hydro</u></p> <p>These assets are located in Kitchener-Wilmot Hydro's new service area territory (as proposed by this application) and shown in Attachment 2 – Confidential – "Kitchener-Wilmot Hydro Inc. / Hydro One Networks Inc. LTLT map".</p>																																																													
2.3	<p><i>Are the assets surplus to the applicant's needs? If yes, please indicate why, and since when.</i></p> <ul style="list-style-type: none"> These assets have been serving the customers over the years. It would be uneconomical for Hydro One to remove these assets and for Kitchener-Wilmot Hydro to install new transformers to serve the customers. Kitchener-Wilmot Hydro has agreed to purchase these assets from Hydro One for net book value. 																																																													
2.4	<p><i>Are the assets useful to the proposed recipient or any other party in serving the public? If yes, please indicate why.</i></p> <ul style="list-style-type: none"> The assets purchased by Kitchener-Wilmot Hydro 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	<i>Please indicate which utility's customers are currently served by the assets.</i> <ul style="list-style-type: none"> • Hydro One LTLT customers. 	
2.6	<i>Please indicate which utility's customers will be served by the assets after the transaction and into the foreseeable future.</i> <ul style="list-style-type: none"> • Hydro One LTLT customers 	

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3.0

DESCRIPTION OF THE PROPOSED TRANSACTION

3.1	<i>Please indicate if the proposed transaction will be a sale, lease or other (please specify).</i> <ul style="list-style-type: none"> • This is a cash sale. 	
3.2	<i>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.</i> <ul style="list-style-type: none"> • The net book value plus HST for the sale of these assets is \$24,148.59. Details are found in Section 2.1. 	
3.3	<i>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.</i> <ul style="list-style-type: none"> • No 	
3.4	<i>Would the proposed transfer impact distribution or transmission rates of the applicant? If yes, please specify how.</i> <ul style="list-style-type: none"> • No 	
3.5	<i>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.</i> <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. 	

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7.6

OTHER


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.

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2 **7.7: WRITTEN CONSENT/JOINT AGREEMENT**
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4 Both parties Hydro One and Kitchener-Wilmot Hydro Inc. agree to all the statements made in this
5 application.
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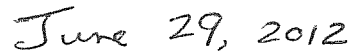
10 ORIGINAL SIGNED BY ANDREW SKALSKI
11

12 Andrew Skalski
13 Director – Major Projects and Partnerships
14 Regulatory Affairs
15 Hydro One Networks Inc.
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Jerry Van Ooteghem
President and CEO
Kitchener-Wilmot Hydro Inc.

20 Dated: JULY 4, 2012
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June 29, 2012

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4 **7.8 REQUEST FOR NO HEARING**
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6 *Does the applicant request that the application be determined by the Board without a hearing? If yes,*
7 *please provide:*

8 *(a) an explanation as to how no person, other than the applicant and the proposed recipient, will be*
9 *adversely affected in a material way by the outcome of the proceeding AND*

10 *(b) the proposed recipient's written consent to the disposal of the application without a hearing.*
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12 **(a) Both parties to this application request no hearing.**
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14 **Kitchener-Wilmot Hydro's rebuild of assets are part of the Service Area Amendment**
15 **application eliminating nineteen Long Term Load Transfer customers between Hydro**
16 **One and Kitchener-Wilmot Hydro. The assets being sold in this transaction are part of**
17 **the Service Area Amendment application to eliminate Hydro One's LTLTs in Kitchener-**
18 **Wilmot Hydro's service area territory as requested in the Board's Amendments to the**
19 **Distribution System Code, Board File No. – "EB-2007-0005 – Timing for the Elimination**
20 **of Load Transfers" issued March 12, 2007.**
21

22 **(b) The signature on this application acknowledges agreement to dispose of this**
23 **application without a hearing.**
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28 ORIGINAL SIGNED BY ANDREW SKALSKI
29

30 Andrew Skalski
31 **Director – Major Projects and Partnerships**
32 **Regulatory Affairs**
33 **Hydro One Networks Inc.**
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36 **Dated:** JULY 4, 2012
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Jerry Van Ooteghem
President and CEO
Kitchener-Wilmot Hydro Inc.

June 29, 2012

REDACTED

The following attachments have been redacted in their entirety.

Attachment 1 – Hydro One Networks Inc. / Kitchener-Wilmot Hydro Inc. LTLT Customer Detail Information

Attachment 2 – Hydro One Networks Inc. / Kitchener-Wilmot Hydro Inc. LTLT Map

Attachment 3 – Hydro One Networks Inc. / Kitchener-Wilmot Hydro Inc. Long Term Load Transfer Rate Impacts