

July 05, 2013

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

**Re :**

**EB-2013-0078 – Hydro One Networks Inc.’s Request for Licensing of New Transmitter**  
**EB-2013-0079 – Hydro One Networks Inc.’s Request for Leave to Sell Bruce to Milton**  
**Transmission Assets**  
**EB-2013-0080 – Hydro One Networks Inc.’s Request for Leave to Purchase Bruce to**  
**Milton Transmission Assets**

Our response to documents from Mr Jamie Waller Hydro One

Further to the above correspondence of last week, we have a number of supplementary questions. For simplicities sake, we have put our comments into bold thype

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The Value of the Asset AND How the Price was Determined

The Deloitte document clearly says that the value of the asset is \$581 million. It also says that the asset cost about \$600 million.

We are unclear as to how the \$240 million valuation can be justified.

We are not experts in corporate mergers and acquisitions and by their own admission neither is Hydro One, (Exhibit I /Tab 3/ Schedule 1/Page 1 of 1).

**Is the limited partnership the best option for this new partnership?**

**What other purchase options were explored and why were they not used?**

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***Interrogatory***

Why was this sale of this publicly owned asset not put out for public tender?

***Response***

A public tender process was not used because such a process would not achieve the

policy and business objectives associated with the transaction.

As described in Section 5.0 of the Joint Submission, timely development, execution and implementation of the BxM Project has been the result of the ongoing engagement between HONI and the Saugeen Ojibway Nation. The development of economic partnerships with First Nations is a policy objective of the Ontario Government as stated in the Long Term Energy Plan (LTEP). The LTEP states that “Ontario will encourage transmission companies to enter into partnerships with aboriginal communities, where commercially feasible and where those communities have expressed interest.” The proposed transaction achieves these objectives as it is aimed at providing SON with a mechanism that provides economic participation in the BxM Project.

**It is stated that this sale was a policy objective to encourage “partnerships with aboriginal communities.”**

**Why was this partnership exclusively with SON and excluded other First Nations along the Grand River and the traditional territories of Mississauga Nations?**

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***Interrogatory***

Is anyone (Hydro One or SON employees or agents of both) earning brokerage fees or financial bonuses for this transaction?

***Response***

There are no Hydro One or SON employees or agents involved in the B2MLP transaction that will be earning a brokerage fee or financial bonus relating specifically to this transaction.

**Since there are no SON or Hydro One Employees that will be earning a brokerage fee or financial bonus relating specifically to this transaction, then is there any other person, agent, company or institution that stands to earn a brokerage fee or bonus from this transaction?**

**We see that legal fees by the SON will be over \$2 million. This appears to be very substantial given the sale price of \$72 million. Nor does this figure include Hydro One legal costs? (should this say Or does this figure.)**

**What are the total legal and administrative costs and how they accounted for in this asset sale?**

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### *Interrogatory*<sup>4</sup>

Why were many (perhaps most) affected landowners on the corridor not contacted directly about this transaction?

A number of land owners did not receive written notification about this sale while others did. Why was there a discrepancy in this process?

### *Response*

The Ontario Energy Board issued a Letter of Direction on May 1, 2013 related to this proceeding along with a copy of the Notice of Application and Hearing. For convenience, a copy of these documents is included herein in Exhibit I, Tab 3, Schedule 14, Attachment 1.

In the OEB letter, the applicants were directed to serve notice on parties in the following manner:

- English version of the Notice ... be published, in one issue of the Globe & Mail newspaper
- French version of the Notice... be published in one issue of Le Droit newspaper
- serve a copy of the Notice... on the Intervenor in Board proceeding EB-2007-0050

Hydro One complied with the direction in full by serving notice to all Intervenor of EB-2007-0050 (Original application seeking leave to construct for the BxM project) and by publishing the notice in the prescribed newspapers.

**Neither the Globe and Mail nor the Ottawa Le Droit have significant media penetration of the landowners on the Bruce to Milton Line. We believe that an effort needs to be made to communicate to landowners in a timely and precise fashion and to inform and educate them on the benefits and implications of this asset sale that resides on their land. Secondly, we ask that landowners be compensated for their time and expense in this process.**

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### *Interrogatory*

a) How does the sale of this line and potentially all other line impact landowners on this line and on the thousands of kilometres of lines across the province ?

Hydro One has expropriated (or acted under the threat of expropriation) thousands of Kilometres of transmission lines and much of it through a right of way easement where Hydro controls the land use and the landowner retains the responsibility for municipal taxes and land maintenance.

b) How does this asset ownership change if Hydro One is sold to a private entity?

### *Response*

a) The proposed sale will not affect landowners. HONI will continue to operate the line under contract to B2MLP. Operation and maintenance functions will be completed as if the line remained in the pool of transmission assets owned and operated by HONI. The terms and conditions of easements acquired by HONI remain the same.

Landowners situated along HONI's other transmission lines will also not be impacted by this sale.

b) Hydro One Inc. is a corporation incorporated under the Ontario Business Corporations Act. A sale of Hydro One Inc. to a private entity would mean a change only in the identity of the shareholder. In the event of such a sale, ownership of B2MLP's assets would not change.

**We have been told that if the right of way easement line were to be sold to a private concern, that the ownership of the right of way would revert to the province. Is it possible for someone to confirm this.**

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Thank you for time and consideration

Yours truly

Dennis Threndyle  
Randy Threndyle