

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5393  
Fax: (416) 345-5866  
Joanne.Richardson@HydroOne.com

**Joanne Richardson**

Director – Major Projects and Partnerships  
Regulatory Affairs



BY COURIER

March 17, 2015

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' Request for Leave to Sell Assets to Five Nations Energy Inc.**

Hydro One Networks Inc. seeks the Board's approval under Section 86(1)(b) of *the Ontario Energy Board Act* ("the Act"), 1998, for leave to sell transmission assets to Five Nations Energy Inc. Given that the proposed sale has no material effect on any other party, we ask that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of *the Act*.

The assets being sold in this transaction are described in the attached application and are illustrated in the attached map.

Should you have any questions on this application, please contact Pasquale Catalano at (416) 345-5405 or via email at Pasquale.Catalano@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

Attach

c/ Richard King and Lucie Edwards (electronically)



## Application Form for Applications Under Section 86(1)(b) of the Ontario Energy Board Act, 1998

### Application Instructions

#### 1. Purpose of This Form

This form is to be used by parties applying under section 86(1)(b) of the Ontario Energy Board Act, 1998 (the "Act"). Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

#### 2. Completion Instructions

This form is in a writeable PDF. The applicant must either:

- type answers to all questions, print two copies, and sign both copies; or
- print a copy of the form, clearly print answers to all questions, make a copy, and sign both copies.

Please send both copies of the completed form and two copies of any attachments to:

Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

If you have any questions regarding the completion of this application, please contact the Market Operations Hotline by telephone at 416-440-7604 or 1-888-632-6273 or email at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca).

The Board's "Performance Standards for Processing Applications" are indicated on the "Corporate Information and Reports" section of the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca). Applicants are encouraged to consider the timelines required to process applications to avoid submitting applications too late. If the submitted application is incomplete, it may be returned by the Board or there may be a delay in processing the application.

### PART I: IDENTIFICATION OF PARTIES

#### 1.1 Name of Applicant

Legal name of the applicant: **Hydro One Networks Inc.**  
Name of Primary Contact: **Pasquale Catalano**  
Title/Position: **Regulatory Analyst, Regulatory Affairs**  
Address of Head Office: **483 Bay Street, 7th Floor, South Tower, Toronto, ON, M5G 2P5**  
Phone, Fax, Email: **416-345-5405, 416-345-5866, pasquale.catalano@HydroOne.com**

#### 1.2 Other Party to the Transaction (If more than one attach a list)

Name of other party: **Five Nations Energy Inc.**  
Name of Primary Contact: **Lucie Edwards**  
Title/Position: **Chief Executive Officer**  
Address of Head Office: **P.O. Box 370, Moose Factory, ON, P0L 1W0**  
Phone, Fax, Email: **705-268-0056, 705-268-0071, lucie.edwards@fivenations.ca**

#### 1.3 If the proposed recipient is not a licensed distributor or transmitter, is it a distributor or transmitter that is exempted from the requirement to hold a distribution or transmission licence?

☐ Yes

☐ No

## PART II: DESCRIPTION OF ASSETS TO BE TRANSFERRED

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

**The proposed transaction involves the sale of the M3K transmission line beginning at the Moosonee Switching Station and running 80km northwest along James Bay. The 80km of line will be sold by Hydro One Networks Inc. (“Hydro One”) to Five Nations Energy Inc. (“FNEI”).**

2.2 Please indicate where the assets are located – whether in the applicant’s service area or in the proposed recipient’s service area (if applicable). Please include a map of the location.

**The 80 km of transmission line is located between Moosonee and Fort Albany, commencing at the Moosonee Switching Station. Please refer to Attachment 1 for a map of the location.**

2.3 Are the assets surplus to the applicant’s needs?

☐ Yes

☒ No

If yes, please indicate why the assets are surplus and when they became surplus.

2.4 Are the assets useful to the proposed recipient or any other party in serving the public?

☒ Yes

☐ No

If yes, please indicate why.

**Upon purchase, these assets will be integrated into FNEI's system to supply its customers. Safety and reliability will be maintained. FNEI also owns a separate transmission line parallel to the 80km portion of the M3K line that is to be sold by Hydro One in this transaction.**

2.5 Please identify which utility’s customers are currently served by the assets.

**FNEI's customers are currently served by the assets.**

2.6 Please identify which utility’s customers will be served by the assets after the transaction and into the foreseeable future.

**FNEI's customers will be served by the assets after the transaction and into the foreseeable future.**

### PART III: DESCRIPTION OF THE PROPOSED TRANSACTION

3.1 Will the proposed transaction be a sale, lease or other?

- ☒ Sale  
☐ Lease  
☐ Other

If other, please specify.

3.2 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.

**This is a cash sale that will be effective 60 days after the date of the OEB decision and order; or another date as the Parties may agree in writing as the date on which the Closing shall take place. The sale price of \$5,120,000 represents the net book value for the 80 km section of transmission line M3K as of the effective date of the sale. Since coming into service, the 80 km of line has been depreciated in accordance with HONI's standard depreciation rates for its transmission utility assets. These assets are not currently in Hydro One's rate base, but FNEI plans to add the value of the assets to FNEI's rate base. Upon completion of the transaction, FNEI will notify the Board that it is adding the assets to its rate base. Given the small value, the rate impacts will be nil or negligible.**

3.3 Would the proposed transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties?

- ☐ Yes  
☒ No

If yes, please explain how.

3.4 Would the proposed transfer impact distribution or transmission rates of the applicant?

- ☐ Yes  
☒ No

If yes, please explain how.

3.5 Will the transaction adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of the applicant or the proposed recipient?

- ☐ Yes  
☒ No

If yes, please explain how.

#### PART IV: WRITTEN CONSENT/JOINT AGREEMENT

- 4.1 Please provide the proposed recipient's written consent to the transfer of the assets by attaching:
- (a) a letter from the proposed recipient consenting to the transfer of the assets;
  - (b) a letter or proposed sale agreement jointly signed by the applicant and the proposed recipient agreeing to the transfer of the assets; or
  - (c) the proposed recipient's signature on the application.

**(a) The letter is found in Attachment 2.**

#### PART V: REQUEST FOR NO HEARING

- 5.1 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 or licence holder, will be adversely affected in a material way by the outcome of the proceeding; and
  - (b) the proposed recipient's written consent to dispose of the application without a hearing.

**(a) The proposed sale of the assets is from one licensed transmitter to another licensed transmitter. The 80km of line has been in service since late 2001, and there will be no change in terms of the operation of the assets. The sale will have no material effect on any third party.**

**(b) The letter is found in Attachment 2.**

#### PART VI: OTHER INFORMATION

- 6.1 Please provide the Board with any other information that is relevant to the application. When providing this additional information, please have due regard to the Board's objectives in relation to electricity.

## PART VII: CERTIFICATION AND ACKNOWLEDGMENT STATEMENT

### 7.1 Certification and Acknowledgment

I certify that the information contained in this application and in the documents provided are true and accurate.

Signature of Key Individual

ORIGINAL SIGNED BY JOANNE RICHARDSON

Print Name of Key Individual

**Joanne Richardson**

Title/Position:

**Director – Major Projects and Partnerships**

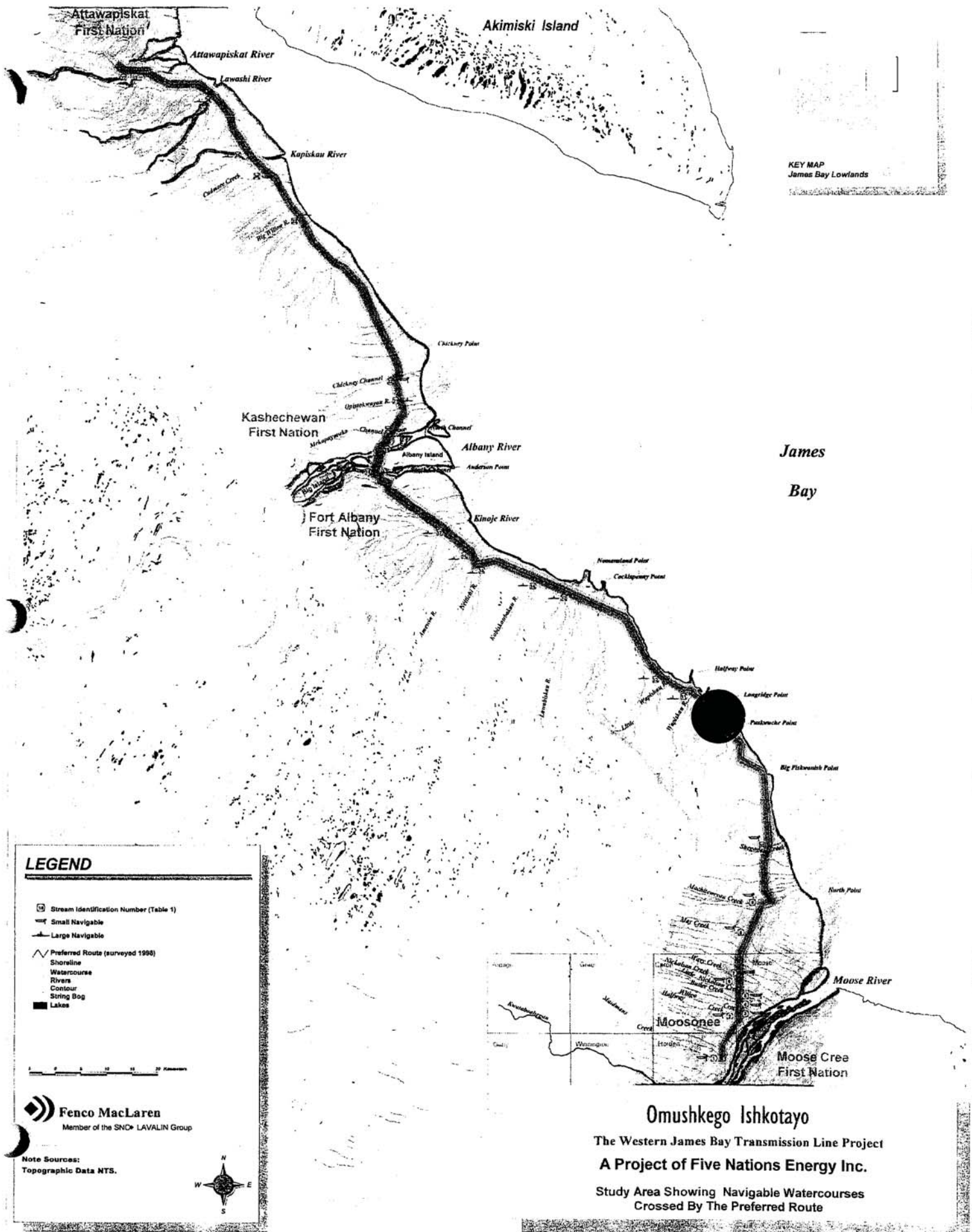
Date:

Company

**Hydro One Networks Inc.**

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the chief executive officer, the chief financial officer, other officers, directors or proprietors.)

## **ATTACHMENT 1 - Map**





## **ATTACHMENT 2 - Letter**

Hydro One Networks Inc.  
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Pasquale.Catalano@HydroOne.com

Pasquale Catalano  
Regulatory Analyst - Major Projects and Partnerships  
Regulatory Affairs



BY COURIER

March 13, 2015

Ms. Lucie Edwards  
Five Nations Energy Inc.  
P.O. Box 370  
Moose Factory, Ontario P0L 1W0

Dear Ms. Edwards:

**Transfer of Ownership of M3K - 80km of Transmission Line**

This letter is to confirm Hydro One Networks Inc.'s ("Hydro One") agreement to sell a section of the M3K transmission line to Five Nations Energy Inc. ("FNEI") for \$5,120,000 plus HST, conditional on the OEB's approval. This also confirms that FNEI supports Hydro One to proceed with the Section 86(1)(b) application without a hearing.

The assets will be sold, following the OEB's approval, on an "as is, where is" basis, pursuant to Hydro One's agreement of purchase and sale. The assets being sold in this transaction are generally described as follows:

- 80km of transmission line beginning at Moosonee Switching Station and running northwest along James Bay.

If you are in agreement with these conditions of sale, please sign and return this letter at your earliest convenience. On receipt of this signed letter of consent, Hydro One will proceed to obtain OEB approval to sell these assets to FNEI. Thank you for your assistance in this matter.

Regards,

Pasquale Catalano

**Acknowledgement**

I, Lucie Edwards, of Five Nations Energy Inc., agree with the content, terms and conditions set out in this letter regarding the purchase of the above-noted section of the M3K line and support Hydro One to proceed with the Section 86(1)(b) application without a hearing.

Per: ORIGINAL SIGNED BY LUCIE EDWARDS  
Lucie Edwards  
Chief Executive Officer, Five Nations Energy Inc.  
I have authority to bind the Corporation.