



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2015-0127

HYDRO ONE NETWORKS INC.

**Application for leave to sell 80 km of the M3K transmission line to
Five Nations Energy Inc.**

By Delegation Before: Peter Fraser

July 30, 2015

INTRODUCTION AND SUMMARY

On March 17, 2015 Hydro One Networks Inc. (Hydro One) filed an application with the Ontario Energy Board (OEB) under section 86(1)(b) of the Ontario Energy Board Act, 1998 (Act). The application seeks an order of the OEB granting Hydro One leave to sell 80 km of its M3K transmission line to Five Nations Energy Inc. (FNEI). The OEB assigned file number EB-2015-0127 to the application.

The OEB approves the application for the reasons set out below, subject to the conditions of approval of this Decision and Order.

THE PROCESS

This Decision and Order is being issued by Delegated Authority without a hearing pursuant to section 6(4) of the Act.

THE APPLICATION

Hydro One and FNEI are licensed transmitters (Parties). The Parties entered into a written agreement on March 13, 2015, relating to the sale of a section of Hydro One's M3K transmission line to FNEI for \$5.12 million plus HST, in cash, on an "as is", "where is" basis. More particularly, the transmission assets that are the subject of the proposed transaction consist of that portion of the M3K transmission line that begins at the Moosonee Switching Station (Moosonee SS) and runs 80 km northwest along James Bay to pole number 442, (Assets).

The Assets were constructed as part of a 270 km transmission line expansion to service the remote first nation communities of Attawapiskat, Kashechewan and Fort Albany. Hydro One has been receiving Rural and Remote Rate Protection (RRRP) funds from these communities to reimburse it for the initial capital funding and to cover the cost of maintaining and operating the Assets.

The sale price represents the net book value for the Assets as of the effective date of the sale, which will be 60 days after the date of the OEB's decision approving the application (or an amended date as agreed to by the Parties). Since coming into service in 2001, the Assets have been depreciated in accordance with Hydro One's standard transmission utility depreciation rates.

Hydro One states in its application that the Assets are not currently in Hydro One's Rate base, but that FNEI plans to add the value of the Assets to FNEI's rate base.

The evidence indicates that if the application is approved, FNEI will own the Assets instead of Hydro One, but there will be no change in supply. Safety and reliability will be maintained. The Assets currently serve FNEI customers and will continue to do so into the foreseeable future. Hydro One states there will be no change in terms of the operation of the assets, no material impact on any third party and rate impacts will be nil or negligible given the small value of the transaction.

Hydro One confirms that if the OEB grants the application, Hydro One will no longer require RRRP funding being diverted from Attawapiskat Power Corporation, Fort Albany Power Corporation and Kashechewan Power Corporation for the Assets. Moosonee SS will be put into the Hydro One's transmission rate base and managed within its portfolio of in-service additions as approved in its 2015-2016 Transmission Rate application (EB-2014-0140).

OEB FINDINGS

I find that it is in the public interest to grant Hydro One's application.

The proposed transaction is a sale of transmission assets from one OEB-licenced transmitter to another OEB-licenced transmitter. These transmission assets are necessary in serving the public. Section 86(1) (b) of the Act provides that leave of the OEB is required before a transmitter can sell, lease or otherwise dispose of that part of its transmission or distribution system that is necessary in serving the public.

Based on the evidence, I find that there are benefits to the proposed transaction.

IT IS ORDERED THAT:

1. Hydro One is granted leave to sell, to FNEI, the 80 km section of Hydro One's M3K transmission line commencing at Moosonee SS and running northwest along James Bay, terminating at pole number 442.
2. Hydro One shall, within 60 days following the sale, provide written confirmation to the OEB that Hydro One no longer receives RRRP funding in relation to the 80 km section of the M3K transmission line sold to FNEI.

DATED at Toronto July 30, 2015

ONTARIO ENERGY BOARD

Original Signed By

Peter Fraser
Vice President, Industry Operations & Performance