

Hydro One Networks Inc.

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Joanne.Richardson@HydroOne.com



Joanne Richardson

Director – Major Projects and Partnerships
Regulatory Affairs

BY COURIER

March 19, 2019

Ms. Kirsten Walli
Board 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 Distribution Assets to Bell Canada

Hydro One Networks seeks the Board's approval under Section 86(1)(b) of *the Ontario Energy Board Act* ("the Act"), for leave to sell assets to Bell Canada. 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*.

An electronic copy has been submitted using the Board's Regulatory Electronic Submission System.

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



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
27th 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.

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. 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 Advisor, Regulatory Affairs
Address of Head Office:	483 Bay Street, South Tower, 7th Floor, Toronto, M5G 2P5
Phone:	416-345-5405
Fax:	416-345-5866
Email:	Regulatory@HydroOne.com

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

Name of other party:	Bell Canada
Name of Primary Contact:	Matt Best
Title/Position:	Access Network Coordinator
Address of Head Office:	200 Brady Stl, Civic Sq., Sudbury, ON P3E 3L9
Phone:	1-866-202-0662
Fax:	705-688-8680
Email :	matt.best@bell.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 assets consist of 31 poles. See Attachment 1 for details.

Attachment 1 –Asset Listing

- 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 assets are located on Roberts Bay Rd. in Muskoka Lakes, as shown in Attachment 2.

Attachment 2 – Maps – Asset 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.

The assets will continue to supply the load to the existing customers at the same location as they are being served presently. The proposed sale is an ownership change only for the purpose of maintaining the ownership balance between Bell Canada and Hydro One as per the Joint Use Agreement. As per the Joint Use agreement, if Bell Canada wants to do any work in their prime exchange areas, they must hold ownership of the poles. Hydro One will continue to be on these poles as a tenant.

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

Hydro One

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

Hydro One

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. The sale price is \$43,917.00 plus \$5,709.21 HST for a total of \$49,626.21. The sale price is based on the value of the assets as per the agreed upon residual value tables in the Joint Use agreement. The residual values have been modified to remove the cost associated with removing the pole, as identified in the letter signed by Bell Canada agreeing to the sale, see Attachment 3.

Attachment 3 – Bell Canada Consent Letter

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 3.

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 transfer of assets is within Bell Canada's prime exchange and it has no material effect on any party other than the purchaser and the seller.**
(b) The letter is found in Attachment 3.

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 March-18-19	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.)

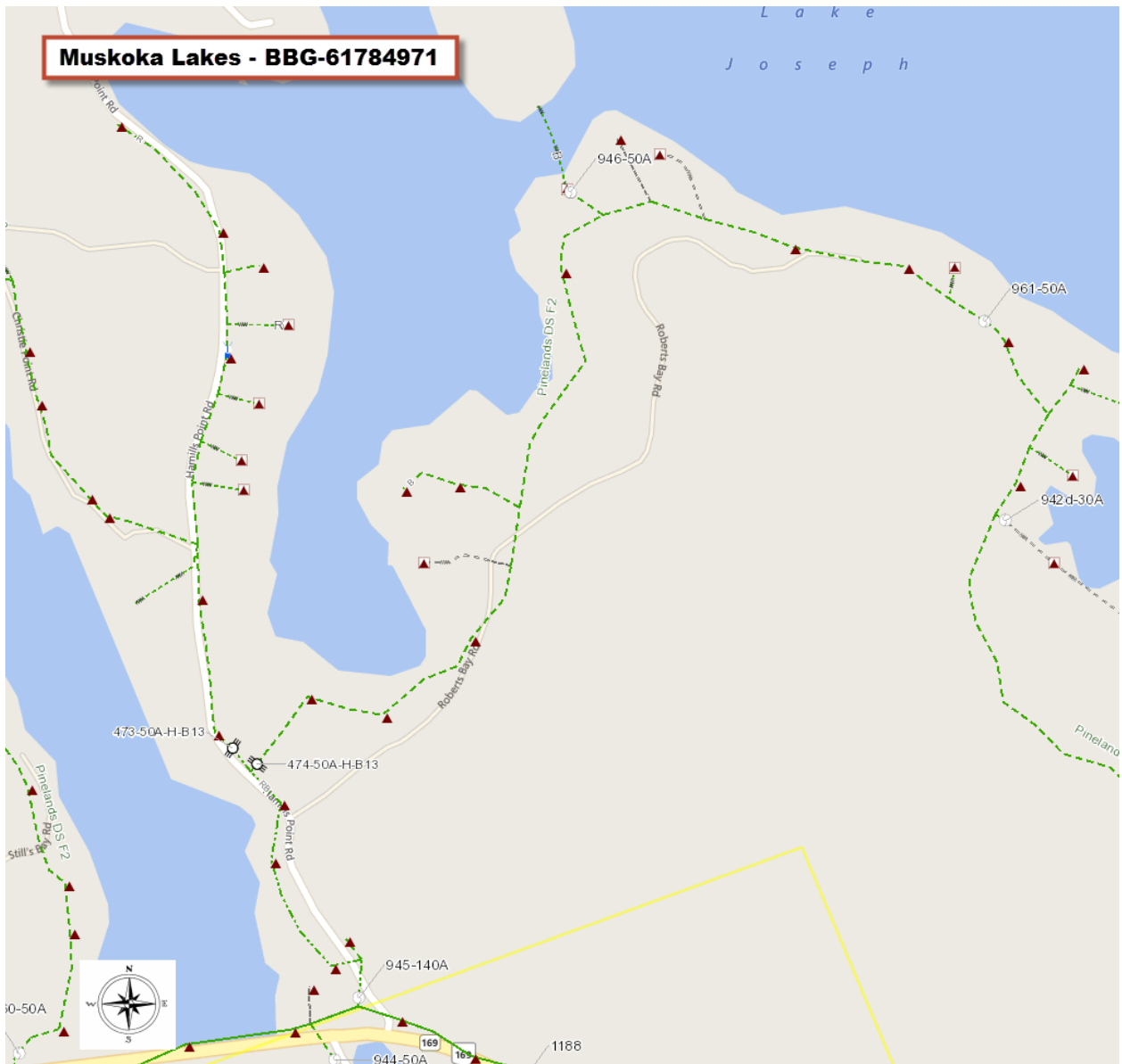
ATTACHMENT 1

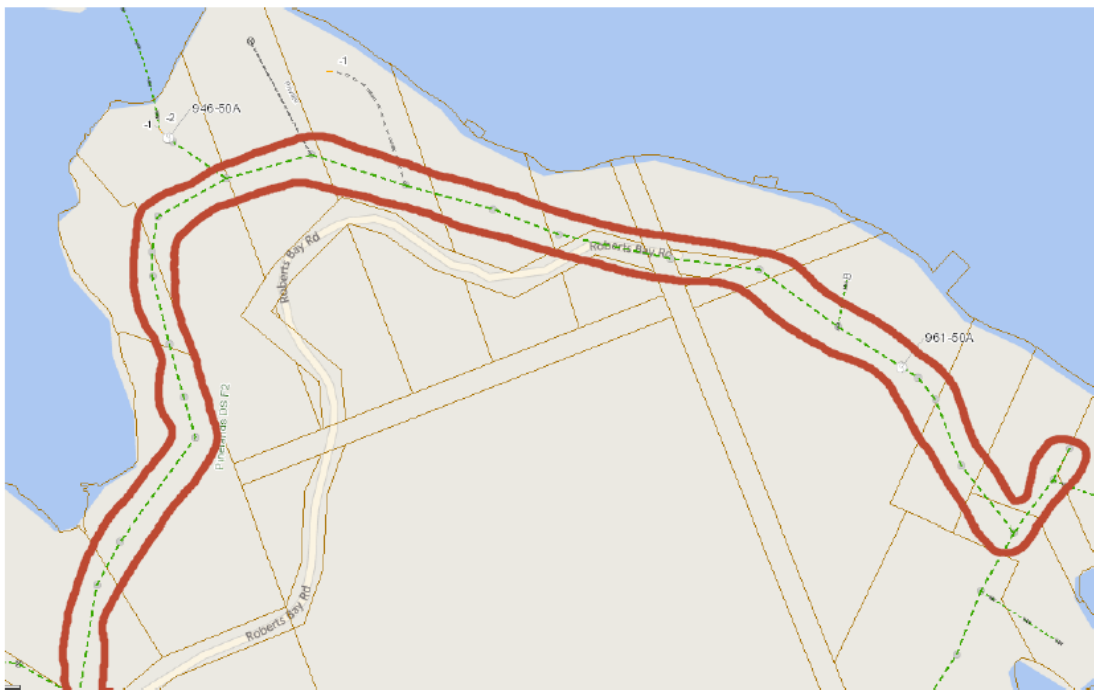
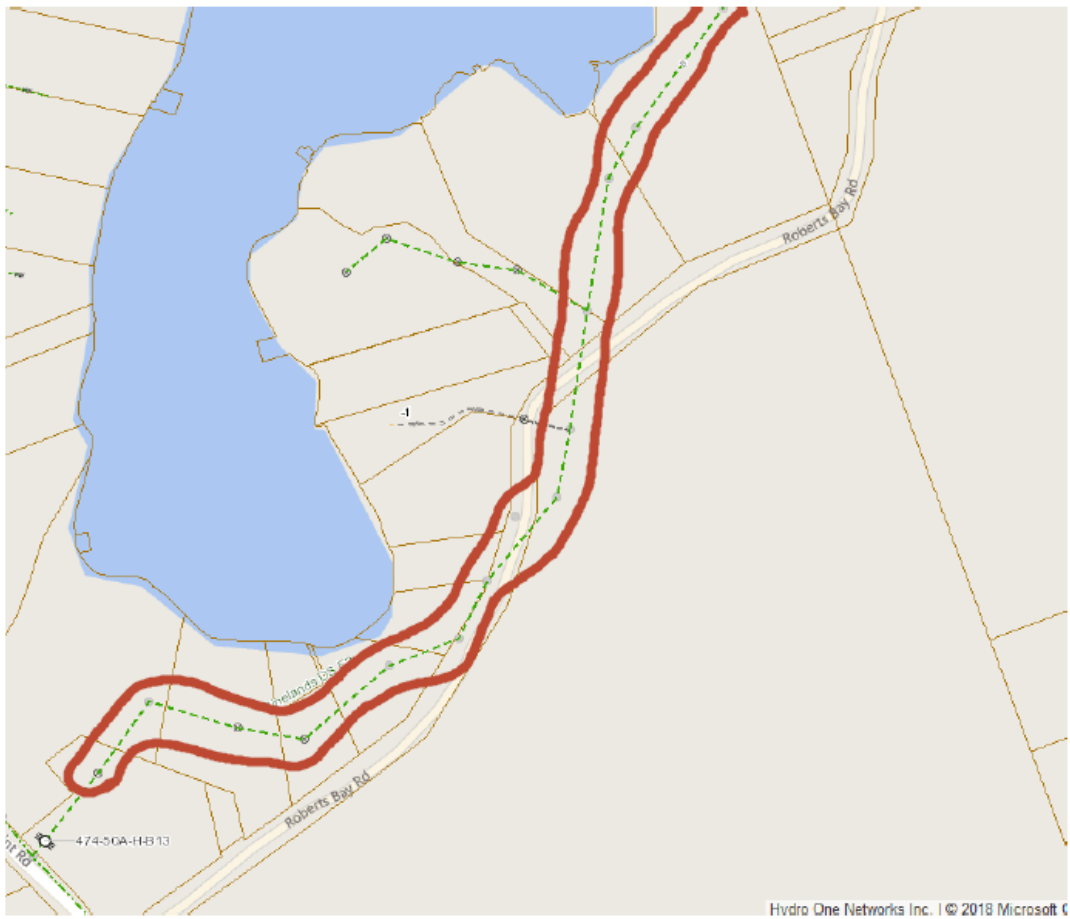
Asset Listing

Bell FTTH Project - Medora - Muskoka Lakes				
BBG-61784971				
Pole ID	Pole Size (feet)	Date of Pole	Quantity	Residual Value (Per Unit)
C262PH	35	1964		\$420.00
C262QM	40	1968		\$420.00
C262RR	35	1968		\$420.00
C262SW	30	1984		\$1,926.00
C265NJ	35	1952		\$420.00
C265PT	35	1962		\$420.00
C265RD	35	1962		\$420.00
C265SJ	35	1962		\$420.00
C265TN	35	1962		\$420.00
C265VX	35	1962		\$420.00
C2663J	30	1962		\$420.00
C2664N	35	1997		\$1,554.00
P 14	40	2014		\$4,995.00
BXVD7V	40	2011		\$2,292.00
C2668H	30	1959		\$420.00
C2669M	30	1978		\$1,347.00
BTTZMX	45	2017		\$5,774.00
P 18	40	2017		\$5,250.00
C266EU	45	2004		\$2,256.00
CK56SH	40	2017		\$6,144.00
C266JT	30	1951		\$420.00
C266KY	40	1953		\$420.00
C266LD	35	1998		\$1,594.00
C266MU	40	1967		\$420.00
C266NN	40	1967		\$420.00
C266QC	40	1976		\$768.00
C266RH	45	1985		\$1,004.00
C266SM	35	1970		\$498.00
C266TR	35	1967		\$420.00
C266VB	35	1967		\$420.00
C266UW	35	1978		\$1,375.00
31			Total	\$43,917.00

ATTACHMENT 2

Maps – Location of Assets





ATTACHMENT 3

Consent Letter

Rossella Fazio
Manager, Asset Optimization
Strategy & Integrated Planning

December 21, 2018

Bell Canada
200 Brady St., Civic Sq.,
Sudbury, ON P3E 3L9

Attention: Matt Best

RE: Sale of Hydro One Networks Inc. Joint Use Poles – Medora-Muskoka Lakes

This letter is to confirm Hydro One Networks Inc.'s ("Hydro One") agreement to sell 31 poles currently owned by Hydro One to Bell Canada ("Bell"), conditional to the Ontario Energy Board's ("OEB") approval. This also confirms that Bell supports Hydro One to proceed with the Section 86(1)(b) application without a hearing.

Bell is required to take ownership of the 31 Hydro One poles in Bell's prime exchange area in Medora-Muskoka Lakes, in order for Bell to place new fibre cable.

The proposed sale is an ownership change for the purpose of maintaining the ownership balance between Bell and Hydro One as per the signed Joint Use Agreement ("the Agreement"). Under Article 8 of the Agreement, it dictates that the ownership of Joint Use poles shall continue as is on the basis of an ownership ratio of 60:40 (Hydro One: Bell) in the Province until the Agreement is amended or terminated by either Party. As per the Agreement, if Bell wants to do any work in their prime exchange areas, they must hold ownership of the poles. The sale will be conditional on the following reassurance being given to Hydro One:

- 1.0** Acceptance of the existing joint use tenants, where applicable, whose tenancy with Hydro One will be subsequently terminated upon the sales transaction.

The 31 poles will be transferred, following the OEB's approval, on an "as is, where is" basis, pursuant to Hydro One's Joint Use agreement. The assets being sold in this transaction are located on Roberts Bay Rd. in Muskoka Lakes and details of the assets and locations are found in Attachment 1 and 2.

- Since these assets are being sold on an "as is, where is" basis, the residual value has been modified to remove the cost of pulling the poles
- The list of poles to be sold to Bell Canada are found in Attachment 1
- The sale price is \$43,917.00 plus \$5,709.21 HST for a total of \$49,626.21
- The physical location of the 31 poles to be sold to Bell Canada are located in Muskoka Lakes and are shown in Attachment 2.

If you are in agreement with these conditions of the sale of the 31 poles, please sign and return this letter at your earliest convenience. On receipt of this signed letter of consent and indemnity, we will proceed to obtain formal approval from the OEB to transfer the 31 poles to Bell Canada.

Thank you for your assistance in this matter.

Yours truly,

ORIGINAL SIGNED BY ROSELLA FAZIO

✓
/Rossella Fazio
Manager, Asset Optimization
Strategy & Integrated Planning
Hydro One Networks Inc.

Acknowledgement

I, Matt Best, of Bell Canada, agree with content, terms and conditions set out in this letter regarding the sale of 31 poles currently owned by Hydro One to Bell Canada and support Hydro One to proceed with the Section 86(1)(b) application without a hearing.

Per: ORIGINAL SIGNED BY MATT BEST
Name: Matt Best
Title: Access Network Coordinator
Company: Bell Canada

I have authority to bind the corporation.

Attachment 1

Bell FTTH Project - Medora - Muskoka Lakes				
BBG-61784971				
Pole ID	Pole Size (feet)	Date of Pole	Quantity	Residual Value (Per Unit)
C262PH	35	1964		\$420.00
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C266UW	35	1978		\$1,375.00
31			Total	\$43,917.00

Attachment 2

