

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

June 22, 2007

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 Distribution Assets to Burlington Hydro Inc.

Hydro One Networks Inc. (Networks) seeks Board approval under Section 86(1)(b) of the *Ontario Energy Board Act*, 1998, for leave to sell assets to Burlington Hydro Inc. Given that the proposed sale has no material effect on any other party, we ask the Board to 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 Joint Agreement of Sale submission and are illustrated in the attached map. These conductor assets are necessary in serving the public and through analysis described in the attached Joint Agreement it has been determined that there will be no impact on the rate payers or any other parties due to this transaction. There are no environmental issues associated with it and the sale will not affect the safety, reliability, operational flexibility or economic efficiency of Networks or Burlington Hydro Inc. Burlington Hydro Inc. supports Networks' request for Board approval of this sale without a hearing. The sale price is \$575,000.00 plus GST. This price covers the NBV of these poles as well as the element of future revenue.

The attachments contain the Joint Agreement of Sale submission and two schematic maps showing the conductors and poles associated with this request. Should you have any questions, please contact Ruth Greey at (416) 345-6408.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

Ontario Energy Board

Preliminary Filing Requirements for Applications Under Section 86(1)(b) of the *Ontario Energy Board Act, 1998*

INSTRUCTIONS:

The Ontario Energy Board (the "Board") has established this form under section 13 of the *Ontario Energy Board Act, 1998* (the "Act") and requires that a proceeding under section 86(1)(b) of the Act be commenced by filing this form. 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.

All applicants must complete and file the information requested in this form.

For applications involving leasing arrangements, the "Preliminary Filing Requirements for Applications Under Section 86 of the *Ontario Energy Board Act, 1998*", form is required. For transactions involving a non-licensed entity, please contact Market Operations at market.operations@oeb.gov.on.ca for further guidance.

1.1 Applicant

PART I: IDENTIFICATION OF THE PARTIES Name of Applicant Hydro One Networks Inc.	File No: (Board Use Only)	
Address of Head Office 483 Bay St. Toronto TCT08 M5G 2P5	Telephone Number 416 345-6408	
	Facsimile Number 416 345-5870	
	E-mail Address ruth.greey@hydroone.com	
Name of Individual to Contact Ruth Greey Senior Regulatory Advisor	Telephone Number Same as above	
	Facsimile Number Same as above	
	E-mail Address Same as above	

1.2 Other Parties to the Transaction

If more than one attach list

Name of Other Party Burlington Hydro Inc.		File No: (Board Use Only)	
Address of Head Office 1340 Brant Street P.O. Box 5018 Burlington, Ontario L7R 3Z7		Telephone Number	
		905- 332-2253	
		Facsimile Number	
		905- 332-0684	
		E-mail Address	
		gsmallegange@burlingtonhydro.com	
Name of Individual to Contact Gerry Smallegange, COO & VP Engineering and Operations		Telephone Number	
		Same as above	
		Facsimile Number	
		Same as above	
		E-mail Address	
1.2.1	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?		

**PART II: DESCRIPTION OF THE ASSETS TO BE TRANSFERRED PART III:
DESCRIPTION OF THE PROPOSED TRANSACTION**


2.1	<p>Please attach a description of the assets that are the subject of the proposed transaction.</p> <p>The Palermo TS A4M5 & A4M6 assets being sold are generally described as:</p> <ul style="list-style-type: none"> • <u>Segment 1</u>: The overhead conductors and associated hardware from the termination point at the steel structure inside Hydro One Networks' Palermo transformer station property to the first pole on the west side of Hwy 25. The sale includes the first 2 poles of each feeder starting after the steel structure termination point inside the transformer station (4 poles in total). Segment 1 is 6 spans or approximately 310 m in length (see Map 1 attached). • <u>Segment 2</u>: The overhead conductors, wood poles and associated hardware commencing at the first pole on the west side of Hwy 25 and running along the Hydro One right-of-way for approximately 1.12 kms to Burnhamthorpe Rd. and then westerly along the north side of Burnhamthorpe road allowance for approximately 1.08 kms to Burlington Hydro's service boundary at Tremaine Rd. Segment 2 is approximately 2.2 kms in length (see Map 2 attached). • These assets will be sold on an "as is, where is" basis. 	
2.2	<p>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.</p> <ul style="list-style-type: none"> • Segment 1 is located entirely within Oakville Hydro's service territory. • Segment 2 is located entirely within Milton Hydro's service territory, commencing at the Oakville/Milton boundary on Hwy 25 and ending at Burlington Hydro's service boundary at Tremaine Rd. • The A4M5 & A4M6 feeders are not within Hydro One Networks territory nor do they supply any Hydro One Networks customers. • From a service territory perspective, the A4M5 & A4M6 sale will have no material effect on any party other than the purchaser and seller. 	
2.3	<p>Are the assets surplus to the applicant's needs? If yes, please indicate why, and since when.</p> <ul style="list-style-type: none"> • The feeders currently and will continue to supply Burlington Hydro load only. 	
2.4	<p>Are the assets useful to the proposed recipient or any other party in serving the public? If yes, please indicate why.</p> <ul style="list-style-type: none"> • At market opening the decision was made to classify the A4M5 & A4M6 feeder egresses as Hydro One - Retail feeders directly connected to the Transmission System. Hence, Burlington Hydro was considered embedded in Hydro One's distribution system and would attract LV Shared Line charges. With the purchase the above assets, Burlington Hydro will become a Transmission Connected customer. The A4M5 & A4M6 do not supply any Hydro One customers. 	
2.5	<p>Please indicate which utility's customers are currently served by the assets.</p> <ul style="list-style-type: none"> • Burlington Hydro Inc. 	

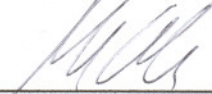
2.6	<p>Please indicate which utility's customers will be served by the assets after the transaction and into the foreseeable future</p> <ul style="list-style-type: none"> Burlington Hydro Inc. 	

3.1	<p>Please indicate if the proposed transaction will be a sale, lease or other (please specify).</p> <ul style="list-style-type: none"> The A4M5 & A4M6 feeder transaction will be a sale. 	
3.2	<p>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.</p> <ul style="list-style-type: none"> The feeder sale price of \$575,000 represents the negotiated commercial value of the A4M5 & A4M6 feeders (Segments 1 & 2). This value is above book value and includes future revenue. This sale price ensures that both buyer's and seller's rate payers are kept whole. Therefore there are no rate impacts. 	
3.3	<p>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.</p> <ul style="list-style-type: none"> <u>Segment 1:</u> The A4M7 & A4M8 feeders serve Oakville Hydro and Hydro One is proposing to sell the A4M7 & A4M8 feeders and poles to Oakville Hydro. The Burlington Hydro A4M5& A4M6 feeders are attached and share 8 poles for the feeders being sold to Oakville Hydro. As a result, Burlington Hydro will be required to enter into a joint use agreement with Oakville Hydro for the A4M5 & A4M6 feeders attachments on 8 poles (see Map 1 attached). <u>Segment 2:</u> There are 2 existing joint use occupations on the Hydro One poles along Burnhamthorpe Road: One is for a single phase circuit to Milton Hydro, and the other is for a Bell Canada wire (see Map 2 attached). Burlington Hydro will re-establish new joint use agreements with Milton Hydro and Bell Canada. 	
3.4	<p>Would the proposed transfer impact distribution or transmission rates of the applicant? If yes, please specify how.</p> <ul style="list-style-type: none"> No, see Section 3.2 above 	
3.5	<p>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.</p> <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. 	

PART IV: WRITTEN CONSENT/JOINT AGREEMENT

Both parties (Hydro One Networks Inc. and Burlington Hydro Inc. agree to all the statements made in this application.


Allan Cowan, Director Applications
Hydro One Networks Inc.


David Collie, President & CEO,
Burlington Hydro Inc.

Dated: June 21/07

May 18/07

PART V: REQUEST FOR NO HEARING

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 and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding **AND**

(b) the proposed recipient's written consent to the disposal of the application without a hearing.

(a) The A4M5 & A4M6 feeders do not supply any Hydro One customers. The A4M5 & A4M6 feeders serve only the purchaser's customers. The proposed sale will have no material effect on any other party other than the purchaser and seller, accordingly we ask the Board to dispose of this proceeding without a hearing under Section 21(4)(b) of the Act.

(b) Letter attached regarding A4M5 & A4M6 feeders. The signature on this application acknowledges agreement with all material in application including obtaining approval of the A4M5 & A4M6 feeder transactions without a hearing.

Signed:


David Collie, President & CEO Burlington Hydro Inc.

PART VI: OTHER INFORMATION

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.

How to Contact the Ontario Energy Board:

The Ontario Energy Board is located at:

P.O. Box 2319

2300 Yonge Street, Suite 2701

Toronto, ON

M4P 1E4

Telephone:

Toll Free Number:

Fax:

Website:

Board Secretary's email:

416-481-1967

1-888-632-6273

416-440-7656

<http://www.oeb.gov.on.ca>

boardsec@oeb.gov.on.ca

MAP 1

Existing Hydro One
Ownership

Existing Oakville Hydro
Ownership

Sale to Oakville Hydro

Sale to Burlington
Hydro

M2 M4 M6 M8
Breakers
M1 M3 M5 M7

Regional Rd 25
(Bronte Rd)

C505

C506



Hydro One
Distribution Engineering Dept.

Project : Palermo TS Data Collection

Station

Drawn By: B. Jamie Bignell

Date : Feb 16, 2005



56 Poles – Hydro One
13 X 2000 (installed)
43 X Various dates as per
excel sheet (Installed)

Conductor – Hydro One
556 Aluminum

M5 - 2.3 km X 3 phases

M6 - 2.3 km X 3 Phases

Single Phase Milton Hydro

Bell Canada

Regional Rd 25
Bronte Rd

MAP 2

Palermo TS

Milton Service Territroy



This section as per
station drawing

Registered Easement as per
documents

Tremaine Rd

Oakville Serice Territory

Burnhamthorpe Rd

Burlington Service Territory



Hydro One
Distribution Engineering
Dept.

Project :

M5/M6 pole line outside station

Drawn By: B. Jamie Bignell

Date : June, 2006