



CANADIAN NIAGARA POWER INC.

A **FORTIS** ONTARIO
Company

June 3, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: REPLY SUBMISSION FOR THE EAST-WEST TIE LINE DESIGNATION – BOARD FILE NUMBER:
EB-2011-0140**

Please find accompanying this letter two (2) copies of CNPI's Reply Submission submitted to the Board by Canadian Niagara Power Inc.

A PDF version of this document will, coincidentally with this written submission, be filed via the Board's Regulatory Electronic Submission System.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994-3634.

Yours truly,

Original Signed By:

Douglas Bradbury P.Eng,
Director Regulatory Affairs

Enclosure

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ONTARIO ENERGY BOARD

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act, 1998*, C. S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

PHASE II - REPLY SUBMISSION

CANADIAN NIAGARA POWER INC. ("CNPI")

This is the Reply Submission of CNPI. It has been organized by the following sections:

- A. a summary submission on why CNPI is the prudent choice for designation;
- B. reply submissions to specific assertions made by other applicants in their arguments-in-chief;
- C. reply submissions to specific assertions made by intervenors; and
- D. a reply to Board staff's submission dated April 8, 2013.

A. CNPI - The Prudent Choice for Designation:

The applicant is Canadian Niagara Power Inc. (“CNPI”), a licensed transmitter (ET-2003-0073) with transmission facilities in the Niagara region of Ontario. CNPI is a subsidiary of FortisOntario Inc., which is wholly owned by Fortis Inc. (“Fortis”).

Fortis is the largest investor owned distribution utility in Canada with a multi-billion dollar capital program. Its annual capital program exceeds \$1 billion and it has raised more than \$4 billion in the capital markets since 2008. Fortis has expertise in managing major projects and is a long-term investor in utilities in Canada. As the shareholder of CNPI, Fortis has an untarnished reputation and has a long term commitment to owning and operating utility assets in Ontario. The major project track record of Fortis and CNPI's project consultant TRC Engineers is exemplary. Fortis' \$900 million Waneta Hydro 230 kV Transmission Project is expected to be completed on time and on budget. The recent Fortis Okanagan 230 kV Transmission Reinforcement project was completed under budget and on time. The projects completed by Fortis and TRC Engineers that exceed 100 km have been completed substantially on schedule and on or under budget. As part of Fortis, CNPI has a wealth of transmission experience and expertise that will ensure the successful development, construction and operation of the East-West Tie project (the “East-West Tie Project” or the “EWT”).

Fortis' management is considered by its investors and analysts to be “best-in-class”, with a history of being disciplined and the ability to execute on large-scale projects. Fortis has a solid historical track record of owning and operating utilities using a decentralized management model, and a mandate to maintaining high quality of service and reliability to its customers, which reinforces its commitment to all stakeholders, including that of ratepayers. It has a strong regulatory track record in Ontario, having filed numerous applications with the Ontario Energy Board over the last decade. Fortis currently operates 4,285 km of electricity transmission lines and associated substations, and 3,000 km of gas transmission lines.

Fortis will have significant involvement in CNPI's plan to develop, construct, own and operate the EWT. Major project advisors from Fortis will be heavily involved in the controlling and monitoring aspects of the project. The Fortis advisory team will review the project budget and schedule for compliance with the project plan. In addition, the Fortis board will be provided

EWT project status updates from the FortisOntario Inc. board, which is comprised of senior executive management from Fortis and its operating subsidiaries.

In addition to drawing on the expertise and experience within Fortis, CNPI has assembled a team of experts who bring relevant expertise to the East-West Tie Project. Members of the CNPI team include Fortis employees, CNPI's First Nations partner Lake Huron Anishinabek Transmission Company Inc. ("LHATC"), and the engineering firms of Neegan Burnside, an Aboriginal owned firm, and TRC Engineers who will assist on, among other things: design; permitting; consultations; project management; and construction. The team also includes high voltage transmission engineering sub-consultants, Chimax Inc. ("Chimax") and Bruce Clarida, with extensive Northern Ontario experience. Legal experts include Davies Ward Philips & Vineberg LLP and Andrew Taylor of the Energy Boutique.

Fortis is one of the highest rated utilities in Canada with investment grade credit ratings of A- (S&P) and A (low) DBRS. These credit ratings reflect its strong financial position, and its ability to finance the development and construction of the EWT project. There is a dedicated credit facility in place to complete the EWT.

Fortis has a strong regional presence in the area of Ontario where the EWT will be located. It has a work centre in Wawa and as well as other work centres and offices in the Algoma district of Ontario, where it enjoys a favourable working relationship with its skilled employees who are represented by the Power Workers Union. It knows the region, the terrain, the people and the environment. It is familiar with the local and Aboriginal interests in the EWT due to its long standing local relationships and mutually beneficial agreements with various communities including the employment of a number of local residents. Fortis investment in EWT will benefit Aboriginal communities and regional economies.

It is this regional knowledge of Ontario and Aboriginal interests that has facilitated the existing non-exclusive Aboriginal participation arrangements with CNPI in transmission development. Through LHATC, currently participating Aboriginal communities include those that are not only affected by EWT but also communities that are interested in participating with this project. Certain Aboriginal communities have a vision and desire to participate in transmission projects both inside and outside their traditional territories. CNPI is confident that its plan for Aboriginal

participation (which offers equal opportunity in all forms to affected First Nation and Métis communities for participation in EWT) is achievable, creates the greatest opportunity of all the proposals for equity participation in transmission assets by Aboriginal communities, and will result in the EWT project being completed on time and on budget. Aboriginal participation is a long term commitment of Fortis that will extend for many generations.

Fortis supports Aboriginal partnerships and views the EWT as a model for future transmission projects in Ontario. Value added opportunities will be achieved by encouraging Aboriginal communities to participate in multiple projects. CNPI's proposed Skill Builder program, which is a model for the industry, will play an important role in creating employment opportunities for Aboriginal youth in the transmission and construction sectors. The EWT is the first step towards developing capacity for participation by Aboriginal communities in future transmission development. Experience on the EWT will enhance Aboriginal capacity to participate in Ontario transmission sector and other resource development projects in Ontario. Fortis has an inclusive approach to Aboriginal participation, and its consultation plan treats engagement with First Nations and Métis on an equivalent and respectful basis.

CNPI has the soundest approach to the EWT schedule and contingency compared to the other participants. Its estimated project in-service date of 2019 reflects respectful and appropriate consideration in its consultation plan to local and Aboriginal community input for the Environmental Assessment. Its construction schedule is comparable to the other applicants. This results in the most realistic estimated in-service date compared to the other applicants.

CNPI's proposal is the most disciplined and cost effective. This disciplined approach is reflected in the costs incurred by CNPI for the EWT and its ability to manage costs for a major project within a target budget. This discipline will continue to be applied through completion of the EWT and for the ongoing operation and maintenance of the line using efficiencies. Again, this is reflected in CNPI's present value comparison of the total project cost.¹

For all of these reasons, CNPI submits that it is the prudent choice for designation.

¹ CNPI Argument-in-Chief, pages 23 and 24 of 42.

B. Replies to the Specific Assertions of Other Applicants:

CNPI has responded below to most of the assertions about CNPI in the arguments-in-chief of other applicants. The absence of a reply by CNPI to any specific applicant claims should not be inferred as agreement or acceptance by CNPI. Rather, CNPI has taken a selective approach to its replies. CNPI has replied to issues that it believes are relevant to the criteria and potentially material, and/or where comments have been directed to CNPI specifically.

Organization:

RES:

Reference: RES Argument-In-Chief, paragraph 158

1. RES Assertion: "At this time, RES Transmission has not selected the Owners' Engineer or any of the other major construction contractors since sole-sourced construction contracts (as proposed by Altalink, **CNPI** and Iccon/TPT) may not provide the best value to ratepayers. This is an important consideration as the costs associated with these contracts will likely be in excess of \$100 million (excluding material costs). RES Transmission will choose major construction contractors, after designation, through a competitive bidding process." [emphasis added]

CNPI Reply: RES' assertion that CNPI has sole sourced construction contracts is incorrect. As described at page 20, lines 14-20 of CNPI's application, CNPI will award construction upon completion of detailed engineering based on competitive bidding.

Reference: RES Argument-In-Chief, paragraph 192 (iii)

2. RES Assertion: "Team: CNPI's organization and project team has limited experience with high voltage transmission, as CNPI's expertise is primarily as a distributor involving lower voltage lines. None of the projects listed in CNPI's response to interrogatory OEB All-32 involved CNPI but, rather, its sole-sourced engineering and construction contractor, TRC engineering. It is unclear if TRC engineering performed any management or ownership functions in the projects listed.

CNPI Reply: RES's assertion is incorrect. To suggest that CNPI does not have relevant experience is patently wrong. With over \$1 billion annual capital expenditures made by

Fortis in infrastructure projects, including many transmission projects such as those described at section 2.3 of CNPI's application, CNPI and its affiliates have direct and relevant experience. CNPI currently owns and operates high voltage transmission lines in Ontario. Fortis currently operates 4,285 km of electric transmission lines and associated substations.² Fortis has major project experts with high voltage experience as part of CNPI's team that will be heavily involved in the EWT.³ TRC Engineers, a member of the CNPI team who will provide engineering and project management services, has high voltage transmission line design experience, as set out in CNPI's application at Appendix D (TRC Engineers Statement of Qualifications). Don Kendall who was named as Project Manager of development and construction for the CNPI team,⁴ has over 35 years of experience in the electricity utility market from engineering to project management. His experience includes management of high voltage transmission projects.⁵ We note that the Board's budget and schedule variance table templates in interrogatory All-32 did not request the type of information that would indicate whether TRC Engineers performed management or ownership functions for the projects listed.

Included in the Fortis high voltage transmission team are Bruce Clarida and Chimax. They have been selected by CNPI as high voltage engineering sub-consultants with extensive Northern Ontario experience.⁶ Bruce Clarida has 32 years of progressive experience in planning, design and project management of large civil infrastructure projects including 230kV transmission facilities in Northern Ontario. As recent contractor to PowerTel Utilities Contractors, serving as Project Manager for the fabrication, construction and erection of 230 kV Substation and facilities to the Hydro One 230 kV transmission line, forming part of the Lower Mattagami River Project. Bruce also served as Director, Major Projects for Brookfield Power and Great Lakes Power ("GLP") being responsible for a program of power facility construction and expansion projects including 115 and 230 kV Transmission Lines and Substations. Mr. Clarida acted as project manager on GLP's 230 kV Transmission Reinforcement Project (EB-2003-0162) which has been identified in ELP's evidence as one

² CNPI Application, page 4, line 12.

³ CNPI Application, page 51; CNPI Response to Interrogatory #1 and #3 (All Applicants).

⁴ CNPI Response to Interrogatory #1 (All Applicants).

⁵ CNPI Application, Appendix H, Resume of Don Kendall.

⁶ CNPI Application, Appendix H, Resumes of Bruce Clarida and Chimax Inc., also see Organization Charts.

of its projects.⁷ This project included replacement of 150km of two 115 kV transmission lines with a single 230 kV transmission circuit and construction of 230 kV transmission substation and the integration into the existing operating system. This system was placed into service in May, 2006. As noted in CNPI's evidence, Bruce Clarida will provide Construction Management services to CNPI for the EWT, (refer to CNPI's Construction Organization Chart).⁸

Further, Chimax has been identified on CNPI's Project Development Organization Charts as providing high voltage engineering and design services.⁹

Reference: RES Argument-In-Chief, paragraph 192 (iv)

3. RES Assertion: "Selection of Contractors: It would appear that CNPI has pre-selected an Owners' Engineer (TRC Engineers) without going through a competitive bidding process to obtain market prices for such services (RES PIR-CNPI #2)."

CNPI Reply: CNPI's selection of an Owner's Engineer (TRC Engineers) is consistent with the Association of Professional Engineers of Ontario's guideline for the selection of engineering services in Ontario.¹⁰ The qualification-based selection process employing such qualitative criteria as technical competence, experience on similar projects, and proven performance is a sound and well accepted practice. CNPI is well acquainted with TRC's consultant resources and has been well served in the past.

CNPI submits that a competitive-based bidding process for engineering services as opposed to the qualification-based selection process is not the prudent choice for a project such as the EWT.

⁷ ELP Application, Part B, Exhibit 7, Section 7.4, page 40 of 49, line 5. The TRP is also referred to as one of ELP's projects in response to Interrogatory #32 (All Applicants).

⁸ CNPI Response to Interrogatory #1 (All Applicants), page 9 of 150.

⁹ CNPI Response to Interrogatory #1 (All Applicants), page 7 of 150.

¹⁰ "Guideline for the Selection of Engineering Services", published by the Association of Professional Engineers of Ontario, Section 4.

First Nation and Métis Participation:

RES:

Reference: RES Argument-In-Chief, paragraph 192 (v)

4. RES Assertion: "Aboriginal Participation: CNPI provided ambiguous and non-responsive answers to the interrogatories regarding First Nation and Métis issues (OEB All-5 to 14)."

CNPI Reply: CNPI is confident that all of its interrogatory responses were clear and responsive. In the absence of RES providing specific instances of ambiguous and non-responsive answers to interrogatories, CNPI is unable to provide specific replies.

ALT:

Reference: ALT Argument-In-Chief, paragraphs 16 and 17

5. ALT Assertion: "Second, the Board should continue to ensure that there is a level playing field as between new entrants and incumbent transmitters to compete on a fair and balanced basis. In this regard, AltaLink Ontario submits that the Board should not give preference to incumbent transmitters who have existing First Nation and Métis participation arrangements. AltaLink Ontario expects that the incumbent transmitters may, contrary to the Board's Phase 1 Decision and Order, argue the Board should favour existing participation arrangements. Doing this would unfairly favour incumbent transmitters because of their existing presence in Ontario directly at the expense of new transmission entrants."

CNPI Reply: As set out on page 14 of CNPI's Argument-in-Chief, CNPI submits that the new entrants have misconstrued the Board's evaluation of existing participation arrangements. While the Board has noted that it will not look more favourably upon participation that is already in place, the Board invited applicants to demonstrate the advantages of the type and level of participation that they have in place. There are clear advantages to developing relationships with Aboriginal communities to partner on transmission development in Ontario, such as more efficient consultations and environmental approval, as well as the ability to establish further equity participation with other Aboriginal communities within the proposed timeframes.

Reference: ALT Argument-In-Chief, paragraph 91

6. ALT Assertion: "It appears that CNPI is unable to commit to offering "equal" participation to the remaining twelve (12) First Nation and four (4) Métis communities identified in the OPA's list as affected by the East-West Tie Line, because any such participation is conditional on agreement of LHATC (CNPI's Response to General IR#6)."

CNPI Reply: CNPI disagrees with ALT's assertion that CNPI is unable to commit to offering equal participation to the remaining Aboriginal communities. CNPI will offer equal opportunity in all forms of participation to affected First Nation and Métis communities for participation in the EWT.¹¹ LHATC's agreement is not a condition to CNPI offering this equity participation. CNPI submits that the impact assessment as well as the results of studies and consultations that it will carry out will form the basis for participation together with negotiation by the parties of additional value being offered.

Reference: ALT Argument-In-Chief, paragraph 92

7. ALT Assertion: "In addition, CNPI's approach to participation is flawed by design because it fails to link participation to impact. Doing so fails to recognize the increased impact of the project on directly affected communities and dilutes the equity stake available to the directly affected First Nation and Métis communities among a large number of interested, but not affected communities."

CNPI Reply: CNPI has confirmed that it will carry out an impact assessment, which amount could be counted towards the participating community's equity participation.¹² CNPI has in fact had discussions with LHATC as to possible approaches for such a discussion to commence immediately following designation.

Reference: ALT Argument-In-Chief, paragraph 93

8. ALT Assertion: "By extending equity participation to any interested First Nation and Métis communities, it is unclear where the invitation to participate ends. Is CNPI proposing to offer an equal opportunity to all First Nation and Métis communities in Canada to participate in the project? If not, on what principled basis does CNPI propose to permit the participation of some interested First Nation and Métis communities but to exclude the participation of other interested First Nation and Métis communities? Finally, in light of

¹¹ CNPI Response to Interrogatory #6 (All Applicants).

¹² CNPI Response to Interrogatory #9 (All Applicants).

LHATC's veto right over any new participation arrangements (CNPI's Response to General IR#6), on what principled basis does CNPI propose to permit the participation of some interested First Nation communities but to exclude the participation of other directly affected First Nation and Métis communities if LHATC consent cannot be obtained?"

CNPI Reply: As set out in CNPI's Argument-in-Chief at page 18, CNPI has 37 potential Aboriginal equity participants, being the 21 communities in LHATC plus the 18 communities identified by the Crown, two of which are in LHATC. Therefore, all Aboriginal communities "across Canada" (as implied by ALT) will not be offered equity participation by CNPI. Further, as noted on page 41 of CNPI's application, CNPI is proposing to enter into a New MOU to develop the EWT project. LHATC is currently a partner of CNPI to develop the EWT and will be a participant in these discussions for the New MOU, which will require agreement by all the parties on mutually acceptable terms. If terms are not acceptable to any particular party, then they will not in any way be bound and the remaining parties to the agreement are free to enter into it. This in no way creates a "veto right" for LHATC. If LHATC's consent cannot be obtained, the remaining interested parties to the New MOU will be free to enter an agreement on mutually acceptable terms.

The fact that CNPI already has participation with affected and interested First Nations as represented by LHATC demonstrates that CNPI's management has the ability to build trust with Aboriginal communities and the value it places on supporting Aboriginal partners in the development of new transmission opportunities in Ontario.

ICN:

Reference: ICN Argument-In-Chief, paragraph 51

9. ICN Assertion: "For example, the pre-existing commitments made by EWT LP and CNPI inherently include some communities and exclude others - raising the prospect of objections by those communities who have been excluded."

CNPI Reply: CNPI has not excluded any affected Aboriginal communities from participating in the EWT project. In fact, CNPI's Aboriginal equity participation is the most inclusive in that equity participation will be available to some unaffected Aboriginal communities. ICN, however, has not yet committed to offering any Aboriginal equity participation. Because the evidentiary phase of this proceeding has passed, CNPI submits that the Board should

evaluate ICN's application with the assumption that ICN is offering no equity participation to Aboriginal communities.

Technical Capability:

ELP:

Reference: ELP Argument-In-Chief, page 110, line 6

10. ELP Assertion: "CNP does not have sufficient relevant experience"

CNPI Reply: CNPI has established that it has relevant experience to develop, construct and operate the EWT. To suggest that CNPI does not have relevant experience is patently wrong. With over \$1 billion annual capital expenditures made by Fortis in infrastructure projects, including many transmission projects such as those described at section 2.3 of CNPI's application, CNPI and its affiliates have direct and relevant experience.

ELP has attempted to discount CNPI's experience by claiming that CNPI's non-electricity transmission projects do not demonstrate the ability to deliver the EWT. This assertion is incorrect, as large infrastructure projects require expertise that is directly applicable to electricity transmission lines such as project management, environmental approvals, Aboriginal participation, financial capability, scheduling, and consultation. Further, the Board recognizes the relevance of infrastructure projects to the EWT given that the Filing Requirements (paragraph 4.3) require, "A description of sample projects, and other evidence of experience in Ontario and/or other jurisdictions in developing, constructing and operating transmission lines **or other infrastructure** and why these projects and experience are relevant to the East-West Tie line project." [emphasis added]

ELP also attempted to discount CNPI's experience by claiming that CNPI's Okanagan 230 kV Transmission Reinforcement (40 km) and Nk'Mip (18 km) transmission projects do not demonstrate an ability to deliver an electricity transmission project of the EWT's magnitude. CNPI rejects this assertion as again, these projects require expertise that is directly applicable to the EWT project (i.e. project management, environmental approvals, Aboriginal participation, financial capability, scheduling, and consultation). It should be

noted that CNPI listed multiple transmission projects that are more than 100 km in length in response to the Board's interrogatory All-32. Finally, the Fortis major projects experts will be an integral part of the CNPI team as noted in CNPI's application and Response to Interrogatories.¹³

Reference: ELP Argument-In-Chief, page 111, lines 1 and 2

11. ELP Assertion: "In addition, CNP's proposed engineer, TRC Engineers, has no transmission experience in Ontario. Its only Canadian experience is in very different terrain than that of the Project area."

CNPI Reply: The Big Sandy Inez 230kV double circuit line described in CNPI's application at page 59, lines 11-14 is a project built in the Appalachian mountains of eastern Kentucky where the terrain is similar to that of Northern Ontario. Further, as stated in CNPI's reply to RES assertion in #2 above, CNPI's transmission engineering sub-consultants include Chimax and Bruce Clarida who have extensive high voltage experience in Northern Ontario (see Appendix H to CNPI application). These sub-consultants' project roles have been identified as part of CNPI's technical team as well as in the Project Organization Charts.

Financial Capacity:

None of the applicants made assertions about Fortis' financial capability, which is one of the highest rated utilities in Canada.

¹³ CNPI Application, page 51; CNPI Response to Interrogatory #1 and #3, (All Applicants).

Proposed Design:

RES:

Reference: RES Argument-In-Chief, paragraph 192 (xii)

12. RES Assertion: "Mining and Timber Rights: It would appear that CNPI has made only a cursory assessment of the need to accommodate parties with mining and timber rights on Crown lands (approximately 300 km) (RES PIR-CNPI #1)."

CNPI Reply: CNPI has considered mining and timber rights.¹⁴ It is unclear whether RES is questioning whether CNPI understands the need for accommodation, which is an obvious requirement, or whether CNPI has made sufficient effort to determine the affected parties along a route that is yet to be studied. Either way, CNPI and its assembled team of professionals understand the requirements and will provide the correct consultations and necessary agreements.

Reference: RES Argument-In-Chief, paragraph 192 (xiii)

13. RES Assertion: "Constructability and Access: It does not appear that CNPI has made an assessed [*sic*] of constructability or access requirements."

CNPI Reply: CNPI stated in its application that it completed a fly-over of the project route in an attempt to refine project knowledge.¹⁵ CNPI has prepared its application based upon the Reference Option. CNPI has considered alternate routes based upon accessibility issues.¹⁶ The proposal by CNPI of an alternate corridor demonstrates that both constructability and access requirements have been assessed.

¹⁴ CNPI Application, page 133, lines 1-12.

¹⁵ CNPI Application, page 89, lines 11-15, and page 105, lines 25-28.

¹⁶ CNPI Response to Interrogatory #7, (CNPI Specific).

Schedule:

ELP:

Reference: ELP Argument-In-Chief, page 107 lines 20 and 21, page 108 lines 1-5

14. ELP Assertion: "CNP's Project development schedule is a superficial and unsubstantiated overview of eight milestones, only five of which actually occur prior to obtaining leave to construct. Its entire Project development and construction plan includes only 15 tasks. In contrast, EWT LP's development schedule details approximately 300 development tasks alone. CNP has not prepared a detailed schedule of development tasks such as that prepared by EWT LP, and does not intend to do so until designation. It is therefore not possible to assess the sufficiency and prudence of CNP's development schedule."

CNPI Reply: As required by section 7.1 of the Filing Requirements, CNPI presented "major milestones" for line development and line construction. In section 7.2 of its application, CNPI identified 8 significant milestones for development and, in section 7.3, 9 significant milestones for construction. In its assertion above, ELP uses the words "milestone" and "task" interchangeably, which ignores traditional project management definitions. CNPI is confident that the Board can assess the sufficiency and prudence of its development schedule based on the major milestones provided by CNPI in accordance with the Filing Requirements. As noted in evidence, CNPI will be preparing a detailed work breakdown structure with associated estimates of hours to complete those tasks upon designation.¹⁷

Reference: ELP Argument-In-Chief, page 108 lines 11 and 16

15. ELP Assertion: "In addition, CNP has not conducted adequate analysis of potential Project risks, particularly development risks. Its cursory risk summaries do not identify specific types of risks within such general categories as "Legal or environmental challenges", and CNP does not present specific mitigation strategies for its identified development risks."

CNPI Reply: CNPI has provided sufficient information for the Board to determine that CNPI both appreciates the project risks and has the ability to mitigate those risks. For ELP to state "particularly development risks" is misinformed and unreasonable. CNPI has the longest development schedule, which is the determinative indication that CNPI has properly

¹⁷ CNPI Application, page 98 of 160.

considered the risk. The CNPI underlying philosophy, as indicated in evidence, is that CNPI has the ability to improve upon the in-service date and to reduce the budget as potential risks do not materialize or are mitigated. CNPI has presented a construction schedule comparable with the majority of applicants.

We note that ELP's analysis of its potential development risks does not account for ELP's most likely and obvious risk of legal action by the Métis Nation of Ontario ("MNO") for discriminating against Métis communities in regard to equity participation. So, although ELP may have described more project risks than CNPI, ELP has not necessarily provided a better risk analysis than CNPI. In its application,¹⁸ ELP wrote "The risk of Aboriginal issues delaying Project development has been partly mitigated through BLP's direct economic participation in EWT LP". In fact, BLP's exclusive economic participation in the EWT will have the opposite effect of creating additional risk of litigation from MNO. The delays, controversy and litigation resulting from the designation of EWT LP were confirmed by the President of the MNO, Mr. Gary Lipinski, at the May 2, 2013 Oral Session in Thunder Bay.¹⁹

Reference: ELP Argument-In-Chief, page 108 lines 17-19, page 109 lines 1 and 2

16. ELP Assertion: "Furthermore, certain CNP construction risk mitigation strategies may create additional Project risks. For example, CNP's plan to use multiple construction contractors to minimize the probability of labour shortages could result in significant issues with construction coordination, consistency, safety and quality-management. Ratepayers cannot have confidence that CNP is prepared to address risks to Project schedule and costs."

CNPI Reply: ELP's assertion that the use of multiple construction contractors could result in significant issues with construction coordination, consistency, safety and quality management is unreasonable. Such issues can arise whether one contractor with 300 employees or two contractors with 150 employees each are awarded pieces of the construction. Strong project management with associated field professionals will mitigate those issues. However, strong project management cannot mitigate skilled labour shortages. Therefore, CNPI's proposal to mitigate skilled labour shortages by using

¹⁸ ELP Application, Part B, Exhibit 8, Page 14 of 31.

¹⁹ Transcript, May 2, 2013 Oral Session, page 69, lines 7-28.

multiple construction contractors is prudent and will provide the added benefit of supporting diversity in regional employment opportunities.

RES:

Reference: RES Argument-In-Chief, paragraph 192 (vi)

17. RES Assertion: "Schedule and Budget Risks: CNPI has provided only a cursory assessment of its development and construction budget and schedule risks, relative to what has been provided by other applicants."

CNPI Reply: CNPI disagrees with the assertion as it has clearly assessed risk by its inclusion (unlike other applicants) of contingency and IDC/AFUDC in its costs estimates. With respect to schedule risks, CNPI has set out a chart of major risks in section 7.3 of its application as well as CNPI's strategy to mitigate risks. As noted, CNPI's in-service date is a realistic estimate with the ability to improve the in-service date as potential risks do not materialize or are mitigated. Significant risks to both budget and schedule are those associated with Environmental Assessment, and Aboriginal participation, which have been addressed most comprehensively by CNPI.

UCT:

Reference: UCT Argument-In-Chief, paragraph 127(d)

18. UCT Assertion: "CNPI's schedule of 80 months is noteworthy for its departure from all of the other applicants, and would not have the line in service until the end of 2019; two years beyond the need date specified by the OPA. It also appears from CNPI's interrogatory responses that it lacks a strong record on avoiding schedule variances. It would be reasonable for the Board to dismiss CNPI's application for designation on the basis of its scheduling proposal."

CNPI Reply: CNPI and its affiliate Algoma Power Inc. have more than 100 years of combined experience constructing electricity transmission and distribution facilities in this region of Ontario. CNPI understands and appreciates the climatic and geographic challenges of the region; it is in no way similar to Orangeville. CNPI and its partner Neegan Burnside understand and appreciate Aboriginal consultation and the environmental approval process in Ontario. CNPI, in its schedule, is neither overpromising nor

underestimating the time and quality of work required it will take to achieve approvals and construct the quality of transmission line needed in northern Ontario. CNPI submits that its 2019 in-service date is the most likely and is the most respectful of Aboriginal and public input into the EA process. For that reason, CNPI submits that its schedule is least likely to experience delays resulting from adjustments due to concerns around ToR and other MOE requirements. The CNPI underlying philosophy, as indicated in evidence, is that CNPI has the ability to improve upon the in-service date as potential risks do not materialize or are mitigated.

CNPI does not believe that an application should be dismissed based on schedule alone as proposed by UCT. However, if the Board were to do so, CNPI submits that the Board could justifiably dismiss UCT's application which proposes a 2017 in-service date. A 2017 in-service date is unachievable,²⁰ and therefore calls UCT's credibility into question.

Reference: UCT Argument-In-Chief, Figure 4

19. UCT Assertion: According to UCT's Figure 4 *Average Past Project Variance*, CNPI's average past project variance is 19.7 months. According to footnote #3 below Figure 4, "CNPI's Newfoundland Project projected to be 12 to 24 months late - 18 months used for this chart."

CNPI Reply: CNPI submits that UCT's chart is misleading in regard to CNPI. UCT failed to mention that the 18 month delay it used for Fortis' Newfoundland Project was caused by damage from Hurricane Igor in 2010. This circumstance was stated by CNPI in response to interrogatory All-32. Obviously, a delay caused by a hurricane was clearly beyond Fortis' control. In any event, UCT's average for CNPI is mathematically impossible, even assuming an 18 month delay for the Newfoundland Project. No other delay in CNPI's response to interrogatory All-32 was greater than 18 months, so UCT's 19.7 month average for CNPI is wrong.

²⁰ SEC provided well reasoned insights into UCT's schedule throughout section 3 of its submission.

Costs:

ALT:

Reference: ALT Argument-In-Chief, paragraph 89

20. ALT Assertion: "CNPI's proposal to develop the East-West Tie Line will cost Ontario ratepayers approximately \$5.8 million, or 32% more, than AltaLink Ontario proposes for the same scope of work (see Table 2 above). This high development cost is particularly problematic if the Board determines during a subsequent leave to construct proceeding that, based on updated advice from the OPA, there is not a need to continue to the construction phase for the East-West Tie Line. CNPI has failed to demonstrate in their proposal the incremental value they propose to provide to account for these additional costs to Ontario ratepayers."

CNPI Reply: While CNPI's estimated development cost is higher than ALT's, it is important to remember that: (i) it is an estimate; and (ii) the \$5.8 million differential between CNPI's and ALT's estimated development costs make up a small percentage of the total project costs. The \$5.8 million differential represents less than 1% of CNPI's estimated total project costs.²¹ CNPI is not suggesting that development costs are unimportant. Rather, the differential between CNPI and ALT should be viewed in the context of the total project costs. Further, the OPA in its May 9, 2013 submission in this proceeding wrote, "Based on the OPA's current analysis, the OPA submits that there continues to be a need for the East-West Tie expansion to maintain a reliable and cost-effective supply of electricity to the Northwest over the long term."²² Therefore, the concern raised by ALT regarding the possibility that the EWT will not proceed to construction is a low risk.

ELP:

Reference: ELP Argument-In-Chief, page 110 lines 1-5

21. ELP Assertion: "CNP's O&M cost estimate is uncertain. First, CNP did not include regulatory and administrative costs in its O&M estimate in its designation application. Every other applicant in this proceeding understood that these costs were expected by the Board

²¹ CNPI's estimated total project costs were approximately \$587 million as set out at page 18 of its argument-in-chief.

²² At page 4, lines 24-26 of the OPA's May 9, 2013 submission.

to be included in their O&M estimate. Second, CNP subsequently proposed a budget of \$25,000 for regulatory costs, which is insufficient for a public utility that will be before the Board in regulatory matters."

CNPI Reply: As explained in CNPI's response to interrogatory All-29, and its reply #30 below, CNPI's application provided operations and maintenance costs ("O&M") in accordance with the Filing Requirements, which provide, "As part of its Plan, the applicant must file a summary of the total costs associated with the Plan, divided into development costs, construction costs and **operation and maintenance costs.**" [emphasis added] Interrogatory All-29 requested information on "OM&A" costs, so CNPI provided them. It certainly was not obvious that "O&M" in the Filing Requirements should have been interpreted as "OM&A". Even ELP in its argument-in-chief continues to refer to "O&M" when it means "OM&A". In any event, there is no uncertainty of CNPI's costs, both on an O&M basis and an OM&A basis as CNPI provided both figures.

Further, ELP's assertion that CNPI's estimate of \$25,000 for regulatory costs "is insufficient for a public utility" is indicative of ELP's high cost of business. CNPI has significant experience on regulatory matters and is therefore very familiar with regulatory costs. CNPI's in-house regulatory experts are able to do much of its regulatory work without significant incremental third-party costs. CNPI's approach to minimizing costs is evidenced by the fact that its pre-designation costs are well below those of the other applicants.

Reference: ELP Argument-In-Chief, page 109 lines 12-19

22. ELP Assertion: "CNP's construction cost estimate is uncertain. In its designation application, CNP estimated its construction costs to be \$584 million, within an accuracy range of -25% to +50% or \$438 million to \$876 million. These proposed construction costs are significantly higher than those of any other applicant, and their basis is not clear."

CNPI Reply: As discussed below, **ELP incorrectly applied the -25% to 50% target accuracy range to CNPI's construction cost estimate.** By doing so, ELP has blurred the line between two distinct concepts: contingency; and target accuracy. It is critical for the Board to understand and distinguish between these two concepts when reviewing designation applications. It is CNPI's submission that its construction estimate (including contingency) is highly competitive and that all the applicants are faced with the same target accuracy range.

Contingency is defined by the Association of the Advancement of Cost Engineering, a non-profit professional association that publishes professional practice guides ("AAACE") as follows:

"An amount added to an estimate to allow for items, conditions, or events for which the state, occurrence, or effect is uncertain and that experience shows will likely result, in aggregate, in additional costs. Typically estimated using statistical analysis or judgment based on past asset or project experience.

Contingency usually **excludes**:

- 1. Major scope changes such as changes in end product specification, capacities, building sizes, and location of the asset or project**
2. Extraordinary events such as major strikes and natural disasters
3. Management reserves
4. Escalation and currency effects

Some of the items, conditions, or events for which the state, occurrence, and/or effect is uncertain include, but are not limited to, planning and estimating errors and omissions, minor price fluctuations (other than general escalation), design developments and changes within the scope, and variations in market and environmental conditions. Contingency is generally included in most estimates, and is expected to be expended".²³ [emphasis added]

As noted on page 110 of CNPI's application, CNPI added a 20% contingency to its construction estimate. Similarly, ELP assumed a construction contingency of \$63 million,²⁴ which works out to approximately 15% of its Reference Option construction estimate. Therefore, based on CNPI's and ELP's construction contingency amounts, both CNPI and ELP seem to be in agreement on the appropriate contingency amount.

²³ "Cost Engineering Terminology", AAACE International Recommended Practice No. 10S-90, TCM Framework: General Reference, rev. April 25, 2013.

²⁴ ELP's Response to Interrogatory #28, page 48, line 14

Target accuracy reflects confidence in the accuracy of the major scope of a project. As a project advances, more information is gathered and more design work is completed, resulting in increased confidence in the scope of a project. Target accuracy contemplates major scope changes, which are typically excluded from contingency amounts according to the AACE's definition above. ELP wrote that it *includes* major scope changes in its definition of contingency,²⁵ which is confusing because to do so would be inconsistent with the AACE's definition of contingency (see emphasized section above), and ELP's \$63 million contingency would not cover *both* the costs contemplated by the AACE's definition of contingency as well as extraordinary costs typically excluded from contingency (i.e. major scope changes).

The project accuracy that CNPI provided in its application at page 117 was as follows:

| Project Stage | Level of Project Definition | Estimate Type | Target Accuracy |
|----------------------|------------------------------------|----------------------|------------------------|
| Proposed | 15% to 40% | Conceptual | -25% to +50% |
| Planned | 40% to 70% | Planning | -25% to +25% |
| Final Design | 70% to 90% | Engineering | -10% to +10% |

Cost Estimate types per project phase from AACE definition.

The target accuracy data in this table was published by AACE. It is a standard industry definition. Both CNPI and ELP seem to agree on the appropriate target range for the EWT at this stage. The target accuracy of CNPI's estimate (-25% to 50%) corresponds with the AACE's Class 4 estimate, and ELP wrote that it considers its construction estimate to be at the "low end of Class 4 as defined by AACE".²⁶

Where CNPI differs from ELP, and this is a critical difference, is ELP's application of the -25% to 50% target range to CNPI's construction estimate, thereby suggesting that CNPI's construction estimate is uncertain. If the scope of the Reference Option is not subject to a

²⁵ ELP Response to Interrogatory #28, page 47, lines 9-11.

²⁶ ELP Response to Interrogatory #28, page 48, lines 8-9.

major change, CNPI's construction estimate of \$526,761,000²⁷ would stand. However, if there is a major scope change to the Reference Option, the AACE's target ranges would apply equally to all of the applicants' construction cost estimates for the Reference Option. Since the same target range applies equally to all Applicants proposing the Reference Option, ELP was wrong to single-out CNPI by suggesting that CNPI's construction cost estimate is uncertain. CNPI's construction cost estimate is as certain as ELP's.

CNPI included the target range table reproduced above from CNPI's application to demonstrate the types of cost estimates that might occur as the EWT moves from conceptual to planning to engineering. Major scope changes most often occur as the project matures. All of the applicants' estimates are subject to revision as the scope may change in the future. This eventuality was accounted for in CNPI's application, where CNPI stated that it will provide two further estimates as project definition is refined.²⁸

CNPI has not proposed construction costs that are significantly higher than those of any other applicant. Notwithstanding the preceding discussion, ICN presented a cost comparison table in its Argument-in-Chief²⁹ in which ICN attempted to harmonize construction cost comparisons by removing contingency and IDC/AFUDC to applicants that originally included those numbers. In its analysis, ICN demonstrated that CNPI has the second lowest construction costs. ICN pointed out that "four applicants are within 5% of each other". One applicant is 10% higher, and another applicant is 10% lower. CNPI's construction cost estimate was 2% below the average, being the lowest of the four tightly grouped.

Reference: ELP Argument-In-Chief, page 109 lines 4-6

23. ELP Assertion: "CNP's development cost estimate is uncertain. In its interrogatory responses, CNP attempted to erase \$57.2 million from its original \$584 million construction budget on the basis that this budget had not been accounted for in 2012 dollars. There is no evidence in CNP's designation application that its construction estimate was presented using anticipated dollar values. Rather, at least in relation to O&M costs, CNP noted, that

²⁷ CNPI Response to Interrogatory #26, (All Applicants).

²⁸ CNPI Application, page 117 of 160, line 11.

²⁹ ICN Argument-In-Chief, paragraph 76.

its estimate was presented in 2012 dollars. The inconsistency is unexplained. There is nothing in its designation application to support such an assertion. CNP's attempted restatement of construction costs is an attempt to supplement its evidence and should be ignored by the Board."

CNPI Reply: OEB interrogatory All-26 required that all figures be stated in 2012 dollars. CNPI complied with the interrogatory by providing figures stated in 2012 dollars. In regard to supporting calculations, CNPI's response to OEB interrogatory All-27 provided, "...the estimated costs provided in the tables of Interrogatory # 26 have been scaled to 2012 dollars for each affected line item. The present worth factor for individual line items has been determined using the appropriate number of years for each individual line item and the Bank of Canada's target annual inflation factor of 2.0%."

The Filing Requirements specifically required the presentation of a cost estimate and start date. CNPI provided a cost estimate including contingency. CNPI's cost estimate was intended to represent a dollar estimate of the rate base impact resulting from the project. A 2012 dollar estimate is not the in-service date impact of the investment. CNPI clearly showed the in-service date of Dec 2019 as the basis for its cost estimate in its application at page 110 of 160. ELP seems to be suggesting that either: (i) CNPI should have ignored the Board's requirement to state all figures in 2012 dollars; or (ii) CNPI should be penalized for following the Board's instructions. CNPI submits that either alternative is unreasonable.

UCT:

Reference: UCT Argument-In-Chief, paragraph 53

24. UCT Assertion: "In respect of the proposals of other applicants, while some degree of flexibility is commendable, NextBridge submits that a lack of commitment to a preferred option indicates a lack of rigour in analysis of the appropriate solution for the line. Examples of this include... pre-designation expenditures of only \$250,000 to \$350,000 indicating a lack of resources committed to date and a relatively raw proposal, an impression that is furthered by the deferral to a later date of additional development work and by the lack of a finalized tower design."

CNPI Reply: CNPI has submitted a comprehensive application in compliance with the Filing Requirements. Other applicants have spent significantly more speculative funds in

preparation of their designation applications, but CNPI has not observed any significant differences in the conclusions presented. UCT mentions tower design as a specific example. However, CNPI believes that the appropriate time to produce a final tower design is during the Leave to Construct Process. This designation process alone has produced multiple questions that must be properly studied before a final tower design is issued, most notably, the conductor gallop issue. To issue a final tower design at this time would discount the importance of the final design procedure.

In paragraph 28 of UCT's argument-in-chief, UCT recognizes that CNPI, similar to UCT, concluded the superiority of the double circuit design. However, it ought to be recognized that CNPI was able to reach this same fundamental conclusion, within CNPI's lower pre-designation expenditures.

In regard to the suggestion that CNPI's pre-designation activities were limited as evidenced by CNPI spending "only \$0.25 million", CNPI submits that its relatively low pre-designation costs demonstrates CNPI's ability to prudently manage costs; a quality that should be appreciated by the Board and ratepayers given that, if designated, CNPI's pre-designation costs may be eligible for recovery. CNPI proposes that its team will perform in a similar manner over the life of the project, providing high quality at a lower cost relative to the other applicants.

RES:

Reference: RES Argument-In-Chief, paragraph 192

25. RES Assertion: "CNPI has submitted an application with very limited supporting material, perhaps reflecting CNPI's limited investment in pre-designation activities (only \$0.25 million, compared to the approximately \$1.5 million expended by most of the other applicants)."

CNPI Reply: In the absence of RES providing specific instances of deficient supporting material, CNPI is unable to provide specific replies. We note that RES's assertion fails to identify a single Filing Requirement that CNPI failed to provide, likely because CNPI complied with all the Filing Requirements.

Reference: RES Argument-In-Chief, paragraph 192(i)

26. RES Assertion: "Estimated Costs: At total *estimated* line costs of \$504.8 million, CNPI has submitted the least competitive application; it is \$91.4 million higher than RES Transmission's *binding* cost proposal (Figure I-1)."

CNPI Reply: As a preliminary matter, RES uses the figure of \$413.4 million as the basis for its comparison, which is its preferred single-circuit design.³⁰ CNPI submits that the single-circuit option is not comparable to the double-circuit options and that RES' comparison is therefore unhelpful. In any event, multiple tables with construction numbers are available for review which will lead to multiple conclusions. The difficulty lies in the fact that the tables do not represent equal scopes, and each scope produces different finished products with different reliabilities. The RES comparison above is a good example as its cost is for only a single circuit, which in fact provides less reliability.

Looking at construction cost as submitted by each applicant, without any attempt to adjust for missing costs in certain applications, indicates that CNPI has the highest construction estimate. CNPI submitted the **most complete estimate**, including contingency, IDC/AFUDC, and escalation, and would expect to have a higher construction estimate, compared to applicants who failed to provide certain costs and therefore the **most reliable estimate** for the OEB to base their approvals upon.

CNPI presented a cost comparison table in its Argument in Chief, page 23 of 42. CNPI attempted to make equal comparisons by adding contingency and IDC/AFUDC to applicants that failed to originally include those numbers.

ICN presented a cost comparison table in its Argument in Chief, paragraph 76. ICN attempted to "harmonize" comparisons by deleting contingency and IDC/AFUDC to applicants that originally included those numbers. In its analysis, ICN has demonstrated that CNPI has the second lowest construction costs. In paragraph 78 of ICN's argument-in-chief, it points out that "four applicants are within 5% of each other". One applicant is 10% higher, another applicant is 10% lower. According to ICN, CNPI has presented an estimate 2% below the average, being the lowest of the four tightly grouped.

³⁰ RES Argument-In-Chief, Page 44, Table E-1.

CNPI offers the following conclusions from this analysis:

- Based on the comparison of construction, direct cost only, reference option, four applicants are in close agreement with estimated the cost. This is a positive outcome for the OEB. The OEB can be confident that the applicants looked carefully at the cost of the currently defined scope and developed very similar estimates.
- Of the four applicants in close agreement, CNPI has submitted the lowest estimate, at 2% below the average. Hopefully this dispels the UCT statement: "CNPI's limited pre-designation expenditures of only \$250,000 to \$350,000 indicating a lack of resources committed to date and a relatively raw proposal," Other applicants have spent significantly more speculative funds in preparation of their designation applications, but CNPI has not observed any significant differences in the conclusions presented.
- Based on the CNPI cost comparison table that takes direct construction cost and adds all contingency and IDC/AFUDC, CNPI has the second highest estimated construction costs. This is a reflection on the fact that CNPI has fully considered all risks, and has put together a team that is keenly aware of conditions in Northern Ontario. The CNPI total construction estimate is based on the underlying philosophy that CNPI has the ability to improve upon the in-service date and reduce costs as potential risks do not materialize or are mitigated. The ratepayer will only be responsible for the cost if it is actually spent.
- CNPI has presented a Total Project Cost (same reference as above) that includes the present value of OM&A. CNPI believes that it is uniquely positioned in the project area to provide high quality, low cost services when compared to other applicants.

These conclusions also serve as a direct rebuttal to any comments that the CNPI estimates are not competitive, due to lower pre-designation expenditures. Based upon the evidence submitted, such comments are without merit. Hydro One in its May 9, 2013 submission recognized that the level of detail in the applicants' evidence should be commensurate with the purpose of strictly designating a transmitter to develop the EWT (i.e. not leave to construct):

"...as the purpose of this proceeding is strictly to designate a transmitter to develop the proposed transmission line, and the level of detail of the evidence is therefore expected to be commensurate with that purpose."

Reference: RES Argument-In-Chief, paragraph 192 (x)

27. RES Assertion: "Adjustment to 2012 Dollars: As requested in interrogatory OEB All-26, CNPI has reduced its construction cost estimate by \$11.4 million from the estimate originally submitted in its application through eliminating the effects of inflation. No supporting calculations were provided to support this cost reduction."

CNPI Reply: Please refer to CNPI's reply to ELP assertion in #23 above.

Reference: RES Argument-In-Chief, paragraph 192 (vii)

28. RES Assertion: "Risk Sharing: CNPI has submitted a conceptual, non-binding proposal that does not contemplate risk-sharing with ratepayers for cost overruns."

CNPI Reply: CNPI has submitted an application based on the traditional cost allocation model. On page 121 of its application, CNPI wrote:

"In this methodology, if the costs of construction are less than budgeted, CNPI proposes to recover only spent costs. If the costs of construction exceed budgeted costs, CNPI proposes to seek recovery of its budgeted costs, as well as any incremental costs that are prudently incurred (i.e. necessary costs that are not reasonably foreseeable or are beyond CNPI's reasonable control.)"

In addition, CNPI's application described three possible contract models for the East-West Tie Project with varying degrees of risk transfer to the contractor and corresponding price risk to the ratepayer.³¹ Fortis has utilized full EPC contracts in the past and will consider a full EPC contract for the EWT.

Reference: RES Argument-In-Chief, paragraph 192 (viii)

29. RES Assertion: "Changed Costs: Despite the OEB's admonition not to modify cost estimates from those specified in the original applications, in its response to OEB All-26, CNPI has nearly doubled its O&M cost estimate from \$0.974 million to \$1.684 million."

CNPI Reply: CNPI initially responded to the OEB request for "O&M" estimates, as required by the Filing Requirements. The OEB later asked for "OM&A" costs by way of interrogatory. CNPI complied with the Filing Requirements, as well as the OEB's

³¹ CNPI Application, page 121, lines 8-29, and page 122, lines 1-3.

interrogatory for OM&A costs. We note that this adjustment was to CNPI's detriment, as it increased its estimated total project costs.

Reference: RES Argument-In-Chief, paragraph 192 (ix)

30. RES Assertion: "O&M Costs: CNPI's response to interrogatory OEB All-29, regarding stand-alone O&M, costs is unresponsive and ambiguous. This suggests that these costs are not standalone costs."

CNPI Reply: CNPI was quite clear in its response to interrogatory OEB All-29 when it stated, "On a standalone basis CNPI's estimated OM&A costs are \$1,684,494". There is no ambiguity - CNPI's estimated OM&A costs on a stand-alone basis are \$1,684,494.

Reference: RES Argument-In-Chief, paragraph 192 (xi)

31. RES Assertion: " Route: CNPI has identified potential route deviations from the Reference Route (CNPI-7; CNPI-Exhibits B-9.3 and 9.4) and has provided additional support for RES Transmission's analysis on the advantages of a more accessible route that bypasses Pukaskwa National Park (i.e., the Preliminary Preferred Route). However, unlike RES Transmission, CNPI has provided no information regarding the cost implications of this route modification."

CNPI Reply: Please refer to CNPI's response to interrogatory A2-7 where it wrote, "Being more specific than what is included in the application, CNPI believes that the cost of additional towers and conductor will be offset by the savings obtained in the cost to construct access roads and by the reduced travel time for construction labourers. Additional savings in initial cost are anticipated in environmental studies and environmental construction requirements. Over the life of the project, the much improved access will result in lower maintenance costs and improved response time for operational issues." Calculations that compare the number of structures and the length of access roads were completed to offer this observation, but not included in the evidence. Ultimately, both RES and CNPI arrived at the same conclusion regarding this route deviation.

Reference: RES Argument-In-Chief, paragraph 192 (ii)

32. RES Assertion: CNPI's estimate is the least accurate of all applications with a range of \$361 million (Table I-2): "the construction estimate should be considered as conceptual with a target accuracy of negative 25% to positive 50%" (CNPI-Exhibit B-8.7).

CNPI Reply: Please refer to CNPI's reply to ELP assertion in #22 above for an explanation of why CNPI's cost estimate is reliable because of its -25% to 50% target accuracy. As stated above, all of the applicants estimates at this stage of the EWT have the same level of target accuracy.

Landowner, Municipal and Community Consultation:

No assertions were made about CNPI's proposed landowner, municipal and community consultation plans. CNPI assumes that its filings in this regard are either compliant with or exceed the Filing Requirements.

First Nation and Métis Consultation:

ELP:

Reference: ELP Argument-In-Chief, page 107

33. ELP Assertion: "CNPI has not provided sufficient information to permit other applicants to adequately evaluate its plan or its ability to deliver the Project. In particular, CNPI has not provided an Aboriginal consultation plan..."

CNPI Reply: CNPI will develop a *formal* Aboriginal Consultation and Engagement Plan at the start of its environmental assessment. To do so in advance of the environmental assessment process, as suggested by ELP,³² would be premature and could hinder and/or delay development activities. CNPI will seek input from the Aboriginal leadership on consultation plans. Following designation, CNPI will be approaching the Aboriginal leadership with some preliminary ideas (and, if considered appropriate by Aboriginal leadership, a draft plan) for comment and to obtain their input, and consent. CNPI has provided its plans for Aboriginal consultation at section B10 of its application. Given that CNPI will offer equity participation to all affected Aboriginal communities, unlike ELP, CNPI is confident that its Aboriginal consultations will be more effective and timely than ELP's.

³² ELP Argument-In-Chief, page 40, line 5.

Other Factors:

ICN:

Reference: ICN Argument-In-Chief, paragraph 8

34. ICN Assertion: "The Board's selection of an applicant should also be guided by the fundamental objectives of the transmission designation process to encourage new entrants to transmission in Ontario bringing additional resources for project development" and to "support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers". There has been limited transmission development in Ontario in recent decades and there are intrinsic benefits to adding new players with global experience, new ideas and unique strengths. To gain the benefits of this experience, the Board should designate a new transmitter to develop the East-West Tie unless the plans of the incumbent utilities (EWT LP and CNPI) present a compelling and overwhelming advantage. For the reasons detailed below, it is apparent that the plans of the EWT LP and CNPI do not meet this threshold."

CNPI Reply: ICN has proposed a selection standard that is biased in favour of applicants who possess no experience in Ontario on the basis that they are new. Being a new entrant in of itself is neither a reason to discount CNPI or ELP, nor is it considered a prequalification. CNPI submits that ICN's proposed standard is self-serving and is not in the interest of Ontario's ratepayers.

C. Replies to the Specific Assertions of Intervenors:

The following are CNPI's replies to the assertions made by intervenors that primarily relate to issues that have not already been addressed.

SEC:

Reference: SEC Argument-In-Chief, paragraph 2.1.3

35. SEC Assertion: "SEC does have a minor concern in this regard with respect to CNPI. While they are relying on the experience and financial capabilities of their parent Fortis Inc. who have significant experience in developing and operating transmission assets in North American, the actual project team is made up primarily of CNPI staff who do not have experience managing a project of this type or size. While CNPI does own transmission assets in Ontario, they are quite limited, and the individual project members do not have sufficient experience managing the development or construction of similar high-voltage transmission lines to what will be required for the East-West Tie Line. This may be resolved by a close working relationship with the parent company in the development and implementation of this project. Therefore, SEC requests that CNPI clarify in its reply argument how it intends to draw on the experience and expertise of Fortis Inc."

CNPI Reply: CNPI welcomes the opportunity to address the SEC's minor concern. CNPI's project team will have a close working relationship with its third-party contractors TRC Engineers and Neegan Burnside, and sub-consultants Chimax and Bruce Clarida, as well as Fortis in developing and implementing the EWT project.

CNPI has submitted detailed organization charts for each phase of the EWT project setting out the functional relationships of CNPI management and technical team, including Fortis major projects experts, TRC Engineers and Neegan Burnside third-party consultants and CNPI's high voltage transmission sub-consultants. A dedicated project team located primarily in Ontario has been identified and set out in CNPI's application and response to interrogatories. This team includes a cross section of expertise ranging from senior executive management from within Fortis (including its major projects experts across Canada) to high voltage engineering sub-consultants with extensive Northern Ontario experience. Project roles for all personnel have been identified. CNPI employees along

with its third-party consultants will plan and execute the project. This includes design, environmental, procurement, construction, safety, quality control, and risk management.

Fortis' major project advisors will be heavily involved in the EWT through its oversight role. The Fortis advisors will be involved in the controlling and monitoring aspects of the project. Through monthly or quarterly meetings and reporting, the Fortis advisory team will review the project budget and schedule for compliance with the project plan. Variations will be reviewed and corrective action initiated if necessary. The advisory team will suggest staffing additions or work procedure changes as appropriate. The Fortis board will be provided with regular EWT project updates from the FortisOntario board, which is comprised of senior executive management from Fortis and its operating subsidiaries. Fortis' track record of success on major projects involves utilizing a decentralized management model and bringing in resources from within the Fortis group as needed to ensure adequate resourcing.

Included in CNPI's high voltage transmission team are Bruce Clarida and Chimax. For a discussion of the extensive experience of CNPI's high voltage transmission sub-consultants please refer to CNPI's reply to RES assertion in #2 above.

Reference: SEC Argument-In-Chief, paragraph 3.1.3

36. SEC Assertion: "CNPI proposes a schedule that includes a very long time frame for completion of the development and construction phase. Its scheduled in-service date is Q4 2019, a year later than any other applicant. It is critical that the Board assess and determine whether the CNPI time frame is overly conservative, or is more realistic than the other proposals. SEC believes that, in order to assist the Board in such an assessment – for each of the proposals – each applicant should in their reply submissions advise the Board the underlying forecasting philosophy used in setting out the proposed schedule, e.g. setting an aggressive target vs. not making commitments unless you are sure you can meet them. "

CNPI Reply

CNPI has submitted a construction schedule which is comparable to the other applicants, and a development schedule that is the most realistic. Overall, it has submitted the most realistic schedule based upon CNPI and its consultants' extensive knowledge of Ontario, its

history, regulations, and consultations that are applicable to the EWT. CNPI understands the climatic conditions and geographic region, and the Aboriginal consultations and Environmental Approval process. It has negotiated participation arrangements in Ontario with Aboriginal communities and understands the pace of negotiations. The Ontario political environment is dynamic and changing energy policy and government review have schedule impacts. Local stakeholder concerns can also impact schedule, not to mention site access constraints and other challenges. All of these have been identified in CNPI's risk assessment and taken into account in its schedule. Accordingly, CNPI is neither overpromising nor underestimating the time and quality of work that will be required for the EWT. CNPI's development schedule is most realistic based on CNPI being the most knowledgeable and most respectful applicant of Ontario history, regulations, and consultations that are applicable to this project. The underlying philosophy is that CNPI has the ability to improve upon the in-service date as potential risks do not materialize or are mitigated.

Reference: SEC Argument-In-Chief, paragraph 7.3.4

37. SEC Assertion: "The conclusions that can be drawn are that CNPI has the highest overall construction budget by a significant margin, and UCT followed by RES have the lowest."

CNPI Reply: CNPI does not know how the SEC came to this conclusion. Based on CNPI's cost comparison table at page 23 of its argument-in-chief, CNPI's construction budget is lower than ALT's. Based on ICN's construction cost comparison table at paragraph 76 of ICN's argument-in-chief, CNPI's construction budget is lower than ICN's, ALT's, RES' and ELP's. While CNPI understands that there are different ways to calculate a construction budget, under no comparable scenario is CNPI's the highest. Please refer to CNPI's reply to ELP assertion in #22 above regarding the discussion of why target accuracy should not be applied to CNPI's construction cost estimate.

MNO:

Reference: Written Submission – Phase II, page 14

38. MNO Assertion: “The MNO submits that a plan that sets out clear and tangible commitments with respect to aboriginal participation should be preferred by the Board, rather than those that make general or vague commitments.”

CNPI Reply: CNPI acknowledges and accepts MNO’s assertion, and CNPI submits that not only does CNPI’s plan provide the most equity (49%) along with ALT, but also it provides for financing to its equity partners. This tangible commitment is backed up by current participation by LHATC, which demonstrates that CNPI can actually achieve Aboriginal participation.

Reference: Written Submission – Phase II, page 17

39. MNO Assertion: “In implementing Ontario policy, the Board should prefer plans that maximize partnership opportunities for proximate aboriginal communities, consistent with Ontario policy and the key considerations set out above. This is the logical way the Board will encourage transmitters to enter into partnership with proximate aboriginal communities who indicate an interest. Conversely, the Board must reject designating transmitters where some proximate aboriginal communities will see significant benefits, while other will see none.”

CNPI Reply: CNPI has Aboriginal participation in place and a plan to offer equal opportunity in all forms to affected First Nation and Métis communities for participation in EWT. The form of participation will depend on the results of our studies and consultations with affected First Nations and Métis. CNPI acknowledges that “proximate communities will have a greater interest in economic participation in a project, and greater expectations that they will be given the opportunity to participate in the wealth generated from new transmission within their traditional territory.” (page 14 of the MNO Submission, second last paragraph). However, CNPI also recognizes that others who are not “proximate” to the project or ‘self-identify’ may have interests in participation as well.

CNPI has a practical implementation plan for carrying out Aboriginal participation arrangements as set out in its application, responses to interrogatories and argument-in-chief. CNPI is confident that its plan be achieved based on its track record for participation

with LHATC and with assistance from its advisors (from within Fortis and Aboriginal communities) and its consultants, majority owned Aboriginal firm Neegan Burnside.

There is a starting point for this plan in the form of consultations. CNPI's Consultation and Engagement Plan treats engagement with First Nations and Métis communities on an equivalent basis. The first step is to meet (either formally or informally) with communities to obtain their consultation protocols and understand their expectations for consultation and participation. The expectations from these participants and information obtained from Aboriginal groups will be used to formulate the Aboriginal Consultation and Engagement Plan. This will be used to request comments from communities on various aspects of CNPI's participation plan including comments on the results of an assessment to quantify the potential impacts on the affected First Nations and Métis communities. Proximity to the line will be a factor in this assessment as well as a number of other factors. CNPI will also discuss these results with its partner, LHATC, as well as opportunities for joint participation with the EWT group on other projects. From this starting point, discussions and negotiations can commence with interested and affected communities. Included in these discussions will be the plan to commence the Skill Builder program (i.e. conducting a skills inventory, assessing gap analysis and plans to fill those gaps through training) to ensure opportunities for Aboriginal youth on the EWT project materialize. These inputs will create a launching point for participation discussions that will involve CNPI, affected and interested First Nations and Métis communities, and CNPI's partner, LHATC. As noted above LHATC does not have a "veto right", as any New MOU for Aboriginal participation with CNPI will require the agreement of any parties on mutually acceptable terms.³³ It is CNPI's desire that it can implement equity participation arrangements that maximize Aboriginal ownership in the EWT.

³³ CNPI Application, page 41 of 160

RSMIN:

Capacity Funding – Consultation Plan

Reference: Written Submission dated May 9, 2013.

40. RSMIN Assertion: “RSMIN is not prepared at this time to identify a preferred Transmitter designation for the EWT. Current workloads and time and financial constraints do not provide an opportunity for RSMIN to obtain the pertinent technical expertise and opinion to appropriately inform a recommendation for a specific submission...as RSMIN does not receive core funding, we rely on volunteer participation from our community members and technical expertise of government employees. There is a great variance in capacity amongst Aboriginal communities and organizations that RSMIN believes needs to be considered in consultation activities.”

CNPI Reply: As a preliminary matter, CNPI acknowledges and respects that Red Sky Métis is independent of the Métis Nation of Ontario and that it is not represented by MNO or any other political organization. CNPI understands that the capacity funding for communities such as Red Sky Métis is a significant barrier to participation in the EWT development. CNPI has identified this as an issue in its application (page 149 of 160 – line 26) and proposes to support funding and other types of assistance to allow active engagement. In this regard, CNPI proposes to support applications to the OPA by affected Aboriginal communities to access funding directed by the Ministry of Energy to the OPA in 2011.³⁴

NORTHWATCH:

Reference: Revised Written Submission dated May 14, 2013.

41. Northwatch Assertion: “Northwatch has chosen not to designate a specific transmitter to undertake development work for the East-West Tie line project. Instead, Northwatch brings to the Board’s attention specific components of the applicants’ proposals (including

³⁴ In 2011, the Ministry of Energy issued to the OPA a direction regarding the Aboriginal Energy Partnerships Program (AEPP) to include capacity funding for participation on transmission projects – The OPA was directed to adjust the AEPP to fund Aboriginal communities that are exploring equity positions in future and planned major transmission lines in Ontario, where the OPA has identified transmission capacity need. Up to \$500,000 of total funding will be made available for each transmission line with funding preference going to Aboriginal communities where transmission lines cross traditional territory.

applications, interrogatory responses and arguments-in-chief) that Northwatch determines may improve the sustainability of, and well being of residents in, northeastern Ontario, as well as those components of the applications that may not.”

CNPI Reply: CNPI has a high degree of connection to the local communities and economies. As described in CNPI evidence (CNPI application, pg 68 – 69) Algoma Power Inc. already has employees who are skilled linemen who worked as recently as 2009 on Great Lakes Power Transmission high voltage (115kV and 230kV) transmission lines prior to Great Lakes Power’s sale of its Distribution system in 2009. CNPI is the only applicant who has already operating manpower requirements established at the directly affected community level.

Reference: Revised Written Submission dated May 14, 2013.

42. Northwatch Assertion: "The applications are largely silent on how the line expansion will boost the local economy. The applicants for the most part do not identify how many of the total jobs created will be awarded to local employees, or how said employees will be trained.”

CNPI Reply: Currently, at its work centre located in Wawa, Ontario, Algoma Power Inc. has a facility staffed with transmission experienced employees.³⁵ These employees have a mutually beneficial working agreement through the Power Workers Union. In addition to employees currently employed with Algoma Power Inc. CNPI will be offering First Nation and Métis participation opportunities which will include:

- employment opportunities;
- an apprenticeship training fund for Aboriginal candidates to become power line technicians;
- preferential consideration will be given to Aboriginal businesses; and
- a unique Skill Builder program will be used for Aboriginal youth to educate and train them for potential employment with the utility construction industry.³⁶

Multiple sub-contractors are expected for road construction, environmental controls, right-of-way clearing, and geotechnical.³⁷ By using multiple contractors, CNPI has the effect of increasing the diversity of local employment opportunities.

³⁵ CNPI Argument-In-Chief, page 11.

³⁶ CNPI Application, page #6 and #7 of 160, and Appendix V.

³⁷ CNPI Application, page 20 of 160.

Reference: Revised Written Submission dated May 14, 2013.

43. Northwatch Assertion: “CNPI proposes to create a Vegetation Management System on a GIS platform to manage information about tree removals, quantity of herbicides used, landowner information and sensitive areas. Details about this system and its implementation are not provided.”

CNPI Reply: One detail that may have been missed by Northwatch is the progressive Corridors for Life program that FortisOntario is a member of. As described (CNPI application, pg 71), this program seeks to minimize the impacts of ongoing maintenance of rights-of-way through applied research and local/expert involvement. Over the long run, the objectives of this program will include responsibly managing the use of pesticides.

PWU:

Reference: Written Submission dated May 9, 2013.

44. PWU Assertion: “One of the CNPI partners has a fairly extensive Ontario presence, and has indicated in its application that its technical team will be comprised of employees from the partners’ parent companies, as well as from third party consultants. A large proportion of the management team has representatives who are working in Ontario that have an understanding of the regulatory processes and can provide the necessary guidance to the contracted third parties. However, while CNPI provides descriptions of project tasks that will involve in-house staff and contractors there appears to be overlap in accountabilities between the parent company and some of the third party contractors as indicated by the professionals supplied, which may lead to some confusion and possible project management issues for CNPI.”

CNPI Reply: CNPI agrees with the assertion that Fortis has extensive Ontario presence, and has a comprehensive management team from CNPI, Fortis, and expertise from its third-party consultants. CNPI disagrees with the observation of “overlap in accountabilities between the parent company and third party contractors”. Fortis and CNPI make the management decisions for the EWT and its contracted third-party consultants provide advice in support of those decisions. This represents commonality in areas of expertise, but not overlap in accountability. CNPI’s Organizational Charts present clearly functional

responsibilities and as noted in evidence, employee from multiple consultants may fit under each functional task, but would also maintain their individual business reporting structure.³⁸

Reference: Written Submission dated May 9, 2013.

45. PWU Assertion: “CNPI comes close to having a similar level of relevant experience as EWT LP. Because of the nature of the partnership, CNPI has experience with transmission and distribution projects in Ontario. However, based on evidence provided in CNPI’s application, its experience is on a much smaller scale than that of the EWT LP partnership. Based on the evidence, CNPI has not completed any recent major (>100km) transmission projects in or outside Ontario. The PWU submits that CNPI does not provide the scope of experience that EWT LP does and therefore ranks lower than EWT LP with regard to relevant experience.”

CNPI Reply: CNPI agrees with the assertion that CNPI has similar level of relevant experience as ELP, but submits that when aggregated with the experience of Fortis, CNPI’s experience and expertise is comparable to that of ELP. With respect to experience on lines >100 km, refer to CNPI reply to ELP assertion in #10 above. In fact, CNPI has on its technical team the high voltage transmission engineer (Bruce Clarida) that acted as project manager for a project that is referred to in ELP’s evidence as one of its projects.³⁹

Reference: Written Submission dated May 9, 2013.

46. PWU Assertion: “CNPI’s schedule shows that it would file the S92 application on May 15, 2015 and its EA on September 15, 2016, 20 months and 4 months ahead, respectively, of the completion of the design work that is scheduled for January 15, 2017. As the PWU submits above in the section on EWT LP’s schedule, filing the S92 application and EA without a complete design as a reference point results in loose ends that compromises the S92 and EA processes and timelines and in turn put at risk CNPI’s proposed schedule. CNPI’s proposed schedule therefore lacks the insight demonstrated in EWT LP’s proposed schedule that will enhance the S92 and EA processes.”

CNPI Reply: While CNPI understands the PWU’s interest in supporting ELP’s application, the concern raised by the PWU is unrealistic. The Board’s leave to construct conditions

³⁸ CNPI Response to Interrogatory #1 (All Applicants).

³⁹ CNPI Reply to RES in assertion #2.

typically require an applicant to notify the Board of a "material change" to the project. As set out in section 8.7 of CNPI's application, the target accuracy of final design is -10% to +10%, since the planning work will have been completed by that stage. As such, the likelihood of a "material change" occurring during the final design phase is low; nevertheless, in the unlikely event of a material change occurring during the final design phase, CNPI's schedule can accommodate any further leave to construct proceedings without delaying construction.

Reference: Written Submission dated May 9, 2013.

47. PWU Assertion: "CNPI's Development cost estimate is reasonable and competitive with estimates of other Applicants; however, the PWU notes that cost estimates for Materials and Equipment and Permitting and Licensing are missing. CNPI's Construction cost estimate of \$584M makes its total project cost (excluding O&M) the most expensive at \$608M. The PWU notes that CNPI, in its response to Board interrogatory #27, has reduced its Construction cost estimate by \$57.2M stating that the original estimate is not in 2012 dollars. Further, in its application, CNPI estimated its Construction costs to be \$584M, within an accuracy range of -25 per cent to +50 per cent or \$438M to \$876M. The PWU is concerned with the reliability of CNPI's approach to estimating its costs."

CNPI Reply: The PWU's assertion that CNPI's total project costs (excluding OM&A) are the highest is incorrect. Why the PWU would exclude OM&A from total project costs is puzzling, but in any event CNPI's total project costs (excluding OM&A) are \$550M (not \$584M) and are lower than ALT's.⁴⁰

In regard to using 2012 dollars, please refer to CNPI's reply to ELP assertion in #23 above.

In regard to the reliability of CNPI's cost estimate due to its target accuracy range of -25% to 50%, please refer to CNPI's reply to ELP assertion in #22 above.

Reference: Written Submission dated May 9, 2013.

48. PWU Assertion: "While CNPI's application describes the requirements and objectives set out under the *Environmental Assessment Act* ("EA Act") s. 5.1, it lacks a detailed

⁴⁰ CNPI Argument-In-Chief, page 23.

consultation plan that addresses the *EA Act's* requirements and objectives. No significant issues are identified and no mitigation plans other than reference to ongoing communications are proposed. While CNPI provides expected outcomes for First Nations and Métis consultations, it does not provide an 'Aboriginal Consultation and Engagement Plan' that details how it plans to achieve the outcomes. In fact, CNPI states that an Aboriginal Consultation and Engagement Plan will be developed at the start of the EA process. Therefore CNPI does not have an Aboriginal Consultation and Engagement Plan that can be evaluated for its adequacy in its application. In the PWU's view, given the lack of details on a First Nation and Métis consultation plan in its application, it is questionable whether CNPI has met the Board's filing requirement that would allow the Board to properly assess its plan."

CNPI Reply: Please refer to CNPI's reply to ELP assertion in #33 above, in which CNPI explains that filing a detailed consultation plan at this time would be premature and could hinder and/or delay development activities. CNPI has provided a consultation plan that complies with the Filing Requirements.

Reference: Written Submission dated May 9, 2013.

49. PWU Assertion: "AltaLink and CNPI suggest that EWT LP should not be designated because by making equity only available to the six First Nations that form BLP its First Nations and Métis Participation Plan excludes some First Nations and Métis communities that have been identified as being directly affected by the Project. These criticisms not only fail to consider the history and background that led to the successful formation of BLP and its partnership with EWT LP but also represents an attempt to portray EWT LP's advantage in having an existing First Nations partnership as a disadvantage."

CNPI Reply: While ELP's existing partnership would facilitate its consultations with the six First Nations communities that form BLP, CNPI believes that ELP's exclusion of other affected First Nations and all affected Métis communities will seriously impact ELP's schedule, and result in significant additional costs. As stated by Mr. Lipinski, the President of the Métis Nation of Ontario at the May 2, 2013 oral session in Thunder Bay: ⁴¹

"But what is clear is that a designating partner who refuses to even discuss the possibility of a partnership with impacted Métis communities would be a breach of Ontario government

⁴¹ Transcript, May 2, 2013 Oral Session, page 68, lines 7-15.

policy. Moreover, the MNO believes that such a result would amount to discrimination against Métis. Clearly such a result is wholly unacceptable. It would quickly bog down the East-West Tie down in controversy, delays and litigation."

ALGOMA COALITION:

Reference: Written Submission dated May 9, 2013, pg 2.

50. Algoma Assertion: "the project has failed the Plan (Northern Growth Plan) in that there has been no collaboration with municipalities..."

CNPI Reply: CNPI has always considered collaboration with municipalities both desirable and necessary for many of the reasons cited in the growth plan. Serving a land mass (between Thessalon and White River Ontario) equivalent to the directly affected communities between Wawa and Thunder Bay, Algoma Power Inc. has been engaged in community consultations for over a decade with its 13 communities and 4 First Nation communities (argument 9 of 42) and (application pg 67). The collaboration currently includes understanding the growth aspirations of the communities as well as trying to coordinate utility capital and maintenance programs with that of the communities. Similar to CNPI's plan for Aboriginal consultation, the majority of municipal consultations would occur once designation has taken place in accordance with the plan set out by CNPI in section 9 of its application.

Reference: Written Submission dated May 9, 2013, pg 7.

51. Algoma Assertion: "The reliability of the asset will be directly affected by maintenance planning and execution. As well, this could be a major economic benefit to the region if the designated transmitter proposes to have human resources located in the vicinity of the asset."

CNPI Reply: CNPI has a high degree of connection to the local communities and economies. This is very important for many of the reasons described by the Algoma Coalition. In CNPI's experience, having skilled workforce in the service areas has brought a high degree of employee ownership to the planned and unplanned maintenance of utility assets. As described in CNPI application (pg 68 – 69) Algoma Power Inc. already has employees who are skilled linemen who worked as recently as 2009 on Great Lakes Power

Transmission high voltage (115kV and 230kV) transmission lines prior to Great Lakes Power's sale of its Distribution system in 2009. CNPI is the only applicant who has already operating manpower requirements established at the directly affected community level. CNPI also describes its experience in bringing about training opportunities for First Nations communities through its skills builder program (pg 154 of application). Also, as described in its application (pg 40) CNPI is the only applicant that recognizes that the only practical way of ensuring local opportunities are available during construction and operation of the East West Tie is to ensure that the local colleges and universities are making educational connections to the project. CNPI has spent considerable time and effort with Sault College (environmental, forestry), Cambrian College (powerline technician, environment) and Algoma University (environmental sciences) to ensure they are recruiting local students now for this project. Without graduates from these local programs, there will be no opportunities for local community members.

D. Reply to Board Staff's Submission:

CNPI supports the proposals made by Board Staff. CNPI does not anticipate that it will require any further exemptions from the terms in its transmission licence, or any of the Board's Codes or other regulatory requirements.

For all of the reasons and reply submissions set out above, CNPI submits that it is the prudent choice for designation.

All of which is respectfully submitted.