

**Ontario Energy
Board**
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**Commission de l'Énergie
de l'Ontario**
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BY PRIORITY POST

October 31, 2002

Mr. Gord Maki
President & Chief Executive Officer
Sioux Lookout Hydro
25 Fifth Ave., P.O. Box 908
Sioux Lookout, ON
P8T 1B3

Mr. Ernie Wesley
Manager, Cat Lake Power Utility Ltd.
P.O. Box 57
Cat Lake, ON
P0V 1J0

Dear Sirs:

Re: APPLICATION FOR AN ELECTRICITY TRANSMISSION LICENCE
Board File No. EB-2002-0328

Attached to this letter is the Electricity Transmission and Wholesaler Licence for Cat Lake Power Utility Ltd. ("Cat Lake"). This licence has been issued under Part V of the *Ontario Energy Board Act, 1998* ("Act"). It authorizes Cat Lake to own and operate a transmission system and to purchase power from the IMO at its interconnection point with the Hydro One Networks Inc. ("HONI") transmission system. The Licence expires on October 31, 2022.

I have reviewed the submissions of HONI contained in its letter dated October 24, 2002. The Licence as issued does not contain the conditions requested by HONI. This should not be interpreted as in any way indicating that I have concluded that Cat Lake is exempt as a transmitter from those provisions of the Act from which it is clearly exempted by regulation as a distributor. Section 4.1 of the Licence obligates Cat Lake to comply with applicable legislative and regulatory requirements. Should the Board or the Director conclude at a later date that Cat Lake is not exempt from the relevant provisions of the Act as a transmitter, section 4.1 will ensure that the breach of such provisions can be enforced as a breach of the licence.

I am further of the view that it is unnecessary to include a condition in the licence setting out that Cat Lake must pay the uniform transmission rates. HONI's transmission rate order provides that the rates set out therein are applicable to all "entities which own those facilities that are directly connected to the transmission system owned by Hydro One Networks Inc."

Under the terms of this Licence, Cat Lake is required to comply with all applicable legislation, regulations, Market Rules, Board Orders and Codes. Under section 125.2 of the Act, if the Director of Licensing is of the opinion that Cat Lake is not compliant with the terms and conditions of its licence he may impose administrative penalties for each day or part of a day the contravention occurred or continues to occur.

If you have any questions regarding these matters, please contact Gord Ryckman, Advisor, Energy Licensing at (416) 440-8109.

Sincerely,

Mark C. Garner
Director of Licensing

Encl.

cc: Hydro One Networks Inc. - Glen MacDonald, Senior Advisor, Regulatory Review
Board Secretary

Independent Market Operator - Carl Burrell, Senior Regulatory Analyst

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Licence.wpd

