

February 18, 2011

Ms. Kirsten Walli
Ontario Energy Board
PO Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario M4P 1E4

**Re: Application for Electricity Transmission Licence Interrogatory Responses
Board File No.: EB-2010-0351**

Dear Ms. Walli,

Please find enclosed the Chatham-Kent Transmission Inc. responses to all parties' interrogatories relating to the above mentioned file.

If you have any further questions, please do not hesitate to contact David Ferguson at (519) 352-6300 x558 or email davidferguson@ckenergy.com.

Yours truly,

[Original Signed By]

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Intervenors and Observers of EB-2010-0351

Board Staff
Interrogatory 1

Reference: Application, section 9. Technical Ability, page 12

Chatham-Kent states that *“initially, the applicant will rely upon the technical capabilities and experience of its affiliates to carry out the activities applied for.”* The application also indicates that Chatham-Kent heavily relies on certain individuals with knowledge and skills required to operate and maintain a transmission system. However these individuals may or may not be with the company when Chatham-Kent will operate the transmission facility.

Please identify plans to acquire the necessary technical resources for technical matters related to the operation and maintenance of the transmission line and substation in case existing technical resources become unavailable.

Response:

As reflected in response to part 17 of the Transmission Licence Application (page 33), CKT intends to participate in future transmission system expansions in furtherance of Ontario's energy policy and infrastructure development. CKT views its business as one that will grow over time. As with any growing business, key resources will need to be supplemented and eventually replaced over time. CKT will engage in succession planning and training to ensure ongoing safe operations and the success of the company.

CKT's shareholder and management are fully committed to developing the group's transmission business. As members of a corporate group that includes two regulated electricity distributors, CKT's management and its shareholder also fully understand the public safety and service responsibilities that come along with being a utility company licensed by the OEB.

In the near term, CKT will supplement its own resources, as required, through contracting of qualified support. For example, CKT has used, and expects to continue to use, Utility Compliance Services Inc. (“UCS”) to assist with NERC and NPCC technical requirements. (Please see CKT's response to Hydro One Networks' interrogatory 1b) for further background on UCS.)

CKT is also committed to a transmission training program to ensure currency and best practices in respect of electrical transmission operation and maintenance. Please see CKT's response to Hydro One Networks' interrogatory 1b) and 1e) for more details.

Board Staff
Interrogatory 2

Reference: Application, section 13. Purpose of Facilities, page 29.

Chatham-Kent states: *"The transmission facility will be designed and constructed by Pattern under the conditions of their generator's license Subsequent to construction completion, Pattern will apply to the Ontario Energy Board for leave pursuant to Section 86 of the Ontario Energy Board Act to sell the transmission facility to Chatham-Kent..."*

As per section 92 of the Ontario Board Act, 1998 (The "Act") *"no person shall construct, expand or reinforce an electricity transmission line ... or make an interconnection without first obtaining from the Board an order granting leave to construct, expand or reinforce such line or interconnection."*

Please indicate whether Pattern intends to file with the Board an application under section 92 of the Act to obtain from the Board an order granting leave to construct the subject transmission facility. If yes, please indicate when such application is expected to be filed. If not, please explain why not.

Response:

CKT has made enquires to Pattern. Pattern confirms that the South Kent Wind Project anticipates filing for leave to construct under Section 92 during the first half of 2011.

ENWIN Utilities Ltd.

Interrogatory 1

Ref: Transmission Facilities (s. 4, Exhibit G)

- a) Please confirm that the proposed transmission facilities would create a branch line off of the Hydro One transmission infrastructure and, accordingly, would not be situated between Hydro One transmission infrastructure. For greater clarity, please confirm that the proposed transmission facilities would only be connected to Hydro One transmission facilities at the Demarcation Point shown in Exhibit G.
 - b) If the proposed transmission facilities would be connected to Hydro One transmission facilities at any point other than at the Demarcation Point shown in Exhibit G, please detail those connections.
 - c) Please confirm that the proposed transmission facilities would not connect to the infrastructure owned by any affiliate. If the proposed transmission facilities would connect to the infrastructure owned by any affiliate, please provide the details of those connections.
 - d) Does the 20-year commercial agreement between the Applicant and the Pattern Energy Group infringe on the Board's ratemaking authority? If not, why not. If so, is the Applicant seeking an exemption from the applicable legislation and codes?
 - e) Is the Applicant seeking a transmission licence with a geographic limitation for the Municipality of Chatham-Kent or is it seeking a transmission licence without geographic limitation?
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Response:

- (a) Confirmed.
- (b) Not applicable.
- (c) Confirmed.
- (d) Please refer to the CKT's response to Power Workers' Union interrogatory 2.
- (e) CKT seeks a transmission licence without geographic limitation. CKT intends that its transmission licence would allow for participation in future transmission projects, including those contemplated in the Board's recently released *Framework for Transmission Project Development Plans* policy (EB-2010-0059).

ENWIN Utilities Ltd.
Interrogatory 2

Ref: Technical Ability (s. 9)

- a) Will the Applicant operate as a “virtual transmission company” with all staff housed in affiliates or other companies?
- b) Have any of the key individuals listed on page 13 worked in the transmission sector?
- c) Does the proposal to utilize a confidentiality agreement for shared staff satisfy all the requirements of the Affiliate Relationships Code? If there are other requirements other than transfer pricing, please detail the plan to satisfy those requirements.

Response:

- a) CKT understands “virtual transmission company” to mean a utility company without any employees. CKT will not be a “virtual transmission company”. CKT confirms that it will have its own payroll in addition to the sharing of affiliate employees.
- b) Four of the individuals listed on page 13 have transmission sector experience.
- c) The Board’s *Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC)* will apply to CKT when it becomes a “transmitter” – i.e. when it “owns or operates a transmission system” (see response to Power Workers Union interrogatory 6). CKT has identified the following provisions of the ARC that will apply to CKT, in addition to the confidentiality requirements and the transfer pricing requirements, when it becomes a “transmitter”:
 - i. Section 2.1.1 of the ARC requires that CKT maintain financial records and books of account separate from those of its affiliates. As stated in section 9 of CKT’s Transmission Licence Application (page 12) such financial separation will be effected.
 - ii. Section 2.1.1 of the ARC requires that at least one third of CKT’s directors be independent from any affiliate. This requirement will be met.
 - iii. Section 2.2.1 of the ARC requires that CKT enter into affiliate services agreements in respect of any service/resource/asset use received by CKT from an affiliate (CKT does not, at the present time, anticipate providing any service/resource/asset use to an affiliate). CKT will ensure that the requisite services agreements are in place (as reflected in section 9 of CKT’s Transmission License Application, page 12).
 - iv. Section 2.2.2 of the ARC requires that certain information system access protections be put in place in the event that a utility shares information systems with an affiliate. CKT anticipates sharing certain information systems or related services with its affiliates. The requisite data access protocols and contractual provisions required by the ARC in respect of these shared systems/services will be put in place.
 - v. Section 2.2.3 of the ARC precludes the sharing by CKT with an affiliate that is an “energy service provider” of employees that are directly involved in collecting, or have access to,

confidential (customer) information. CKT has one “energy service provider” affiliate – Chatham Kent Utility Services (CKUS) – which provides sub-metering services and owns a small solar electricity generation facility. CKT will evaluate the feasibility of providing for information access controls that would preclude any employee engaged by both CKT and CKUS from having access to the “confidential customer information” of CKT’s sole customer – the South Kent Wind Project. If it is concluded that appropriate CKT customer information access protocols cannot effectively be put in place, and that employee sharing between CKT and CKUS is desirable, then CKT will apply to the Board for exemption from section 2.2.3 of the ARC in respect of such shared employees. This determination will be made, and any required actions (including an ARC exemption application if one is determined to be required) will be taken well prior to the date upon which CKT will assume ownership or operation of the South Kent Wind Project’s transmission system and thus become a “transmitter” subject to the ARC.

- vi. Section 2.7.1 of the ARC requires that CKT take certain steps to ensure ARC compliance. CKT will, a) perform another ARC compliance review prior to the date on which it assumes ownership or control of the transmission assets contemplated, and will then perform periodic compliance reviews going forward; b) will communicate to its employees, and those employees which it shares with its affiliates, its ARC compliance obligations; and c) will, through its periodic compliance reviews, monitor compliance with the ARC by its employees and those employees which it shares with its affiliates.

ENWIN Utilities Ltd.
Interrogatory 3

Ref: Proposed business transactions impact (s. 17)

- a) If in the “post-ECT process”, pursuant to the “LTEP”, or due to any other driver the Applicant proposes to expand its operations beyond the initial project, does the Applicant intend to file an application to amend its licence?

Response:

- a) Please refer to the CKT’s response to EnWin interrogatory 1e).

ENWIN Utilities Ltd.
Interrogatory 4

Ref: General

- a) Has the Applicant or its advisors reviewed the business models, organizational structures or other characteristics of the 6 currently licensed transmitters?
 - b) If the answer to 4(a) is "Yes", please provide a comparison of how the proposed business model, structures and other characteristics compare to those other transmitters?
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Response:

- a) No, CKT has focused on its own business drivers and consideration of the legislative and regulatory requirements for Ontario transmission businesses.
- b) Not applicable.

**Hydro One Networks Inc.
Interrogatory 1**

Reference: CKT application, Section 9 Technical Ability, paragraphs 2 and 7

In the above referenced paragraphs, the Applicant indicates that it will initially rely upon the technical capabilities and experience of its affiliates to operate and maintain the subject transmission facilities.

- a) How long will this initial period of reliance on affiliate staff last?
- b) What training plans or other measures does CKT plan to use to train its own or affiliate staff in proper transmission operating and maintenance practices and procedures?
- c) How will CKT ensure that affiliate staff is fully trained and has the technical capability to maintain and operate transmission facilities?
- d) After the initial period of reliance on affiliate staff, how will CKT ensure that the requisite knowledge transfer from affiliate to CKT staff has taken place and that its own staff is fully trained and has the technical capability to maintain and operate transmission facilities?
- e) With reference to parts b), c) and d), what are the estimated costs to CKT of acquiring and maintaining this expertise?
- f) With Reference to part e) above, how does CKT intend to recover these costs? Please confirm that these costs will not be recovered from the distribution ratepayers of CKT's affiliates.
- g) Please provide details regarding the experience and understanding of CK Hydro personnel or those of its affiliates, including past employment history (where relevant), of their obligations as a Transmission Owner and Operator in a NERC-compliant transmission system. In order to respect privacy considerations, names of personnel are not necessary in providing the response.
- h) Please also provide details regarding the experience and understanding of CK Hydro personnel or those of its affiliates, including past employment history (where relevant), of their obligations as Transmission Owner and Operator of facilities within the Northeast Power Coordinating Council (NPCC) footprint. In order to respect privacy considerations, names of personnel are not necessary in providing the response.

Response:

- a) CKT intends to continue sharing resources with its affiliates for as long as such sharing provides benefits to both CKT and the affiliates and, as applicable, their ratepayers. As noted in response to EnWin interrogatory 2a), CKT does plan to have its own payroll from the outset. The speed of the shift in resourcing from affiliate sharing to greater reliance on CKT internal staff will depend on the pace of growth in CKT's transmission business, and the continued availability of affiliate staff for engagement by CKT.

- b) CKT's affiliates, Chatham-Kent Hydro Inc. ("CKH") and Middlesex Power Distribution Company ("MPDC"), have owned, operated and successfully grown their own electrical distribution companies since 1920 and 1902 respectively. CKH and MPDC directly employs approximately fifty staff including: 20 powerline maintainers, 5 certified metering technologists, and 2 electrical engineers, in addition to an experienced electrical utility management team. CKH was created in 1998 from the amalgamation of 11 former electric utility commissions, and in the course of that restructuring CKH absorbed the distribution systems and expertise from these former electrical utilities. Similarly MPDC is an amalgamation of 3 electric utility commissions and recently acquired an additional 2 nearby LDC's. This history allows CKH and MPDC to draw from a wide range of skills and experiences. Currently CKH and MPDC have achieved IHSA's (Infrastructure Health and Safety Association) Zero Quest Level II safety compliance and plans to reach level III in 2011. CKH and MPDC are on track to achieve level IV in 2012, therefore achieving all four levels in four years.

In addition, CKT has engaged Utility Compliance Service Inc. ("UCS") to enhance CKT's own transmission operational and planning expertise and to provide ongoing advice regarding technical, process and training requirements to ensure full current knowledge of, and compliance with, IESO, NERC and NPCC standards.

The principals of UCS have extensive experience in electric power systems operations and planning, including NERC Readiness Audits, NERC Reliability Standard Requirements and NPCC Reliability Standard Requirements. UCS has done extensive work for NERC itself, and was instrumental in the development of current NERC standards, compliance programs and auditor training. UCS has also advised system operators, utilities and generators on NERC and reliability issues.

The principals of UCS are Mr. Ev Lucenti, Mr. Dan Schmidt and Mr. Norm Jary.

Mr. Lucenti is the President & CEO of UCS and has over 40 years experience in the electricity business. Mr. Lucenti retired from Ontario Hydro in 1998 as a member of executive staff, and his positions with Ontario Hydro included Manager – Operations Planning, Manager – System Operations and Operating Manager – Clarkson System Control Centre. Previously, as President of PDC Inc, Mr. Lucenti was instrumental in the development of NERC standards, compliance programs and auditor training.

Mr. Schmidt is the CFO of UCS and has over 30 years experience in the electricity business. Mr. Schmidt retired from the Ontario Independent Electricity Market Operator ("IMO") in 2003. As the Manager of Market Facilitation with the IMO, Mr. Schmidt was responsible for market forecasts and assessments. Mr. Schmidt was a member of the NERC blackout team in 2003, and also provided support at the Midwest Independent System Operator ("MISO") in 2005 during their market start-up in Ontario. Mr. Schmidt has completed 182 work assignments in the area of compliance to NERC and Regional Standards.

Mr. Jary is the COO of UCS and has over 30 years experience in the electricity business. Mr. Jary retired from Hydro One in 2005, and his positions included Manager – Operating Networks, Manager – Operating Planning and Manager – Transmission Operating Management Centre. Mr. Jary was a voting member of the Northeast Power Coordinating Council from 2000-2006. With Hydro One, Mr. Jary was also involved in developing the one centre concept for transmission and distribution operations within Ontario, which included amalgamating 13 operating centres into one centre from 2000-2004.

To further supplement the current level of technical expertise, and ensure a “best practices” standard, additional power transmission courses for engineering and other technical staff are being planned, and an annual training/refreshers plan will also be developed.

CKT has currently identified the following electrical transmission specific training to be provided to line staff engaged in support of the transmission business:

- Live Line Tools up to 230 kV, suspension (wood/steel)
- Live Line Tools up to 230kV, Poles Deadend
- Setting Poles Live Line 115kV and 230kV
- Emergency Restoration
- Basic Overhead Maintenance HV
- Implosive Compression Connectors
- EHV/HV Tension Stringing

- c) Please see response to part b) of this interrogatory.
- d) Please see responses to parts a) and b) of this interrogatory.
- e) The preliminary estimates for training are approximately a one-time cost of \$15,000 per applicable line staff and a one-time cost of \$12,000 per applicable engineering and technical staff. Line staff training includes: tower climbing/tower rescue, basic overhead maintenance, live tools 230 kV suspension wood/steel and setting poles live line 115kV & 230 kV. Engineering and technical staff training includes courses related to: transmission planning, transmission network analysis, and transmission reliability analysis. Preliminary estimates to maintain this expertise on an annual basis are forecasted to be at a minimum \$4,000 per applicable employee. CKT is committed to providing proper training to all employees to ensure safety and reliability.
- f) Costs associated with the current transmission project, including training costs, to the extent recoverable, will be recovered through the provision by CKT of transmission services to the South Kent Wind Project, pursuant to a Transmission Services Agreement being negotiated between the parties. None of the costs related to CKT will be recovered from the distribution ratepayers of CKT's affiliates.
- g) CKT's distribution affiliates – Chatham-Kent Hydro and Middlesex Power Distribution Corporation – each employ and otherwise engage highly skilled and fully trained electrical line construction and maintenance personnel and management. Given the large degree of overlap in basic training and expertise required to construct, maintain and operate electrical grids, whether transmission or distribution, this knowledge base is the starting point for CKT's experience and understanding of the electrical transmission business.

Building on this base of knowledge and experience, CKT will engage employees with transmission-specific experience from other companies in its corporate group. CKH has five employees with electrical transmission operation experience. All five worked for Hydro One Networks Inc., and prior to that for Ontario Hydro, as transmission supervisors and linemen. In addition, CKUS has three employees with transmission sector finance, regulatory and administration experience. The total

accumulated transmission experience of personnel available to CKT from within the Chatham-Kent Energy corporate group exceeds seventy-five years.

CKT is aware of its obligations as a Registered Transmission Owner under Northeast Electric Reliability Council (NERC) requirements, and as a Transmission Owner and Operator of facilities within the Northeast Power Coordinating Council (NPCC), and has reviewed all applicable requirements and standards. To ensure complete and up-to-date compliance practices and protocols, CKT has engaged UCS, which is considered an expert resource in the field of NERC standards and NPCC policies and procedures. Please see CKT's response to section b) of this interrogatory for more details on UCS.

As the Board is aware, the IESO is responsible for monitoring compliance to NERC standards and under the IESO Market Rules CKT will be required to report regularly to the IESO on compliance with such standards.

- h) Please see response to part g) of this interrogatory. CKT is aware of its obligations under NPCC as the RRO (Regional Reliability Organization) and has reviewed applicable regional standards (including in particular Directory #3 as it relates to the obligations of a Transmission Owner regarding the maintenance and testing of protection systems as per NERC standard PRC-005). As noted in response to part g) of this interrogatory, CKT has supplemented its own internal expertise regarding these obligations with expert assistance from UCS.

**Hydro One Networks Inc.
Interrogatory 2**

Reference: CKT application, Section 9 Technical Ability, paragraphs 2 and 7

Please indicate whether CKH, its affiliates or Pattern Energy Group have any experience designing and constructing a NERC-compliant network interconnection with other transmitters and if so, please explain the administrative arrangement and describe the physical connections.

Response:

The affiliates of CKT are currently market participants connected to Hydro One's transmission system, which is a NERC-compliant network. These connections to the IESO controlled grid require knowledge of, and adherence to, the IESO's Market Rules for reliability and wholesale metering and settlement. CKT's affiliates have been fully compliant market participants for 10 years.

To supplement its internal expertise, CKT has engaged, Utility Compliance Services Inc. ("UCS"), (Please see CKT's response to Hydro One Networks' interrogatory 1b) for further information on UCS.)

In respect of Pattern Energy Group's experience designing and constructing NERC-compliant network transmission connections, below is a listing of the Pattern transmission connection projects listed in CKT's response to Hydro One Networks' interrogatory 4, with additional physical connection information included. In each case; i) administrative arrangements were set out in long-term interconnection agreements between Pattern and the transmitter; and ii) the facilities were constructed and connected based on utility grade, local utility and NERC standards and are operated pursuant to a Generator-Operator compliance manual.

Project	Location	In-Service Date	Line Length	Line Type	Line Voltage	Physical Connection Description
Cedar Creek*	Colorado, USA	Dec 2007	76 miles	Radial	230 kV	Switching Station
Aragonne Mesa*	New Mexico, USA	Dec 2006	22 miles	Radial	138 kV	Switching Station
Sweetwater 4a*	Texas, USA	Mar 2007	20 miles	Radial	345 kV	Substation with Transformer
Caprock*	New Mexico, USA	Dec 2004	15 miles	Radial	115 kV	Switching Station
Hatchet Ridge	California, USA	Oct 2010	3 miles	Radial	230 kV	Switching Station

* This project, is not owned by Pattern, but was developed by the Pattern team while employed at Babcock & Brown. Please see CKT's response to Hydro One Networks' interrogatory 3 for more information on Babcock & Brown.

**Hydro One Networks Inc.
Interrogatory 3**

Reference: CKT application, Exhibit F, Pattern Energy Group, Trans Bay Cable

- a) Please provide the current status of the Trans Bay project. If the project has been placed in-service, please document any operational problems that have occurred since the in-service date including outage history.
- b) Please compare the original schedule for planning, approvals and construction of the project with the current or actual schedule, and include explanations for material changes.
- c) Please compare the original budgeted construction cost of the project with the revised or actual construction cost, and include variance explanations for material changes.
- d) Please provide a listing of any complaints received during the construction of the project along with their resolution.
- e) Please provide any monitoring reports or plans relating to the construction of the project that Pattern was required to file with regulatory authorities, and where follow-up action was required, provide the follow-up documents.

Response:

a) through e)

Neither CKT nor any of its affiliates has any involvement with, or direct knowledge of, the “Trans Bay project” referenced in this interrogatory.

CKT has made inquiries of Pattern, and is advised as follows.

Pattern has never owned the Trans Bay Cable facility. Pattern was formed by an executive team from Babcock & Brown. While at Babcock & Brown Pattern’s transmission team conceived and developed the Trans Bay Cable project. The facility is owned by Trans Bay Cable LLC (“TBC”), which in turn is owned by an investment fund managed by SteelRiver Infrastructure Partners (“SteelRiver Fund”). Prior to May 2009 the SteelRiver Fund was managed by Babcock & Brown. TBC is the current owner of the transmission line and Pattern is neither an investor in, nor the manager of, TBC or the SteelRiver Fund. An affiliate of Pattern entered into a contract with TBC to manage construction of the line. Under that contract, the service provider and its affiliates are subject to confidentiality provisions which preclude Pattern from providing information on construction details, costs, and customer or regulatory issues, if any.

To assist, Pattern has provided the following general description of the project. The Trans Bay cable is an approximately 53 mile, 400MW high-voltage direct current submarine electrical transmission line and converter station facility connecting a Pacific Gas Electric (“PG&E”) substation located

adjacent to the City of Pittsburg, California to the PG&E Potrero substation located in San Francisco, California. The cable provides electricity to San Francisco, to support reliability in the Bay Area and has enabled the retirement of units of the Mirant-owned Potrero Power Plant.

While the in-service date of the project was briefly delayed as a result of technical issues associated with the converter stations, commercial operation of the Trans Bay Cable project was achieved on November 23, 2010 and operational control was simultaneously transferred to the California ISO. The line is currently in full service.

CKT notes that further information to establish Pattern's demonstrated ability to construct transmission on time and on budget is provided in response to Hydro One Networks' interrogatory 4.

**Hydro One Networks Inc.
Interrogatory 4**

Reference: CKT application, Exhibit F, Pattern Energy Group

Please provide details regarding other transmission line projects (apart from Trans Bay) that are currently in-service that Pattern has built within the past 5 years (or longer if 5 years is not applicable). The details should include information about the line length, type (network or radial), voltage, purpose of line, and a budget versus actual comparison of in-service dates and costs.

Response:

CKT has obtained the following information from Pattern Energy.

Pattern Energy was formed by an executive team from Babcock & Brown. The Pattern team has been developing and building electrical generation and transmission projects for approximately eight years. Included in this experience, in addition to the Trans Bay project, as discussed generally in response to Hydro One Networks' interrogatory 3, are the following recent projects:

Pattern Project	Line Length	Type	Voltage	Purpose	In-Service Date Budget vs. Actual	Costs Budget vs. Actual	NERC Compliance
Southern Cross	~400 miles	Network	HVDC: +/- 500 kV	Transport renewable energy between ERCOT and SERC	In development stage	In development stage	In development stage
Cedar Creek **	76 miles	Radial	230 kV	Gen-tie	On time	On Budget	***
Aragonne Mesa **	22 miles	Radial	138kV	Gen-tie	On time	On budget	***
Sweetwater 4a **	20 miles	Radial	345 kV	Gen-tie	On time	On budget	***
Caprock**	15 miles	Radial	115 kV	Gen-tie	On time	On budget	***
Hatchet Ridge	3 mile	Radial	230 kV	Gen-tie	On time	On budget	***

** This project, is not owned by Pattern, but was developed by the Pattern team while employed at Babcock & Brown.

***Facilities were constructed and connected based on utility grade, local utility and NERC standards and operated pursuant to a Generator-Operator compliance manual.

**Hydro One Networks Inc.
Interrogatory 5**

Reference: CKT application, Section 4 Transmission Facilities

Specifically with respect to the development stage for new electrical transmission facilities, please elaborate on the experience of Pattern, CKT or its affiliates with respect to regulatory approvals, acquisition of rights of way (including landowner and First Nations & Métis consultation), and planning and design, in Ontario or elsewhere in Canada.

Response:

The Pattern team has extensive experience in the United States with respect to regulatory approvals, acquisition of rights of way and transmission planning and design. A representative list of successfully completed projects developed by Pattern is provided in response to HONI interrogatory 4. In each of these projects Pattern was involved in planning and design, acquisition of rights of way and regulatory approvals. In Canada, Pattern has generation-specific development experience in the province of Manitoba. In addition to the South Kent Wind Project, Pattern is also currently in the planning and design and acquisition of land rights stages of transmission and generation projects in Ontario and other provinces.

Regarding general experience with First Nations issues in Ontario, The Chatham-Kent Energy corporate group, of which CKT is a part, employs six people who have experience working with First Nations, including through related roles when previously employed by Ontario Hydro.

A good example of this experience is Tomo Matesic, CKT's Chief Administrative Officer. Mr. Matesic has an established working relationship with the Walpole Island First Nation ("WIFN"), which includes assisting WIFN with:

- Green Energy (Wind and Solar) applications and project development
- Establishing a WIFN Energy Corporation to assist members of the First Nations group with energy conservation, demand management, energy independence and economic development opportunities
- Training of key First Nation staff through a work placement at CKT's affiliate Chatham-Kent Utility Services. Training provided included general knowledge on regulations, policies and standards applicable to the Ontario energy sector including the provision of billing and customer service to electricity customers
- Discussions between WIFN and various government agencies and organizations (including the Ontario Ministries of Energy, Environment, Finance and Indian and Northern Affairs (Canada) in relation to the advancement of Green Energy projects on Walpole Island.

Regarding the particular project described in CKT's Transmission Licence Application, CKT and Pattern have identified a route which would utilize established land corridors and thus engages a very small number of landowners. Arrangements for acquisition of the requisite land rights are well advanced. To the extent that the acquisition of further rights of way prove necessary, Pattern will assume primary responsibility for such acquisition, and CKT will participate in any discussions and dealings with any interested or affected land owners or First Nations. The acquisition of required land use rights and any relevant First Nations consultations for the specific project described in CKT's Transmission Licence Application will be the subject of a future leave to construct application for the project.

Hydro One Networks Inc.
Interrogatory 6

Reference: CKT application, Section 4 Transmission Facilities

- a) Please confirm that CKT will develop Board-approved connection procedures for processing requests to connect to its transmission system or to modify existing connections, as required by Section 6.1.3 of the Transmission System Code, and indicate when those procedures will be available.
- b) Please confirm that the costs of developing those procedures will not be recovered from the distribution ratepayers of CKT's affiliates.

Response:

- a) Confirmed. CKT does not anticipate any near term connection requests, beyond connection of the South Kent Wind Project, as additional capacity beyond the requirements of the South Kent Wind Project is constrained by the current infrastructure of the Chatham switching station.
- b) Confirmed. Any recovery of the costs of developing connection procedures for connection of any additional customers would be recovered through a Board-approved rate order if and when those customers are identified.

**Power Workers' Union
Interrogatory 1**

Reference: Application, s. 4, p. 4

The application indicates that it is intended that the transmission facility in question will be designed, constructed, and owned by Pattern Energy Group ("Pattern"). After completion, it is intended that the facility will be sold to the Applicant. To the Applicant's knowledge, does Pattern intend to apply for a transmission licence?

Response:

Pattern will be responsible for the design and construction of the transmission facility, and the facility will be owned by an affiliate of Pattern, the South Kent Wind Project. CKT is advised that the South Kent Wind Project will hold an OEB generation licence, and that Pattern will be relying on the transmission licence exemption provided for in Ontario Regulation 161/99, section 4.0.2(1)(d) while it owns the transmission facility. Pattern has advised that it does not intend to apply for a transmission licence in connection with this project.

**Power Workers' Union
Interrogatory 2**

Reference: Application, s. 4, p. 4

The application indicates that:

Costs will not be socialized and an approved Ontario Energy Board tariff sheet is not being sought. Costs will be recovered directly from Pattern in the form of contributed capital and operational cost recoveries under the terms of a twenty-year commercial agreement to be mutually agreed upon between the parties.

Please advise how the “operational cost recoveries” referred to in the application are not:

- a) a “charge for the transmission of electricity” under s. 78(1) of the *Ontario Energy Board Act, 1998*; and,
- b) a “charge” for a “transmission service” under s. 4.2.2 of the Transmission System Code.

Response:

CKT agrees that the “operational cost recoveries” as referred to in the application are transmission charges pursuant to section 78(1) of the *Ontario Energy Board Act, 1998* (“OEB Act”) and section 4.2.2 of the Board’s *Transmission System Code*. As such, CKT will seek an order of the Board pursuant to section 78 of the *OEB Act* approving the charges to be recovered from the South Kent Wind Farm.

As explained in the Application (see pages 4 and 29), the project will be a line connection transmission facility the capacity of which will be limited by the capacity of the Hydro One transmission system at the point of connection to that system. The line connection will thus be sized to serve the requirements of a single customer. CKT’s section 78 application will seek approval of the charges to that single customer, the South Kent Wind Farm, which charges will be set out in a 20 year transmission services agreement between CKT and the South Kent Wind Farm.

This approach is not unlike the alternative regulatory model recently sought by Union Gas in respect of its Dawn Gateway Pipeline project [EB-2009-0422], and approved by the Board.

**Power Workers' Union
Interrogatory 3**

Reference: Application, s. 4, p. 4

If it is not intended that Pattern will obtain a transmission licence, please explain how Pattern would have the standing to make an application pursuant to s. 86 of the *Ontario Energy Board Act, 1998*, as contemplated by the application.

Response:

Section 86 of the *Ontario Energy Board Act, 1998* ("*OEB Act*"), provides that no transmitter shall dispose of its transmission system without first obtaining an order of the Board. A transmitter is defined in the *OEB Act* as a person who owns or operates a transmission system. A transmission system is defined in the *OEB Act* as "*a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose.*" The term "transmit", as it relates to electricity, is defined in the *OEB Act* as meaning "*convey electricity at voltages of more than 50 kilovolts*".

Pursuant to this legislative framework, Pattern, through its subsidiary the South Kent Wind Project, will own a transmission system. As noted in response to Power Workers' Union interrogatory 1, Pattern is of the view that Ontario Regulation 161/99, section 4.0.2(1)(d) provides an exemption from the requirement that it hold a transmission licence. CKT is further advised that, despite the licence exemption, it is Pattern's view that if the owner of the "transmission system" wishes to dispose of it, OEB approval under *OEB Act*, section 86, will be required.

**Power Workers' Union
Interrogatory 4**

Reference: Application, s. 4, p. 4

Is it intended that the Applicant will enter into a connection agreement with Pattern pursuant to the provisions of 4.1.1 of the Transmission System Code? If not, why not?

Response:

It is intended that CKT will enter into a connection agreement with South Kent Wind Project as provided for in section 4 of the Board's *Transmission System Code*.

**Power Workers' Union
Interrogatory 5**

Reference: Application, s. 9

Section 9(b) of the application appears to indicate that the design, construction and customer connection activities will be contracted by the Applicant to Pattern. This appears to be inconsistent with the provisions of s. 4 of the application, which indicates that the design, construction and customer connection will be performed by Pattern, not as a contractor for the Applicant, but in its own right as the owner of the transmission facilities in question. Please confirm which of s. 4 and s. 9(b) accurately describes the structure of the intended transaction.

Response:

It is confirmed that the role of Pattern is more accurately described in Section 4 of the Application, which reflects Pattern's role in the design, construction and connection (to Hydro One's system and to the South Kent Wind Farm) of the transmission facility. Pattern is not acting as a contractor for CKT.

**Power Workers' Union
Interrogatory 6**

Reference: Application, s. 9

The application recognizes that the Applicant intends to share key employees with affiliates. Does the Applicant intend to seek an exemption from s. 2.2.3 of the Affiliate Relationship Code? If so, please explain why the Applicant cannot structure its business in a manner which does not require an exemption from the Affiliated Relationships Code.

Response:

Please see CKT's response to EnWin interrogatory 2c), section v).