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VIA COURIER

Ms. Kirsten Walli

ONTARIO ENERGY BOARD

P.O. Box 2319, 27th Floor

2300 Yonge Street

Toronto, Ontario

M4P 1E4

Ian A. Mondrow
Direct 416-369-4670
ian.mondrow@gowlings.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlings.com

File No. T981761

Dear Ms. Walli:

Re: Application by Upper Canada Transmission, Inc. (UCT), a NextEra Energy company, for an Electricity Transmission Licence

As counsel for UCT, we enclose with this letter:

1. Two originally signed copies of an *Application for Electricity Transmission Licence* (Application) filed on behalf of UCT; and
2. Our firm's cheque in the amount of CDN\$1,000 to cover the licence application fee.

About UCT

UCT is a member of the NextEra Energy, Inc. (NextEra) corporate group, and is indirectly and wholly owned by NextEra Energy Resources, LLC (NextEra Resources). NextEra is a leading North American clean-energy company with 2010 revenues of approximately US\$15 billion, approximately 44,000 megawatts of generating capacity in service, and more than 15,000 employees in 28 U.S. states and 4 Canadian provinces. NextEra is a Fortune 200 corporation trading on the New York Stock Exchange (trading symbol NEE).

Florida Light and Power (FPL) is a NextEra subsidiary which serves 4.5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the country. FPL is a vertically integrated utility which owns and operates electrical generation, transmission and distribution infrastructure. FPL owns and maintains 106,700 kilometres of distribution lines and over 10,560 circuit kilometres of transmission lines ranging in voltage levels from 69 kV through 500 kV, with over 60% of these lines operating at 230 kV.

NextEra's wholly owned subsidiary, Lone Star Transmission, is currently developing a portion of the Public Utility Commission of Texas' Competitive Renewable Energy Zone (CREZ) electricity transmission allocation. Lone Star's CREZ project includes construction and operation of 480 kilometres of 345 kV transmission lines, at a total investment of US\$735 million.

NextEra Resources is the largest generator in North America of renewable energy from the wind and the sun. As owner and operator of 19,000 MW of generation capacity in the U.S. and Canada, more than ninety-five percent of which is clean and renewable generating capacity (nuclear, hydro, solar and wind), NextEra has extensive experience with connecting and integrating renewable electricity generation to distribution and transmission grids. In Canada, NextEra Resources currently has approximately 220 MW of wind generation in operation in Alberta, Quebec and Nova Scotia, and more than 600 MW of wind generation under development in Ontario.

Further information on the NextEra group's experience with, and approach to, power project development, and transmission project development in particular, is provided in the Application (sections 7, 9 and 17 in particular).

Purpose and Approach of this Application

UCT seeks an Ontario Transmission Licence in order to participate in the Board's upcoming transmission development designation processes, under the Board's recently issued *Framework for Transmission Project Development Plans* [EB-2010-0059]. Through UCT, NextEra looks forward to contributing to efficiency and innovation in Ontario's transmission sector, as the Board's transmission policy envisions.

UCT's Transmission Licence Application has been completed in a manner intended to provide the Board and any interested parties with the information most relevant to consideration of the Application. Thus, for example, the corporate organization charts that have been provided are simplified in order to show the basic structure of the NextEra group, and the positioning of the applicant, UCT, within that group. Such simplification also precludes the need for NextEra to request confidential treatment of this material. Detailed information on UCT's (numerous) affiliates, including jurisdiction and licencing information, has been collected in Schedule B to the application. The UCT affiliates listed in Schedule B are functionally grouped according to relevance to consideration of NextEra's electricity transmission development experience and resources (i.e. transmitters, generators in Canada, generators elsewhere, other affiliates).

Exemptions Requested

Consistent with the Board's recognition that some transmission licence requirements may not apply unless a transmitter has assets in Ontario¹, UCT applies for exemption, until such time as it becomes designated by the Board as a transmission developer or owns and/or operates transmission facilities in the province, from:

1. The Board's *Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC)*; and
2. the Board's *Electricity Reporting and Record Keeping Requirements (RRR)*.

In respect of the ARC, as demonstrated by Schedule B to the Application (the listing of UCT affiliates), UCT has over a hundred affiliates with which it may occasionally transact or share resources. (Indeed, it is the availability to UCT of these extensive electricity industry resources which commends it for consideration for designation as an Ontario transmission developer.) UCT is fully prepared to be compliant with the ARC at and beyond the point in time when its costs may be recoverable from Ontario ratepayers. UCT submits that requiring ARC compliance through the pre-development transmission planning stage leading up to the transmission development designation application would serve no ratepayer or competitor protective function, and thus be of no consequence.

In respect of the RRR, reporting and record keeping is required of electricity transmitters in respect of; i) deferral accounts; ii) affiliate relationships and transactions; iii) transmission connection requests; and iv) transmission system circuit trips coincident with telecommunication failures. UCT would have no deferral accounts, no transmission assets to which to connect, and no transmission assets that might trip until it is designated to develop transmission in Ontario or it owns and/or operates transmission assets in Ontario. As noted above, during transmission pre-development stages leading up to a transmission development designation application, the ARC, and thus reporting related thereto, would be of no consequence.

UCT has also considered the Board's *Transmission System Code* and the Independent Electricity System Operator's (IESO) *Market Rules*. UCT has not at this time identified any basis on which it would need to seek exemption from these regulatory instruments, but reserves its rights to seek such exemption(s) if the need is subsequently identified. UCT does note the confidentiality obligations under the *Market Rules*. In respect of any customer specific information that UCT might obtain from the IESO in support of development of a transmission development designation application, UCT is confident that it can provide a mechanism satisfactory to the IESO and, as required, the Board, to retain the requisite confidence in respect of any such information (for example, through; i) designation of one or more individuals to receive, and maintain in confidence, any

¹ Board Policy: *Framework for Transmission Project Development Plans* [EB-2010-0059], August 26, 2010, page 6, first full paragraph.

such information and; ii) the institution of confidentiality screens, protocols or other requisite controls to ensure the protection of any such information).

Procedure

UCT further requests that the Board dispose of this Application by way of a written hearing, pursuant to Rule 34 of the Board's *Rules of Practice and Procedure*. Given recent correspondence between the Ontario Minister of Energy and the Board², and in turn between the Board and the Ontario Power Authority³, all related to the potential for the Board to initiate a transmission development designation proceeding in the near future, UCT respectfully requests that this application be processed by the Board as expeditiously as is reasonable.

As UCT is a new entity, incorporated for the purposes of bringing this Transmission Licence Application and participating in a future transmission development designation process, UCT does not maintain a website. UCT thus requests that the Board determine that the posting of a Notice of Application herein on the Board's website and a circulation of notification of such posting by the Board through its "What's New" e-mail notification system, be accepted as sufficient notice of this application.

Finally, we request that in addition to being sent to the primary contact for this Application as designated in section 3 of the Application, further communications and materials concerning this Application be copied to both the writer and Gunnar Birgisson, Senior Attorney, NextEra Energy Resources, LLC (at 801 Pennsylvania Avenue, N.W., Suite 220, Washington, DC 20004, E-mail - Gunnar.Birgisson@nexteraenergy.com).

Yours truly,



Ian A. Mondrow

Encls.

- c. Gunnar Birgisson, Senior Attorney, NEXTERA ENERGY RESOURCES, LLC
Oliver Romaniuk, Project Manager, UPPER CANADA TRANSMISSION, INC.

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² Ontario Minister of Energy of a letter to the Chair of the Board dated March 29, 2011.

³ Board of a letter to the Ontario Power Authority (OPA) dated April 25, 2011.

Ontario Energy Board
Commission de l'Énergie de l'Ontario

**Application for Electricity
Transmission Licence**

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4
Telephone: 1-888-632-6273
Facsimile: (416) 440-7656

Commission de l'Énergie de l'Ontario
2300 rue Yonge
C.P. 2319
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Télécopieur: (416) 440-7656

For Office Use Only

Application Number	EB-2011-0222
Date Received	June 3/11

A. General Information

1. Type of Application

New license

☒

Renewal

☐

Amendment to an existing Licence

☐

2. Applicant

Please provide the following information about the Applicant

Full Legal Name of Applicant

*Ontario Corporation Number, Canadian
Corporation Number or Business
Registration Number*

*Date of Formation or
Incorporation*

Upper Canada Transmission, Inc. ("UCT")

657098 (New Brunswick)

April 19, 2011

Business Address:

5500 North Service Road, Suite 205

City

Burlington

Prov.

Ontario

Country

Canada

Postal/Zip Code

L7L 6W6

Phone Number

905-335-4904

FAX Number

905-335-5731

E-mail Address (if applicable)

3. Primary Contact for this Application

<i>Please provide the following information about the Primary Contact for this Application:</i>				
Mr. <input checked="checked" type="checkbox"/>	Mrs. <input type="checkbox"/>	<i>Last Name:</i> Romaniuk	<i>Full First Name</i> Oliver	<i>Initial</i>
Miss <input type="checkbox"/>	Ms. <input type="checkbox"/>	<i>Position Held:</i> Project Manager		
Other: _____				
<i>Contact Address (if R.R., give Lot, Concession No. and Township)</i> 5500 North Service Road, Suite 205				
<i>City</i> Burlington	<i>Province</i> Ontario	<i>Country</i> Canada	<i>Postal/Zip Code</i> L7L 6W6	
<i>Phone Number</i> 905-335-4904	<i>FAX Number</i> 905-335-5731	<i>E-mail Address (if applicable)</i> oliver.romaniuk@nexteraenergy.com		

4. Transmission Facilities

<i>Please provide a description of the transmission facilities involved in this Application:</i>
UCT applies for an Ontario electricity transmission licence in order to qualify for participation in transmission development designation processes as described in the Ontario Energy Board's <i>Framework for Transmission Development Plans</i> [EB-2010-0059].

B. Corporate Information

Organizational

5. Business Classification

Please indicate the Applicant's Business Classification (check appropriate type below)

☐

Sole Proprietor

☐

Partnership

☒

Corporation

☐

Other (describe) _____

6. Business Activities

Please provide a description of the Applicant's business activities:

Upper Canada Transmission, Inc. was recently created to develop, construct, own and operate transmission facilities in the Province of Ontario. UCT is an indirectly wholly owned subsidiary of NextEra Energy, LLC ("NextEra"). NextEra is a Fortune 200 corporation trading on the New York Stock Exchange under the symbol NEE.

NextEra is a leading clean-energy company with 2010 revenues of approximately US \$15 billion, approximately 44,000 megawatts of generating capacity in service, and more than 15,000 employees in 28 U.S. states and 4 Canadian provinces. For the fifth consecutive year, Fortune magazine, in March 2011, named NextEra number 1 in the category of electric and gas utilities in its list of "America's Most Admired Companies." NextEra has also been named one of the top 10 socially responsible companies in the world in Fortune magazine's 2011 "World's Most Admired Companies" list.

NextEra's principal subsidiaries are: i) NextEra Energy Resources, the largest generator in North America of renewable energy from the wind and the sun; ii) Florida Power & Light Company, which serves approximately 4.5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the country; and iii) US Transmission Holdings, LLC, which includes Lone Star Transmission, a rate-regulated transmission utility in Texas.

Further information regarding the business activities of UCT's affiliates are contained within the responses to Sections 7, 9 and 17 of this licence application.

For a representative corporate organization chart showing the key NextEra subsidiaries pertinent to this application, please see Schedule A.

7. Affiliates of the Applicant

Please see Schedule B.

8. Energy Sector Activities

Has the Applicant or an Affiliate undertaken any energy sector activities in Ontario or any other jurisdiction?

Yes

No

☒☐

If yes, please provide the following information for each: Please see Schedule B.

Technical Capability and Experience

9. Technical Ability

a) Please describe the applicant's technical ability to carry out the activities applied for including the Applicant's specific experience in Ontario and in other jurisdictions.

The NextEra corporate family has extensive experience with electricity transmission, distribution and generation development, management and operation. The experience and skills of NextEra's workforce are recognized across the continent, resulting in a reputation for completing projects on time, within budget and to the highest technical standards.

Florida Power & Light Company (FPL), a NextEra subsidiary, is an integrated, rate-regulated utility engaged in the generation, transmission, distribution and sale of electric energy. FPL supplies electric service to a population of nearly nine million throughout much of peninsular Florida. FPL's generation fleet consists mostly of natural gas and nuclear power, and includes 110 MW of solar power. FPL owns and maintains 106,700 kilometers of distribution lines and over 10,560 circuit kilometers of transmission lines between 69kV and 500kV (of which 60% are over 230kV). FPL's electrical grid has a book value exceeding \$3 billion.

Lone Star Transmission, a NextEra subsidiary, has been awarded a portion of the Public Utility Commission of Texas (PUCT) transmission project allocation under the Texas Competitive Renewable Energy Zone (CREZ) program. Lone Star Transmission's CREZ project includes constructing and operating approximately 480 kilometers of 345 kV transmission lines. In 2010, the PUCT approved Lone Star Transmission's Certificate of Convenience and Need, establishing Lone Star Transmission as a regulated transmission provider in Texas and granting approval to begin construction. Right-of-way acquisition was commenced in late 2010 and early construction activities on the CREZ project have begun. Lone Star Transmission plans to invest a total of approximately US \$800 million during the period 2011 through 2013 in construction and expects the transmission line to be placed in service in 2013.

NextEra Energy Resources is a developer, owner and operator of energy generation systems that generate power with fuels such as natural gas, wind, solar, hydroelectric and nuclear energy. NextEra Energy Resources owns and operates approximately one hundred electrical generating facilities producing nearly 19,000 net MW in twenty-six U.S. states and three provinces in Canada. More than ninety-five percent (95%) of NextEra Energy Resources' electrical generation is derived from clean and/or renewable sources including wind, solar, nuclear, natural gas and hydroelectric power. NextEra Energy Resources is the number one producer of wind power in North America; and operates the two largest solar facilities in the world. The company operates approximately 8,200 MW of wind power, 220 MW of which is in Canada. NextEra Energy Resources has also built approximately 800 kilometers of high-voltage transmission lines to connect its wind projects to the grid. In Ontario, NextEra Canada currently has two wind projects totaling 150 MW that have been awarded contracts and six wind projects totaling 470 MW awaiting contracts under the province's Feed-in Tariff Program.

b) If the Applicant intends to utilize the capability of others by contracting transmission activities, please indicate below which activities and to whom they will be contracted:

<input type="checkbox"/>	Design	Contracted to:
<input type="checkbox"/>	Construction	Contracted to:
<input type="checkbox"/>	Customer Connection	Contracted to:
<input type="checkbox"/>	Inspection & Maintenance	Contracted to:
<input type="checkbox"/>	Operation	Contracted to:
<input checked="" type="checkbox"/>	Other (describe) _____	<p>Contracted to: TBD</p> <p>In development of electrical transmission in Ontario, UCT anticipates procuring various services from local engineering and construction consultants and contractors.</p> <p>NextEra and its affiliates have an extensive history of success, backed by detailed processes and procedures, in contracting with suppliers of goods and services needed for project execution. Competitive bidding is the NextEra standard methodology for the award of agreements in excess of pre-established dollar thresholds. Standard contract language is utilized to ensure that commercial risks are appropriately allocated, including binding assurance that suppliers maintain insurance levels and are contractually obligated to abide by all applicable laws, regulations, and standards. Health and safety provisions are also made a part of all agreements. Obligations for ethical conduct by all suppliers are also a part of standard contract terms. The owner receives the benefit of contractual indemnification provisions to ensure that project cost profiles are not adversely impacted by supplier-caused liabilities.</p> <p>NextEra's procurement process is executed through the solicitation of bids (via Requests for Proposal), negotiation and award of contracts by professional buyers in the company's supply chain organization. All transactions are appropriately reviewed and authorized based on the value of the transaction, and the authority of company buying personnel is also linked to transaction value. Procurement transactions are executed through an automated Enterprise Resource Planning system which includes extensive controls to ensure the proper segregation of duties between personnel, and that all transactions have a documented audit trail.</p> <p>Prior to the award of major contracts, those potential suppliers are subject to a formal credit check performed by the company's credit risk department, based on review of the potential supplier's financial statements and other relevant information. Once performed, credit reviews are refreshed by the credit risk department on an annual basis. NextEra is also fully aware and compliant with all requirements for local content and for encouraging supplier diversity in sourcing.</p>

13. Purpose of Facilities

Please indicate the intended purpose(s) of the Applicant's transmission facilities:

☐

To provide a connection between a generator and a transmission system.

☐

To provide a connection between a transmission system and a load customer.

☐

To provide a connection between a generator and a load customer.

☐

To provide a connection between one transmission system and another.

☐

To import or export power

☒

Other (please describe): This application is brought in order to comply with the licencing requirement set out in the Board's *Framework for Transmission Project Development Plans* (EB-2010-0059). The intended purpose(s) of any resulting transmission facilities will be determined through future regulatory processes.

Note that the above selections are all potential options rather than determinations at this time.

If parties other than the Applicant involved, please indicate the specific names of the participants (generator, load customer, transmission system(s)):

14. Location of Facilities

Please indicate the location (township or other such description as appropriate) of the Applicant's transmission facilities and attach a single-line diagram indicating the length (km), capacity (MW) and operating voltage (kV) of each element.

TBD

15. Licensing History

Has the Applicant obtained Ontario Energy Board, National Energy Board, Federal Energy Regulatory Commission or any other regulatory approvals required for the acquisition, construction or operation of the transmission facilities?

Yes

No

☐☒

If no, please indicate the status and plans for seeking these approvals.

16. Service to other parties

If the transmission facilities are to be used to deliver electricity to a party other than the Applicant please attach the following:

- a) a summary of business plans relating to the Applicant's proposed transmission business for the next five years. This should include the following:
 - a forecast of annual peak demand (MW) and energy (MWH) transmitted and/or transformed.
 - annual pro forma financial statements including forecasts of costs, revenues and project financing indicating the underlying assumptions on which the forecasts are based.
- b) estimates of net annual cash flows for subsequent periods to demonstrate financial feasibility and security.
- c) indication of the Applicant's plans to seek Ontario Energy Board approval for rates for transmission services.

TBD

17. Proposed business transactions impact

Please provide a brief summary of the expected impact of the proposed business transactions on the Ontario electricity market under the following headings:

- Facilitate competition and enhance access to transmission services
- Improve reliability and quality of supply
- Promote economic and efficient electrical energy supply

In August, 2010 the Ontario Energy Board released a Board policy (EB-2010-0059) establishing a framework for transmission project development in response to what the Board characterized as "enormous interest in connecting renewable generation" to Ontario's electricity grid, pursuant to the Ontario government's energy policy as enshrined in the Ontario *Green Energy and Green Economy Act, 2009*. The stated objectives for the Board's transmission planning policy are;

- to allow transmitters to move ahead on development work in a timely manner;
- 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.

NextEra, through UCT, seeks to provide a competitive alternative to transmission development, construction and operation to the ratepayers of Ontario, in furtherance of the Board's stated policy objectives.

Competitive transmission development designation of experienced electrical infrastructure developers and operators, such as NextEra, will enhance access to transmission services through timely development of the transmission required to connect Ontario's burgeoning green electricity generation resources to the grid.

Appropriate and timely grid expansion will preserve, and improve, reliability and quality of supply to Ontario electricity consumers, even as significant new renewable electricity resources are connected and commissioned.

NextEra has been recognized for meeting execution timelines thought to be unrealistic. It has a proven ability to do so within budget. Through a number of high profile and industry leading transmission projects it has demonstrated technical and process innovation. For example, in implementing the Texas Clean Energy Express transmission project, NextEra introduced spun concrete poles. This technology proved a lower impact alternative to status quo methods as discussed during hearings of the Public Utility Commission of Texas. Spun concrete poles are increasingly used in high voltage transmission projects due to their desirable physical and aesthetic properties. These include durability, strength and life span, and resistance to freeze/thaw cycles and harsh climates. Spun concrete poles have a proven track record, notably during Hurricane Andrew in Southern Florida in 1992. Aesthetically, spun concrete poles have a smaller visible cross section, require a smaller right-of-way, and with direct burial or underground footing require less real estate for the footprint of each tower. Due to the availability of the manufacturing and materials required for spun concrete poles, they are often sourced locally providing economic benefit to the jurisdiction investing in the transmission line.

Further information on NextEra's proven track record is provided in Appendix D - Project Summaries.

NextEra is continuously motivated by economics and efficiency. For example, NextEra's standard approach to project financing is to utilize internally generated funds during the construction period and then obtain limited or non-recourse financing at or after the project's commercial operation date. NextEra Energy Capital Holdings (NECH), a wholly-owned subsidiary of NextEra, provides funding for NextEra's operating subsidiaries (other than Florida Power & Light Company, its rate-regulated public utility). NECH is rated Baa1 (Stable) and A- (Stable) by Moody's and S&P, respectively. NECH has a very strong track record of accessing the capital markets on a limited or non-recourse financing basis (i.e. project financing). Through the diligent efforts of our experienced financing team and established relationships with several domestic and international financial institutions, NECH's recent project financings have accumulated more than \$7 billion in limited- and non-recourse financing through 22 financings over the past 10 years.

NextEra, through UCT, looks forward to bringing a culture of efficiency and innovation to the Ontario transmission market, and providing reliable, high quality transmission services to Ontario's electricity ratepayers.

Other Information

18. Ontario market activities

Please indicate whether the Applicant intends to be involved with other electricity sector activities in the Ontario market?			
<input type="checkbox"/>	Buy or Sell (Wholesale) electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input type="checkbox"/>	Distribute electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input type="checkbox"/>	Retail electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	Generate electricity	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>Affiliates of the Applicant plan to generate electricity in Ontario. Summerhaven Wind, LP and Conestoga Wind, LP have received FIT contracts. Bluewater Wind, Inc., Bornish Wind, LP, East Durham Wind, Inc, Goshen Wind, Inc, Jericho Wind, Inc., and Kerwood Wind, Inc. likewise intend to sell their output to the OPA. See Schedule B for more information on these projects.</p>			
<p>If yes to any of the above:</p> <p>a) If affiliates have not yet been established, please indicate when this is planned _____</p>			
<p>b) Has Applicant or an affiliate applied for an Ontario Energy Board License?</p> <p>- If no, when planned? _____</p> <p>Summerhaven Wind, LP, an affiliate of the Applicant, has applied under Section 92 of the <i>Ontario Energy Board Act, 1998</i> for leave to construct a transmission line to connect our Summerhaven Wind Energy Centre. EB-2011-0027</p> <p>Summerhaven Wind, LP and Conestoga Wind, LP, both affiliates of the Applicant, will be filing for generation licences in 2011.</p>		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>