

BY EMAIL

August 22, 2011

Mr. Andrew Taylor
120 Adelaide Street West, Suite 2500
Toronto, ON
M5H 1T1

**Re: South Kent Wind LP Leave to Construct Application
Intention Regarding Recovery of Future Transmission Service Charges.
Board File No.: EB-2011-0217**

Dear Mr. Taylor,

Chatham Kent Transmission Inc. (CKT) provides this letter in connection with some of the interrogatories submitted to South Kent Wind LP (SKW) in SKW's ongoing leave to construct application before the Ontario Energy Board (OEB). The subject interrogatories seek information regarding the potential that construction of the proposed facilities will impact the cost of transmission services to Ontario electricity consumers.

It is the intention of CKT, and of SKW, that the transmission facilities that are the subject of SKW's leave to construct application will, once in service, be transferred to CKT, and that CKT will henceforth provide transmission services to SKW. The matter of recovery by CKT of charges for provision to SKW of transmission services was addressed by CKT in its recent application to the OEB for a transmission licence (EB-2010-0351). In its filings for that application CKT explained (CKT transmission licence application, pages 4 and 29) that the transmission facilities to serve SKW 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; SKW. CKT further explained (Power Workers Union IR 5) that while the "operational cost recoveries" referred to in the CKT's transmission licence 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 (TSC), and that CKT will thus seek an order of the Board approving its transmission services charges pursuant to section 78 of the OEB Act, it is CKT's intent (and that of SKW) that the charges be recovered directly from SKW and not form part of the provincial transmission cost pool. Rather, it is CKT's intent (and that of SKW) that the subject transmission services charges will be set out in a 20 year transmission services agreement between CKT and the SKW, and would be approved by the OEB in that context.



CHATHAM-KENT TRANSMISSION

CKT has suggested that 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 OEB.

I can confirm that it continues to be CKT's intent to frame its upcoming section 78 transmission rate application in accord with the foregoing approach. It is our expectation that this approach will be subject to full review by the OEB at the time of that section 78 application. Of course, CKT will abide by any order of the OEB and with the OEB's Transmission Services Code in respect of such transmission services charges and all other matters associated with its intended ownership and operation of the subject transmission facilities.

Regards,

A handwritten signature in black ink that reads "Tomo Matesic".

Tomo Matesic
Chief Administrative Officer
Phone: (519) 352-6300 Ext. 349
Email: tomomatesic@ckenergy.com

cc: Chris Cowell, Treasurer
David Ferguson, Director of Regulatory and Risk Management
Ian Mondrow, Gowling Lafleur Henderson LLP