

Interrogatories of AltaLink Ontario L.P.

Electricity Transmission Licence Application of EWT LP

EB-2011-0350

November 21, 2011

1. Technical capabilities and experience

References:

Cover Letter, pg. 2, Section 3 titled "Technical and Financial Expertise, Experience and Resources"

Application, Part 6, Technical Capabilities and Experience

Background:

We understand that the Applicant is relying upon the combined expertise, experience and resources of its limited partners and their respective affiliates to provide the Applicant with the technical capability, expertise and experience needed to obtain a transmission licence.

Since there are multiple limited partners and affiliates, the following series of questions is intended to clarify what areas of capability, expertise and experience the Applicant is relying upon each of its limited partners for.

Questions:

Hydro One

We understand that Hydro One Networks Inc. ("Hydro One") is experienced in planning, constructing, operating and maintaining transmission and distribution networks across Ontario.

- (a) To what extent is the Applicant relying upon Hydro One's transmission planning experience? Will the Applicant be drawing upon Hydro One's employees or resources in this regard? How will the Applicant compensate Hydro One for use of these resources?
- (b) To what extent is the Applicant relying upon Hydro One's transmission constructing experience? Will the Applicant be drawing upon Hydro One's employees or resources in this regard? How will the Applicant compensate Hydro One for use of these resources?
- (c) To what extent is the Applicant relying upon Hydro One's transmission operating experience? Will the Applicant be drawing upon Hydro One's employees or resources in this regard? How will the Applicant compensate Hydro One for use of these resources?
- (d) To what extent is the Applicant relying upon Hydro One's transmission maintenance experience? Will the Applicant be drawing upon Hydro One's employees or resources in this regard? How will the Applicant compensate Hydro One for use of these resources?

GLPT

We understand that Great Lakes Power Transmission LP (“GLPT”) has experience operating and maintaining a transmission system in northern Ontario.

- (e) To what extent is the Applicant relying upon GLPT's transmission planning experience? Please describe this experience (if any). Will the Applicant be drawing upon GLPT's employees or resources in this regard? How will the Applicant compensate GLPT for use of these resources?
- (f) To what extent is the Applicant relying upon GLPT's transmission constructing experience? Please describe this experience (if any). Will the Applicant be drawing upon GLPT's employees or resources in this regard? How will the Applicant compensate GLPT for use of these resources?
- (g) To what extent is the Applicant relying upon GLPT's transmission operating experience? Will the Applicant be drawing upon GLPT's employees or resources in this regard? How will the Applicant compensate GLPT for use of these resources?
- (h) To what extent is the Applicant relying upon GLPT's transmission maintenance experience? Will the Applicant be drawing upon GLPT's employees or resources in this regard? How will the Applicant compensate GLPT for use of these resources?

Bamkushwada LP

We understand that Bamkushwada LP (“BLP”) does not have any specific experience or expertise with transmission facilities, instead they do represent six First Nations groups whose traditional territories are situated along the East-West Tie Line project corridor.

- (i) To what extent is the Applicant relying upon BLP's transmission planning experience? Please describe this experience (if any). Will the Applicant be drawing upon BLP's employees or resources in this regard? How will the Applicant compensate BLP for use of these resources?
- (j) To what extent is the Applicant relying upon BLP's transmission constructing experience? Please describe this experience (if any). Will the Applicant be drawing upon BLP's employees or resources in this regard? How will the Applicant compensate BLP for use of these resources?
- (k) To what extent is the Applicant relying upon BLP's transmission operating experience? Please describe this experience (if any). Will the Applicant be drawing upon BLP's employees or resources in this regard? How will the Applicant compensate BLP for use of these resources?

- (l) To what extent is the Applicant relying upon BLP's transmission maintenance experience? Please describe this experience (if any). Will the Applicant be drawing upon BLP's employees or resources in this regard? How will the Applicant compensate BLP for use of these resources?

2. No exemptions and no affiliates

Reference:

Cover Letter, pg. 4, Section 5 titled "No Exemptions"

Application, Part 7, Affiliates of the Applicant

Background:

We understand that the Applicant is not seeking any exemptions from any licence or code requirements in connection with the Application. We understand that under Section 7(b) of the Application the Applicant states "As indicated in 7(a), the Applicant has no affiliates." We have a number of questions intended to clarify our understanding of how the *Affiliate Relationships Code* ("ARC") licence requirements will apply in light of the Applicant's unique organizational structure.

To put our line of questioning into context, we include the following excerpts for ease of reference.

Under ARC:

"affiliate", with respect to a corporation, has the same meaning as in the *Business Corporations Act* (Ontario);

Under the *Business Corporations Act* (Ontario):

"affiliate" means an affiliated body corporate within the meaning of subsection (4);

[...]

Interpretation: subsidiary body corporate

(2) For the purposes of this Act, a body corporate shall be deemed to be a subsidiary of another body corporate if, but only if,

(a) it is controlled by,

(i) that other, or

(ii) that other and one or more bodies corporate each of which is controlled by that other, or

(iii) two or more bodies corporate each of which is controlled by that other; or

(b) it is a subsidiary of a body corporate that is that other's subsidiary.

Holding body corporate

(3) For the purposes of this Act, a body corporate shall be deemed to be another's holding body corporate if, but only if, that other is its subsidiary.

Affiliated body corporate

(4) For the purposes of this Act, one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

Control

(5) For the purposes of this Act, a body corporate shall be deemed to be controlled by another person or by two or more bodies corporate if, but only if,

(a) voting securities of the first-mentioned body corporate carrying more than 50 per cent of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other person or by or for the benefit of such other bodies corporate; and

(b) the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of the first-mentioned body corporate.

Questions:

- (a) The *Affiliate Relationship Code* defines an affiliate with specific reference to a corporation. Is the Applicant's view that it does not need to comply with ARC because of this definitional oversight?
- (b) If the answer to part (a) is no, what is the Applicant's understanding of the appropriate definition of "affiliate" for use in ARC when the Board is considering how ARC should apply to the Applicant?
- (c) In light of the Applicant's organizational structure, please explain whether each of the following related legal entities is an "affiliate" of the Applicant within the meaning of ARC? If yes, why? If no, why not?
 - (i) East West Tie Inc.
 - (ii) Hydro One Inc.
 - (iii) Hydro One Networks Inc.

- (iv) Great Lakes Power Transmission EWT LP
 - (v) Bamkushwada LP and each of the six Participating First Nations
 - (vi) Great Lakes Power Transmission Inc.
 - (vii) Brookfield Infrastructure Holdings (Canada) Inc.
 - (viii) Brookfield Asset Management
 - (ix) Great Lakes Power Transmission LP
- (d) Please confirm our understanding that, to the extent that any of the above related legal entities is not an “affiliate” within the meaning of ARC, the Applicant and that related legal entity would not be obligated to comply with the provisions under ARC, including:
- (i) the requirement that at least one-third of a utility’s Board of Directors is independent from any affiliate;
 - (ii) the requirement for a Services Agreements, for services, and any resource, product or use of assets provided to or received from an affiliate;
 - (iii) the requirement for the term of a contract between utility and affiliate not to exceed 5 years, unless approved by the Board;
 - (iv) the requirement for a prescribed form of business case analysis for services, products, resources, or use of assets outsourced by the utility to an affiliate;
 - (v) where a market exists, the prescribed methodology for establishing the fair market value for a service, product, or use of asset from an affiliate;
 - (vi) the additional threshold for utility assets sold or transferred to an affiliate;
 - (vii) the restrictions on a utility’s ability to provide financial support to its affiliates;
 - (viii) the restrictions on the disclosure by a utility of confidential information to an affiliate; and
 - (ix) the restrictions on a utility on providing system planning information to an affiliate that is an energy services provider?

3. The East-West Tie Line

Reference:

Cover Letter, pg. 2, Section 2 titled "Designation Process for the East West Tie Line"

Application, Part 4, Transmission Facilities

Application, Part 14, Location of Facilities

Background:

We understand that the Applicant intends to participate in the Board's designation process in respect of the transmission project known as the "East-West Tie Line" as described in the Board's August 22, 2011 letter (EB-2011-0140) in the OPA's *Long Term Electricity Outlook for the Northwest and Context for the East-West Tie Expansion* dated June 30, 2011 (the "**OPA Report**") and the IESO's Feasibility Study titled *An assessment of the westward transfer capability of various options for reinforcing the East-West Tie* dated August 18, 2011 (the "**IESO Study**").

In its August 26, 2010 *Framework for Transmission Project Development Plans* (EB-2010-0059), at pg. 12, the Board acknowledged that the knowledge advantage of the incumbent transmitter with respect to the technical configuration of connections points created an unfair advantage. At the time, the Board planned to initiate a process to amend the TSC in order to provide specific instruction to incumbent transmitters on the level and timing of information to be provided to new entrants.

The concern that underlies our next set of questions arises because of the Applicant's reliance upon and relationships with Hydro One Networks Inc. and Great Lakes Power Transmission LP. Our concern is that the Applicant has and will have unfair preferential access to confidential system planning and technical information related to the East-West Tie Line that will create an unfair informational advantage because no other participant in the EB-2011-0140 will have access to such information.

One option available to the Board in this licensing proceeding to address this concern would be to add a new term of the Applicant's license that would prohibit the sharing of confidential information or system planning or technical information, or employees that possess this information, between the Applicant and these related entities.

Our intent is to ensure that Hydro One Networks Inc. and Great Lakes Power Transmission LP are required to share equally all relevant information with all of the participants in the East-West Tie designation process at the same time, and ultimately to ensure that the Applicant does not gain any unfair informational advantage because of its relationship with or reliance upon these incumbent transmitters.

The following line of questioning is intended to assist the Board in determining whether such a license term is appropriate in the circumstances.

Questions:

- (a) Did Hydro One Inc. or Hydro One Networks Inc. (“Hydro One”) discuss its plan with respect to the Applicant with the Ministry of Energy, the OPA or the IESO prior to submitting this application? Did any of these entities express any concerns with this approach in light of Hydro One’s role as the dominant incumbent transmitter in Ontario?
- (b) Was Hydro One involved in any discussions with the Ministry of Energy, the OPA, or the IESO relating to the transmission project known as the “East-West Tie Line”? Please describe each such discussions, including the date of the discussion, where it took place, the specific people involved, and the subject matter of the discussions?
- (c) Please provide copies of all correspondence, reports, analysis and other documents prepared or received by Hydro One with the Ministry of Energy, the OPA, or the IESO in connection with the transmission project known as the “East-West Tie Line”?
- (d) Did Hydro One provide any input into or assistance with the OPA Report or the IESO Study?
- (e) Please answer parts (a) – (d) again as it relates to Great Lakes Power Transmission LP.

4. Bamkushwada LP

Reference:

Cover Letter, pg. 2, Section 1 titled "The Applicant"

Application, Part 6, Technical Capabilities and Experience

Background:

We understand that the Bamkushwada LP is a newly formed limited partnership that is equally held by six participating First Nations whose traditional territories are situated along the East-West Tie Line project corridor.

While we generally applaud the involvement of First Nations communities in new transmission project development initiatives, we are concerned that incumbent transmitters are using their existing relationships with these First Nations communities in an attempt to exclude new entrant transmitters from developing projects along the East-West Tie project corridor.

Questions:

- (a) Is the Applicant's relationship with the Bamkushwada LP, or any of the six participating First Nations, exclusive?
- (b) To what extent will the six participating First Nations be willing to cooperate with other new entrant transmitters on development of the East-West Tie line?

5. Financial resources

Reference:

Cover Letter, pg. 2, Section 3 titled "Technical and Financial Expertise, Experience and Resources"

Application, Part 2, Applicant

Application, Part 11, Financial Information

Background:

We understand the Applicant is a newly formed Ontario limited partnership that was formed on September 19, 2011. As a result, we understand that the Applicant is relying on the financial resources of its limited partners and their respective affiliates.

Since there are multiple limited partners and affiliates, the following series of questions is intended to clarify to what extent the Applicant is relying upon each of its limited partners and affiliates for financial resources. Please provide a distinct answer for each separate legal entity.

Questions:

- (a) To what extent, if any, is the Applicant relying on the financial resources of each of its limited partners or its affiliates to finance the venture? Please describe each limited partner's and affiliate's financial commitment to EWT LP. Please answer for each of:
 - (i) Hydro One Inc.
 - (ii) Hydro One Networks Inc.
 - (iii) Great Lakes Power Transmission EWT LP
 - (iv) Bamkushwada LP and each of the six Participating First Nations
 - (v) Great Lakes Power Transmission Inc.
 - (vi) Brookfield Infrastructure Holdings (Canada) Inc.
 - (vii) Brookfield Asset Management
 - (viii) Great Lakes Power Transmission LP
- (b) To what extent is the Applicant's limited partners or affiliates legally obligated to provide necessary financing to EWT LP? For instance, can EWT LP demand

additional capital contributions from its limited partners without an obligation to obtain consent, or will additional financing require the consent of the limited partners? In the event of a dispute between the limited partners, what processes are in place to ensure EWT LP can obtain all necessary financing? Please answer for each of:

- (i) Hydro One Inc.
- (ii) Hydro One Networks Inc.
- (iii) Great Lakes Power Transmission EWT LP
- (iv) Bamkushwada LP and each of the six Participating First Nations
- (v) Great Lakes Power Transmission Inc.
- (vi) Brookfield Infrastructure Holdings (Canada) Inc.
- (vii) Brookfield Asset Management
- (viii) Great Lakes Power Transmission LP

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