

December 2, 2011

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

Dear Ms. Walli,

**Re: Electricity Transmission Licence: Chatham-Kent Transmission Inc.  
Licence No.: ET-2010-0351  
Board File No.: EB-2010-0351  
Report on Energy Service Affiliation Staff Sharing ARC Exemption**

On May 24, 2011, Chatham-Kent Transmission ("CKT") was granted a transmission licence pursuant to the Board's EB-2010-0351 Decision. In that Decision, CKT was granted a transitional exemption from Section 2.2.3 of the Affiliate Relationships Code until December 31, 2011. The exemption related to "energy service provider" activities of CKT's affiliate, Chatham-Kent Utility Services ("CKUS"). Specifically, at the time of the transmission licence application, CKT shared certain senior management personnel with CKUS. CKUS was an "energy service provider" as defined in the ARC by virtue of its sub-metering activities and its ownership and operation of a small solar generation facility.

In its EB-2010-0351 Reply Submission of March 25, 2011, CKT noted that CKUS planned to exit the sub-metering business as soon as disposition of its one sub-metering contract could be arranged, and in any event by the end of 2011.<sup>1</sup> CKT further noted that CKUS would transfer the solar generation facility to or affiliate, Chatham-Kent Hydro ("CKH"), prior to the end of 2011, subject to the notification process required by Section 80 of the OEB Act and to CKH obtaining a generator licence pursuant to Section 57 of the OEB Act.<sup>2</sup>

#### **Exit of Unit Sub-metering Business**

Following receipt by CKT of the Board's licencing decision, CKUS provided notice to its one sub-metering customer that CKUS sub-metering services would be terminated, pursuant to the contract between CKUS and that customer. Under that contract services were thus terminated as of the end of September. While CKUS still owns the metering assets, it has not, since the end of September, invoiced nor derived any revenue from the customer, nor provide any sub-metering services to the customer. By way of a separate letter, a copy of which is attached, CKUS has requested that the Board cancel its sub-metering licence. While service provision and associated charges to the customer have ceased as of the end of September, 2011, CKUS will continue to own the sub-metering assets until the customer is able to secure financing and/or a replacement sub-metering services provider, at which time CKUS expects to transfer the metering assets to the customer.

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<sup>1</sup> CKT Reply Submission, paragraph 32.

<sup>2</sup> CKT Reply Submission, paragraph 33.

## **Transfer of the Solar Facility**

CKH has provided notice to the Board under section 80 of the Ontario Energy Board Act, 1998 of its intention to acquire the solar array from CKUS, and has received the Board's confirmation that no notice of review for the transfer is required. CKH has also confirmed that it will not require a generation licence to acquire the solar array, since the array's nameplate capacity is less than 500 kW. Subsequently, CKH and CKUS executed a transfer agreement for the solar array, effective November 30, 2011. Finally, CKUS applied to the Ontario Power Authority ("OPA") for consent from the OPA to assignment of CKUS' microfit OPA contract to CKH. This consent was granted by the OPA, also effective November 30, 2011.

## **Conclusion**

In result, CKUS has ceased to be an "energy service provider" under the ARC. CKT is thus now in compliance with section 2.2.3 of the ARC.

If you have any further questions, please do not hesitate to contact me at (519) 352-6300, extension 558 or davidferguson@ckenergy.com.

Yours truly,

*[Original Signed By]*

David C. Ferguson  
Director of Regulatory Affairs & Risk Management  
(519) 352-6300 x558  
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Attach.

cc: Jim Hogan, President  
Chris Cowell, Treasurer  
Ian Mondrow, Gowling Lafleur Henderson LLP  
Intervenors and Observers of EB-2010-0351



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**Re: Chatham-Kent Utility Services Request for Cancellation of Unit Sub-metering Licence**  
**Licence No: ES-2009-0049**

Dear Ms. Walli,

Chatham-Kent Utility Services ("CKUS") wishes to advise the Board that it has exited the unit sub-metering business.

CKUS hereby requests the cancellation of its unit sub-metering licence ES-2009-0049, effective immediately.

If you have any further questions, please do not hesitate to contact me at (519) 352-6300, extension 349 or [tomomatesic@ckenergy.com](mailto:tomomatesic@ckenergy.com).

Yours truly,

*[Original Signed By]*

Tomo M. Matesic  
President  
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cc: Chris Cowell, Chief Financial & Regulatory Officer  
David Ferguson, Director of Regulatory Affairs and Risk Management