

**Ontario Energy Board**  
**Preliminary Filing Requirements**  
**For Applications under Sections 80 and 81**  
**Of the *Ontario Energy Board Act, 1998***

**INSTRUCTIONS:**

This form applies to all applicants who are providing a Notice of Proposal to the Ontario Energy Board (the "Board") under sections 80 and 81 of the Ontario Energy Board Act, 1998 (the "Act"), including parties who are also, as part of the same transaction or project, applying for other orders of the Board such as orders under sections 86 and 92 of the Act.

The Board has established this form under section 13 of the Act. Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

## PART I: GENERAL MINIMUM FILING REQUIREMENTS

### Background:

The applicant is Fortis Inc., the ultimate parent of Canadian Niagara Power Inc. ("CNPI"), Algoma Power Inc. and Cornwall Street Railway Light and Power Company Limited ("Cornwall Electric"). The impetus of this Notice of Proposal made under section 80 the *Ontario Energy Board Act, 1998* (the "OEB Act"), is a planned internal reorganization within the Fortis family of businesses. The internal reorganization ultimately involves the transfer of generation assets currently held by Fortis Properties Corporation (a subsidiary of Fortis Inc.) to a new limited partnership to be named Fortis Generation East Limited Partnership (the "New LP"), whereby Fortis Inc. will ultimately be the limited partner. Because the New LP will acquire an interest in generation facilities, and will be an affiliate of CNPI, Algoma Power Inc. and Cornwall Electric, section 80 of the OEB Act will be triggered. Section 80 provides:

**80.** *No transmitter or distributor or affiliate of a transmitter or distributor shall acquire an interest in a generation facility in Ontario, construct a generation facility in Ontario or purchase shares of a corporation that owns a generation facility in Ontario unless it has first given notice of its proposal to do so to the Board and the Board,*  
(a) *has not issued a notice of review of the proposal within 60 days of the filing of the notice;*  
*or*  
(b) *has approved the proposal under section 82.* [emphasis added]

An organizational chart that illustrates the steps of the internal reorganization is attached at Appendix "A". The proposed internal reorganization will not affect the current operation of the relevant generation facilities, nor will it affect Fortis Inc.'s competitive position.

### 1.1 Identification of the Parties

#### 1.1.1 Applicant

Name of Applicant	File No: (Board Use Only)	
Fortis Inc.		
Address of Head Office  Fortis Inc. Suite 1201, Fortis Building P.O. Box 8837 139 Water Street St. John's, NL A1B 3T2	Telephone Number T: 709.737.2800	
	Facsimile Number F: 709.737.5307	
	E-mail Address investorrelations@fortisinc.com	
Name of Individual to Contact  Marie-France Leroi	Telephone Number 604 443 6507	
	Facsimile Number 604 443 6540	

	E-mail Address Marie-France.leroi@fortisbcholdings.com	
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**1.1.2 Other Parties to the Transaction or Project**

As set out at Appendix "A", the other parties to the transaction include Fortis Properties Corporation, a new company that will be created to facilitate the internal reorganization and then wound-up ("NEWCO"), a new holding company ("NewHoldco"), and the New LP.

**1.2 Relationship between Parties to the Transaction or Project**

1.2.1	<p><b>Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.</b></p> <p><b>Fortis Inc.:</b></p> <p><u>Directors</u> PETER E. CASE FRANK J. CROTHERS IDA GOODREAU DOUGLAS HAUGHEY H. STANLEY MARSHALL JOHN S. McCALLUM HARRY McWATTERS RONALD D. MUNKLEY DAVID G. NORRIS MICHAEL A. PAVEY ROY P. RIDEOUT</p> <p><u>Officers</u></p> <p>Stanley Marshall President and Chief Executive Officer</p> <p>Barry V. Perry, Vice President</p> <p>Ronald W. McCabe is Vice President, General Counsel and Corporate Secretary</p>	
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<p><u>Shareholder</u> N/A (publicly traded)</p> <p><b>NewHoldco:</b></p> <p><u>Directors</u> John Walker David C. Bennett Roger Dall'Antonia</p> <p><u>Officers</u> Ian Finke, General Manager</p> <p><u>Shareholder</u> Fortis Inc.</p> <p>* We note that the directors and officers for NewHoldco will be the same for the general partner referred to as "GPCO" in Appendix "A". The full name of the general partner will be Fortis Generation East GP Inc.</p> <p><b>Fortis Properties Corporation:</b></p> <p><u>Directors</u> Barry Perry H. Stanley Marshall Nora Duke</p> <p><u>Officers</u> Nora M. Duke President &amp; Chief Executive Officer</p> <p>Jamie D. Roberts Vice-President, Finance &amp; Chief Financial Officer</p> <p>Terry K. Chaffey Vice-President, Real Estate</p> <p>Ronald W. McCabe Vice President, General Counsel &amp; Corporate Secretary</p> <p><u>Shareholder</u> Fortis Inc.</p>	
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1.2.2	<p><b>Attach a corporate chart describing the relationship between each of the parties to the proposed transaction or project and each of their respective affiliates.</b></p> <p>Please refer to Appendix "A".</p>	
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### 1.3 Description of the Businesses of Each of the Parties

1.3.1	<p><b>Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licenced under the OEB Act to operate in Ontario for the generation, transmission, distribution, wholesaling or retailing of electricity or providing goods and services to companies licenced under the OEB Act in Ontario (“Electricity Sector Affiliates”).</b></p> <p><b>Fortis Inc.:</b></p> <p>Fortis Inc. is the largest investor-owned distribution utility in Canada. With total assets exceeding \$12 billion and annual revenues exceeding \$3.9 billion, Fortis Inc. indirectly serves almost 2,000,000 gas and electricity consumers. Its regulated holdings include a natural gas distribution utility in British Columbia, and electric distribution utilities in five Canadian provinces and two Caribbean countries. Fortis Inc. owns non-regulated hydroelectric generation assets in Newfoundland and Labrador, Ontario, British Columbia, Belize and New York State. Fortis Inc. is a publicly-traded company listed on the TSX (Ticker Symbol: FTS).</p> <p><b>FortisOntario Inc. (“FortisOntario”):</b></p> <p>FortisOntario, which is headquartered in Fort Erie, Ontario, owns and operates generation, transmission and distribution businesses in the province of Ontario. Founded in 1892, FortisOntario began generating electricity in 1905 from its Rankine Generating Station located on the Canadian side of the Niagara River, and subsequently began distributing electricity to the Town of Fort Erie in 1907. Most of FortisOntario’s generation assets have been transferred to Fortis Properties Corporation (“FPC”). The exception to this is a 5.5 MW cogeneration district heating plant located in Cornwall, Ontario. This facility is an embedded generator selling district heating to local customers, and electricity to Cornwall Street Railway, Light and Power Company Limited (“Cornwall Electric”). FortisOntario’s electricity transmission and distribution businesses are carried on through three subsidiaries – Cornwall Electric, Algoma Power Inc. (“API”) and CNPI (described in section 1.3.2 below).</p> <p>FortisOntario also holds a ten percent (10%) interest in Westario Power Inc. (a 21,000 customer electricity distributor located in mid-western Ontario), Rideau St. Lawrence Holdings Inc. (a 6,000 customer electricity distributor located in southeastern Ontario), and Grimsby Power Inc. (a 10,000 customer electricity distributor located in the Niagara region of Ontario). FortisOntario also owns Algoma Power Inc. which serves over</p>	
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	<p>11,000 customers in a remote area of Northern Ontario, north and east of the City of Sault Ste. Marie.</p> <p><b>Fortis Properties Corporation (“FPC”):</b></p> <p>FPC owns and operates six hydroelectric generating stations: five located on the Rideau Canal system in eastern Ontario with combined capacity of 5.6 MW (embedded generators for CNPI), and a 2 MW hydroelectric generating station located at Rideau Falls in Ottawa. FPC is a licenced generator (EG-2003-0106).</p>	
<p>1.3.2</p>	<p><b>Attach a description of the geographic territory served by each of the parties to the proposed transaction or project, including each of their Electricity Sector Affiliates, if applicable, and the geographic location of all existing generation facilities.</b></p> <p><b>FortisOntario:</b></p> <p>FortisOntario does not directly serve electricity customers.</p> <p><b>Fortis Inc.:</b></p> <p>Fortis Inc. does not directly serve electricity customers.</p> <p><b>Fortis Properties Corporation:</b></p> <p>As set out above, FPC owns and operates six hydroelectric generating stations: five located on the Rideau Canal system in eastern Ontario with combined capacity of 5.6 MW (embedded generators for CNPI), and a 2 MW hydroelectric generating station located at Rideau Falls in Ottawa.</p> <p><b>CNPI:</b></p> <p>CNPI is a licenced transmitter. Its transmission facilities are interconnected with Hydro One Networks Inc. in Niagara Falls, Ontario and it provides transmission service in and around Fort Erie, Ontario. CNPI’s transmission system is also interconnected with US National Grid in New York State. This is more specifically described in its Electricity Transmission Licence (ET-2003-0073).</p> <p>CNPI is also a licenced distributor providing electricity distribution service to the Town of Fort Erie, the City of Port Colborne and the Town of Gananoque. The specific service areas are set out in CNPI’s Electricity Distribution Licence (ED-2002-0572).</p> <p><b>Algoma Power Inc.:</b></p> <p>Algoma Power Inc. serves over 11,000 customers in a remote area of Northern Ontario, north and east of the City of Sault Ste. Marie.</p> <p><b>Cornwall Electric:</b></p> <p>FortisOntario also owns Cornwall Electric, which serves 23,000 electricity customers in Cornwall Ontario. Cornwall Electric is not connected to the IESO-controlled grid.</p>	

<p>1.3.3</p>	<p><b>Attach a breakdown of the annual sales (in C\$, and in MWh) as of the most recent fiscal year end of the existing generation output among the IESO Administered Markets (“IAM”), bilateral contracts, and local distribution companies.</b></p> <p>Energy sales from FPC to the IESO Administered Market for 2010 were as follows:</p> <ul style="list-style-type: none"> <li>• 26,680MWh</li> <li>• \$1,524,947</li> </ul> <p>Energy sales from FortisOntario to Cornwall Electric (Cornwall District Heating) for 2010:</p> <ul style="list-style-type: none"> <li>• 951.2MWh</li> <li>• \$78,674</li> </ul> <p>Cornwall District Heating, which is owned by FortisOntario, is not connected to the IESO-Controlled Grid and therefore its production does not contribute to the Ontario Primary Demand.</p>
<p>1.3.4</p>	<p><b>Attach a list identifying all relevant Board licences and approvals held by the parties to the proposed transaction or project and each of their Electricity Sector Affiliates, and any applications currently before the Board, or forthcoming. Please include all Board file numbers.</b></p> <p><u>Board Licences and Approvals Held :</u></p> <ul style="list-style-type: none"> <li>• CNPI: ED-2002-0572 and ET-2003-0073</li> <li>• Algoma Power Inc.: ED-2009-0072</li> <li>• FPC: EG-2003-0106</li> <li>• FortisOntario: EG-2003-0107</li> <li>• Cornwall Electric ED-2004-0405</li> </ul> <p><u>Current Applications:</u></p> <p>CNPI recently filed a MAADs application under section 86 of the OEB Act (EB-2011-0367), as well as a section 81 Notice of Proposal, in regard to CNPI purchasing the</p>

	<p>distribution assets of Port Colborne Hydro Inc.</p> <p>Pursuant to Section 74 of the Ontario Energy Board Act, the following entities have filed applications to amend their respective licenses to reflect changes flowing from the Services Agreement of September 15, 2010. The applications were filed as of November 25, 2011:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Entity</u></th> <th style="text-align: left;"><u>OEB Licence</u></th> </tr> </thead> <tbody> <tr> <td>Canadian Niagara Power Inc. ("CNPI")</td> <td>ED-2002-0572</td> </tr> <tr> <td>CNPI</td> <td>ET-2003-0093</td> </tr> <tr> <td>API</td> <td>ED-2009-0072</td> </tr> <tr> <td>Cornwall Electric</td> <td>ED-2004-0405</td> </tr> <tr> <td>FortisOntario</td> <td>EG-2003-0107</td> </tr> </tbody> </table>	<u>Entity</u>	<u>OEB Licence</u>	Canadian Niagara Power Inc. ("CNPI")	ED-2002-0572	CNPI	ET-2003-0093	API	ED-2009-0072	Cornwall Electric	ED-2004-0405	FortisOntario	EG-2003-0107
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FortisOntario	EG-2003-0107												

**1.4 Current Competitive Characteristics of the Market**

<p>1.4.1</p>	<p><b>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to the completion of the proposed transaction or project.</b></p> <p><b>FortisOntario</b> Cornwall District Heating has a capacity of 5.5 MW. There are no other generating facilities associated with FortisOntario in Ontario.</p> <p><b>FPC</b> FPC owns six small hydro plants in eastern Ontario. These plants have a combined capacity of 7.6 MW. Specifically, FPC owns the following hydro electric facilities in Ontario: Jones Falls (near Elgin, Ontario); Brewers Mills (near Seeley's Bay, Ontario); Kingston Mills (Kingston Mills, Ontario); Washburn (also near Seeley's Bay, Ontario); Gananoque (Gananoque, Ontario); and Rideau Falls (New Edinburgh, Ontario).</p>
<p>1.4.2</p>	<p><b>Describe the generation market share based on actual MWh production as a percent of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to completion of the proposed transaction or project.</b></p> <p><b>FortisOntario</b> The proposed internal reorganization will not modify the market share of the generation owned directly or indirectly owned by the named entities.</p>

**1.5 Description of the Proposed Transaction or Project and Impact on Competition - General**

1.5.1	<p><b>Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities.</b></p> <p>Please refer to Appendix "A". The first slide shows the current structure. The last slide shows the proposed structure. The slides in between show the steps from the current structure to the proposed structure.</p>	
1.5.2	<p><b>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.</b></p> <p>The proposed internal reorganization will not modify the generation capacity owned directly or indirectly by the named entities.</p>	
1.5.3	<p><b>Describe the generation market share based on anticipated MWh production as a percentage of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.</b></p> <p>The proposed internal reorganization will not modify the market share of the generation owned directly or indirectly owned by the named entities.</p>	
1.5.4	<p><b>Attach a short description of the impact, if any, of the proposed transaction or project on competition. If there will be no impact on competition, please state the reasons. Cite specifically the impacts of the proposal on customer choice regarding generation, energy wholesalers, and energy retailers.</b></p> <p>The proposed internal reorganization will have no impact on competition, since the relevant generation assets will continue to remain in the Fortis family of companies.</p>	
1.5.5	<p><b>Provide confirmation that the proposed transaction or project will have no impact on open access to the transmission or distribution system of the parties or their affiliates. If open access will be affected explain how and why.</b></p> <p>The proposed internal reorganization will have no impact on open access to the transmission or distribution systems owned directly or indirectly by the parties or their affiliates.</p>	

**1.6 Other Information**

1.6.1	<p><b>Attach confirmation that the parties to the proposed transaction or project are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project.</b></p> <p>The parties to the proposed project confirm that, to the best of their knowledge, they are in compliance with all licence and applicable code requirements and will continue to be in compliance after the completion of the proposed transaction.</p>	
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**Part II: SECTION 80 OF THE ACT—TRANSMITTERS AND DISTRIBUTORS  
ACQUIRING AN INTEREST IN GENERATORS OR CONSTRUCTING A  
GENERATION FACILITY**

All applicants filing a Notice of Proposal under section 80 of the Act must complete and file the information requested in Part II.

**2.1 Effect on Competition**

2.1.1	<p><b>Describe whether the proposed generation will primarily be offered into the IAM, sold via bilateral contracts, or for own use.</b></p> <p>The proposed internal reorganization will have no impact on the generation arrangements that existed prior to the proposed internal reorganization.</p>	
2.1.2	<p><b>Provide a description of the generation including fuel source, technology used, maximum capacity output, typical number of hours of operation in a year, and peaking versus base-load character.</b></p> <p>Please refer to the description of FPC in section 1.3.2 above. The proposed restructuring will have no impact on the description of generation that existed prior to the proposed restructuring.</p>	

2.1.3	<b>Provide details on whether the generation facility is expected to sign a “must run” contract with the IESO.</b>  The relevant generation facilities are not expected to be the subject of a "must run" contract with the IESO.	
2.1.4	<b>Provide details of whether the generation facility is expected to serve a “load pocket”, or is likely to be “constrained on” due to transmission constraints.</b>  The relevant generation facilities do not serve a “load pocket”, and are not likely to be “constrained on” due to transmission constraints. The proposed internal reorganization will have no impact on the generation arrangements that existed prior to the proposed internal reorganization.	

## 2.2 System Reliability

**Section 2.2 must be completed by applicants who are claiming that the proposed transaction or project is required for system reliability under section 82(2)(b) of the Act.**

Section 2.2 is Not Applicable– the internal reorganization is not being proposed for system reliability.

### **PART III: SECTION 81 OF THE ACT–GENERATORS ACQUIRING AN INTEREST IN OR CONSTRUCTING A TRANSMISSION OR DISTRIBUTION SYSTEM**

All applicants filing a Notice of Proposal under section 81 of the Act must complete and file the information requested in Part III.

Not Applicable - this Notice of Proposal is made pursuant to section 80 of the OEB Act.