CANADIAN NIAGARA POWER INC.
A FORTIS ONTARIO Company

March 28, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

RE: RESPONSE TO INTERROGATORIES FOR THE EAST-WEST TIE LINE DESIGNATION – BOARD FILE NUMBER: EB-2011-0140

Please find accompanying this letter two (2) copies of CNPI's responses to the interrogatories submitted to the Board by Board staff.

A PDF version of these responses will, coincidently with this written submission, be filed via the Board's Regulatory Electronic Submission System.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994-3634.

Yours truly,

Original Signed By:

Douglas Bradbury P.Eng,
Director Regulatory Affairs

Enclosure

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Response to Interrogatories

EB-2011-0140

East West 230kV Tie

(Network Expansion)

Submitted by:

Canadian Niagara Power Inc.

A Fortis Company

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Response to General Interrogatories

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1. Please provide your proposed organizational chart for the project development and construction phases as well as for the operation and maintenance phase, showing the various functions (including those functions listed in 4.1 of the Filing Requirements) and the reporting structure. Please include in these charts the names of members of the proposed management team (including the project manager / lead) and technical team who would be leading each function.

Response:

The proposed organization chart for the project has been provided in evidence on page 27 of CNPI's application. It indicates the relationship to CNPI and its partners and consultants.

The names of members of the proposed management team have been set out in evidence on page 28 of CNPI's application. Their résumés are attached as Appendix G to the application. The names of members of CNPI's technical team have been set out in evidence on page 51 of CNPI's application. Their résumés are attached as Appendix H to the application.

Organization charts for the three phases of Project Development, Construction, and Operations and Maintenance are attached. The charts are functional, indicating the proposed structure to accomplish the work. Employees from multiple consultants may fit under each functional task, but would also maintain their individual business reporting structure.

Construction charts reflect the personnel that are available should construction start today. Since construction is not scheduled to begin until 2016, changes may be possible.

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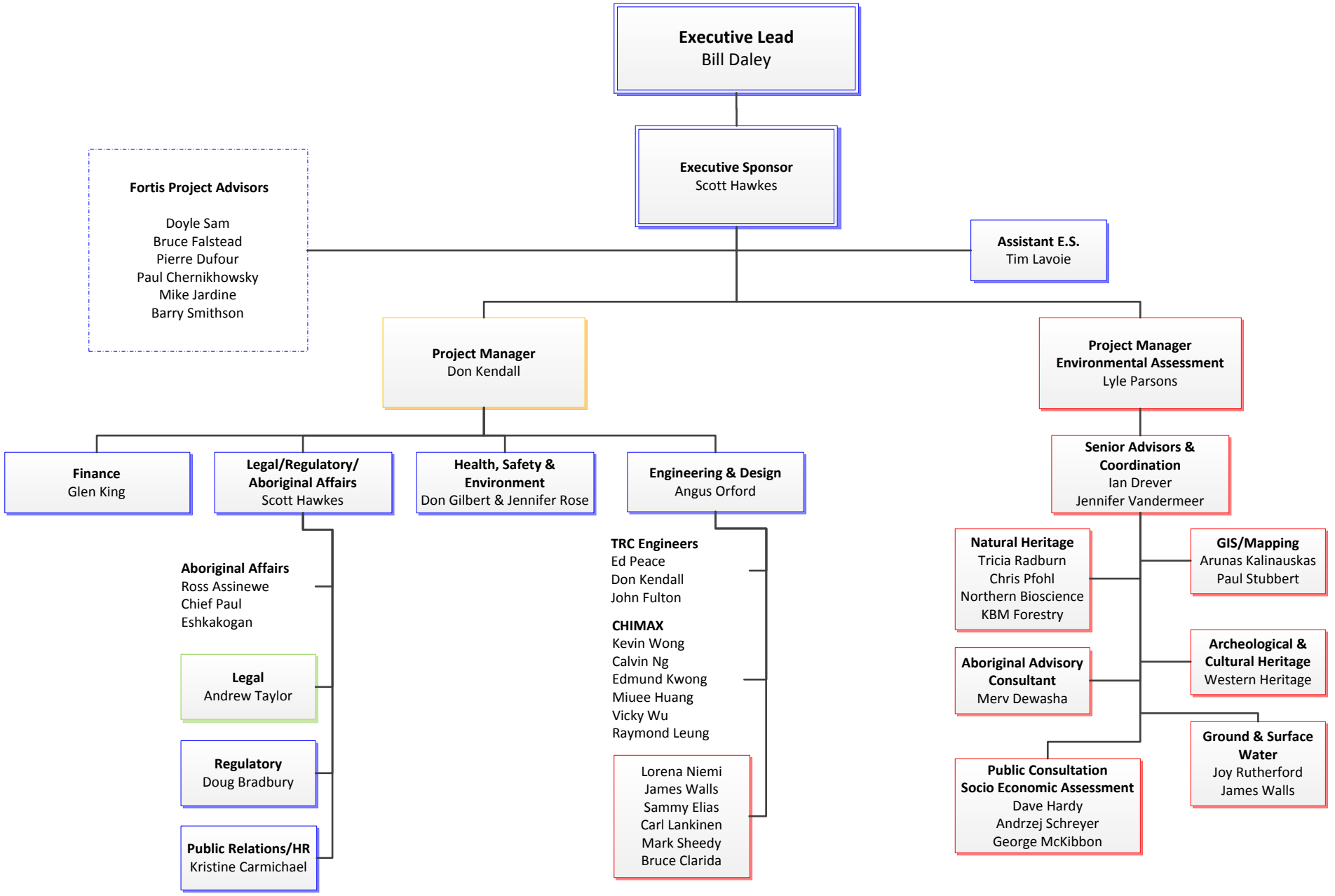
EAST WEST TIE – CNPI PROJECT DEVELOPMENT



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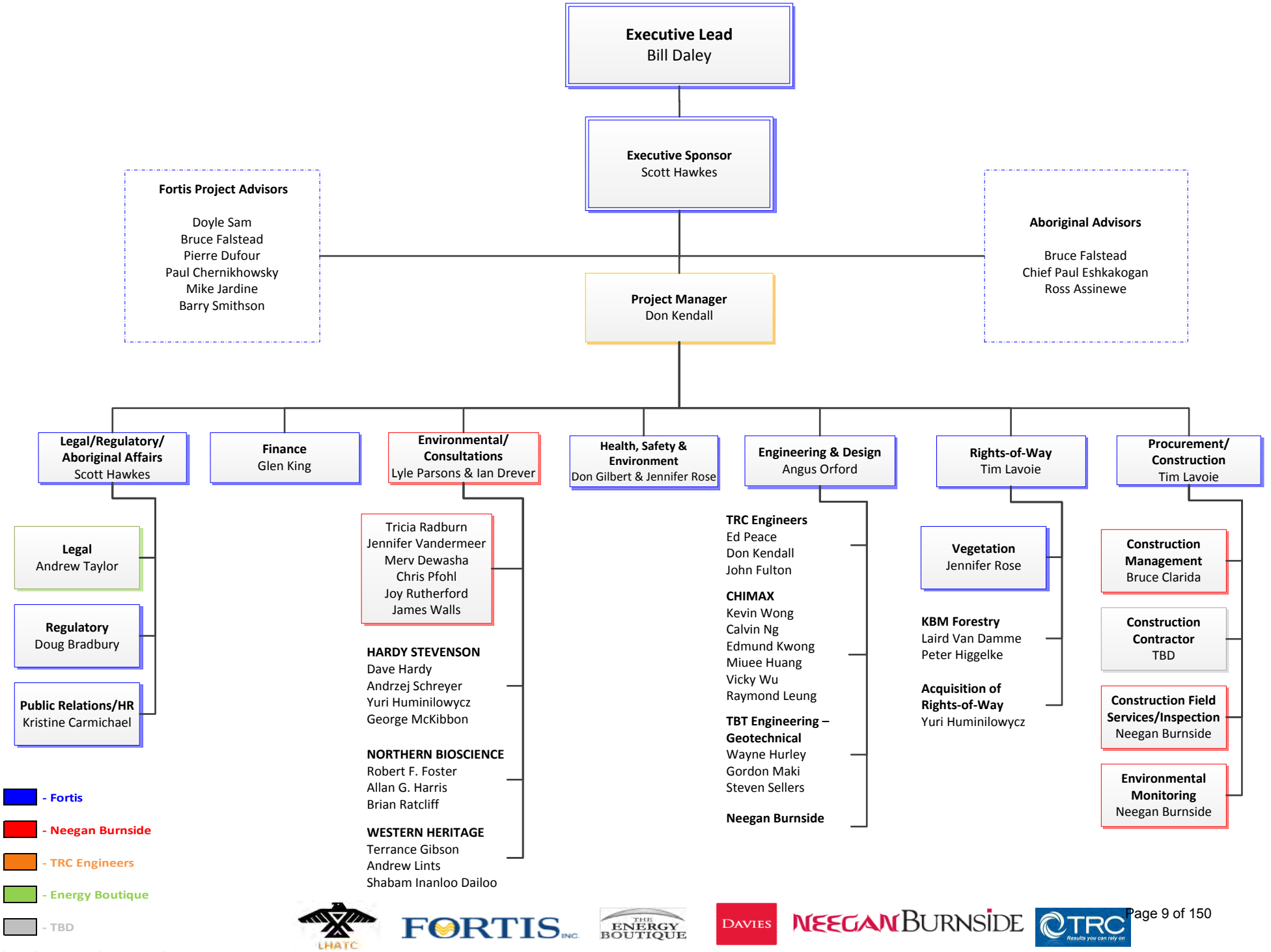
EAST WEST TIE – CNPI CONSTRUCTION



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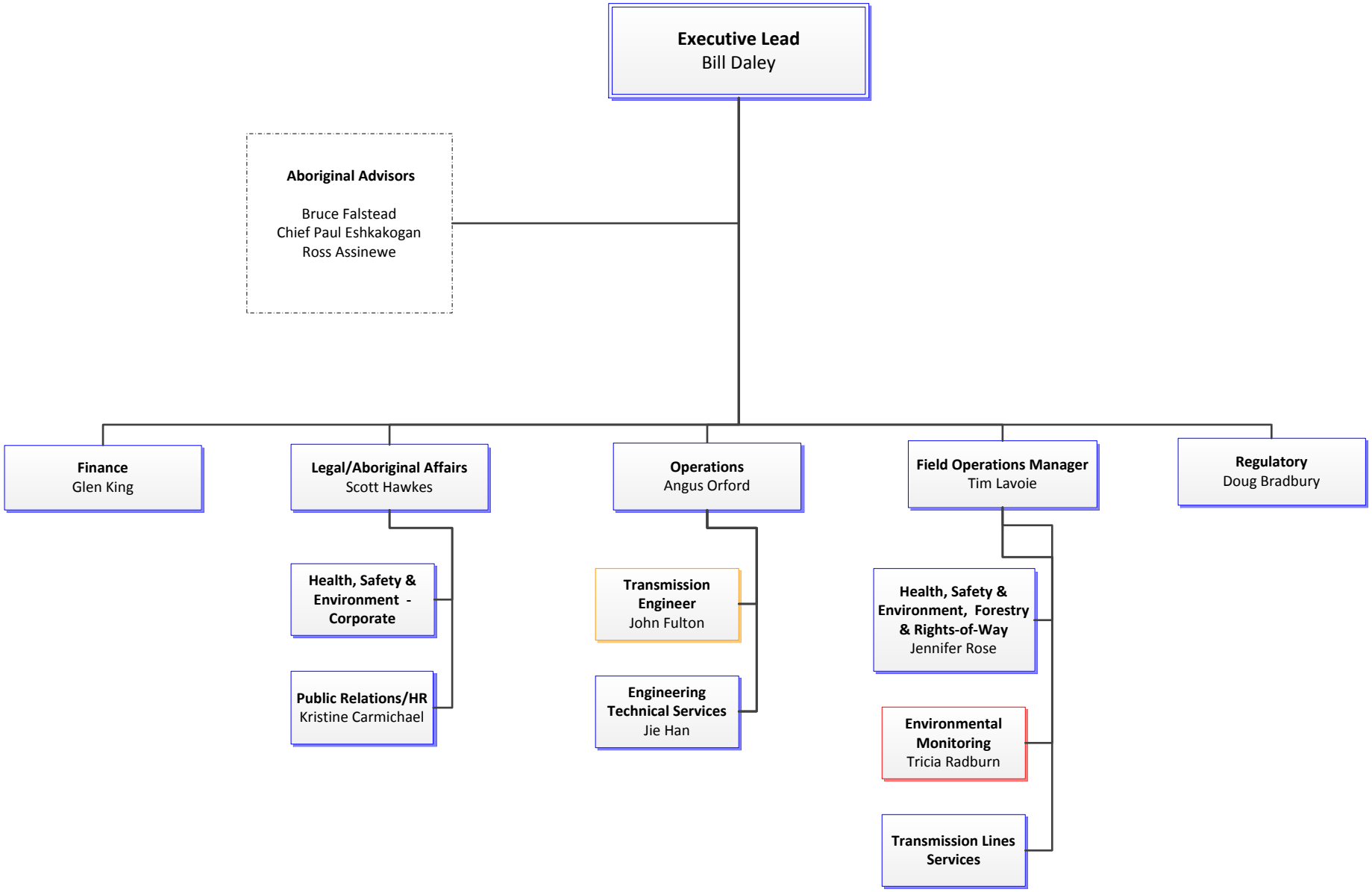
EAST WEST TIE – CNPI OPERATION & MAINTENANCE



- Fortis
- Neegan Burnside
- TRC Engineers

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2. For the chosen project manager / lead, please confirm if this person will be dedicated to this project and describe this person's experience in managing similar projects.

Response:

The response to this question is contained in CNPI's evidence on pages 28 and 51 of its application. The individuals' résumés are attached to CNPI's application on Appendices G and H. CNPI confirms that these persons will be dedicated to the East-West Tie project and their experience is set out in their résumés.

Mr. Bill Daley is the Fortis Executive Lead for the EWT project and has over 30 years of direct experience in the management and operations of electrical transmission and distribution business in both Canada and the United States. He has overall responsibility for the project. He has worked on acquisitions and capital projects over the course of his career in excess of $600 million. Mr. Scott Hawkes will have responsibility for managing this project on behalf of Fortis. As Executive Sponsor, he will be dedicated to the development and completion of this project. Scott has approximately 20 years of experience in the utility business and has managed projects, financings and acquisitions in excess of $600 million. His area of expertise and responsibility include: legal, regulatory, business development, corporate services and Aboriginal affairs. He has appeared as a witness before the OEB on a number of rate applications.

Mr. Don Kendall is the owner's Project Manager. He will be primarily responsible for managing the development and construction of the line. Don has 38 years of industry experience, receiving the majority of his experience at American Electric Power, working in Transmission Line and Transmission Project Management. Mr. Kendall has managed individual electric utility projects in excess of $80 million, and has managed

annual portfolios in excess of $100 million. Since 2000, Mr. Kendall managed approximately $750 million in projects.

Mr. Lyle Parsons is the owner's Project Manager and EA Specialist. He will be primarily responsible for managing the consultations and EA portion of the project. Lyle has over 37 years of industry experience and has managed projects in excess of $380 million. Mr. Parsons was a member of the team that developed the Province of Ontario's "Environmental Assessment Act" in Ontario". He has provided advisory assistance while with the Ontario Government to the OEB and Ministry of Energy with respect to NEB applications concerning oil and gas pipelines proposed for Ontario. He has acted as MOE, EA coordinator for environmental assessment hearings before the EAB (now ERT). He has also testified in hearings before the OEB, NEB, and OMB.

Mr. Lavoie will be dedicated as the Fortis Assistant Executive Sponsor, Construction/Field Operations Manager (including responsibilities for procurement, rights-of-way and regulatory support), and he has approximately 20 years experience in the energy sector. He will be primarily responsible for the management of construction in the field, as well as operation and maintenance of the line. In addition to managing in the field operations, he has worked on the preparation and filing of the first leave to construction application with the OEB after market open for $85 million 230 kV rebuild in Northern Ontario. Messrs. Daley's, Hawkes', Kendall's, Parsons' and Lavoie's résumés are attached to CNPI's application in Appendices G and H.

The applicant has assembled a project team with a wealth of energy industry experience and expertise drawn from within CNPI, and Fortis, and from third-party consultants for undertaking the East-West Tie project. For the management team, please refer to section 2.2 of CNPI's application on page 28 of 160. The key technical team including Project Roles has been set out in CNPI's application on page 51 of 160. In addition, O&M roles have been specified in CNPI response to IR 3.

3. For the list of “key technical team personnel” provided in response to section 4.2 of the Filing Requirements, please provide the specific proposed project / O&M role for each member.

Response:

The list of “key technical personnel” provided in CNPI’s response to section 4.2 can be found on the chart set out in evidence on page 51 of 160 of its application. This chart also sets out the project roles for each of the listed team personnel under the heading entitled “Project Role”. Attached to this response is the similar chart that has been reproduced along with a list of the proposed O&M roles for the applicable personnel.

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Name	Company	Project Role	O&M Role
Bill Daley	Fortis	Exec. Lead	CEO
Scott Hawkes	Fortis	Exec Sponsor/Legal/Aboriginal Affairs	VP/Legal/Aboriginal Affairs
Doyle Sam	Fortis	Exec Sponsor/Major Projects	
Pierre Dufour	Fortis	Major Projects Manager	
Angus Orford	Fortis	Operations/Engineering	VP Operations
Glen King	Fortis	Finance	VP Finance
Chief Paul Eshkakogan	Sagamok Anishnawbek	Aboriginal Political Advisor	Aboriginal Political Advisor
Ross Assinewe	LHATC	Aboriginal Affairs	Aboriginal Affairs
Bruce Falstead	Fortis	Aboriginal Affairs Advisor	
Paul Chernikhowsky	Fortis	Engineering Services Advisor	
Mike Jardine	Fortis	Engineering, Design and Construction Advisor	
Jie Han	Fortis	Technical Services	Engineering & Technical Services
Barry Smithson	Fortis	Network Operations Advisor	
Doug Bradbury	Fortis	Regulatory	Regulatory
Tim Lavoie	Fortis	Asst E.S/Construction Manager/Land Rights/Procurement	Field Operations Manager
Don Gilbert	Fortis	Health, Safety, Environmental (HSE)	
Jennifer Rose	Fortis	HSE, Forestry, Rights-of-Ways	HSE, Forestry, Rights-of-Ways
Kristine Carmichael	Fortis	Public Relations, HR	Public Relations, HR
Don Kendall	TRC Engineers	Project Manager	
Ed Peace	TRC Engineers	Engineering Manager	
John Fulton	TRC Engineers	Transmission Engineer	Transmission Engineer
Lyle Parsons	Neegan Burnside	Project Manager and EA Specialist	
Jennifer Vandermeer	Neegan Burnside	EA Coordinator	
Tricia Radburn	Neegan Burnside	Natural Heritage Assessment Lead	
Chris Pfohl	Neegan Burnside	Natural Heritage, Aquatic Specialist	
Merv Dewasha	Neegan Burnside	Aboriginal Advisory Consultant	
Joy Rutherford	Neegan Burnside	Hydrogeologist	
Ian Drever	Neegan Burnside	Project Management Advisor	
Lorena Niemi	Neegan Burnside	Civil Engineer	
James Walls	Neegan Burnside	Geoscientist	
Sammy Elias	Neegan Burnside	Electrical Engineer	
Carl Lankinen	Neegan Burnside	Structural Engineer	
Mark Sheedy	Neegan Burnside	Field Services	
Arunas Kalinauskas	Neegan Burnside	GIS and LIDAR	
Paul Stubbert	Neegan Burnside	GIS Specialist	
Bruce Clarida	Neegan Burnside	Transmission Engineeer	
Dave Hardy	Hardy Stevenson	Public Consultation Socio Economic Assessment	
Andrzej Schreyer	Hardy Stevenson	Public Consultation Socio Economic Assessment	
Yuri Huminilowycz	Hardy Stevenson	Consultation Specialist in Rights-of-Ways and Acquisition of Real Estate Rights	
George McKibbon	Hardy Stevenson	First Nations liaison Assistance and Socio-Economic Assessment	
Robert F. Foste	Northern Bioscience	Natural Heritage Assessment.	
Allan G. Harris	Northern Bioscience	Natural Heritage Assessment.	
Brian Ratcliff	Northern Bioscience	Natural Heritage Assessment.	
Laird Van Damme	KBM Forestry	Forestry Assessment	
Peter Higgelke	KBM Forestry	Forestry Assessment	
Terrance Gibson	Western Heritage	Archeology/Cultural Heritage Lead	
Andrew Lints	Western Heritage	Archeological Assessment	
Shabam Inanloo Dailoo	Western Heritage	Cultural heritage/Traditional Land Use	
Wayne Hurley	TBT Engineering	Geotechnical Engineering	
Gordon Maki	TBT Engineering	Geotechnical Engineering	
Steven Sellers	TBT Engineering	Geotechnical Engineering	
Kevin Wong	Chimax Inc.	Electrical Design Engineering	
Calvin Ng	Chimax Inc.	Electrical Design Engineering	
Edmund Kwong	Chimax Inc.	Transmission Design Engineering	
Miuee Huang	Chimax Inc.	Transmission Line and Pole Analysis	
Vicky Wu	Chimax Inc.	Transmission Structural and Civil Design	
Raymond Leung	Chimax Inc.	Transmission & Structural Design Engineering	

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4. On a national and international basis, identify any and all transmission projects where the applicant, its partner(s), shareholder(s), affiliate(s) or other related entities (collectively referred to as the "Applicant") have commenced the construction of a new transmission line but which the Applicant has been unable to complete and/or bring into service. Please describe the reasons why the Applicant has been unable to complete the transmission line and/or bring it into service.

Response:

The Applicant (as defined in the interrogatory) confirms that, on a national and international basis, it has not commenced the construction of a new transmission line that it has been unable to complete and/or bring into service.

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5. Please list the individuals that you plan to allocate to each of a) negotiating First Nation and Métis participation and b) conducting consultation with First Nation and Métis communities as delegated by the Crown. For each individual, please describe the individual's responsibilities on the team, relationship to the affected communities (if any), and relevant experience.

Response:

a) The following individuals are the members of CNPI's negotiating team which has been and will continue to be responsible for negotiating First Nations and Métis participation:

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
Bill Daley, President and CEO of FortisOntario and its operating subsidiaries including CNPI.	Bill's Project Role for the EWT project is Executive Lead and his O&M Role is President and Chief Executive Officer of CNPI. Mr. Daley is a member of CNPI's negotiating team for participation by First Nations and Métis in the EWT project.	N/A	Bill has approximately 30 years of direct experience in the management and operations of electrical transmission and distribution business in both US and Canada. He oversees a diversified electric utility holding company and manages the wholly-owned subsidiaries. Mr. Daley's résumé is included in Appendix H of CNPI's application. His direct experience on the EWT project is his involvement on the negotiating team, Management and the Board of Directors of FortisOntario that led to the successful completion of a binding Memorandum of Understanding with LHATC referred to in evidence on page 38 of 160 of CNPI`s application. Mr. Daley also serves as the Chairman of the Management Committee that governs the relationship between LHATC and Fortis with respect to the development of certain transmission lines in Ontario including EWT. He has also engaged in numerous "Chief to Chief" meetings in connection with the Memorandum of Understanding between LHATC and FortisOntario, and meetings with Government officials regarding transmission development.

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
Scott Hawkes Vice President Corporate Services and General Counsel of FortisOntario and its operating subsidiaries including CNPI	Scott's Project Role for the EWT project is Executive Sponsor/Legal/Aboriginal Affairs and his O&M Role is Vice President Corporate Services and General Counsel responsible for Legal and Aboriginal Affairs. Mr. Hawkes is a member of CNPI's negotiating team for participation by First Nations and Métis in the EWT project.	N/A	Scott has approximately 20 years of direct experience in the management and operations of electrical generation, transmission and distribution business in both Canada and the Caribbean. He has responsibility for regulatory and legal matters relating to the planning, development and approval of the EWT project as well as the Aboriginal participation arrangements. He is also responsible for duties associated with the legal, human resources, information technology, and health, safety and environmental staff/departments of FortisOntario and its operating subsidiaries. Mr. Hawkes' résumé is included in Appendix H of CNPI's application. He was the lead negotiator of the Memorandum of Understanding between FortisOntario and LHATC to develop electricity transmission projects in Ontario that is referred to in evidence on page 38 of CNPI's application. This included significant involvement in numerous meetings, informational presentations and negotiations with Aboriginal community members and negotiating teams. He serves as a member of the Management Committee that governs the relationship between LHATC and Fortis with respect to the development of certain transmission lines in Ontario including EWT.
Tim Lavoie, Regional Manager of Algoma Power Inc., which is a wholly owned subsidiary of FortisOntario located in the Algoma District of Ontario	Tim's Project Role for the EWT project is responsibility for Regulatory/Land Rights /Procurement and his O&M Role is Field Operations Manager. Mr. Lavoie is a member of CNPI's negotiating team for participation by First Nations and Métis in the EWT project.	N/A	Tim has approximately 20 years of experience in the energy sector in a variety of management, operational and regulatory roles. Mr. Lavoie's résumé is included in Appendix H of CNPI's application. Prior to working for Fortis, he worked with a competitor engaged in the integrated generation, transmission and distribution business in Northern Ontario. He oversees and manages a regional distribution utility serving over 14,000 sq. km area with over 11,600 customers. On a day to day basis, he works with First Nations including Ojibways of Batchewana, Ojibways of Garden River, Michipicoten First Nation and Missinabie Cree First Nation, which are part of the API service territory, and are also listed on the OPA's list of Crown identified First Nation communities. He worked on the preparation and filing of the first transmission leave to construct application with the Ontario Energy Board after market opening for

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
			$85 million 230kV rebuild in Northern Ontario. He has also been directly involved in the management, oversight and key company witness in the successful filing of 6 rates applications with the Ontario Energy Board. He was a negotiator of the Memorandum of Understanding between FortisOntario and LHATC to develop electricity transmission projects in Ontario that is referred to in evidence on page 38 of CNPI's application. He serves as a member of the Management Committee that governs the relationship between LHATC and Fortis with respect to the development of certain transmission lines in Ontario including EWT.
First Nations/Métis Advisors to Negotiating and Consultations Teams CNPI has selected key advisors to the negotiating team who will provide guidance and insight on Aboriginal matters. For example, these individuals are sensitive to and acknowledge the rights and interests of Métis and First Nations including the Aboriginal and treaty rights, and the rights which derive from their political, economic and social structures and from their cultures, spiritual traditions, histories and philosophies. The following individuals are available as Aboriginal advisors to CNPI's negotiating and consultations teams:			
Bruce Falstead, Manager Aboriginal Initiatives FortisBC	Bruce's Project Role for EWT is Aboriginal Affairs. As Manager of Aboriginal Initiatives for Fortis he is the key contact for all Aboriginal issues and responsible for consultations and advising project teams. He has responsibility for promoting cultural awareness with employees, and actively promoting Aboriginal employment programs and practices, and developed Skill Builder Training program.	Bruce is Métis and an active member of the Métis Nation of BC and sits on the MNBC Regional Employment and Training Committee (RETC). The MNBC is affiliated with the Métis Nation of Ontario and both are members of the Métis National Council. His Project Role for EWT is Aboriginal Affairs.	Bruce has over 25 years of experience working with Aboriginal communities in Canada and has extensive knowledge of Aboriginal issues, protocols and history. He is a member of the following organizations: Aboriginal Community Initiatives Steering Committee, Simon Fraser University; Vancouver Board of Trade's Aboriginal Opportunities Committee; Board of Governors Langara College; Industry Training Authority's Aboriginal Advisory Council; and the Ahp-cii-uk Leadership Initiative. Mr. Falstead's résumé is included in Appendix H of CNPI's application. He acted as an advisor on the Memorandum of Understanding between FortisOntario and LHATC to develop electricity transmission projects in Ontario that is referred to in evidence on page 38 of CNPI's application.

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
Chief Paul Eshkagogan, First Nations Chief of Sagamok Anishinawbek	Chief Paul Eshkagogan's Project Role for EWT is Aboriginal Political Advisor. The negotiating team will be able to draw on Chief Eshkagogan's experience and knowledge. He will advise on the political aspects of Aboriginal negotiations and consultations, as well as key aspects of forms of participation that will contribute to sustainable and equitable development and proper management of the environment.	Chief Paul Eshkagogan's relationship to Affected Communities is that he is Chief of Sagamok Anishnawbek. Sagamok is one of the First Nations that is represented by LHATC referred to in evidence on page 38 of CNPI's application. LHATC represents 21 First Nations in the Robinson Huron Treaty territory including Ojibways of Batchewana, and Ojibways of Garden River.	Chief Eshkagogan's résumé is included in Appendix H of CNPI's application. He has been Chief for more than eight years, and his responsibilities range from being the primary spokesperson for the community to ensuring that day to day operations of the organization continue and decisions of the Council are implemented.
Ross Assinewe, Chief Executive Officer of LHATC	Ross' Project Role is LHATC Aboriginal Affairs.	Ross is a Sagamok Anishnawbek First Nations community member and he is Chief Executive Officer of LHATC. LHATC represents 21 First Nations as more particularly described on page 38 of CNPI's application, which includes Ojibways of Batchewana, and Ojibways of Garden River.	Ross' Project Role is LHATC's Aboriginal Affairs and his résumé is included in Appendix H of CNPI's application. Ross has almost 30 years of work experience and has acted as an Aboriginal advisor on numerous engineering, environmental and municipal projects. He was involved in the negotiation of the Memorandum of Understanding between LHATC and FortisOntario. He serves as a member of the Management Committee that governs the relationship between LHATC and Fortis with respect to the development of certain transmission lines in Ontario including EWT.

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
Third Party Consultants The following consultants are available to CNPI's negotiating and consultations teams: **Neegan Burnside** Neegan Burnside is a majority owned Aboriginal firm committed to assisting Aboriginal communities in meeting their development and economic goals while remaining sensitive to community, culture, values and beliefs and takes great pride in its Aboriginal employees and the communities they represent. For more details regarding Neegan Burnside's qualifications, please refer to Appendix C of CNPI's application. As well, on pages 51 to 53 of CNPI's application, specific individuals have been listed as being allocated to the EWT project. Copies of their résumés are included in Appendix H of CNPI's application.			

b) The following individuals are members of CNPI's consultation team, which will be responsible for conducting consultation with First Nation and Métis communities as delegated by the Crown:

Lyle Parsons, VP Environment, Neegan Burnside.	Lyle is the Project Manager and the Environmental Assessment Specialist for the environmental assessment work in the development phase and will manage and provide assistance as shown in the organization charts.	N/A	Lyle has over 37 years of experience in environmental assessment and planning and direct environmental management of multi-disciplinary projects in Ontario. A copy of his résumé is included in Appendix H of CNPI'S application. Lyle successfully managed the Ontario Power Authority's (OPA) development of an Aboriginal Renewable Energy Fund in association with London Economics Inc. (LEI). He is currently the project manager for eleven different aboriginal renewable energy feasibility projects involving wind, solar and water power projects in Ontario as well as a number of other private sector energy projects. As project manager, he has just completed a REA application for a 100 MW wind power project at Grand Bend including a 32Kilometre 230 KV transmission line. Lyle's has extensive experience with the Ontario Ministry of the Environment (MOE) involved managing diverse projects while working with the Environmental Assessment Branch, Waste Management Branch, and Regional Operations. He was a member of the team that developed the Province of Ontario's "Environmental Assessment Act" and the "Blue Print for Waste Management in Ontario". Lyle's past experience while with the MOE included both Head Office and Regional review functions. His experience includes work on individual as well as Class EA's and included two individual EA's on Ontario Hydro (now Hydro One) 230 KV transmission lines.

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
			He was the review coordinator for the MOE for over 30 different applications by different hydrocarbon pipeline companies before Canada's National Energy Board (NEB) and the Ontario Energy Board (OEB). After approval, the work included field inspection and monitoring concerning environmental effects of the facility's construction and operation. He was also the environmental policy advisor on behalf of the MOE to the OEB and was the MOE's representative on the OEB's, Provincial Pipeline Coordination Committee. Lyle was the environmental advisor to the Ontario Ministry of Energy in many formal interventions by the Province of Ontario concerning hydrocarbon pipeline application hearings by the NEB in Ottawa.
Merv Dewasha, CEO, Neegan Burnside	Merv is Aboriginal Advisory Consultant for the EWT Project and will be available as required as a senior advisor, to assist in consultation and negotiations with First Nations and Métis.	N/A	Merv is an engineer and a member of the Wahta Mohawk First Nation and has served with Indian and Northern Affairs Canada in various capacities. Mr. Dewasha has over 30 years' experience working with First Nations in project management and operation, and maintenance of facilities and services. A copy of his résumé is included in Appendix H of CNPI'S application. He also has extensive experience with project development, technical management systems, and the development of codes and regulatory requirements for First Nations projects. He also has been a leader in native human resources, capacity development and careers in technical areas. He is a skilled presenter and able to explain technical processes in a manner easily understood by the general public.
Dave Hardy, Principal Hardy Stevenson	Dave has responsibility for Public consultation Socio-economic Assessment for the EWT Project. He will provide overall consultation direction and consultation plan design. Dave will: • Prepare the Consultation Plan • Liaise with and First Nation and Métis	N/A	Dave Hardy is the President of Hardy Stevenson, a consulting firm specializing in route and site selection, socio-economic impact assessment, communications, consultation and engagement, ethical analysis, public dialogue, project development and land-use and environmental planning. A copy of his résumé is included in Appendix H of CNPI'S application. He has participated in over 125 environmental assessment studies and has completed over 150 socio-economic impact assessment studies for a wide range of projects and programs and has served as an expert witness on community impacts before various courts and administrative tribunals. Dave Hardy has managed public consultation assignments for a variety of

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
	groups • Facilitate meetings • Oversee the preparation of communications/ background support materials		public and private clients, and has conducted multi-stakeholder consultation and mediation in numerous sectors including First Nations and Métis liaison activities. He has also provided expert testimony on socio-economic impact assessment, public consultation, land-use and environmental planning before the Federal Environmental Assessment Review Panel, the Ontario Court of Appeal, the Environmental Assessment Board, the Ontario Municipal Board, and the Ontario Energy Board. Capping a 12-year career with Ontario Hydro, Dave Hardy served as Co-ordinator of the President and Chairman's Office in the late 1980s. He worked closely with the Board of Directors and provided advice on communications and public relations and other matters. Dave was closely involved with the former Ontario Hydro's Demand Supply Options Strategy and Demand Supply Plan He appeared before the Ontario Energy Board as a witness under the Statutory Powers and Procedures Act and has also appeared as witness before other Ontario Administrative Tribunals on 10 occasions. **Aboriginal and Métis Consultation Experience:** • Timber Supply and Community Socio-Economic Sustainability in Ontario Study Hardy Stevenson staff assessed the economic base of forest dependent communities across Ontario. We analyzed strengths and weaknesses of Temagami, North Bay and Ottawa River timber dependent communities and recommended strategies for addressing timber supply issues for the Ministry of Natural Resources. This project highlights our experience with the forestry industry and our knowledge of communities connected with the Mattawa River Watershed. • Peer Review of Little Jackfish Hydro Development Peer Review of environmental assessment of proposed Little Jackfish Hydro Development near Lake Nipigon working with the Town of Armstrong and the

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
			Whitesand Band. This project highlights our experience with Aboriginal communities and energy projects. • Yukon First Nation Facilitation Extensive and broad based consultation with the Algonquins will be required for developing the EDP. Hardy Stevenson and Associates will be expected to provide support and advice to the ANRs. HSAL designed and facilitated a workshop establishing a process to assess the environmental and socio-economic impacts of mining and forestry developments in the Yukon as a requirement of Chapter 12 of the Yukon First Nation Final Agreements. This development assessment process is provided for in the Yukon Environmental and Socio-economic Assessment Act (YESAA). This project highlights our experience with designing, facilitating and supporting consultation within Aboriginal communities. • Canada's Fifth National Forest Strategy – First Nations Dialogue The National Forest Strategy Coalition retained Hardy Stevenson and Associates Limited to facilitate the creation of the Fifth National Forest Strategy. Hardy Stevenson designed and facilitated seven two-day workshops across Canada to obtain a range of viewpoints on issues affecting forestry, and elements to consider in a vision of Canada's forests. Participants reflected the makeup of the Coalition, with large representation from Aboriginal communities, various levels of government and the forest industry.
George McKibbon, Senior Associate Hardy Stevenson	George has responsibility for First Nation and Métis liaison assistance and Socio-Economic Assessment for the EWT Project and will: • Prepare the Consultation Plan • Liaise with First Nation and Métis	N/A	George has over 35 years of planning experience and is a graduate of the University of Guelph (M.Sc., Rural Planning and Development) and York University (Masters in Environmental Studies). He is a Registered Professional Planner in Ontario, a member of the American Institute of Certified Planners in the United States and a Charter Member of the American Planning Association. A copy of his résumé is included in Appendix H of CNPI'S application. George has served as a planning advisor for various First Nations Councils for

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
	groups • Facilitate meetings • Oversee the preparation of communications/ background support materials		over 20 years. He assisted First Nations communities provide positions on various Bills and Acts. George helped Windigo First Nations Council review the Placer Dome Canada Limited's environmental approval applications for the Musselwhite Mine located north of Sioux Lookout. George has also conducted field research community consultation and prepared a Traditional Uses Study for Cat Lake, Slate Falls and Mishkeegogamang First Nations. With Neegan Burnside George helped draft the Guide to Land Use Planning in Northern Ontario for the Ontario Métis Association. Specifically, he provided advice on Ontario's legislative and policy framework for land and resource use and environmental planning. Mr. McKibbon provided a technical assessment of TransCanada Pipelines Limited's Nipigon River pipeline crossing's environmental assessment to the Rocky Bay Band. The Band was concerned the crossing would affect their downstream community water supply and the River's fishery. Mr. McKibbon helped the Band negotiate a settlement that included First Nation environmental monitors on the construction site and a program for water quality monitoring and management. George was the Director of Policy of the Ontario Professional Planners Institute (2007 to 2010) and the Canadian Representative on the Upstate New York Chapter Board of the American Planning Association (2003 to 2008) and is a member of the Canadian Institute of Planners Healthy Communities Committee, where he contributes to the development of Heart and Stroke Canada' CLASP Healthy Communities by Design Project.
Andrzej Schreyer – Senior Planner Hardy Stevenson	Andrzej is responsible for Public Consultation Socio Economic Assessment for the EWT Project and will: • Prepare the Consultation Plan • Organize logistics for	N/A	Andrzej is a Senior Planner with HSAL specializing in land use and environmental planning, socio-economic impact assessment, and stakeholder engagement. He holds a Bachelor's degree in environmental geography and a Master's degree in geography. He has been the lead author of numerous studies including, socio-economic impact assessments, land use, and policy analysis reports associated with major infrastructure projects in Ontario as part of the provincial EA process. Andrzej is also HSAL's First Nations and

Name	Position and Tasks	Relationship to Affected Communities	Relevant Experience
	consultation activities with the consultation team and negotiating team members • Prepare communications and background materials • Prepare records of consultation activities • Document the consultation program		Métis Consultation EA Coordinator for infrastructure projects. He maintains up to date contact with First Nations and Métis Consultation for all our EA work. A copy of his résumé is included in Appendix H of CNPI'S application. Andrzej has also designed and implemented numerous public consultation and communications programs in support of EA projects and community strategic planning initiatives. He has conducted SEIA's for linear projects throughout Ontario and is currently leading an SEIA of the Ashbridges Bay Treatment Plant Upgrade/Rebuild - the largest wastewater treatment facility in Canada. Throughout his career, Andrzej has worked as an Environmental Policy Analyst, Economic Development Officer, and Urban Planner. He has a robust understanding of what makes a community liveable, including the requisite human, financial, physical, social and natural assets. Toward this end, Andrzej has played a key role on a number of community planning initiatives including the City of Mississauga Official Plan review process.

First Nations/Métis Advisors to Negotiating and Consultations Teams

CNPI has selected key advisors, Bruce Falstead, Chief Paul Eshkagogan, and Ross Assinewe, to the consultations team who will provide guidance and insight on Aboriginal matters. For example, these individuals are sensitive to and acknowledge the rights and interests of Métis and First Nations including the Aboriginal and treaty rights, and the rights which derive from their political, economic and social structures and from their cultures, spiritual traditions, histories and philosophies.

Third Party Consultants

The following consultants are available to CNPI's negotiating and consultations teams:

Neegan Burnside

Neegan Burnside is a majority owned Aboriginal firm committed to assisting Aboriginal communities in meeting their development and economic goals while remaining sensitive to community, culture, values and beliefs and takes great pride in its Aboriginal employees and the communities they represent.

For more details regarding Neegan Burnside's qualifications, please refer to Appendix C of CNPI's application. As well, on pages 51 to 53 of CNPI's application, specific individuals have been listed as being allocated to the EWT project. Copies of their résumés are included in Appendix H of CNPI's application.

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6. If you are selected as the designated transmitter, will the First Nation and Métis communities identified by the Ministry of Energy in its letter to the Ontario Power Authority ("OPA") dated May 31, 2011, and possibly other affected and interested First Nation and Métis communities, be given an equal opportunity to participate in the project? Will all affected (or interested) First Nation and Métis communities be given equal opportunity for **all forms** of participation in the project (e.g. employment opportunities, equity participation)?

Response:

CNPI will offer equal opportunity in all forms to affected First Nation and Métis communities for participation in the EWT. The form of participation will depend on the results of consultations with affected First Nations and Métis. It will also be subject to negotiation with the interested parties, the agreement of CNPI's joint venture partner LHATC, documentation and necessary approvals.

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7. Does a First Nation or Métis community need to be "affected" by the project, in order to participate, or can it participate if it is not affected but still interested?

Response:

Please refer to page 41 of CNPI's application where CNPI explained that a First Nation or Métis community need not be "affected" by the project in order to participate. For example, there are 21 First Nations represented by LHATC, which are interested in participating in the EWT project and are partners of FortisOntario for the development of certain transmission projects. Few of these communities are included on the OPA's list of "Crown-identified" communities. As set out at page 41 of the application, and the response to IR 6, participation opportunities are available for non-affected Aboriginal communities.

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8. Have you (or an affiliate) assisted, or will you (or an affiliate) assist, a prospective First Nation and Métis equity participant by providing a loan, by arranging financing through an independent financial institution, or otherwise? If yes, please explain how.

Response:

The response to this question can be found in evidence on page 41 of CNPI's application, which confirms that assistance in financing a participating equity interest will be available from Fortis.

Fortis supports its equity partners' initiatives to access provincial and federal funds, grants, loan guarantees and all other available programs in order to maximize equity participation in the project. In the event that its partners are unable to raise sufficient third party financing to fully fund its equity participation, Fortis will provide a loan up to a negotiated amount on reasonable commercial terms.

With respect to any other equity participation pursuant to a New MOU as referred to in evidence on page 41 of CNPI's application, CNPI will provide financing on the same terms as in the current MOU, subject to discussions and negotiations, as well as input from existing Aboriginal partners.

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9. Have you undertaken, or will you undertake, an assessment to quantify the potential impacts on the affected First Nation and Métis communities, the amount of which could be counted toward the participating community's equity contribution?

Response:

CNPI will undertake an assessment to quantify the potential impacts on the affected First Nation and Métis communities, which amount could be counted toward the participating community's equity participation. Such assessment and participation would be subject to negotiation with the interested parties, the agreement of CNPI's joint venture partner LHATC, documentation and necessary approvals.

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10. For those who propose to have or have equity participation with First Nation or Métis partners, how do you anticipate this participation will affect your credit rating, if at all?

Response:

Fortis' credit ratings A (low) DBRS & A- (S&P) will not be impacted by equity participation with First Nation or Métis partners.

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11. With respect to First Nation and Métis participation issues, please identify any First Nation and Métis communities you have initiated contact with, those you have met with, and those you have existing arrangements to meet with.

Response:

CNPI has initiated contact and has met with all of the First Nation communities that are represented by LHATC in regard to the EWT Project. CNPI has existing arrangements in place with the 21 First Nations that are represented by LHATC as set in evidence on page 38-39 of CNPI's application.

These First Nations include the following:

Aundeck Omni Kaning	Batchewana First Nation
Dokis First Nation	Henvey Inlet First Nation
M'Chigeeng First Nation	Magnetawan First Nation
Mississauga #8	Nipissing First Nation
Ojibways of Garden River	Sagamok Anishnawbek
Serpent River First Nation	Shawanaga First Nation
Sheguiandah First Nation	Sheshegwaning First Nation
Thessalon First Nation	Wahnapitae First Nation
Wasauksing First Nation	Whitefish Lake First Nation
Whitefish River First Nation	Wikwemikong Unceeded Indian Reserve
Zhiibaahaasing First Nation	

The Ojibways of Garden River and Ojibways of Batchewana, are both affected by the EWT and are represented by LHATC.

CNPI has initiated contact, with the following six affected First Nation communities in regard to the EWT: Fort William First Nation, Michipicoten First Nation, Ojibways of Pic River (Heron Bay First Nation), Pays Plat First Nation, Pic Mobert First Nation, and Red Rock Indian Band. A meeting was held with a Chief from one of these six affected First Nations who did indicate that they were willing to enter into negotiations should Fortis become the successful proponent in the project. It was subsequently determined that these six may be parties to another arrangement and further attempts to make contact were put on hold.

Métis contact was initiated through a preliminary meeting and discussion with legal counsel of the Métis Nation of Ontario, which is comprised of Greenstone Métis Council, Superior North Shore Métis Council and Thunder Bay Métis Council.

As noted in evidence, upon designation CNPI has plans to meet with all the affected and interested First Nation and Métis communities together with LHATC to move forward proposals for participation in the EWT.

12. Does your Consultation Plan treat engagement with First Nations and Métis communities, whose traditional territories will be crossed by the proposed East-West Tie route, on an equivalent basis? Where there are differences in the proposed engagement between First Nations and Métis communities please explain and provide justification for the difference.

Response:

Yes, CNPI's Consultation Plan treats engagement with First Nations and Métis communities on an equivalent basis.

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13. Please outline and provide examples of relevant experience the applicant has in undertaking procedural aspects of consultation with Métis communities in the context of the development, construction or operation of a transmission line or other large scale construction projects.

Response:

Fortis has had informal dialogue with Métis regarding large scale transmission. Fortis' experience in consultations as outlined in the application (on pages 151-155 of CNPI's application) involves working with First Nations communities. This experience would be applicable to the approach the Applicant would take in the East West Tie consultations with Métis.

Neegan Burnside, the Applicant's third-party consultant, is a majority owned Aboriginal firm with experience in undertaking the procedural aspects of consultation with First Nations and Métis. As noted in evidence, on page 155 of CNPI's application, Neegan Burnside carried out a consultation with the Métis Nation of Ontario in connection with its Grand Bend Wind Farm Project.

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14. Is the applicant or any of its affiliates/ partners aware of any outstanding claims, applications, reviews or other proceeding brought against it (them), as transmitter or otherwise, by a First Nation or Métis community who disputes the use or proposed use of land, including disputes related to consultation or accommodation, compensation, mitigation, remedial measures, or other similar claims? If so, please identify and describe.

Response:

The Applicant is not aware of any outstanding claims, applications, reviews or other proceedings brought against it, Fortis or any of its affiliates, as a transmitter or otherwise, by a First Nation or Métis community who disputes the use or proposed use of land.

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15. Has your proposed design has been utilized successfully in terrain and weather conditions similar to that of Northern Ontario? If not, please comment on the potential risks of your proposed design with respect to its use in Northern Ontario.

Response:

The proposed design has been used throughout Ontario and Alberta. The CSA Loading Map of Canada indicates that the East West Tie falls into the Heavy Loading area of Ontario. The area north of the East West Tie falls in the Medium Loading Area. Toronto area also falls in the Heavy Loading area. Severe loading is not indicated in either Ontario or Alberta.

The Minimum Design Criteria, Section 5, Structural Design Criteria confirms the Heavy Loading Criteria is appropriate for the East West Tie. However, an additional wind and ice load based on HONI criteria for Northern Ontario is added. The HONI definition of Northern Ontario is not available at this time.

CNPI is aware of the additional loading criteria and design modifications to the proposed existing tower family or to a new design will include the appropriate loadings. Potential risks of not applying the correct loadings is not an issue.

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16. To the extent that your application includes a tower design not typically used in Ontario, please indicate whether the construction schedule in your application includes time for testing of new tower designs.

Response:

The tower designs being considered by CNPI in its application have been used in Ontario and Alberta. Yes, the development schedule includes time for testing of new or modifications to existing tower designs.

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17. The necessity for the requirement at paragraph 3.6.4 of the Board's Minimum Technical Requirements has been questioned. Please comment on the risk of single loop galloping and the cost of meeting the Board's requirement.

Response:

The US Department of Agriculture, in the Rural Utility Services manual indicates that single loop galloping rarely occurs in spans over 600 to 700 feet (213 m). CIGRE[1] Report 322, June 2007 mentions single loop gallop in spans up to 450 meters. The OEB in paragraph 3.6.4 has requested following the CIGRE report to design for single loop galloping at any span length, avoiding (or reducing) risk of circuit outage caused by gallop.

CNPI has based their estimates on 300 meter spans. The cost impact of single loop or double loop gallop has not been studied at this time.

After designation, CNPI will first review the history of the existing line for known galloping issues to quantify the risk. The line can be optimized for single loop and double loop gallop to determine a relative cost difference.

CNPI will also consider the use of interphase spacers (not common at 230kV) or anti-gallop conductor attachments in addition to different tower geometry.

CNPI agrees with the other applicants, that single loop gallop design criteria will increase both the cost of the line and the expected reliability. Only detailed analysis will produce a cost and benefit type of recommendation for the board's consideration.

[1] CIGRE is the French acronym for *International Council on Large Electric Systems.*

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18. In your proposed design for the line, are there any space limitations that would restrict the ability of workers to maintain the new line?

Response:

No issues have been identified at this stage of design.

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19. Different tower structures, foundations, tower spacing, etc. were proposed in the various applications. What were the applicant's design assumptions (e.g. right-of-way spacing from Hydro One Networks Inc. ("HONI")'s assets, tower height, span length, foundation, etc.) to avoid any adverse impact to HONI's transmission system, including: (i) in the event of a catastrophic failure of the proposed new line; and (ii) access by HONI to the existing transmission line for routine maintenance and service restoration?

Response:

As noted in evidence on page 133 of CNPI's application, CNPI has followed the 50 m right of way width criteria of *Appendix A – Minimum Design Criteria for the Reference Option.* This is graphically depicted on page 135. It is possible that catastrophic failure of the new line would not impact the existing HONI transmission line.

CNPI design assumptions avoid adverse impact to HONI's transmission system, including (i) in the event of a catastrophic failure of the proposed new line; and (ii) access by HONI to the existing transmission line for routine maintenance and service restoration to the extent that CNPI's design meets the *Minimum Design Criteria for the Reference Option.* To the extent that CNPI's plan follows an alternate route, this impact is further reduced.

No impairment to access to HONI facilities for routine maintenance and service restoration is anticipated by construction of the new line.

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20. With respect to the construction, operation and maintenance of the new transmission line, what were the applicant's assumptions to avoid any adverse impact to HONI's transmission system, including: (i) in the event of a catastrophic failure of the proposed new line; and (ii) access by HONI to the existing transmission line for routine maintenance and service restoration?

Response:

CNPI has proposed to construct the new line on a 50 m right-of-way, in accordance with the *Minimum Design Criteria.* The OEB criteria are standard utility practice. As such, CNPI believes that no additional considerations are required to avoid any adverse impact to HONI's transmission system, including catastrophic failure of either line and routine maintenance or service restoration of either line.

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21. The Independent Electricity System Operator ("IESO") indicates that the double-circuit line described as the Reference Option has several benefits over the single-circuit option. These include:
    - a higher thermal rating (up to about 800 MW) that can be exploited for future expansion by adding more voltage control or compensation equipment;
    - a higher level of reliability because of its inherent redundancy (2 circuits to one, a lower exposer to common-mode failures, more flexibility to perform line and terminal maintenance);
    - less reliance on voltage control and compensation equipment, and special protection systems;
    - less electrical equipment involved and less risk of equipment failure; and
    - a higher level of operating security as described in section 16 of the IESO's August 2011 Feasibility Study.

    Are there any beneficial attributes of the single-circuit option, other than reduced cost? Are there other benefits of the double circuit line that are not listed above?

Response:

CNPI agrees with the IESO statements above. As stated in evidence on page 94 of CNPI's application, CNPI is submitting its application based on the Reference Option, and believes that it is well chosen.

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22. The IESO suggests that to assess whether a proposal will satisfy IESO reliability criteria at the required transfer level, some characteristics for proposals must be available. What is the a.c. resistance (at 20°C), reactance and susceptance (i.e. R, X, B) for each circuit of the Wawa to Marathon and Marathon to Lakehead sections of the new line(s)?

Response:

Characteristics of the line for the proposed double circuit towers are attached. Please consider the information as preliminary. CNPI has committed to provide a final design that meets or exceeds all design criteria.

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********************************************************************************
            Lines Data File:  c:\aspenlc03\fortis.lnn
       Construction Library:  c:\aspenlc03\fortis.lcn

   System MVA Base = 100.   Units are English.   Frequency =60 Hertz

      File contains 2 lines with a total of 2 sections

================================================================================
   Line  "Lake Mar"  from bus  "LAKEHEAD"  to bus "MARATHON":

       230. kV       3 Phases       1 Sections       144.2 Miles

   ____Section_______Miles_________Construction____Circuit_____Connection____
                  144.2000          Tower T       T right

--------------------------------------------------------------------------------
        Section  ""  of line  " Lake Mar":   144.2 Miles

          _____________Positive Sequence Self Parameters_____________
                            Section Impedance
                  (Ohms)                            (per unit)
              11.684    +j  110.98             0.022087  +j  0.20978

                    Section Susceptance             Section Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00080854    +0.42772                +42.772

          _________________Zero Sequence Self Parameters_________________
                            Section Impedance
                  (Ohms)                            (per unit)
              87.849    +j  293.72             0.16607   +j  0.55524

                    Section Susceptance             Section Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00050938    +0.26946                +26.946

--------------------------------------------------------------------------------
          ____________Positive Sequence Self Parameters____________
                            Line Impedance
                  (Ohms)                            (per unit)
              11.684    +j  110.98             0.022087  +j  0.20978

                    Line Susceptance            Line Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00080854    +0.42772                +42.772

          _________________Zero Sequence Self Parameters_________________
                            Line Impedance
                  (Ohms)                            (per unit)
              87.849    +j  293.72             0.16607   +j  0.55524

                    Line Susceptance              Line Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00050938    +0.26946                +26.946

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********************************************************************************
            Lines Data File:  c:\aspenlc03\fortis.lnn
       Construction Library:  c:\aspenlc03\fortis.lcn

   System MVA Base = 100.   Units are English.   Frequency =60 Hertz

      File contains 3 lines with a total of 3 sections

================================================================================
   Line  "Mar Wawa"  from bus  "Marathon"  to bus "Wawa":

       230. kV       3 Phases       1 Sections       104.4 Miles

   ____Section_______Miles_________Construction____Circuit_____Connection____
                  104.4000          Tower T       T right

--------------------------------------------------------------------------------
        Section  ""  of line  " Mar Wawa":   104.4 Miles

          _____________Positive Sequence Self Parameters_____________
                            Section Impedance
                  (Ohms)                            (per unit)
              8.4593    +j  80.346             0.015991  +j  0.15188

                    Section Susceptance             Section Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00058538    +0.30967                +30.967

          _________________Zero Sequence Self Parameters_________________
                            Section Impedance
                  (Ohms)                            (per unit)
              63.602    +j  212.65             0.12023   +j  0.40199

                    Section Susceptance             Section Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00036879    +0.19509                +19.509

--------------------------------------------------------------------------------
          ____________Positive Sequence Self Parameters____________
                            Line Impedance
                  (Ohms)                            (per unit)
              8.4593    +j  80.346             0.015991  +j  0.15188

                    Line Susceptance            Line Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00058538    +0.30967               +30.967

          _________________Zero Sequence Self Parameters_________________
                            Line Impedance
                  (Ohms)                            (per unit)
              63.602    +j  212.65             0.12023   +j  0.40199

                    Line Susceptance              Line Charging
                 (Mhos)      (per unit)                (MVAR)
              +0.00036879    +0.19509                +19.509

********************************************************************************
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23. In the IESO Feasibility study of August 2011, the IESO indicates that it assumed a route length of approximately 400 km, and used electrical circuit parameters representative of that length of route. For transmitters proposing alternative paths that vary 40 km or more in length from the reference 400 km, please comment as to whether the change in length will materially alter the electrical parameters of the line and whether the targeted transfer capability can still be achieved.

Response:

As noted in evidence on page 144 of CNPI's application, CNPI has proposed an alternate corridor that adds approximately 25 km to the line length.

Since the alternative path varies less than 40 km, CNPI is assuming that the change in length will not materially alter the electrical parameters of the line and that the targeted transfer capability can still be achieved. In any event, CNPI has included the cost of checking the IESO model and providing actual design parameters to replace assumed parameters.

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24. For transmitters proposing to use 230 kV class equipment, please indicate whether the design you propose will be capable of continuous operation up to 250 kV as required by the IESO's Market Rules.

Response:

As noted in evidence on page 88 of CNPI's application, CNPI is aware of the 250 kV criteria. The requirement will be included in the final design.

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25. Please describe any differences between the inputs that went into the Feasibility Study on record and your proposed design.

Response:

As noted in evidence beginning on page 87 of CNPI's application, CNPI has chosen to follow the results of the IESO Feasibility Study. Accordingly, the applicant is not aware of any differences.

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26. Please complete the following three tables to enhance cost comparability between applications. Applicants should provide the cost estimates based on their preferred option for the line. Where the preferred option is not the reference option, the tables should also be provided for the reference option.

    In completing the tables, please assume the following:

    - All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs.
    - The development phase ends with the filing of a leave to construct application with the Board
    - Taxes and duties should be excluded.

Response:

Please see completed tables below.

Development Activity	**Estimated Cost**	**Reference in filed application[1]**
Engineering, design, and procurement activity	$7,204,000	$7,420,000
Materials and equipment		
Permitting and licensing		
Environmental and regulatory approvals	$3,842,000	$3,996,000
Land rights (acquisition or options), including consultation and negotiation with landowners	$1,923,000	$2,995,000
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	$976,000	
First Nation and Métis consultation	$1,923,000	$5,760,000
Other consultation (community, stakeholder)	$3,615,000	
IDC or AFUDC (if included in estimates)		
Contingency	$2,179,000	$2,257,000
Other (explain in detail)	$2,307,000	$960,000 $1,440,000 $2,400,000[2]
Total	$23,969,000	$24,828,000

Differences between the two columns are explained in Interrogatory #27.

[1] All of the listed costs appear on page 110 and Appendix X of CNPI's filed application.
[2] Represents the sum of Financing, Legal and Project Management costs in CNPI's application.

Construction Activity	**Estimated Cost**	**Reference in filed application[3]**
Engineering, design, and procurement activity	$10,800,000	$3,741,000 $1,780,000 $6,400,000 $11,921,000[4]
Materials and equipment (includes contingency)	$181,050,000	$80,000 $935,000 $27,570,000 $136,748,000 $8,474,000 $28,050,000 $201,857,000[5]
Permitting and licensing	$1,301,000	$1,408,000
Environmental and regulatory approvals	$2,960,000	$3,204,000
Land rights (acquisition or options), including consultation and negotiation with landowners	$16,304,000	$18,752,000
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)[6]	$681,000	
First Nation and Métis consultation	$861,000	$1,900,000
Other consultation (community, stakeholder)	$861,000	
Site clearing and preparation	$8,575,000	$9,560,000

[3] All of the listed costs appear on page 110 and Appendix X of CNPI's filed application.
[4] Represents the sum of Final Engineering, LIDAR, and Subsurface in CNPI's application.
[5] Represents the sum of the materials costs of Surveys, Roads, Foundations, Steel Structures, Structures Assemblies, and Conductor & Shield Wire in CNPI's application.
[6] Certain non-recoverable indirect costs of participation have not been included. For example, assuming an equity loan is provided under a participation agreement, there would be an opportunity cost representing the difference between a return on equity and loan interest.

Construction Activity…..cont.	**Estimated Cost…cont.**	**Reference in filed application… Cont.**
Construction	$148,698,000	$802,000 $10,605,000 $41,910,000 $80,100,000 $24,030,000 $28,340,000 $185,787,000[7]
Site remediation	$17,584,000	
IDC or AFUDC (if included in estimates)	$45,844,000	$50,680,000
Contingency	$80,153,000	$86,660,000
Other (explain in detail) e.g. CWIP	$11,089,000	$3,600,000 $8,640,000 $12,240,000[8]
Total	$526,761,000	$583,969,000

Operations and Maintenance Activity	**Estimated Cost**	**Reference in filed application[9]**
Major activities (please list, but cost estimate may be bundled)	$974,000	$974,000
Administration and general costs related to O&M	$685,500	IRR #29
Regulatory costs	$25,000	
Contingency		

[7] Represents the sum of labour costs of Surveys, Roads, Foundations, Steel Structures, Structures Assemblies, and Conductor & Shield Wire.
[8] Represents the sum of costs of Inspection and Project Management.
[9] All the listed costs (other than Administration) appear on page 122 of CNPI's filed application.

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27. a) Please confirm that while costs may be reaggregated into the specified categories, the amounts in the tables are consistent with the overall estimates filed in your application.

    b) Please reconcile each of the development, construction and operation phase totals produced in the tables with the total costs for each of these phases put forward in your application. The reconciliation should describe and quantify each reconciling element.

Response:

a) In Interrogatory # 26, the Board has qualified the completion of the three tables with the statement, "All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs".

CNPI can confirm that while costs may be reaggregated into the specified categories, the amounts in the tables are consistent with the overall estimates filed in its application but for one exception.

As it discussed in the response to Interrogatory # 28, CNPI has included inflation risk contingencies for future pricing.

Therefore, to make allowances for those risk adjustments, the estimated costs provided in the tables of Interrogatory # 26 have been scaled to 2012 dollars for each effected line item. The present worth factor for individual line items has been determined using the appropriate number of years for each individual line item and the Bank of Canada's target annual inflation factor of 2.0%.

b) Development Activity:

In CNPI's filed application, Development Activity costs were estimated at $24,828,000. In the table produced in response to Interrogatory #26, Development Activity costs have been estimated at $23,969,000. The resulting difference is $859,000.

Notwithstanding that certain line items comprising the estimated Development Activity costs have been re-aggregated as per the instructions of Interrogatory # 26; the difference of $859,000 is due solely to the re-statement of costs from anticipated dollar values at the time of the scheduled incurrence of costs to a constant 2012 dollar value as specified in Interrogatory #26.

All estimated amounts have been re-stated in 2012 dollars using the Bank of Canada's target inflation rate of 2 percentage points as the discount rate.

The contingency amount has been re-calculated as 10 percent of the 2012 dollar value of the subtotal of development costs consistent with the methodology used in the filed application.

Construction Activity:

In CNPI's filed application, Construction Activity costs were estimated at $583,969,000. In the table produced in response to Interrogatory #26, Construction Activity costs have been estimated at $526,761,000. The resulting difference is $57,208,000.

Notwithstanding that certain line items comprising the estimated Construction Activity costs have been re-aggregated as per the instructions of Interrogatory # 26; the difference of $57,208,000 is due solely to the re-statement of costs from

anticipated dollar values at the time of the scheduled incurrence of costs to a constant 2012 dollar value as specified in Interrogatory #26.

All estimated amounts have been re-stated in 2012 dollars using the Bank of Canada's target inflation rate of 2 percentage points as the discount rate.

The contingency amount has been re-calculated as 20 percent of the 2012 dollar value of the subtotal of construction costs consistent with the methodology used in CNPI's filed application.

The Interest During Construction ("IDC") amount has been re-assessed on the forecasted cash flows with the dollar values being re-stated as 2012 dollars. The methodology for determining IDC is consistent with the methodology used in CNPI's filed application.

Operations and Maintenance Activity:
In CNPI's filed application, Operations and Maintenance Activity costs were estimated at $974,000. In the table produced in response to Interrogatory #26, Operations and Maintenance Activity (including Administrative and general, and regulatory) Costs have been estimated at $1,684,500. The resulting difference is $710,500.

There are two contributing factors to the difference of $710,500; Administration and General costs of $685,500 and Regulatory costs of $25,000.

In the filed application, CNPI did interpret the filing instructions to be inclusive of only operating and maintenance costs. In response to Interrogatory #29, CNPI has provided a detailed breakdown of Administration costs including Regulatory costs.

28. For each phase, please describe how the contingency amounts were determined.

Response:

As noted in evidence on page 110 of CNPI's application, 20% contingency was added to the construction cost and 10% contingency was added to the development cost. Contingency has also been included in Materials and Equipment in respect of steel structures and conductor.

The contingency is based on standard utility practice being careful to not understate the cost, without pricing the project out of feasibility. Contingency within Materials and Equipment includes consideration of price risk associated with possible delays, commodity pricing risk, and testing. Less contingency is applicable to the design because the work is better defined and occurs in the next few years. Construction cost has multiple unknowns.

CNPI further states in the evidence on page 117 of CNPI's application that additional estimates prepared as engineering proceeds will be more accurate and will include less contingency.

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29. With respect to operation, maintenance and administration costs, please indicate whether the applicant's stated OM&A costs are estimated on a standalone basis (i.e. the full OM&A costs of the line) or on a net basis **(i.e.** excluding costs incurred by affiliates or other regulated utilities providing services to the applicant)**.** If on a net basis, please provide in detail the applicant's estimated OM&A costs on a standalone basis.

Response:

In its application, CNPI provided its operations and maintenance costs ("O&M") in accordance with the Filing Requirements, which provide, "As part of its Plan, the applicant must file a summary of the total costs associated with the Plan, divided into development costs, construction costs and **operation and maintenance costs**." [emphasis added]

This interrogatory requests information on O&M costs plus administrative costs (together "OM&A"). CNPI has provided the requested information below. Because there may be some confusion on the part of the applicants regarding the inclusion of administration costs, we urge the Board to ensure that it compares the applications consistently, either on an O&M basis (as per the Filing Requirements) or on an OM&A basis (as per this interrogatory).

CNPI's stated O&M costs are estimated at $974,000 on a standalone basis. CNPI's administrative costs are estimated at $710,494 on a standalone basis. On a standalone basis CNPI's estimated OM&A costs are $1,684,494 ($974,000 + $710,494 = $1,684,494). CNPI's administrative costs for its transmission business are based on its shared services methodology discussed below. A detailed breakdown of the administration costs is shown below.

Breakdown of Administrative Costs

Senior Management & Finance	364,238
Corporate Services	147,623
Materials Management & Property	198,633
Total	710,494

CNPI's parent, FortisOntario, is a holding company which owns and operates primarily electricity, transmission and distribution business units in Ontario. CNPI is a Licenced Distributor and Transmitter in Ontario. CNPI has distribution territories located in Fort Erie, Port Colborne and Gananoque and transmission assets located in Fort Erie, all of which are licensed and regulated as to rates by the Ontario Energy Board. Its subsidiary, Algoma Power Inc., is also licensed and regulated by the Ontario Energy Board and operates exclusively in Northern Ontario in the immediate vicinity of the proposed project. Another subsidiary, Cornwall Street Railway Light and Power Company Limited, operates an electricity distribution system in the City of Cornwall. The Cornwall Electric distribution business is licensed by the Ontario Energy Board.

Pursuant to a Services Agreement between FortisOntario and its Ontario Energy Board licenced affiliates, CNPI shares certain services with its affiliates. In addition to shared services, certain assets and employees are also shared. The Services Agreement is attached.

In order to maximize efficiencies of scale and avoid duplication, certain administrative and corporate services are shared by the business units. The shared services include executive, finance, information technology, customer service, human resources, health,

safety and environmental, regulatory and materials management. Cost-based pricing is used for the shared services. Each of the individual functions is reviewed to determine the appropriate allocation ultimately resulting in assigning full time equivalent employees to each business unit. An external third party is engaged by CNPI to review the cost allocation methodology and computations used for the allocation of shared services and provide its opinion as to the reasonableness thereof. Such reports are filed as evidence at each of CNPI's (and its affiliates') cost of service proceedings before the Ontario Energy Board. In order to recover the allocated portion of shared costs through the rates of the rate-regulated transmission and distribution business units, approval is required from the OEB. The allocated portion of shared costs must be supported by documentation of the costs involved, the services performed, and the methodology used for the allocation.

Therefore, through a proved and prudent methodology of shared services with its affiliated businesses and the presence of a well-managed affiliate in the immediate vicinity, CNPI has been able to present very competitive OM&A costs on a standalone basis.

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SERVICES AGREEMENT

BETWEEN

Canadian Niagara Power Inc.,

Cornwall Street Railway, Light and Power Company Limited,

Fortis Properties Corporation,

Algoma Power Inc., and

FortisOntario Inc.

MADE AS OF

September 15, 2010

TABLE OF CONTENTS

SERVICES AGREEMENT

SERVICES AGREEMENT

THIS AGREEMENT is made as of September 15, 2010.

BETWEEN:

Canadian Niagara Power Inc., a corporation incorporated under the laws of the Province of Ontario; ("CNPI"),

Cornwall Street Railway, Light and Power Company Limited a corporation incorporated under the laws of the Province of Ontario ("Cornwall"),

Fortis Properties Corporation, a corporation incorporated under the laws of the Province of Newfoundland and Labrador ("FPC"),

Algoma Power Inc., a corporation incorporated under the laws of the Province of Ontario ("Algoma"), and

FortisOntario Inc. a corporation incorporated under the laws of the Province of Ontario ("FortisOntario" and together with CNPI, Cornwall, Algoma, and FPC, the "Fortis Entities" and each a "Fortis Entity").

THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 – GENERAL

1.01 Services

"Services" means:

a) building maintenance including security, janitorial services, snow plowing, lawn care, major and minor repairs;

b) purchasing including procurements, order tracking, delivery of operating and capital items, payment processing and vendor management;

c) stores management including maintaining stock levels, issuing and receiving, maintenance of SAP inventory management system and disposition of excess assets;

d) customer service and customer care services, including meter reading, (including verification, testing, approval, installation and removal systems) billing and collection services and related SAP systems;

e) health and safety monitoring including the development of policies and procedures, training (awareness and procedures), site inspections and field audits;

f) environmental compliance monitoring including the development of policies and procedures, training (awareness and procedures), regulatory reporting, government liaison and site inspections;

g) human resources administration including development of policies and procedures, union relations and negotiations, personnel file management, wholesale settlement services and management of employee benefit plans;

h) regulatory reporting and compliance services;

i) bookkeeping including the provision of statutory financial and regulatory reporting, management reporting and financial systems administration;

j) payroll including the maintenance of payroll records and payroll system, calculation of pay and payroll deductions, and facilitation of payroll payments;

k) financial management including cash administration, investments and debt management, treasury services, internal audit services, and development of financial and account policies and procedures;

l) executive, legal and secretarial services;

m) tax administration, filing and payment, including compliance, regulatory reporting and filing, planning, audit reviews, transfer of tax liabilities and the payments, filing of tax reports, and exposure management;

n) information technology including the provision and management of systems, system and hardware support services, major and minor repairs, development and policies and procedures, and monitoring of information technology developments;

o) monitoring the status of generating facilities using supervisory control and data acquisition (SCADA) technology;

p) such other services as may from time to time be agreed upon between the parties.

1.02 Capacities of Parties

Pursuant to the terms of this Agreement, each of the Fortis Entities shall both provide Services to the other Fortis Entities, as requested, and receive Services that they have requested from one or more of the other Fortis Entities. A Fortis Entity in the capacity as a provider of Services is referred to as a "Service Provider". A Fortis Entity in the capacity as a receiver of Services is referred to as a "Service Recipient". When reference is made to the provision of Services by "the Service Providers" or "each Service Provider" to "each Service Recipient" or "the Service Recipients", it shall be interpreted to exclude any provision of Services by any Fortis Entity to itself.

1.03 Services

Subject to the terms and conditions hereof, each Service Recipient will, from time to time, request that one or more of the Service Providers carry out one or more of the Services and each Service Provider will render the Services requested by the Service Recipient as requested.

1.04 Term of Agreement

The provision of Services by the Service Providers to the Service Recipients hereunder shall commence on September 15, 2010 and shall continue until September 15, 2015 or earlier if terminated by the parties hereto as set forth in Article 5 hereof.

ARTICLE 2 – REMUNERATION OF SERVICE PROVIDERS

2.01 Fee for Services and Cost Mechanism

In respect of fee for services, the Service Recipients shall each pay their respective Service Providers for the Services provided under the Agreement a fee reflecting cost plus a reasonable rate of return and shall be reviewed at the option of either the respective Service Recipient or Service Provider. For the purpose of this Agreement, reasonable rate of return shall mean a return on invested capital that is the higher of the utility's approved rate of return or the bank prime rate.

Where a utility provides a Service, resource or product to a generating affiliate, the utility shall ensure that the sale price is no less than the utility's fully loaded cost of the Service, resource or product. Where a utility receives Services from a generating affiliate, the utility shall ensure that the sale price for such Services is no more than the generator's fully loaded cost of the Service.

For greater certainty (i) each Service Recipient shall only be liable to pay for Services provided to it, and shall not be liable to pay for any Services provided to any other Service Recipient; and (ii) each Service Provider shall only be liable for its own acts or omissions and shall not be liable for the acts or omissions of any other Service Provider.

2.02 Expenses

The Service Provider shall be responsible for all day to day expenses incurred in connection with the Services provided pursuant to Section 1.03. However, each Service Recipient shall reimburse its respective Service Provider for all extraordinary expenses actually and properly incurred by the Service Provider in the performance of the Services to such Service Recipient hereunder provided that such expenses shall be paid in accordance with the normal practices of the Service Recipient in force from time to time.

2.03 Invoices

Payment shall be made to the Service Provider with respect to the fees and expenses referred to in Sections 2.01 and 2.02 within 10 days from receipt by the Service Recipient of proper invoices and vouchers, all of which shall be submitted by the respective Service Provider to the appropriate Service Recipient by the last day of the following month during the term of this Agreement. The Service Provider shall also provide a report to each Service Recipient to which it has provided Services, annually of

all expenses incurred in connection with the provision of Services pursuant to Section 1.03 hereof.

2.04 Cost Allocation Methodology

In respect of shared costs, costs shall be allocated based upon an appropriate cost allocation methodology to be determined by the respective Service Provider and Service Recipient. The cost allocation methodology shall be reviewed by the respective Service Provider and Service Recipient at the option of either party, or at least every five years. The allocation factors that comprise the methodology shall be reviewed and updated by the parties annually.

ARTICLE 3 – COVENANTS OF SERVICE PROVIDERS

3.01 Services

Each Service Provider shall render performance of the Services hereunder to the best of the Service Provider's ability and in a competent and professional manner.

3.02 Time of Services

Each Service Provider shall devote such of its time and attention to the business of its respective Service Recipients as may be agreed to by the Service Provider and its respective Service Recipient. The time of Services to be provided hereunder by the Service Providers shall be as agreed to from time to time by negotiations between each Service Recipient and its respective Service Provider. Subject to the obligations of the Service Providers hereunder, the Service Providers shall be free to offer such services to any other person.

3.03 Licences and Permits

The Service Provider shall be responsible for obtaining all necessary licences and permits and for complying with all applicable federal, provincial and municipal laws, codes and regulations in connection with its provision of the Services hereunder and the Service Provider shall, when requested, provide their respective Service Recipients with adequate evidence of its compliance with this Section 3.03.

3.04 Rules and Regulations

Each Service Provider shall (subject to applicable exemptions) comply, while on the premises used by the Service Recipients, with all the rules and regulations of the Service Recipients from time to time in force which are brought to its notice or of which it could reasonably be aware, and the applicable provision of the *Electricity Act, 1998* (Ontario) and the regulations thereunder, the *Ontario Energy Board Act*, 1998 (Ontario) and the regulations thereunder, applicable licences from the Ontario Energy Board, IESO market rules, the Affiliate Relationships Code, the Distribution System Code, the Transmission System Code, the Retail Settlement Code, and the Standard Service Supply Code and such other applicable codes, rules and regulations, which from time to time shall come into force.

3.05 Regulatory Compliance

Each Service Provider shall ensure that any order or measure made or taken by the Ontario Energy Board:

(i) that is brought to its attention or of which it becomes aware;

(ii) that is directed at or affects its respective Service Recipients; and

(iii) that, in order to be implemented or complied with, is dependent in whole or in part upon any Service or task that the Service Provider is obligated to perform hereunder;

shall be fully implemented or complied with to the extent of obligations hereunder. In connection with this section, each Service Recipient agrees that it will promptly notify its respective Service Providers of any order or measure of the Ontario Energy Board directed at or affecting such Service Recipient.

Nothing in this Agreement will prevent the Service Recipient(s) from taking any steps, including without limitation using the Service Recipient(s) own resources or those of a third party, that are necessary to implement or comply with the applicable Ontario Energy Board licence, or any other applicable provisions of the applicable legislation, regulations and market rules, or any order or measure made or taken by the Ontario Energy Board.

3.06 Insurance

Each Service Provider shall pay for and maintain for the benefit of the Service Provider and its respective Service Recipients, with insurers or through the appropriate government department and in an amount and in a form acceptable to the Service Recipients, appropriate insurance concerning the operations and liabilities of the Service Provider relevant to this Agreement including, without limiting the generality of the foregoing, workers' compensation and employment insurance in conformity with applicable statutory requirements in respect of any remuneration payable by the Service Provider to any employees of the Service Provider and public liability and property damage insurance.

3.07 Indemnity

The Service Provider shall indemnify and save its respective Service Recipients harmless from and against all claims, actions, losses, expenses, costs or damages of every nature and kind whatsoever which the Service Recipients or its officers, employees or agents may suffer as a result of the negligence of the Service Provider in the performance or non-performance of this Agreement.

3.08 Non-disclosure and Confidentiality

The Service Provider shall not (either during the term of this Agreement or at any time thereafter) disclose any information relating to the private or confidential affairs of any Service Recipient or relating to any secrets of any Service Recipient to any person other than with the consent of such Service Recipient. In the case of information supplied by a distribution facility to a generation facility, the information will be used solely for the purposes of efficiently operating the generation facility and shall not be shared with any other affiliate or any other party to which it may offer a competitive advantage.

3.09 Access to Confidential Information

All confidential information must be protected. Access to a utility's information services shall include appropriate computer data management and data access protocols. In the

event that a utility shares employees with a generating affiliate, such employees shall be bound to maintain the confidentiality of information provided for herein, except as otherwise required by applicable law.

3.10 Monitoring Services

Each Service Provider shall provide to its respective Service Recipients all information that such Service Recipients require so that the Service Recipients can monitor the provision of its applicable licensed Services provided by the Service Provider. Each Service Provider will also provide information as requested by its respective Service Recipients which is required for such Service Recipients fulfillment of its applicable Ontario Energy Board licence.

ARTICLE 4 – TERMINATION

4.01 Termination by Service Recipients or Service Providers for Cause

Any Fortis Entity may terminate its relationship to provided or receive Services from any other Fortis Entity (the "Non-Compliant Entity") in the event of the failure of the Non-Compliant Entity to comply with any of the provisions hereunder upon such Non-Compliant Entity being notified in writing by the Fortis Entity alleging such failure and failing to remedy such failure within 30 days of receiving such notice.

4.02 Termination by Service Recipients or Service Providers on Notice

Any Fortis Entity may terminate any agreement to receive Services from, or provide Services to, any other Fortis Entity upon the giving of 60 days written notice to the other party. Notwithstanding the foregoing, any Service Recipient may terminate its obligations to receive Services from any Service Provider immediately upon paying to the Service Provider 60 days' fee for Services in lieu of such notice. Any termination effective between two Fortis Entities shall not effect any other obligation of such Fortis Entities to each other or to any other Fortis Entity.

4.03 Provisions which Operate Following Termination

Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of Sections 3.06, 3.07 and 3.08 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination. Any termination effective between two Fortis Entities shall not effect any other obligation of such Fortis Entities to each other or to any other Fortis Entity.

4.04 Change of Control

To the extent that a Fortis Entity sells all or substantially all of its assets or there is a change of control of any Fortis Entity, either by way of change of the ownership structure of any of the Fortis Entities or otherwise, all obligations of any Fortis Entity to provide Services to, or receive Service from such changed Fortis Entity, pursuant to the terms of this Agreement, shall cease effective the date of such change of control. For greater certainty the immediately preceding sentence shall not effect Section 4.03.

ARTICLE 5 – ARBITRATION

5.01 Arbitration of Disputes

Any disputes arising between the parties relating to the interpretation of any provision of this Agreement or other matters which under the provisions of this Agreement are to be referred to arbitration shall be settled by arbitration in accordance with the provisions of Section 5.02.

5.02 Appointment of Arbitrator and Arbitration Procedures

a) In the event of disagreement, litigation or dispute with respect to the interpretation, application or execution of one or the other of the provisions of this Agreement the parties hereto renounce their right to institute legal proceedings and undertake to submit such disagreement, litigation or dispute to the final decision pursuant to Arbitration in accordance with Schedule "A" hereto.

b) The fees and disbursements of the arbitrator shall be shared equally by the Fortis Entities that are engaged in such dispute.

c) The arbitration provided for in this Agreement is subject to the provisions of the *Arbitration Act* (Ontario), to the extent that such provisions are not incompatible herewith.

ARTICLE 6 – INTERPRETATION AND ENFORCEMENT

6.01 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

6.02 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and *vice versa*.

6.03 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon successors and assigns of the Fortis Entities.

6.04 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements,

express implied or statutory between the parties other than as expressly set forth in this Agreement.

6.05 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

6.06 Assignment

Except as may be expressly provided in this Agreement, no Fortis Entity may assign his or its rights or obligations under this Agreement without the prior written consent of each other Fortis Entity.

6.07 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

6.08 Notices

Any demand, notice or other communication to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery or by registered mail addressed to the recipient as follows:

To CNPI:

Canadian Niagara Power Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2
Attention: R. Scott Hawkes
Fax: (905) 994-2211

To Cornwall Electric:

Cornwall Street Railway, Light and Power Company Limited
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2
Attention: R. Scott Hawkes
Fax: (905) 994-2211

To FPC:

Fortis Properties Corporation
Suite 1201, Fortis Building
P.O. Box 8837
139 Water Street
S. John's, NL A1B 3T2
Attention: Monty Hunter
Fax: (709) 737-3785

To Algoma:

Algoma Power Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2
Attention: R. Scott Hawkes
Fax: (905) 994-2211

To FortisOntario:

FortisOntario Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2
Attention: William J. Daley
Fax: (905) 994-2202

or such other address or individual as may be designated by notice by either party to the other. Any demand, notice or other communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if made or given by registered mail, on the 5th day, other than a Saturday, Sunday or statutory holiday in the province of the recipient Fortis Entity, following the deposit thereof in the mail. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such demand, notice or other communication shall not be mailed but shall be made or given by personal delivery.

6.09 Further Assurances

Each party must from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the laws of Canada applicable therein.

6.11 Attornment

For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the Province of Ontario and, subject to Article 5 of this Agreement, the courts of the Province of Ontario shall have jurisdiction to entertain any action arising under this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

Canadian Niagara Power Inc.

Per: _____
Vice President Corp. Services & General Counsel

Cornwall Street Railway, Light and Power Company Limited

Per: _____
Vice President Corp. Services & General Counsel

Fortis Properties Corporation

Per: _____
Chief Engineer

Algoma Power Inc.

Per: _____
Vice President Corp. Services & General Counsel

FortisOntario Inc.

Per: _____
President & Chief Executive Officer

SCHEDULE "A"

ARBITRATION

Any dispute between the parties hereto, or any matter to be submitted to arbitration hereunder, whether arising during the period of this Agreement or at any time thereafter which touches upon the validity, construction, meaning, performance or effect of this Agreement or the rights and liabilities of the parties hereto or any matter arising out of or connected with this Agreement shall be subject to arbitration pursuant to the *Arbitration Act* (Ontario) and as provided in this Schedule A and the decision shall be final and binding as between the parties hereto and shall not be subject to appeal.

Any arbitration to be carried out under this Schedule A shall be subject to the following provisions, namely:

The party desiring arbitration shall nominate one (1) arbitrator and shall notify the other party hereto of such nomination. Such notice shall set forth a brief description of the matter submitted for arbitration and, if appropriate, the paragraph hereof pursuant to which such matter is so submitted. Such other party shall within thirty (30) days after receiving such notice nominate an arbitrator and the two (2) arbitrators shall select a chairman of the arbitral tribunal to act jointly with them. If the said arbitrators shall be unable to agree in the selection of such chairman, the chairman shall be designated by a Judge of the Superior Court of Justice or any successor thereto upon an application. The arbitration shall take place in the Town of Fort Erie, Regional Municipality of Niagara, and the chairman shall fix the time and place in the Town of Fort Erie for the purpose of hearing such evidence and representations as either of the parties may present and, subject to provisions hereto, the decision of the arbitrators and chairman or any of two (2) of them in writing shall be binding upon the parties both in respect of procedure and the conduct of the parties during the proceedings and the final determination of the issues herein. Said arbitrators and chairman shall, after hearing any evidence and representations that the parties may submit, make their decision and reduce the same to writing and deliver one (1) copy thereof to each of the parties hereto. The majority of the chairman and arbitrators may determine any matters of procedure for the arbitration not specified herein.

If the party hereto receiving the notice of the nomination of an arbitrator by the party desiring arbitration fails within the thirty (30) days to nominate an arbitrator, then the arbitrator nominated by the party desiring arbitration may proceed alone to determine the dispute in such manner and at such time as he shall think fit and his decision shall, subject to the provisions hereof, be binding upon the parties.

Notwithstanding the foregoing, any arbitration may be carried out by a single arbitrator if the parties hereto so agree, in which event the provisions of this paragraph shall apply, *mutatis mutandis*.

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30. With respect to the provision of services by HONI:
    a) What specific services were assumed in the application?
    b) What were the assumed associated costs?
    c) In the absence of any input from HONI, on what basis were these assumptions made?
    d) What is the impact on the application if the assumed services are not provided by HONI as envisioned by the applicant?

Response:

No services or station work were assumed beyond those required for the Reference Option.

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31. With respect to the use, modification or expansion of HONI's stations:
    a) What specific uses, modifications or expansions were assumed in the application?
    b) What were the assumed associated costs?
    c) In the absence of any input from HONI, on what basis were these assumptions made?
    d) What is the impact on the application if the assumed uses, modifications or expansions do not proceed as envisioned by the applicant?

Response:

No services or station work were assumed beyond those required for the Reference Option.

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32. Please complete the following tables, detailing all transmission projects greater than 100 km in length, undertaken by the applicant, its partners, shareholders, affiliates, or any other entities which the applicant is relying on for the purposes of its application, in the past 10 years in all jurisdictions. Please provide the reasons for the budget and schedule variances for each project.

a. Budget Variance Table

Name of project	Details of project	Budgeted cost	Stage of process at which budget created	Actual cost	Variance	Reason for variance

b. Schedule Variance Table

Name of project	Details of project	Estimated development and construction time	Stage of process at which time estimate made	Actual development and construction time	Variance	Reason for variance

Response:

See completed tables on following pages.

a. Budget Variance Table

Name of project	Details of project	Budgeted cost	Stage of process at which budget created	Actual cost	Variance	Reason for variance
2006 – Newfoundland Multi-Year Transmission Line Rebuild Project	Multi-Year Project to rebuild various section of Newfoundland Power's transmission lines. To date, approx 180 km rebuilt.	2006 to date 20,083,000	Annual budget estimated for regulatory approval of following year expenditures	$20,506,000	$423,000	Minor variance primarily related to complications of rebuilding lines on radial transmission systems. (This includes the cost of running generation isolated from the grid and cost of establishing new ROWs where lines could not be rebuilt along existing ROWs.)
Path-15 Los Banos to Gates Transmission Project	500 kV Transmission Line, 84-mile (135 km), 3265 MW	(US$)$306,000,000	Upon project submission for approval to the Calif. ISO in 2001	(US$)$256,000,000	$50,000,000 under budget	Development costs reduced due to election of EPC contract and under bud-get due to contractor's aggressive schedule.
Tehachapi Renewable Resources Project	500/220 kV Transmission Line, 250 miles (402 km), 4500 MW	$1.55 Billion (US$)	Cost estimate submitted to the California IESO in 2006 was conceptual. (reference page 117 of application)	Undetermined – project still in construction.	Currently, 10% over conceptual budget.	Development costs increased due to delays in agency approvals (see below). Construction cost increases are from material inflation related to the delays and from unexpected (unbudgeted) helicopter construction methods required on US Forest Service (USFS) lands.

b. Schedule Variance Table

Name of project	Details of project	Estimated development and construction time	Stage of process at which time estimate made	Actual development and construction time	Variance	Reason for variance
2006 – Newfoundland Multi-Year Transmission Line Rebuild Project	Multi-Year Project to rebuild various section of Newfoundland Power's transmission lines. To date, approx 180 km rebuilt.	Work planned on annual basis	Annual budget in spring for work the following calendar year	1 yr periods	5 line sections totaling 18.8 km delayed by one or two years	The majority of the delays, four of five sections, were necessary to repair damage from Hurricane IGOR in 2010.
Path-15 Los Banos to Gates Transmission Project	500 kV Transmission Line, 84-mile (135 km) 3265 MW	Development time estimated at 36 months; Construction time estimated at 18 months.	Upon project submission for approval to the Calif. ISO in 2001.	Development time actual at 32 months; Construction time actual at 15 months.	Development variance = - 4 months; Construction variance = -3 months.	Development variance due to including final line design in EPC contract; Construction variance due to aggressive construction contractor and provision of liquidated damages and early finish incentives.

Tehachapi Renewable Resources Project	500/220 kV Transmission Line, 250 miles (402 km), 4500 MW	Development time estimated at five years due to staged development schedules for various segments; Construction time estimated at five years due to staged construction schedules for various segments – final in 2013.	Schedule submitted to the California IESO in 2006 was conceptual. (reference page 117 of application)	Development time - ongoing; Construction time – ongoing – now expected to be final in 2015.	Development variance = +2 years; Construction variance = +2 years	Development delays related to local and USFS approvals; Procurement delays due to material supplier problems; Construction delays due to unexpected environmental restrictions, community resistance, and weather.

Response to CNPI Specific Interrogatories

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1. For each of the projects listed as an example of the applicant's relevant project experience at pages 32 - 37, please specify whether applicant served as the project manager and indicate the roles of employees of each of Fortis and CNPI in project execution.

Response:

Waneta Hydro 230 kV Transmission Project – Fortis' partner, Columbia Power Corp., serves as the project manager under a Full EPC contract model (refer to page 121 of CNPI's application) for the generation component of the project. An employee of Fortis is appointed as a Project Director to monitor and ensure compliance with the terms of the EPC contract for the project. Other Fortis employees provide support as required (i.e., legal, regulatory, engineering). Employees of CNPI are not involved in this project. For the transmission component of the project, Fortis is providing the project management services to Columbia Power Corp., which includes oversight and management of the engineering, procurement and construction.

Okanagon 230 kV Transmission Project – Fortis served as the project manager under a Full EPC contract model (refer to page 121 of CNPI's application). An employee of Fortis acted as Project Manager for the project. Other Fortis employees provide support as required (i.e., legal, regulatory, engineering). Although employees of CNPI were not involved in this project, the Fortis Project Manager for the Okanagon project has been assigned a project role of Fortis Project Advisor for the East West Tie as noted in CNPI's response to IR A 1.

Mount Hayes Natural Gas Storage/Transmission Project – Fortis served as the project manager under a Full EPC contract model (refer to page 121 of CNPI's application). An employee of Fortis acted as Project Manager for the project. Other Fortis employees provide support as required (i.e., legal, regulatory, engineering). Employees of CNPI were not involved in this project.

Nk'Mip (East Osoyoos) Transmission and Substation Project - Fortis served as the project manager under the Traditional Utility Model (refer to page 121 of CNPI's application). An employee of Fortis acted as Project Manager for the project. Other Fortis employees provided support as required (i.e., legal, regulatory, engineering. Employees of CNPI were not involved in this project.

Newfoundland Multi-Year Transmission Project - Fortis serves as the project manager under the Traditional Utility Model (refer to page 121 of CNPI's application). An employee of Fortis acts as Project Manager for the project. Other Fortis employees provide support as required (i.e., legal, regulatory, engineering). Although employees of CNPI are not involved in this project, the Project Manager for the Newfoundland project has been assigned a Fortis Project Advisor role for the East West Tie project as noted in CNPI's response to IR A 1.

2. Please provide a copy of the completion report for the Okanagan 230 kV transmission project.

Response:

The substantial completion report for the Okanagan 230 kV transmission project is attached.

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Joyce Martin
Manager, Regulatory Affairs

FortisBC Inc.
Regulatory Affairs Department
1290 Esplanade Box 130
Trail BC V1R 4L4
Ph: 250 368 0319
Fx: 866 605 9431
regulatory@fortisbc.com
www.fortisbc.com

October 31, 2011

Via Email

Ms. Alanna Gillis
Acting Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: FortisBC Inc. ("FortisBC") Okanagan Transmission Reinforcement ("OTR") Project No. 3698488

Pursuant to Commission Order C-5-08, please find attached FortisBC's Quarterly Progress Report No. 9 to September 30, 2011 for the OTR Project. As the Project is substantially complete, FortisBC intends to submit its Final Report within six months of completion of the remaining BC Hydro work at Vaseux Terminal Station, currently forecast for completion by October 2012.

Sincerely,

Joyce Martin
Manager, Regulatory Affairs

The Okanagan Transmission Reinforcement ("OTR") Project was approved by Commission Order C-5-08 on October 2, 2008. Project components include the construction of: a single circuit 230 kV line (40L) from Vaseux (VAS) to Oliver; a double circuit 230 kV line (75/76L) from Vaseux to Penticton; the new Bentley (BEN) Terminal station; and upgrades to the RG Anderson (RGA), FA Lee (LEE), and DG Bell (DGB), Vaseux (VAS), and Oliver (OLI) Terminal stations.

1. Project Status

1.1.1 General Project Status

Engineering and procurement for all components of the Project commenced immediately upon receipt of Commission approval. Construction of 40L and 75/76L began in late July 2009 with construction work started on the Bentley Terminal Station in August 2009. 40L was completed in early November 2009 and energized at 161 kV until the completion of Bentley Terminal Station in March 2011. Construction began on the RG Anderson and Vaseux Terminal Stations in February 2010. 75/76L was completed in early October 2010 and 76L was energized at 230 kV along with the new transformer at RG Anderson in early November 2010. 75L was energized in March 2011 which coincided with the completion of all work on the 230 kV side of Vaseux Terminal. The final work stages at RG Anderson Terminal Station and the installation of capacitor banks at the DG Bell Terminal Station was completed in June 2011. Work at the Oliver substation was completed in late July 2011. With the completion of the capacitor banks at the FA Lee Terminal Station in early September, all FortisBC OTR facilities are in-service.

The remaining 500 kV BC Hydro work at Vaseux Terminal is scheduled to be completed by October 2012.

1.1.2 Major Accomplishments, Work Completed and Key Decisions Made

- Construction and commissioning completed on the Oliver Upgrade; and
- Installation and commissioning of the capacitor banks at the FA Lee Terminal Station in Kelowna was completed.

1.1.3 Current Project Challenges and Issues

Project challenges and issues have included the following:

- Public Concerns: There have been some public concerns expressed regarding pole finish, pole height, EMF, as well as noise and property values with respect to 75/76 Line. FortisBC has responded to all questions and concerns directly to customers or through the BCUC, and has provided information to

the BCUC regarding property values and transmission line noise in response to the concerns raised by a number of customers in the area of Heritage Hills. FortisBC continues to respond to issues pertaining to structure heights and location, particularly with respect to structure no. 65 in Heritage Hills. Additionally, as per Letter L-31-11, the Commission has directed FortisBC to perform sound level measurements with the results, and any corrective measures identified, submitted to the Commission no later than January 20, 2012. FortisBC is currently in the process of completing the noise assessment report for submission to the BCUC.

- BC Hydro Vaseux Terminal 500 kV: To allow independent switching of the FortisBC 230 kV transformers, BC Hydro is required to install a new 500 kV circuit breaker on the BC Hydro 500 kV side of the station with associated protection and control changes. BC Hydro has submitted its project plan for this required work, with the scheduled in-service date delayed from the fall of 2011 to October 2012. This component of work had no material impacts to the completion of FortisBC's new and upgraded facilities.
- Shaw Cable Fibre: FortisBC has reached an agreement with Shaw Cable for the use of fibres on FortisBC's 75/76 Line. The remaining poles along with the Shaw fibre from structures no. 42 to 101 are on schedule for removal and clean-up by October 21, 2011.

1.1.4 Plans for the Next Period

All work on FortisBC facilities has been completed. The BC Hydro component of work at the Vaseux Terminal Station is scheduled to be completed by October 2012.

1.1.5 Site Photographs

Photo 1 - DG Bell Capacitor Banks

Photo 2 - FA Lee Capacitor Banks

Photo 3 - Oliver T3

Photo 4 - Bentley Terminal

Photo 5 – RG Anderson

Photo 6 – RG Anderson 75/76 Line Gantry's

Photo 6 - 75/76 Line North from Shuttleworth Creek

Photo 7 – 75/76 Line North from MacLean Creek

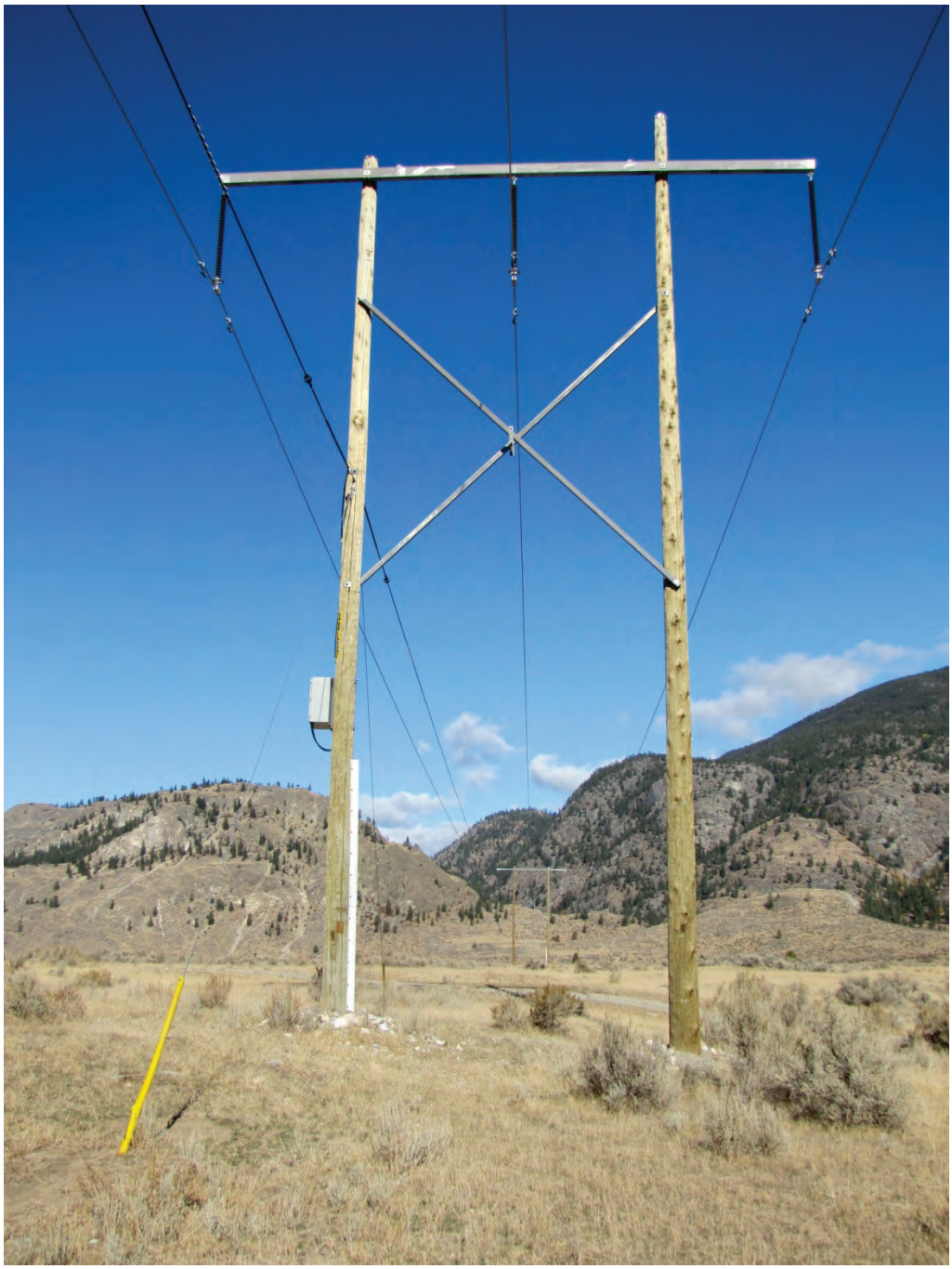


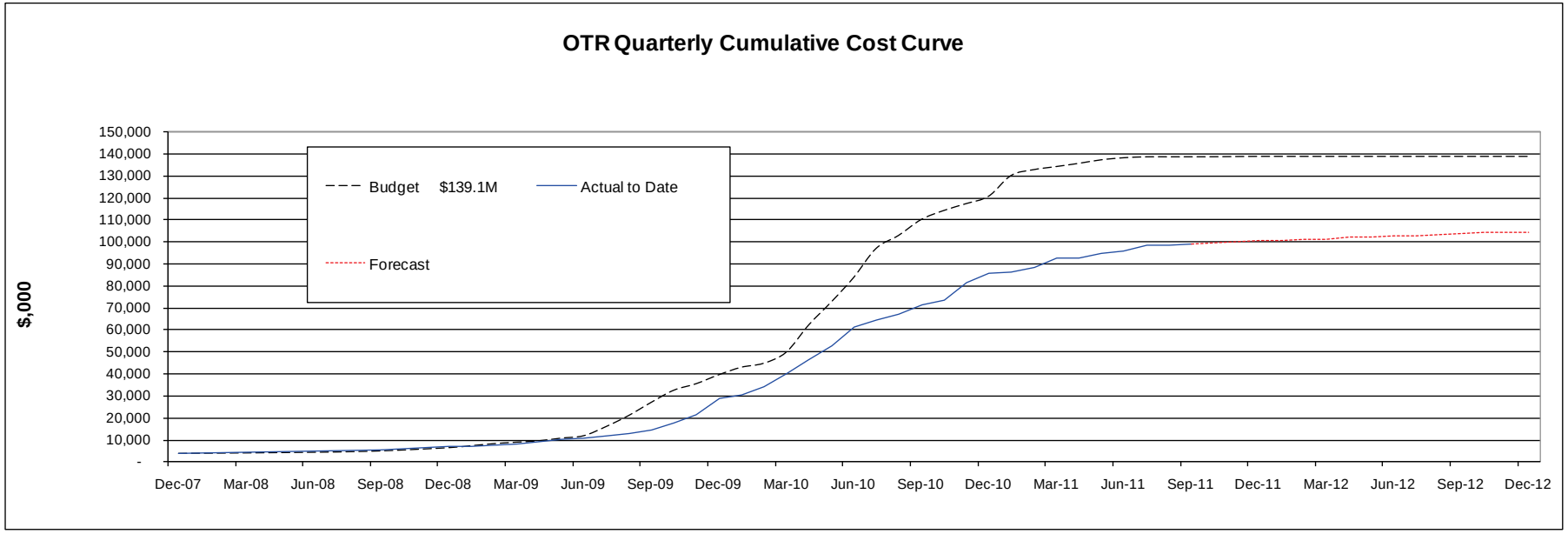
Photo 8 - 40 Line North to Manual's Canyon

2. Project Schedule and Cost

2.1.1 Project Cost Curve

The OTR Project is currently forecast at $104.8 million, $34.4 million under budget. Total project expenditures to date are $99.0 million, with remaining contract labour, equipment and material commitments to date at $4.6 million for a current total project commitment of $103.6 million. Remaining uncommitted costs will cover off project close out activities.

The total forecast has been extended through to October 2012 as a result of BC Hydro schedule delays for completion of the BC Hydro Vaseux Terminal 500 kV project component. $3.9 million of the Vaseux Terminal 500 kV costs have been moved into 2012. This delay has not resulted in any project increases.



2.1.2 Project Cost Schedule

All FortisBC components of the Project are complete as outlined in the revised estimate and schedule submitted to the Commission on March 10, 2009. The BC Hydro 500 kV Vaseux Terminal component completion date has been delayed to October 2012.

Key Project Component	Budget	Actual to Date	Remaining to Completion	Estimate at Completion	Cost Variance (Budget vs Estimate)	Budget Spent	Component Complete (1)	Schedule Variance	Current Stage
	($000s)				(%)				
Double Circuit 230kV Vaseux to Penticton (75/76 Line)	53,852	29,865	622	30,487	-43%	55%	99%	completed on schedule (4)	**In service**, as-builts in progess
Single Circuit 230kV Vaseux to Bentley (40 Line)	4,550	4,954	40	4,993	10%	109%	99%	completed on schedule	**In service**, as-builts in progess
63 & 138kV Circuits Bentley to Oliver	672	1,021	7	1,029	53%	152%	100%	completed on schedule	**In service**, as-builts complete
New Bentley Terminal	30,990	24,373	255	24,628	-21%	79%	100%	completed on schedule	**In service**, as-builts complete
Oliver Substation Upgrade	5,687	6,012	129	6,141	8%	106%	99%	completed on schedule	**In service**, as-builts in progess
RG Anderson Terminal Upgrade	10,498	9,847	123	9,969	-5%	94%	99%	delayed completion (5)	**In service**, as-builts in progess
Lee Terminal 138kV Capacitor Upgrade	1,675	1,228	64	1,291	-23%	73%	99%	completed on schedule	**In service**, as-builts in progess
Bell Terminal 138kV Capacitor Upgrade	1,622	1,237	62	1,299	-20%	76%	99%	completed on schedule (5)	**In service**, as-builts in progess
Vaseux 230kV Terminal Upgrade	4,440	3,925	51	3,976	-10%	88%	99%	completed on schedule	**In service**, as-builts in progess
Vaseux 500kV Terminal Upgrade (3)	2,928	151	3,857	4,008	37%	5%	15%	delayed	Engineering, Fall 2012 completion
Planning & Preliminary Engineering (includes Regulatory)	5,363	5,508	-	5,508	3%				
Project Management, Engineering & Operations Support	3,808	3,642	94	3,736	-2%				
AFUDC	8,862	4,828	147	4,975	-44%				
Removals & Salvage	4,190	2,436	276	2,712	-35%				
TOTAL	**139,137**	**99,026**	**5,727**	**104,753**	**-25%**				
Escalation (2)	14,000	(14,000)	0						
Contingency (2)	13,060	(12,655)	405						

Notes

1. % complete based on actual percentage of engineering and procurement tasks complete, percentage of work complete by contractor, and percentage of materials orders committed to component.
2. These amounts are included in the project components above. With all commitments and final pricing received to date, escalation and contingency have been reduced by 100 percent and 97 percent respectively from the original budget.
3. Vaseux 500 kV component forecast was revised to $4.0M from $2.9M. Increases to original budget due to BC Hydro increased engineering and loading costs.
4. Shaw fibre removal remaining, scheduled for completion by mid October 2011.
5. The planned schedule for FA Lee capacitors was delayed by 16 weeks due to outage and resourcing constraints. DG Bell capacitors were placed in-service first, ahead of schedule by 4 weeks.

3. Project Schedule

3.1.1. Milestone Summary

Milestone	Planned Finish	Actual Finish	Variance (days)	Status
40 Line In-Service (230 kV)	Nov 2, 2009	Nov 8, 2009	6	Construction completed, energized at 230 kV.
76 Line In-Service (230 kV)	Nov 1, 2010	Nov 2, 2010	1	Construction completed, energized at 230 kV.
75 Line In-Service (230 kV)	Mar 8, 2011	Mar 21, 2011	13	Construction completed, energized at 230 kV.
Vaseux 230 kV In-Service (½ station at 161 kV until March 2011)	Nov 1, 2010	Nov 2, 2010	1	Construction completed, energized at 230 kV March 15, 2011.
Vaseux 500 kV In-Service	Fall 2011			Design & procurement stage, in-service delayed to October 2012. BC Hydro controlled project component.
Bentley In-Service	Mar 8, 2011	Mar 4, 2011	-4	Construction completed, energized at 230 kV.
RG Anderson In-Service 230 kV	Nov 1, 2010	Nov 4, 2010	3	Construction completed, energized at 230 kV.
Oliver Upgrade In-Service	Jun 30, 2011	Jul 27, 2011	27	Construction completed, energized.
Line Transfers Oliver to Bentley	Jun 30, 2011	Jul 22, 2011	22	Construction completed, energized.
FA Lee Cap. Bank In-Service	May 11, 2011	Sep 2, 2011	114	Construction completed, energized.[1]
DG Bell Cap. Bank In-Service	Aug 3, 2011	June 10, 2011	-54	Construction completed, energized.[1]

[1] The planned schedule for FA Lee capacitors was delayed by 16 weeks due to outage and resourcing constraints. DG Bell capacitors were placed in-service first, ahead of schedule by 4 weeks.

3.1.2. Procurement Summary

Procurement (Equipment/Materials)	Planned Finish (Delivery)	Actual Finish	Variance (days)	Status
40 Line Steel Poles	Sep 1, 2009	Aug 24, 2009	-8	Completed
40 Line Wood Poles, Conductor and Hardware	Sep 1, 2009	Sep 1, 2009	0	Completed
75/ 76 Line Steel Poles Foundation materials Poles	Aug 1, 2009 Apr 1, 2010	Nov, 2009 Apr, 2010	Staggered delivery up to +90 days Staggered delivery up to -60 days	Completed
Polymer Line Insulators (40L and 75/76L)	Sep 1, 2009 (40L) Apr 1, 2010 (75/76L)	Sep 1, 2009 (40L) Feb 25, 2010 (75/76L)	0 -35	Completed
75/76 Line conductor and hardware	Jun 1, 2010	Jun, 2010	Staggered delivery up to -45 days	Completed
Station Transformers	Oct 2010 (RGA) Jan 2011 (BEN/OLI)	Sep – Dec 2010	30-90 days ahead of schedule	Completed
Breakers and Switches and Miscellaneous Station Equipment	Feb 8, 2011	VAS/RGA received Jan 2010 BEN received Apr 2010 FAL/DGB received Feb 2011	All units received on or ahead of schedule.	Completed
FA Lee and DG Bell Capacitor Banks	Feb 2011	Dec 2010 – Jan 2011	30-60 days ahead of schedule	Completed

3.1.3. Contract Summary

Procurement (Equipment/Materials)	Planned Finish (Delivery)	Actual Finish	Variance (days)	Status
Line Construction 40/75/76 Lines	Nov 2, 2009 (40L) Nov 1, 2010 (75L) Mar 8, 2011 (76L)	Nov 8, 2009 (40L) Nov 2, 2010 (75/76L)	6 1	Construction contract was awarded to Allteck in 2009. Contract is closed out.
Vaseux 230 kV/ RG Anderson Construction	Nov 1, 2010 for essential elements, minor work scheduled Q1- 2011	Nov 4, 2010	3	Construction contract was awarded to Martech in 2009. T4 energized November 2010, remaining ring bus and 69 kV protection work at RGA was completed in June 2011. Contract close-out in progress.
Vaseux 500 kV In-Service	Oct 2012			Design & procurement in progress, in-service delayed to October 2012. BC Hydro controlled project component.
Bentley Site Preparation	Nov 8, 2009	Oct 23, 2009	-11	Construction contractor was Mutual. Site preparation complete. With early completion site fencing was added to contract. Contract is closed out.
Bentley Construction	Mar 8, 2011	Mar 4, 2011	-4	Contract awarded to Westwood Industrial in 2010. Contract is closed out.
Oliver Upgrade	Jun 30, 2011	Jul 27, 2011	27	Contract awarded to Western Pacific. Construction completed, contract close-out in progress.
Line Transfers - Oliver to Bentley	Jun 30, 2011	Jul 22, 2011	22	Construction work was completed by FortisBC crews.
FA Lee/DG Bell Capacitor Banks	Aug 3, 2011	DG Bell Jun 10, 2011 FA Lee Sep 2, 2011	DG Bell –54 FA Lee 114	Contract awarded to Western Pacific. Construction completed, contract close-out in progress.

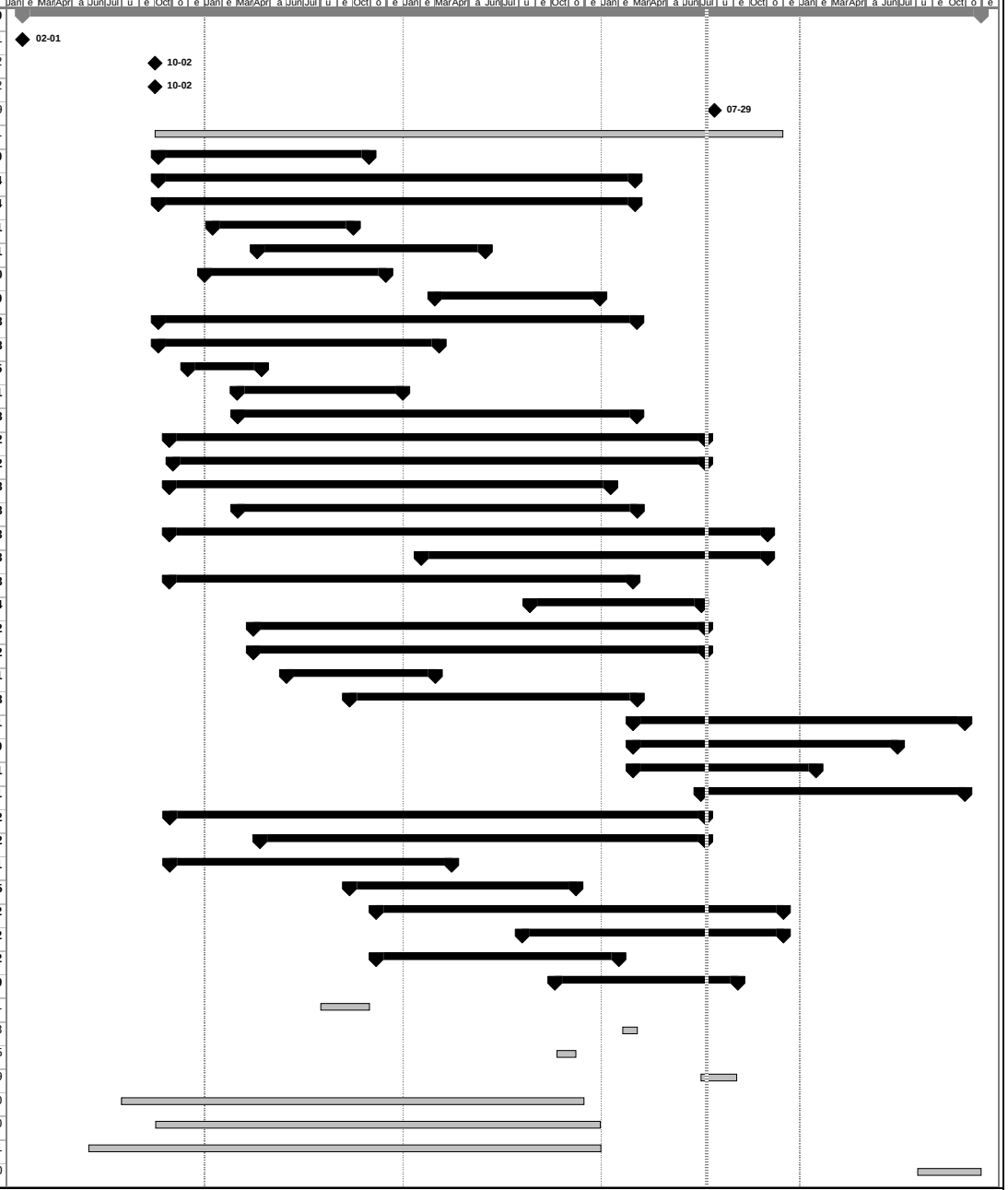
3.1.4. Current Schedule

BC hydro

Okanagan Transmission Reinforcement Implementation Schedule
Fortis BC

FORTISBC

ID	WBS	Task Name	Duration	Start	Finish
0		**OTR Schedule**	**1261 days**	**Fri 08-02-01**	**Fri 12-11-30**
1		Assumed Date Key Permits Received	0 days	Fri 08-02-01	Fri 08-02-01
2		Project Approved by BCUC (incl Permits)	0 days	Thu 08-10-02	Thu 08-10-02
3		Project Schedule Updated per Approval Date	0 days	Thu 08-10-02	Thu 08-10-02
4		Project In-Service Date	0 days	Fri 11-07-29	Fri 11-07-29
5		Project Management	826 days	Thu 08-10-02	Thu 11-12-01
6		**Right of Way and Access (BEN to RGA)**	**278 days**	**Wed 08-10-08**	**Fri 09-10-30**
12		**Lines VAS to RGA (Existing R/W) (2-230kV Line)**	**628 days**	**Wed 08-10-08**	**Fri 11-03-04**
13		**Design**	**628 days**	**Wed 08-10-08**	**Fri 11-03-04**
18		**Material Procurement**	**185 days**	**Fri 09-01-16**	**Thu 09-10-01**
21		**Material Delivery**	**300 days**	**Wed 09-04-08**	**Tue 10-06-01**
27		**Construction (2009 Season)**	**238 days**	**Thu 09-01-01**	**Mon 09-11-30**
32		**Construction (2010 Season)**	**218 days**	**Mon 10-03-01**	**Wed 10-12-29**
39		**Lines VAS to Bentley (Existing R/W) (1-230kV Line) /Short Line Relocat**	**629 days**	**Wed 08-10-08**	**Tue 11-03-08**
40		**Design**	**369 days**	**Wed 08-10-08**	**Mon 10-03-08**
45		**Material Procurement**	**98 days**	**Mon 08-12-01**	**Wed 09-04-15**
48		**Material Delivery**	**219 days**	**Mon 09-03-02**	**Thu 09-12-31**
53		**Construction**	**525 days**	**Tue 09-03-03**	**Tue 11-03-08**
64		**BENTLEY Substation**	**706 days**	**Tue 08-10-28**	**Tue 11-07-12**
65		**Design**	**701 days**	**Tue 08-11-04**	**Tue 11-07-12**
70		**Material Procurement**	**581 days**	**Tue 08-10-28**	**Tue 11-01-18**
73		**Construction**	**526 days**	**Tue 09-03-03**	**Tue 11-03-08**
84		**OLIVER Substation & 6869L**	**788 days**	**Tue 08-10-28**	**Thu 11-11-03**
85		**Design**	**456 days**	**Thu 10-02-04**	**Thu 11-11-03**
90		**Material Procurement**	**610 days**	**Tue 08-10-28**	**Mon 11-02-28**
93		**Construction**	**226 days**	**Mon 10-08-23**	**Mon 11-07-04**
99		**VASEUX (230) Substation**	**595 days**	**Wed 09-04-01**	**Tue 11-07-12**
100		**Design**	**595 days**	**Wed 09-04-01**	**Tue 11-07-12**
105		**Material Procurement**	**196 days**	**Mon 09-06-01**	**Mon 10-03-01**
108		**Construction**	**378 days**	**Fri 09-09-25**	**Tue 11-03-08**
113		**BCH Vas 500kV Terminal**	**437 days**	**Tue 11-03-01**	**Wed 12-10-31**
114		**Design**	**349 days**	**Tue 11-03-01**	**Fri 12-06-29**
119		**Material Procurement**	**241 days**	**Tue 11-03-01**	**Tue 12-01-31**
122		**Construction**	**348 days**	**Mon 11-07-04**	**Wed 12-10-31**
128		**RG Anderson Substation**	**705 days**	**Wed 08-10-29**	**Tue 11-07-12**
129		**Design**	**587 days**	**Mon 09-04-13**	**Tue 11-07-12**
134		**Material Procurement**	**371 days**	**Wed 08-10-29**	**Wed 10-03-31**
137		**Construction**	**297 days**	**Fri 09-09-25**	**Mon 10-11-15**
144		**FA LEE and DG BELL Cap Banks**	**536 days**	**Fri 09-11-13**	**Fri 11-12-02**
145		**Design**	**345 days**	**Mon 10-08-09**	**Fri 11-12-02**
150		**Material Procurement**	**319 days**	**Fri 09-11-13**	**Wed 11-02-02**
153		**Construction**	**241 days**	**Fri 10-10-08**	**Fri 11-09-09**
157		FBC Outage Preparations	65 days	Mon 09-08-03	Sat 09-10-31
158		VAS- BEN-OLI Commissioning	19 days	Thu 11-02-10	Tue 11-03-08
159		VAS- RGA Commissioning	25 days	Tue 10-10-12	Mon 10-11-15
160		RGB and FAL Cap Bank Commissioning	48 days	Mon 11-07-04	Fri 11-09-09
161		Property Services	608 days	Fri 08-08-01	Tue 10-11-30
162		Project Communications - Public	585 days	Fri 08-10-03	Thu 10-12-30
163		Environmental Services	675 days	Mon 08-06-02	Fri 10-12-31
164		Project Completion & Closure	85 days	Mon 12-08-06	Fri 12-11-30



Project: OTR
Date: Wed 11-07-13
CPCN Application Schedule r2.mpp

Task | Progress | Summary | External Tasks | Deadline
Split | Milestone | Project Summary | External Milestone

Page 1

3.1.5. Schedule Summary

At this time the scheduling of work based on draft outage/construction staging sequence indicates the following:

- 76L in-service at 230 kV from VAS to RGA as of November 2, 2010;
- 40L in-service at 230 kV from VAS to BEN as of March 15, 2011;
- VAS and RGA in-service at 230 kV as of March 21, 2011;
- BEN in-service as of March 18, 2011;
- DG Bell Capacitor Banks in-service as of June 10, 2011;
- FA Lee Capacitor Banks in-service as of September 2, 2011;
- OLI in-service as of July 27, 2011; and
- VAS 500 kV work to be completed by October 2012.

3.1.6. Schedule Performance to Date

All FortisBC OTR facilities are now in-service.

3.1.7. Schedule Projection Going Forward

There is no scheduled OTR work going forward on FortisBC facilities.

3.1.8. Schedule Difficulties and Variances

The completion date for the BC Hydro Vaseux Terminal 500 kV project component has been re-scheduled to October 2012 as noted above in sections 1.1.3 and 3.1.5.

3.1.9. Design Scope Change Summary

No significant design scope changes to report. All FortisBC OTR facilities are now in-service.

3.1.10. Construction Scope Change Summary

No significant construction scope changes to report. All FortisBC OTR facilities are now in-service.

4. Project Costs

4.1.1. Project Cost Summary

The OTR Project is currently forecast at $104.8 million, $34.4 million under budget. The budget is based on the revised estimate and schedule submitted to the BCUC on March 10, 2009. The estimates submitted to the BCUC were based on actual costs from similar projects in progress in the upward price pressured materials and construction market of early 2007. The 2007 estimate baseline was used to allow comparison against previously submitted estimates. Cost savings to date are a result of key equipment, material, and construction labour tenders coming in significantly lower than the 2007 based estimate due to current market conditions. The forecast reflects current contracts in place, contingency and inflation adjustments along with associated AFUDC savings. The AFUDC savings are primarily due to a refined schedule, optimized cash flow resulting from staged material and equipment delivery, and contractors' schedule submissions.

4.1.2. Financial Summary

Please refer to Section 2.1.2 - Project Cost Schedule for specific component variances. Individual component variances are a result of key equipment, material and construction labour tenders coming in significantly lower than the estimate due to current market conditions.

4.1.3. Summary of Individual Contracts

Description	Actual Award Date	Supplier or Contractor	Estimate	Contract Price[1]	Approved Change Orders
Transformer Supply RGA T4, BEN T2, BEN T3, OLI T3	Mar 26, 2009	JHSP	$7,500,000	$6,633,577 **Close-out complete by end of October**	Assembly & oil filling, temporary storage, shipping adjustments
75/76L Supply Steel Poles, Stubs and Anchors	May 5, 2009	Nova Pole	$6,382,000	$4,428,596 **Completed**	Structural testing & pole changes
40L & 75/76L Construction Contract	June 24, 2009	Allteck Line Contractors	$25,790,000	$15,655,747 **Completed**	Additional access construction, import gravel remote sites, helicopter access & foundation changes. Approx. $0.215M of the contract price resulted from the Wiltse line relocation.
Site Preparation (Civil Works) Bentley	July 24, 2009	Mutual Construction	$1,600,000	$674,112 **Completed**	Perimeter fencing
Electrical & Civil construction RGA & Vaseux	January 25, 2010	Martech Electrical	$2,271,000	2,039,561 **Close-out complete by end of October**	Misc. minor on site changes. Additional site security.
Electrical & Civil construction Bentley	January 25, 2010	Westwood Industrial	$4,832,000	$5,398,912 **Completed**	Misc. minor on site changes. Additional T1 (from RGA) rehab work - $0.237M. Temp site power - $0.034M. 43L foundations at Oliver - $0.153M.
Supply of Bunting Conductor 75/76L	February 10, 2010	Alcan Cable	$2,000,000	$1,125,664 **Completed**	
Supply of Circuit Breakers for RGA, Vaseux, Bentley, Oliver	July 2009 – July 2010	Mitsubishi	$1,664,000	$1,627,207 **Completed**	
Electrical & Civil construction Oliver	January 2011 – July 2011	Western Pacific	$2,155,000	$1,562,755 **Close-out complete by end of October**	Misc. minor on site changes.
Electrical & Civil construction FA Lee and DG Bell	February 2011 – June 2011	Western Pacific	$493,000	$363,502 **Close-out complete by end of October**	Misc. minor on site changes.

(1) Contract price adjusted to reflect approved change orders

5. Project Resource Management

5.1.1. Engineering Resources

Description	Total Planned Labour-hours To Date	Actual Labour-hours Total to Date	Actual Labour-hours as Percentage of Planned	Variance Explanation	Corrective Action Take
	(hrs)				
OTR - Engineering Resources to March 10, 2011.	159,561	143,450	90%		No corrective action necessary

5.1.2. Construction Resources

All construction contracts are based on fixed pricing. Resourcing is not measured to planned or submitted hours in the tender process.

6. Project Risks

6.1.1. Current Project Risks and Risks Going Forward

6.1.1.1. Scope

There are no material scope issues to report.

6.1.1.2. Cost

There are no material cost changes to report.

6.1.1.3. Schedule

All scheduled work has been completed with the exception of BC Hydro's Vaseux 500 kV Terminal work for which completion has been delayed to October 2012. FortisBC does not anticipate any further delays.

6.1.1.4. Communications and Engagement

With the erection of poles in the Heritage Hills and Penticton areas some residents have publically re-expressed concerns previously raised during the CPCN process, FortisBC has responded to these concerns in writing.

There are no other significant public or First Nations communications issues to report.

6.1.1.5. Resources

Nothing to report.

6.1.1.6. Safety and Environment

As previously discussed in OTR Quarterly Report No. 1, 2 and 3, FortisBC had some challenges with Allteck Line Contractors safety record during the first five months of construction activities in 2009. In September 2009, while Allteck was moving a track vehicle in the area of structure No. 72 a fire broke out when the track struck a rock. The fire was quickly extinguished by contract crews and a Ministry of Forests (the Ministry) water bomber. As the prime contractor Allteck was required to complete an internal investigation. FortisBC reviewed and accepted the investigation and considered the matter closed based on discussions with the Ministry and considering FortisBC had a fire suppression agreement in place.

In August 2011 FortisBC was informed in writing that the Ministry had completed an investigation. The Ministry has alleged that the moving of the track vehicle was a high risk activity and that FortisBC did not have adequate fire suppression equipment in place preceding the fire. As a result, FortisBC may be subject to up to $100,000 fine plus fire suppression costs. FortisBC's position is this was not a high risk activity and that the contractor did have adequate fire suppression equipment in place. This position is supported by BC Hydro. FortisBC is currently preparing for an opportunity to be heard by the Ministry of Forests on November 30 2011.

6.1.1.7. Outstanding Claims Greater than $3 Million

Nothing to report.

7. Stakeholder or First Nations Issues

There are no significant key stakeholder or First Nations issues to report.

3. CNPI states that Fortis has sufficient capital resources under its $1 billion committed revolving corporate credit facility to finance the development and construction of the project. When does the credit facility expire? How much money will be available to finance the development of the project under that credit facility?

Response:

The current facility matures May 2015; however, the facility is usually amended and extended annually. It is likely to be extended to 2017 or 2018 sometime over the next 6 months.

There is no restriction on the use of the facility, and it is available to finance this East-West Tie Project. At the end of December 2012, there was more than $930 million available. Fortis issues long-term capital common equity, preferred equity and long-term debt frequently and generally more than 70% of the facility is available.

Fortis' committed revolving corporate credit facility will be utilized to finance the development and construction of the East-West tie. The current committed corporate facility provides more than sufficient liquidity to proceed and could be used to completion.

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4. With respect to the Lake Huron Anishinabek Transmission Company, please outline the governance structure.

Response:

Lake Huron Anishinabek First Nations Inc. ("LHATC") is a corporation incorporated under the laws of the Province of Ontario. LHATC represents the 21 First Nations set out in Schedule "A", which includes all First Nations who are signatories or are adherent to the Robinson-Huron Treaty of 1850 (the "First Nations"). The First Nations have authorized LHATC to enter into the binding memorandum of understanding between FortisOntario and LHATC (the "MOU") for the purposes of pursuing certain transmission projects as well as an agreement to pursue the East West Tie (the "Projects"), with the authority to inform the First Nations respecting the potential benefits and concerns they may have respecting the Projects.

LHATC is managed by a Board of Directors comprised of individuals that represent the tribal council areas in the Treaty territory and its President and CEO, Ross Assinewe.

As noted in evidence on page 38 of 160, CNPI's parent company, FortisOntario, has entered into a binding memorandum of understanding with LHATC to develop certain transmission lines in Ontario.

Pursuant to the MOU, the parties have constituted a Management Committee to pursue the objectives outlined in the MOU. The Management Committee is comprised of five members with two nominees appointed by LHATC and two nominees appointed by FortisOntario. The fifth member is appointed by FortisOntario and serves as the Chairman of the Management Committee, and has a casting vote in the event of a tie

vote. The Management Committee wherever practicable governs through a consensus process. The primary role of the Management Committee shall be to:

(i) provide a forum for communication between the parties while the objectives set out in the MOU are pursued;

(ii) establish the framework referred to in the MOU and carry out the necessary actions to achieve the objectives referred to in the MOU;

(iii) develop the proposed terms for the establishment and governance of one or more Joint Ventures to provide for the parties to jointly develop the Projects; and

(iv) gain a reasonable assurance that each Joint Venture complies with the guiding principles set out in the MOU.

The Management Committee has met regularly since the commencement of the East West Tie proceeding to discuss the status of CNPI's application as well as the proceedings.

SCHEDULE "A"

LAKE HURON ANISHINABEK FIRST NATIONS

AUNDECK OMNI KANING

BATCHEWANA FIRST NATION

DOKIS FIRST NATION

HENVEY INLET FIRST NATION

M'CHIGEENG FIRST NATION

MAGNETAWAN FIRST NATION

MISSISSAUGA #8 FIRST NATION

NIPISSING FIRST NATION

OJIBWAYS OF GARDEN RIVER

SERPENT RIVER FIRST NATION

SHAWANAGA FIRST NATION

SHEGUIANDAH FIRST NATION

SHESHEGWANING FIRST NATION

SAGAMOK ANISHNAWBEK

THESSALON FIRST NATION

WAHNAPITAE FIRST NATION

WASAUKSING FIRST NATION

ZHIIBAAHAASING FIRST NATION

WHITEFISH LAKE FIRST NATION

WHITEFISH RIVER FIRST NATION

WIKWEMIKONG UNCEDED INDIAN RESERVE

5. In its evidence at Part B, page 147, CNPI indicates that it discovered some slight variance to the list of "Crown-identified communities" provided by the OPA. What is this "slight variance"?

Response:

CNPI's preliminary research indicates that there may have been some name changes for some of the First Nation communities indicated by the Crown. Regardless of these minor variances, the CNPI team intends to consult all of the listed "Crown-identified communities" provided by the OPA to determine their potential interest in the project.

Slight variances to the "Crown-identified communities" included the following:

- Ginoogaming First Nation (is originally Long Lac 77 First Nation)
- Long Lake No. 58 First Nation (is informally known as Little Long Lake First Nation)
- Ojibways of Batchewana (is also known as Batchewana First Nation of Ojibways. Batchewana First Nation of Ojibways includes four communities: Rankin Reserve 15D, Obdjiwan Reserve 15E, Goulais Bay Reserve 15A and Whitefish Island Reserve 15).
- Ojibways of Garden River (is also known as Garden River First Nation)
- Ojibways of Pic River (Heron Bay First Nation) (is also known as just Pic River)

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6. CNPI states that it will not develop a new tower series for this project, but will modify the existing tower series. Has CNPI considered prototype testing for modification of the existing tower series? If not, why not? If it has, please explain.

Response:

The tower series (family) proposed by CNPI is an existing Locweld design that has been previously tested. After initial conversations with Locweld, it is believed that additional prototype testing is not necessary because the modifications are expected to be very minor. Nevertheless, CNPI expects to thoroughly review the reliability of the structures already in service, the extent of required modifications, the expectations of testing, and to present a plan to the OEB. CNPI has included both the expense and the time to test the modified tower series.

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7. On page 137, line 24, CNPI states "CNPI's proposed route for the line is for construction primarily adjacent to the existing double circuit HONI Wawa TS to Lakehead TS 230kV line". On page 138, lines 1 to 13, CNPI states that it "was tentatively considering an entirely new corridor from Marathon to Wawa", but after conducting a fly over now confirms "the consideration of the alternate route". Please describe what CNPI refers to as the "entirely new corridor" and the "alternate route" and elaborate on what CNPI's proposed route will likely be (subject to "detailed environmental evaluation and engineering design" as stated on page 138, lines 7 and 8).

Response:

CNPI has prepared its application based upon the Reference Option. The Reference Option is simply defined by HONI and the OEB as "expanding an existing right-of-way." However, multiple issues with an expanded, or parallel right-of-way that were suspected based on a desk-top review were confirmed during the flyover.

CNPI has considered alternate routes in a number of locations and has summarized these considerations below:

1. Wawa to Marathon

   CNPI identified an alternate corridor on the map for the section from Marathon to Wawa. The corridor is defined in the application (page 143) and includes a drawing (page 146). The proposed alternate corridor adds approximately 25 kilometres, or 14% of this section, or 6% to the total project. Upon completion of the flyover, CNPI believes that the alternate corridor is preferred over the OEB defined Reference Option. The advantages of the alternate corridor are listed on page 144 of CNPI's application. CNPI further states in its application: "Preliminary thoughts are that the alternate route (corridor) will be cost effective." Being more specific than what is included in the application, CNPI believes that the cost of additional towers and conductor will be offset by the savings obtained

in the cost to construct access roads and by the reduced travel time for construction labourers. Additional savings in initial cost are anticipated in environmental studies and environmental construction requirements. Over the life of the project, the much improved access will result in lower maintenance costs and improved response time for operational issues.

2. Lakehead to Marathon

   Lakehead to Marathon includes multiple locations where the new line would have to cross the existing line, or to avoid crossing, the existing line would be relocated prior to construction of the new line. Undesired planned outages of the existing line would be required for construction of either relocations or crossings. Relocations would require extended outages and be expensive while crossing, although designed to appropriate loading conditions create opportunities that could cause multiple circuit outages during certain extraordinary events, similar to events being questioned in interrogatory # 20. Rather than consider crossings or relocations, CNPI has stated that deviations from absolutely parallel will be considered. In addition to what was stated in the application, CNPI expects to review additional options, including a right of way parallel to the existing 115kV line or perhaps the railroad. (CNPI did not fly the railroad.) Since the overall length variation would be plus or minus a few kilometres, the cost difference is not identified.

CNPI will consider both 1 or 2 above as alternate routes.

CNPI's "likely route" will be within a corridor parallel to the existing 230kV and 115kV lines from Lakehead to Marathon. Then from Marathon parallel to the Hydro One M2W 115kV line to White River. From White River the route would parallel Highway 17, and then parallel to Algoma Power Inc. #4 distribution circuit lines into Wawa Station.

CNPI believes it has completed the appropriate level of preliminary engineering, based on the filing requirements of this proceeding, by checking the OEB proposed Reference Option and then identifying an alternate corridor. Final engineering and environmental study will be required to select the final route.

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