

# AIRD & BERLIS LLP

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April 7, 2014

## BY COURIER, EMAIL AND RESS

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

Dear Ms. Walli:

**Re: Interrogatory Responses of RRR to Board Staff and Hydro One Networks Inc.  
Board File No. EB-2014-0014**

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We are counsel to Rainy River Resources Ltd. ("RRR").

We enclose two copies of the Interrogatory Responses of RRR to Board Staff and Hydro One Networks Inc. pursuant to the Board's Procedural Order dated March 10, 2014. Also included is RRR's response to a letter from the Ministry of Transportation of Ontario which had been sent to the Board.

Yours very truly,

**AIRD & BERLIS LLP**



Scott Stoll  
SS/bm

cc: All Applicants & Intervenors

Encls.

17658548.1

# newgold<sup>™</sup> Rainy River Project

April 3, 2014

Mr. Jim McKeever  
Corridor Management Planner  
Ministry of Transportation  
Northwestern Region  
Corridor Management Section  
615 South James Street  
Thunder Bay, Ontario P7E 6P6

Phone: (807) 473-2117

Fax: (807) 473-2168

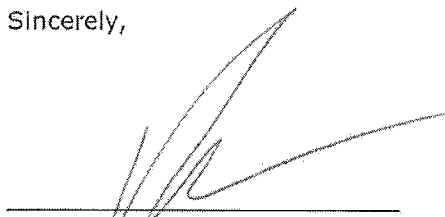
Re: Rainy River Resources Ltd. - Application for Leave to Construct Transmission Line  
Ontario Energy Board File: EB-2014-0014

Dear Mr. McKeever,

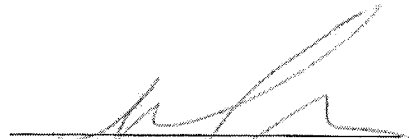
Rainy River Resources ("RRR") received correspondence from MTO regarding the proposed transmission line crossing of the highway under its jurisdiction.

RRR identified the MTO in Exhibit B, Tab 6, Schedule 4 of the Application as a landowner impacted by the Project and plans to meet or exceed any separation distances from other utilities and any applicable legal requirements. RRR is not aware of a circumstance that would prohibit it from reaching agreement with the MTO for the crossing. Also, RRR is continuing with its environmental assessment as detailed in the response to Board Staff #1 and #2 and will complete the environmental assessment process in due course. RRR would note that environmental issues are not within the OEB's consideration in this Application.

Sincerely,



**Darcy Cowan**  
Rainy River Resources Ltd.  
c/o New Gold Inc.  
200 Bay Street  
Toronto, ON M5J 2J8



**Indi Gopinathan**  
Rainy River Resources Ltd.  
c/o New Gold Inc.  
200 Bay Street  
Toronto, ON M5J 2J8

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Rainy River Resources Ltd. for an order or orders pursuant to section 92, 96, 97 and 101 of the *Ontario Energy Board Act*, 1998 granting leave to construct transmission facilities in the Territorial District of Rainy River, in Northwestern Ontario.

### **INTERROGATORY RESPONSES OF RAINY RIVER RESOURCES LTD. ("RRR")**

Scott Stoll  
Aird & Berlis LLP  
Brookfield Place, Box 754  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9  
Lawyers for RRR

BOARD STAFF INTERROGATORY #1

**ENVIRONMENTAL ASSESSMENT**

**Provincial Environmental Assessment**

REFERENCES:

(1) Exh. B, Tab 6, Sch. 1, p. 1-2

The above-noted reference states that:

- The proposed transmission line and associated facilities ("Transmission Line Project") are not associated with a generation facility and is therefore considered a Category B Project which requires Rainy River Resources Ltd. ("RRR") to follow the process under Ontario Hydro's (now Hydro One) *Class Environmental Assessment for Minor Transmissions Line Facilities*.
- RRR entered into a Voluntary Agreement with the Ontario Ministry of the Environment (MOE) on May 4, 2012, to conduct a Provincial Individual EA for the generation project ("Rainy River Project") that will meet the requirements of the Ontario Environmental Assessment Act. The MOE approved the Terms of Reference ("ToR") for the EA process on May 15, 2013.
- In accordance with the approved ToR, RRR has completed the draft EA which was made available for comment on July 19, 2013 for a 30-day period.

INTERROGATORIES

- (a) Please provide an update on the status of the EA process for the Transmission Line Project. When is the process expected to be completed? Please provide confirmation of approval/completion of process when available.
- (b) Please provide an update on the status of the EA for the Rainy River Project. When is approval of the EA expected?

RESPONSES

- (a) The RRP is undergoing a coordinated Provincial and Federal EA which is anticipated to conclude in November 2014. Confirmation of approval/completion of process will be provided when available.
- (b) See above response.

BOARD STAFF INTERROGATORY #2

**Federal Environmental Assessment**

REFERENCES:

- (1) Exh. A, Tab 3, Sch. 1, p. 2-3

The above-noted reference states that the Canadian Environmental Assessment Agency ("CEA Agency") confirmed that a Federal EA was required for the Rainy River Project.

INTERROGATORY

- (a) Please provide an update on the status of the Federal EA for the Rainy River Project. When is approval of the EA expected?

RESPONSE

- (a) The coordinated Provincial and Federal EA is anticipated to conclude in November 2014.

BOARD STAFF INTERROGATORY #3

**LAND – RELATED MATTERS & OTHER APPROVALS**

REFERENCES:

- (1) Exh. B, Tab 6, Sch. 4
- (2) Letter from Ministry of Transportation dated March 13, 2014

Reference (1) states that RRR:

- will require temporary and permanent easements in respect of the proposed transmission facilities from the landowners.
- has not received any comment indicating an opposition to the proposed transmission facilities or refusal from the landowners and hopes to conclude negotiations with each over next 6 to 9 months. RRR will update the Board regarding negotiations during the course of the proceeding.
- has offered or will offer to each landowner the form of easement provided in Exhibit B, Tab 6, Schedule 5 in its negotiations with landowners where it requires easement rights to complete the Rainy River Powerline Project.

Reference (2) states that authority to cross Highway 71 is granted by the Ontario Ministry of Transportation upon application for an Encroachment Permit.

INTERROGATORIES

- (a) Please provide an update on the status of negotiations with landowners where RRR requires property rights for its proposed transmission facilities.
- (b) Has each of the affected landowners now been presented with the form of agreement? If not, when does RRR intend to do this by?
- (c) Please provide the status of any discussions/negotiations with the Ministry of Transportation with respect to the crossing of Highway 71.
- (d) Please provide a list of all outstanding approvals and permits needed to complete construction of the proposed facilities, including the status and expected dates for obtaining such approvals and permits.

## RESPONSES

- (a) Option Agreements continue to be in place for two (2) parcels, to be fully acquired from 1530600 Ontario Ltd. Agreements of Purchase and Sale were finalized on two parcels in January and former landowners are no longer interested parties. One (1) parcel property currently under Agreement of Purchase and Sale and proceeding with final closing. Eleven (11) Unpatented Mining Claims proceeding through Lease Application process with MNDM.
- (b) Yes, all owners have been presented with their respective Agreements in accordance with their land package.
- (c) Contact was made with the MTO. Application to proceed per normal MTO procedures.
- (d) Related permitting requirements are under review, but the below summarizes the likely requirements:

<b>Approval</b>	<b>Date Anticipated</b>	<b>Status</b>
Provincial EA	Nov 2014	Application submitted, review in progress
Federal EA	Nov 2014	Application submitted, review in progress
Aeronautic Obstruction Clearance (Transport Canada)	Jan 2015	Application in preparation
Closure Plan (MNDR)	Dec 2014	Draft application submitted for comment.
Species At Risk Act Permit (MNR)	Nov 2014	Application submitted, review in progress
Forestry Resource License	Nov 2014	Scoping
Land Use Permit (MNR)	Nov 2014	Scoping
Work Permit (MNR)	Nov 2014	Scoping
Entrance Permit (MTO)	Nov 2014	Scoping
Encroachment Permit (MTO)	Nov 2014	Scoping
Building/Land Use Permit (MTO)	Nov 2014	Scoping

BOARD STAFF INTERROGATORY #4

**TRANSMISSION RATE IMPACT ASSESSMENT**

REFERENCE:

Exh. B, Tab 4, Sch. 1, p. 1

The above-noted reference states that RRR is not a rate regulated utility and intends to finance, construct, own and operate the proposed transmission facilities.

INTERROGATORIES

- (a) Please confirm that the Applicant will be responsible for the total cost of the facilities proposed in this application including any modifications required on the HONI transmission system needed to accommodate the proposed facilities.
- (b) For any costs in (a) not payable by the Applicant, please describe the facilities/work required, costs of these and cost responsibility including any ongoing operation and maintenance costs.

RESPONSES

- (a) Rainy River Resources acknowledges that it will be an unlicensed transmitter responsible for all of its own facility costs. It is also confirmed that the Applicant is responsible for any Hydro One costs needed to accommodate the proposed facilities, calculated in accordance with the requirements of Section 6 and Appendix 5 of the Transmission System Code and Hydro One's Capital Cost Recovery (CCRA) Agreement as approved by the Board.
- (b) Hydro One is currently in the process of developing the estimate for the work it will do to provide a connection point for the applicant, including work required by the IESO as identified in the System Impact Assessment (SIA). Generally, these will include the cost of designing and constructing the physical connection facility on the Hydro One right of way at the location of the applicant's switching station, as well as upstream changes to Hydro One's protection, control and communications systems. The Hydro One costs for this work, including future maintenance costs, will be recovered per the CCRA as noted in the response to (a) above.



BOARD STAFF INTERROGATORY #5

**SYSTEM IMPACT ASSESSMENT (SIA) AND CUSTOMER IMPACT ASSESSMENT (CIA)**

REFERENCES:

- (1) Exh. A, Tab 3, Sch. 1, p. 4
- (2) Exh. B, Tab 6, Sch. 2, *System Impact Assessment Report*, CAA ID:2013-502, dated December 17, 2013.

Based on the above-noted references:

- the IESO has completed a SIA filed at Exhibit B, Tab 6, Schedule 2;
- RRR has requested that Hydro One complete a CIA and that the CIA will be filed as evidence when available;
- the SIA concluded that “the proposed connection of the project, operating up to 57 MW and subject to the requirements specified in this report, is expected to have no material adverse impact on the reliability of the integrated power system. Therefore, the IESO recommends that a Notification of Conditional Approval for Connection be issued for the Rainy River Gold project subject to the implementation of the requirements outlined in this report.”

INTERROGATORIES

- (a) Does RRR plan to implement all of the IESO’s connection requirements contained in the SIA report and any further updates to this document?
- (b) Please file a copy of the IESO’s Notification of Conditional Approval for Connection for this project.
- (c) Please provide verification that Hydro One Networks Inc. intends to carry out the transmitter requirements outlined in the SIA report, amended SIA or addendum report and any further updates to these documents.
- (d) What is the status of the CIA for this project? Please file a copy of the CIA report as soon as it is available.
- (e) Does the Applicant plan to implement all of the connection requirements in the expected CIA report and any further updates to this document?
- (f) Please provide verification that Hydro One Networks Inc. intends to carry out any transmitter requirements outlined in the expected CIA report and any further updates to this document.

RESPONSES

- (a) Yes.
- (b) Notice of Conditional Approval has been recommended by the IESO (page 1 of SIA). The applicant has not yet requested this notice.
- (c) The applicant cannot speak for Hydro One. It is our understanding that Hydro One intends to fully implement the requirements on it as stated in the SIA.
- (d) The CIA is attached.
- (e) There are no specific requirements in the CIA.
- (f) There are no specific transmitter requirements in the CIA.

HYDRO ONE NETWORKS INC. INTERROGATORY #1

PREAMBLE

A distributor is obliged by legislation (*the Electricity Act*, 1998) to connect and serve customers in its Service Area, while meeting certain requirements respecting service quality, reliability and cost. Distributors must meet these and other obligations even when their customers reside on the other side of the road behind high-voltage transmission lines. The increasing need of electricity 'generator-transmitters' and distributors to share the same rights of way, therefore, also implies the need to share certain responsibilities and incremental costs fairly.

INTERROGATORY

- (a) An arrangement with the local distributor in the area, Hydro One Networks ("Networks"), has not yet been completed. How does the Applicant plan to address operational issues with distribution facilities in the vicinity of the proposed transmission facilities?

RESPONSE

- (a) The only distributor facility in the vicinity of the proposed transmitter facilities is a Hydro One distribution line running along Hwy 71 where the transmission line will cross over perpendicularly. Rainy River Resources will enter into a perpendicular crossing agreement with Hydro One to address operational issues at this crossing.

## HYDRO ONE NETWORKS INC. INTERROGATORY #2

Hydro One Networks will likely require access to properties of its distribution customers which may lie behind the Applicant's high voltage line, to, among other things, provide a new connection, upgrade or expand existing service, maintain or repair its assets or restore power. This would require that Networks route its line across the road and undertake a "perpendicular crossing" of the Applicant's assets and share the right of way. To physically accommodate this access, a variety of scenarios are being considered, such as:

- Networks installing underground assets;
- The Applicant installing a new pole mid-span at Networks' request to accommodate a specific road crossing or changing existing poles with higher ones

These different types of configurations could drive higher costs that Networks, or a new electrical customer in the subject area, would not have otherwise incurred in the absence of the Applicant's adjacent facilities.

### INTERROGATORIES

- (a) Does the Applicant believe that these higher costs are in the interest of ratepayers, and that ratepayers should therefore bear the incremental costs via a Board-approved mechanism?
- (b) Does the Applicant agree that Networks and its customers should be required to bear only those "base" costs that it would normally have incurred in the absence of the Applicant's assets, and that the Applicant should bear any incremental costs that Networks may incur over and above those "base" cost?
- (c) What principles and methodology would the Applicant suggest for allocating the higher costs between itself and Networks in cases such as the above?

### RESPONSES

- a) The question presumes that costs to work around the RRR infrastructure will be higher. With regard to the single proposed crossing, Hydro One Networks has requested and Rainy River Resources has agreed to build the transmission line span across Hwy 71 with sufficient vertical clearance that a future distribution line change to 50ft poles can be accommodated in accordance with Hydro One's standard for such installations. As such, it is unclear whether costs will be higher than "base" costs.

The question also seems to presume that licensed transmitters have a superior right of access to public rights-of-way than unlicensed transmitters and that the unlicensed transmitter should be bearing these "additional" costs. There is no such distinguishing statement provided in the Electricity Act. Also, as a load customer and an unlicensed transmitter, RRR is a ratepayer of Hydro One and so it would bear costs as any customer of Hydro One. This is slightly different than a generator who does not pay a monthly rate to its connecting distributor or transmitter.

It is unclear why RRR would be considered different than any other utility that has pre-existing infrastructure in an area that Hydro One must work around. For example, does an electricity distributor have the ability to charge communications, water, sewer or natural gas utilities for costs in excess of the "base" costs of Hydro One experiences because there is pre-existing infrastructure in any area?

- b) See response to (a). RRR will meet its obligations under applicable laws and the Transmission System Code.
- c) See response to (a). There are a number of principles that may be considered, many of which go beyond the scope of this proceeding. Changes in circumstances (relative costs, provincial policies, etc.) may lead to different decisions as they may require a different balancing of principles.

For example, RRR understands that the OEB as an economic regulator may consider the overall economic cost of the complete service. As such, where a minor cost can accommodate many future scenarios and avoid certain additional future costs, such decisions may be reasonable. This is what is happening in the current perpendicular crossing where RRR is installing the crossing at sufficient height to accommodate higher poles that Hydro One may install in the future. As such it would be hoped that the costs above the "base cost" would be avoided or minimized. However, if RRR was being required to incur significant additional costs to avoid minor costs to Hydro One, the response to that circumstance may lead to a different result.

A general comment is regulated entities, customers and stakeholders benefit from regulatory certainty. As such, rules should be clearly understood so that each party can understand their obligations. Also, changes to the regulatory framework should be principled and developed in a reasonable timeframe.

HYDRO ONE NETWORKS INC. INTERROGATORY #3

INTERROGATORY

What is the Applicant's process for notifying Networks of its ongoing plans where Networks' involvement is required?

RESPONSE

Please see response to HONI Interrogatory # 1 above.



Hydro One Networks Inc.  
483 Bay Street  
Toronto, Ontario  
M5G 2P5

## Final Customer Impact Assessment

### Rainy River Gold Project

Revision: Final  
Original CIA Issue Date: December 9, 2013  
Final CIA Issue Date: March 24, 2014

Issued by: Transmission System Development Division  
Hydro One Networks Inc.

Prepared by:

A handwritten signature in cursive script, appearing to read "Raj Ghal", written over a horizontal line.

**Raj Ghal**

Senior Network Management Engineer  
Transmission Planning  
Hydro One Networks Inc.

Reviewed by:

A handwritten signature in cursive script, appearing to read "Ibrahim El Nahas", written over a horizontal line.

**Ibrahim El Nahas**

Manager  
Transmission Planning  
Hydro One Networks Inc.

## **DISCLAIMER**

The Customer Impact Assessment was prepared based on preliminary information available about the load increase at Rainy River Gold Project. It is intended to highlight significant impacts, if any, to affected transmission customers early in the project development process and thus allow an opportunity for these parties to bring forward any concerns that they may have. Subsequent changes to the required modifications or the implementation plan may affect the impacts of the proposed connection identified in Customer Impact Assessment. The results of this Customer Impact Assessment are also subject to change to accommodate the requirements of the IESO and other regulatory or municipal authority requirements.

Hydro One shall not be liable to any third party which uses the results of the Customer Impact Assessment under any circumstances whatsoever for any indirect or consequential damage, loss of profit or revenues, business interruption losses, loss of contract or loss of goodwill, special damages, punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.



## **1.0 INTRODUCTION**

### **1.1 Background**

The Rainy River Gold Mine is the sole current project of Rainy River Resources Ltd. They are planning to build a new mine approximately 20 kilometers northwest of Fort Frances, Ontario as shown in attached Figure 1. The Rainy River Gold mine will be a new load connection that will be supplied from 230kV circuit K24F between Fort Frances TS on the east and Kenora TS on the west. The mine initial load will be 10 MW and an ultimate load of 57 MW. There will be a 230 kV line tap of 16.7 kilometers from 230 kV line K24F to the mine site. The mine plans to maintain a power factor of 95%.

### **1.2 Customers**

There are no other customers directly connected to 230 kV line K24F between Kenora TS and Fort Frances TS. The impact on other area customers connected to the 115 kV system at Fort Frances TS and Kenora TS will be insignificant.

## **2.0 METHODOLOGY & CRITERIA**

### **2.1 Voltage**

To establish the adequacy of Hydro One transmission system incorporating the proposed additional load facilities, the following post-fault voltage decline criteria were applied as per "IESO Transmission Assessment Criteria":

[http://www.theimo.com/imoweb/pubs/marketAdmin/IMO\\_REQ\\_0041\\_TransmissionAssessmentCriteria.pdf](http://www.theimo.com/imoweb/pubs/marketAdmin/IMO_REQ_0041_TransmissionAssessmentCriteria.pdf)

- The loss of a single transmission circuit should not result in a voltage decline greater than 10% for pre-transformer tap-changer action (including station loads) and 10% post-transformer tap-changer action (5% for station loads);
- The loss of a double transmission circuit should not result in a voltage decline greater than 10% for pre-transformer tap-changer action (including station loads) and 10% post-transformer tap-changer action (5% for station loads);
- Voltages below 50 kV shall be maintained in accordance with CSA 235.

The proposed customer connection is expected to meet OEB Transmission System Code and IESO connection requirements.

## **3.0 IMPACT ON CUSTOMERS**

There no other customers directly connected to the 230 kV line K24F between Kenora TS and Fort Frances TS.

- a) **Short Circuit Assessment:** There is no impact on short circuit levels of the area customers due to Rainy River Resources connection.
- b) **Voltage Performance:** Fort Frances area is a winter peaking area. IESO SIA (CAA ID: 2013-502) detailed studies have shown that both pre-contingency and post-contingency voltage stability criterion were met with Rainy River project in-service.
- c) **Customer Supply Reliability:** Rainy River 57 MW load increase will not impact the area load supply capability and reliability during faults on the customer's 230 kV facilities. The customer has been advised to install a 230 kV breaker close to the tap point from 230 kV line K6F. The protections will be able to isolate the faulted equipment quickly so that 230 supply between Fort Frances TS and Kenora TS is not impacted.

#### 4.0 CONCLUSIONS

The overall findings of the Customer Impact Assessment are summarized below:

- 1) Rainy River mine load increase has no adverse impact on the area short circuit.
- 2) The addition of Rainy River mine is expected to not materially reduce reliability of 230 kV line K24F.
- 3) Rainy River mine may be asked to manually curtail their load when directed by the IESO under certain contingency conditions.

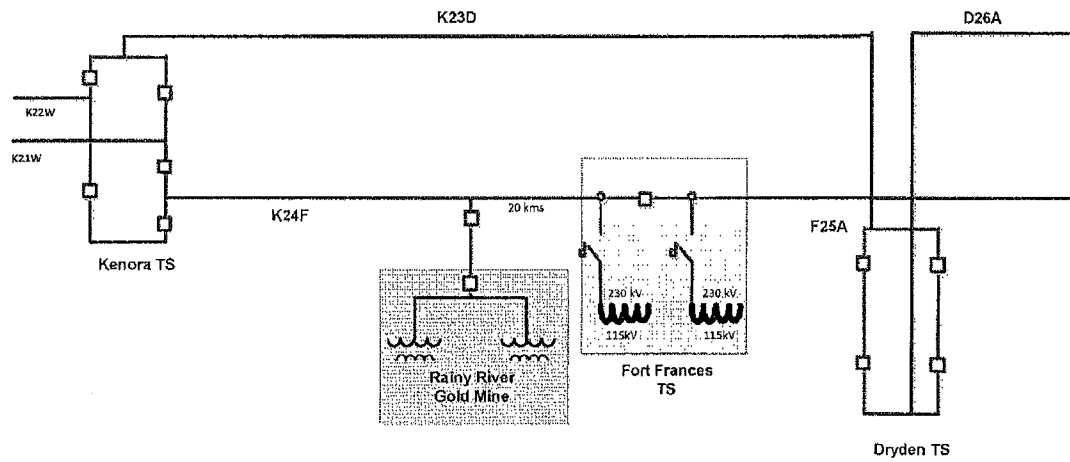


Figure1: Single Line diagram of the system

Note: Diagram is not to scale