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April 16, 2014

BY COURIER, EMAIL AND RESS

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

Dear Ms. Walli:

**Re: Rainy River Resources Ltd.
Leave to Construct
Rainy River Powerline Project
Board File No. EB-2014-0014**

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

Pursuant to the Board's Procedural Order No. 1, dated March 10, 2014, we enclose two copies of the Argument-in-Chief of RRR.

Yours very truly,

AIRD & BERLIS LLP



Scott Stoll
SS/ct

cc: Intervenor

Encls.

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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

ARGUMENT-IN-CHIEF OF RAINY RIVER RESOURCES LTD.

PART I: INTRODUCTION

1. Rainy River Resources Ltd (“**RRR**”) has applied for leave to construct approximately 17 kilometres (“**km**”) of 230kiloVolt (“**kV**”) transmission line and facilities (“**Rainy River Powerline Project**”).
2. The facilities include the inter-connection to the Hydro One Networks Inc. (“**Hydro One**”) transmission grid, circuit K24F, and a transformer station, 230-27.6kV, located at the Rainy River Project, a mining project in Territorial District of Rainy River. The forecasted demand for the Rainy River Project is initially 10 MegaWatt (“**MW**”) and ultimately a 57MW peak demand during operations. The proposed inter-connection is the only viable source of electricity for the Rainy River Project.¹
3. RRR provided notice as directed by the Board in the Letter of Direction. Hydro One and the Independent Electricity System Operator (the “**IESO**”) were the only intervenors of record. Only Board Staff and Hydro One actively participated in this proceeding through the interrogatory process.

¹ Exhibit B, Tab 2, Schedule 1.

4. RRR has and continues to be in consultations with impacted First Nations on the Rainy River Project. It has agreements in place with several First Nations regarding the Rainy River Project.² The Rainy River Project is forecasted to have pre-production capital costs in excess of \$700 million.³

5. The Rainy River Project, including the facilities considered in this Application, is subject to a coordinated Federal and Provincial environmental assessment process which is to be completed in late 2014.

PART II: LEAVE TO CONSTRUCT

6. The Board in considering a leave to construct application under section 92 is restricted by sub-section 96(2), paragraph 1, to considering only the “interest of consumers with respect to prices and the reliability and quality of electricity service”.

7. RRR filed both a System Impact Assessment (“**SIA**”)⁴ and Customer Impact Assessment (“**CIA**”)⁵ and committed to adhering to the requirements of the SIA. In addition, the Rainy River Powerline Project will meet the requirements of the North American Electricity Reliability Corporation and the Northeast Power Coordinating Committee.

8. No existing Hydro One customers are impacted by the Rainy River Powerline Project.

9. RRR confirmed that it will pay the amounts required for the connection as required by the Transmission System Code (“**TSC**”) and Hydro One. RRR confirmed it will meet the TSC’s requirements as an unlicensed transmitter.

² Exhibit A, Tab 3, Schedule 1, page 7, lines 13-18.

³ Exhibit A, Tab 3, Schedule 1, page 3, line 15.

⁴ Exhibit B, Tab 6, Schedule 2.

⁵ Attachment to Board Staff IR#5.

10. Following construction, RRR will be a load customer and IESO Market Participant. RRR will file the necessary applications to become an IESO Market Participant in due course.

11. RRR confirmed its proposed crossing of the Hydro One distribution system along Highway 71 will have sufficient height to provide adequate clearance for a 50-foot pole which may be used in the future. RRR will make a formal application to the Ministry of Transportation for crossing Highway 71 following approval of the environmental assessment.

12. RRR is owned by New Gold Inc., a publicly traded mining company with sufficient funds for the Rainy River Project of which the transmission facilities are but one part. There is nothing to suggest that RRR will be unable or unwilling to meet any of its obligations as a load customer or unlicensed transmitter.

13. As such, the Rainy River Powerline Project will have sufficiently positive impacts on the price, reliability and quality of electricity service to be approved by the Board.

PART III: THE PROPOSED AGREEMENT

14. RRR will secure the necessary rights prior to entering third party lands.

15. RRR provided a form of easement agreement that has been offered to each of the landowners. No landowner intervened, nor did any Party to this proceeding make any comment about the content of the proposed agreement.

16. As such, the Board should be content with the form of the easement agreement and approve the form of easement agreement provided in Exhibit B, Tab 6, Schedule 4.

PART IV: CONCLUSION AND ORDER SOUGHT

17. As such, RRR requests the Board grant leave to construct, as the proposed Rainy River Powerline Project is in the public interest; approve the form of easement agreement and grant permission, subject to Ministry of Transportation of Ontario review and approval, to cross Highway 71.

18. Granting the relief requested satisfies the statutory test for leave to construct pursuant to sub-section 96(2) of the OEB Act and will also serve the broader public interest by supplying power to the Rainy River Project thereby permitting its many benefits to be realized by the community.

19. RRR would request the Board issue the decision and order at its earliest opportunity and, in any event, prior to June 30, 2014.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Date: April 16, 2014

**Rainy River Resources Ltd.
By Its Counsel**

“Original signed by”

Scott Stoll