

**FIVE NATIONS ENERGY INC. (“FNEI”) RESPONSES TO INTERROGATORIES OF  
FORT ALBANY POWER CORPORATION (“FAPC”)**

**QUESTION 1:**

Please confirm and explain the ownership of the connection facilities at Fort Albany Power Inc. (For example the substation and the metering assets).

**RESPONSE:**

FNEI owns the connection facilities (including the substation and meters).

**QUESTION 2:**

In the future, if there are new connections required at the existing FAPC substation, please explain how the connection procedures would apply to the following situations:

- (a) Load Connections by FAPC;
- (b) Generation Connections by FAPC;
- (c) Load Connections by a third party other than FAPC;
- (d) Generation Connections by a third party other than FAPC.

**RESPONSE:**

FNEI's proposed Connection Procedures were drafted in compliance with the Ontario Energy Board's Transmission System Code ("TSC"). As a licensed transmitter, FNEI must comply with the provisions of the TSC.

The TSC sets out detailed connection procedures with respect to potential new loads and generators, in order to ensure uniformity of treatment by transmitters of connection applicants (i.e., to ensure that transmitters do not treat some connection applicants on a more preferable basis than others). Consequently, FNEI has in the past and will in the future treat FAPC and third parties in exactly the same manner with respect to any connection applications (load or generation).

Differential treatment for FAPC or any other non-arm's length party would require an exemption from the TSC. If FAPC has a planned generation or load project that it wishes to connect to the FNEI system, and believes that it needs treatment different than the standard treatment set out in the TSC, FAPC can bring its proposal to FNEI for discussion. FNEI would decide at that time whether to apply to the Ontario Energy Board for an exemption from the relevant provisions of the TSC.

**QUESTION 3:**

It appears that the connection procedures proposed are a duplication of other conventional Transmitters. Given the unique ownership and background of FNEI please explain whether you considered special procedures for owner Distributors, how these were considered and provide all documentation with respect to these considerations.

**RESPONSE:**

See the response to question 2. It is important to keep in mind that other transmitters in the province supply power to distribution companies that are also non-arm's length with the transmitter.

**QUESTION 4:**

Historically, FNEI has provided all of the major technical resources for modifications to the transmission system. The proposed Connection Procedures appear now to place significant responsibilities on to FAPC and the other owner Distributors. Is it FNEI's intention to cease providing the major technical resources for transmission system modifications? How is it proposed that this relationship will change? Should there be specific responsibilities when the owner Distributor is involved? Please provide documentation showing how these unique situations were considered when developing the proposed connection procedures.

**RESPONSE:**

The proposed Connection Procedures change nothing in terms of the relationship between FNEI and the distributors that are connected to FNEI. The distribution companies remain responsible for the distribution system (i.e., below 50 kV), and FNEI remains responsible for the transmission system (i.e., above 50 kV).

**QUESTION 5:**

**Reference** CCP Pg 3 Figure 1 and 1.2.3

Please provide the attachment that was labelled as “Figure 1”. Please provide the item inserted at 1.2.3 named “FNEI Customer Connection Process (CCP)”. Please provide a legible copy of paragraph 1.2.3.

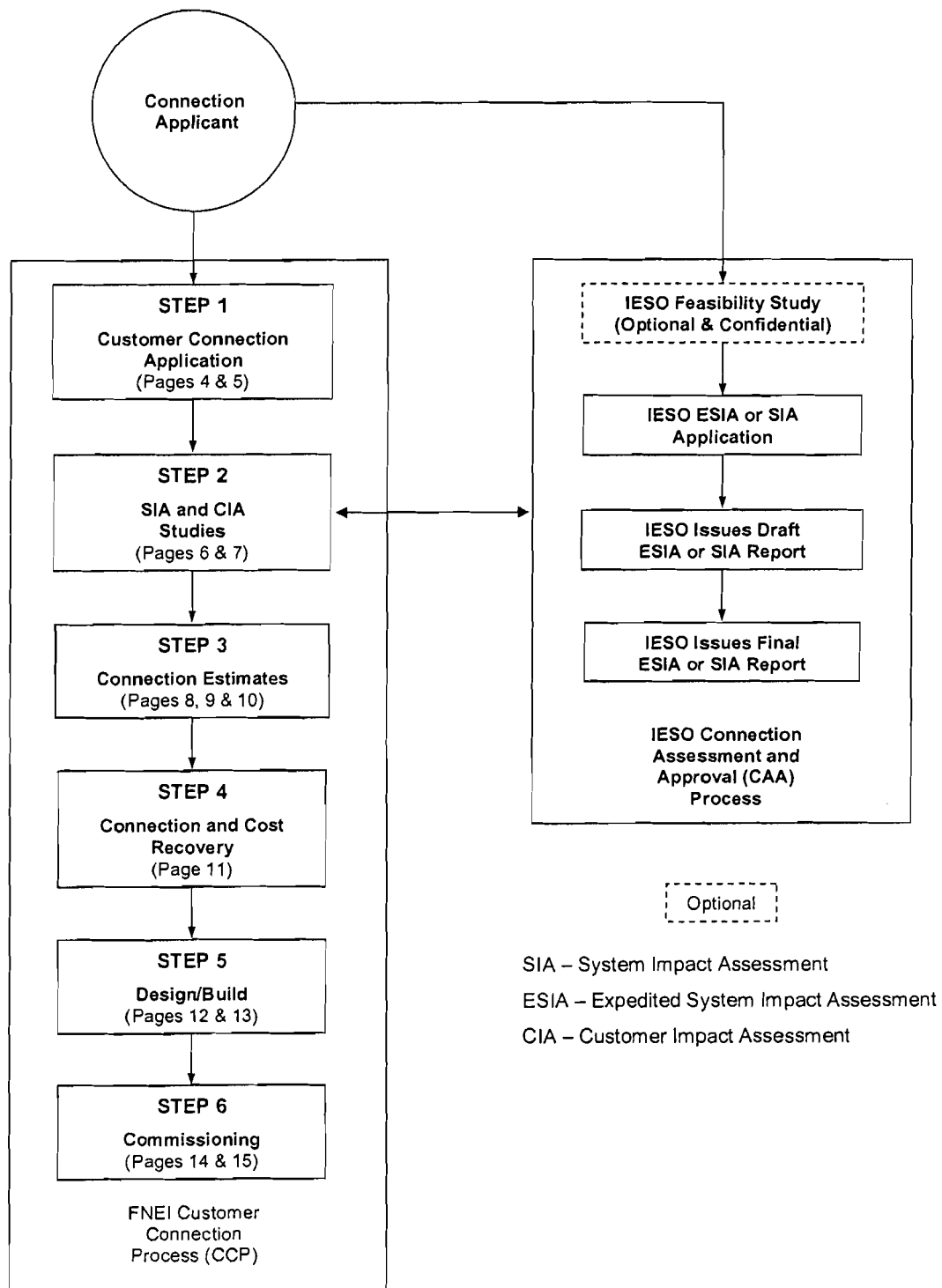
**RESPONSE:**

See attached Figure 1.

Section 1.2.3 states: FNEI and the Connection Applicant will meet to discuss the information contained in the Customer Connection Application Form, as outlined in section 1.1 above. FNEI will be prepared to discuss the transmission system (existing equipment, available capacity, other proposed connection projects) in the area of the proposed connection, to identify any issues related to the Connection Applicant’s proposal, and to provide the Connection Applicant with information on any pertinent transmission projects in the area that are part of FNEI’s transmission plans (refer to Appendix 3 in this document).

## FNEI Customer Connection Process (“CCP”)

FIGURE 1:



**QUESTION 6:**

The most recent connection on your system was the DeBeers connection near Attawapiskat. Did FNEI follow the proposed procedures with respect to that connection? How were impacts to owner Distributors prior to implementation? Please provide documentation showing the evaluation and communication of the impacts on the owner Distributors (for example the outages experienced).

**RESPONSE:**

FNEI's Connection Procedures were not in place when DeBeers connected to the FNEI system. However, FNEI followed the provisions in the TSC. Because FNEI's proposed Connection Procedures are consistent with the TSC, the process followed by FNEI in connecting DeBeers was essentially the procedure set out in FNEI's proposed Connection Procedures.

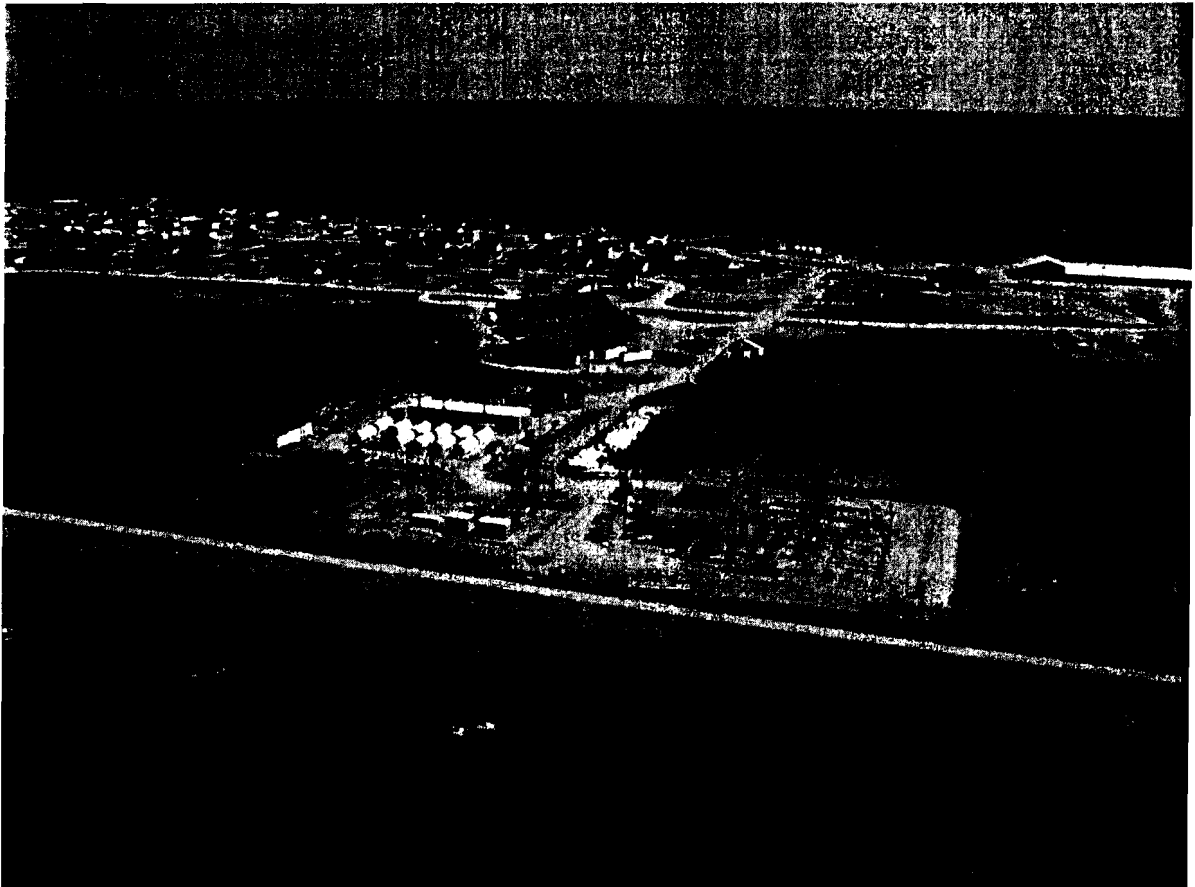
In terms of customer impacts pre- and post-connection of the DeBeers project, the connection of the DeBeers project provides three significant ancillary benefits to all three distributors connected to the FNEI system:

- (a) In order to accommodate the DeBeers project, the existing FNEI transmission line south of Kashechewan has had to be "twinning". Therefore, since the connection of the DeBeers project, if one circuit goes down between Moosonee and Kashechewan, power can be conveyed to Fort Albany, Kashechewan and Attawapiskat over the other circuit. Prior to the twinning, this would have resulted in an outage to all three communities.
- (b) The Hydro One system south of Moosonee (which provides radial service to FNEI's system) also had to be reinforced to accommodate the DeBeers project. This will also increase reliability to the western James Bay region.
- (c) It became economical for FNEI to install fibre optic cable during the construction work required to accommodate the DeBeers project (i.e., during the work to twin the existing FNEI line). This will enable better communications and monitoring of the substations, which will ultimately provide more reliability.

During the connection of the DeBeers project, there were obviously planned outages required. These outages were communicated to the distributors connected to FNEI in two formal ways: (a) Presentations were made at FNEI Board meetings (Note: The FNEI Board has representation from each of the connected distributors) prior to and during the DeBeers connection work. These presentations were thorough – and included information about costs and the technical work carried out. A sample of such a presentation is attached hereto; and (b) Distribution companies were notified of outages by direct communiqués (see attached for sample of communiqués in relation to a September 10 outage). This does not include the informal discussions and coordination that FNEI carried out in respect of the outages associated with the DeBeers project.

## Victor Mine & FNEI Modifications

### Kashechewan Transformer Station Addition



The station addition on the left -is about 70% complete. This will be the end of the new and larger 2<sup>nd</sup> circuit from Moosonee. It will allow not only the added load for the new mine , but also will be a back up supply for Attawapiskat , Kashechewan and Fort Albany if we loose either of the 2 circuits when completed.

## Kashechewan Transformer Station Modifications



## New High Voltage Line Moosonee- Kashechewan

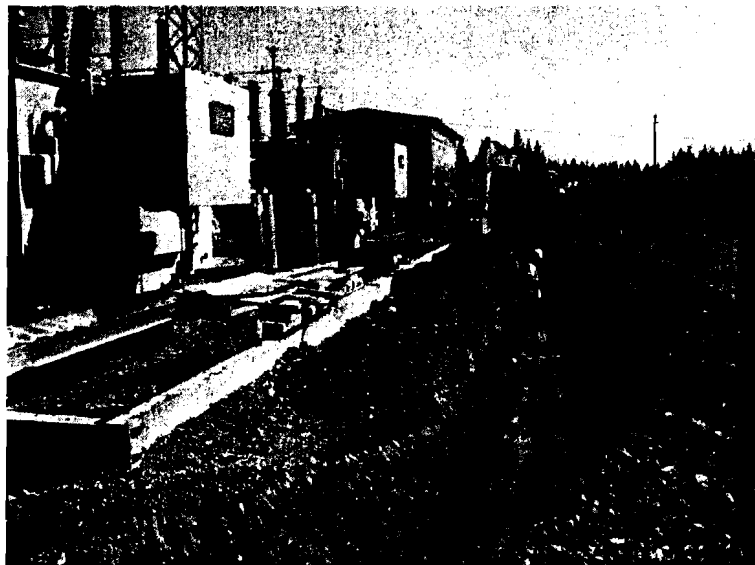


The new larger transmission line from Moosonee is about 85% complete, with the towers across the rivers between Fort Albany & Kashechewan yet to complete. Valard indicates they may be able to finish these crossings this summer.

The new line is a much bigger cable - 795 MCM , about 4 times larger than the existing cables. The new line also has the Optical Ground Wire on the top for fiber optic cables ( 24 fiber cables) .

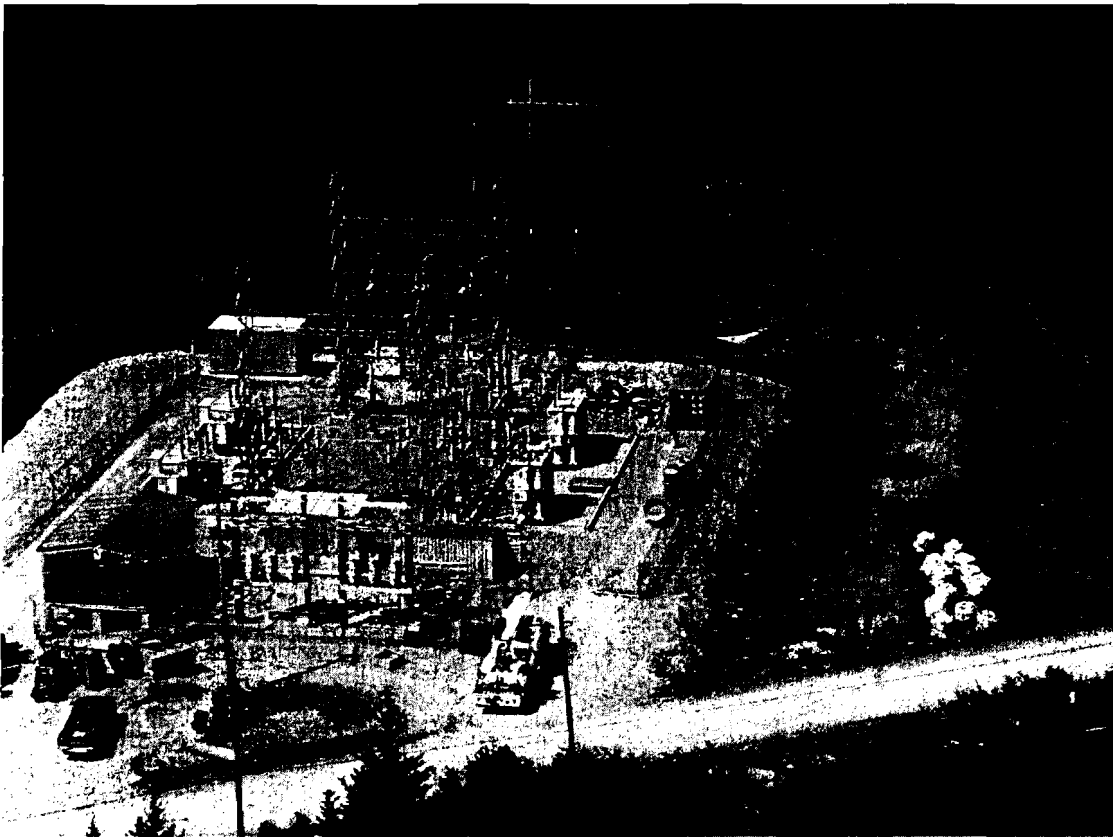


### Fort Albany Transformer Station



Most of the work at the Fort Albany station is to connect the spare transformer . There is some DeBeers work that will be completed this summer , then FNEI will complete the connection of the spare transformer by November. We are on schedule and work is going as planned.

## Fort Albany Transformer Station Site

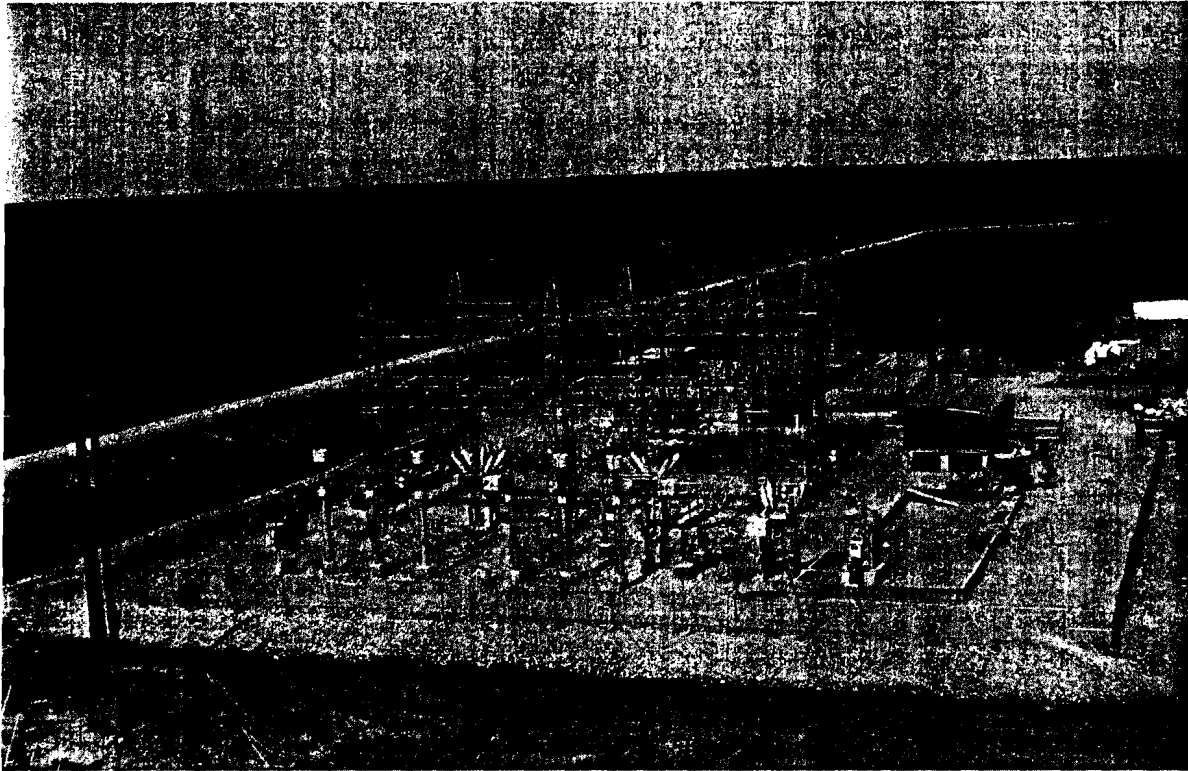


When finished, we will be able to transfer the Fort Albany customers to the back up transformer in an emergency in just an hour - it currently will take 10 to 20 days - with no electricity during the entire time!

## Kashechewan 2<sup>nd</sup> Transformer Plans

FNEI is planning to complete the installation of a 2<sup>nd</sup> transformer, once we have confirmation that the Kashechewan community will continue to stay in the existing site.

If we receive this confirmation by the end of the summer, a 2<sup>nd</sup> transformer connection can be completed by summer 2009.



FNEI has negotiated some changes to the DeBeers work in the Kashechewan station modifications. We have a larger additional control building that will be able to accommodate new low voltage equipment, plus we added yard space, enlarged the spill containment pit and will have a future transformer base installed under the DeBeers contract so we won't have to do this work in the future.

### PROPOSED ADDED 2007 CAPITAL PROJECTS

- A) Build an added berm wall for ice damage protection , likely at structure 909 Albany River: \$ 300,000
- B) Begin engineering and design work for the future 2<sup>nd</sup> transformer in Kashechewan : \$ 400,000

## PLANNED OUTAGES 2007

This summer and fall will be busy construction seasons for finishing off more of the FNEI stations plus the Hydro One Moosonee and Otter Rapids stations modifications for the DeBeers mine added load , as well as the connection of the FNEI 2<sup>nd</sup> transformer in Fort Albany.

The following are the proposed dates and durations for outages associated with the above projects.

- 1) July 4 for 3 hours affecting only Fort Albany
- 2) Monday July 23 for 15 hours affecting Moosonee, Moose Factory, Fort Albany , Kashechewan, Attawapiskat & Victor Mine
- 3) Monday Aug 27( proposed - but the date may be moved to Monday Sept 10 ) for 15 hours affecting Fort Albany, and for 6 hours affecting Moosonee & Moose Factory and 36 hours til 6:00 pm Tuesday Aug 28 or Tuesday Sept 11 for Kashechewan, Attawapiskat & Victor Mine .
- 4) Tuesday Aug 28 ( or Sept 11) about 6:00 pm affecting Fort Albany
- 5) POSSIBLE: Saturday Oct 20 for 14 hours affecting Moosonee, Moose Factory, Fort Albany, Kashechewan , Attawapiskat & Victor Mine.

At the end of these outages, FNEI will have a 2<sup>nd</sup> circuit from Moosonee to Kashechewan . The reliability of service will increase because we have 2 supplies available from Moosonee.

As well shortly after the Oct 20 outage, FNEI will be able to complete its connection of the spare transformer in Fort Albany - similar to what we achieved in Attawapiskat.

There will be a major outage for all FNEI customers in April 2008 as well, as the 2<sup>nd</sup> circuit from Moosonee to Otter Rapids did not get completed this winter. The forecast is that it will now be completed over the winter of 2008, and energized in April 2008.

That will give FNEI additional security of a 2<sup>nd</sup> circuit coming to Moosonee in 2008.

FAX :

Attawapiskat Power Corporation 705 997-1166

Fort Albany Power Corporation 705 278-1139

Kashechewan Power Authority 705 275-4129

FNEI: Mr. E Chilton 519 529-1103;

Mr. Cec MacDonald 705 268-0071

Date: Aug 15, 2006



## **FIVE NATIONS ENERGY INC.**

### **NOTIFICATION of OUTAGE**

***Sunday Sept 10***

***6:00 am DST to 7:00 pm DST***

#### ***Planned Outage:***

The high voltage line between Moosonee and Abitibi Canyon will be out of service for the above period to allow some major construction work to be done at Otter Rapids.

As a result, the power will be off for Moosonee , Moose Factory, Fort Albany, Kashechewan & Attawapiskat from 6:00 am to 7:00 pm Sunday September 10.

For further information , please call Cec MacDonald 705 268-0056 or  
Larry Brooksbank 705 737-9170



FIVE NATIONS ENERGY INC.  
INFORMATION BULLETIN

Sept 1 2006

Sept 10 Outage  
6:00 am DST to 7:00 pm DST

Attawapiskat Power Corporation  
Kashechewan Power Authority  
Fort Albany Power Corporation

Hydro One will be taking an outage as noted above on the high voltage line south of Moosonee that affect Hydro One customers and FNEI customers. The outage will affect Moosonee , Moose Factory, Fort Albany, Kashechewan and Attawapiskat.

The major work being carried out is located around the Otter Rapids Generating Station. Hydro One is re-routing the transmission line at that location to allow the construction of a new switching station over the coming winter. The new switching station being paid for by DeBeers is required to allow the connection of a new second high voltage line that will be built between Otter Rapids and Moosonee. The new second high voltage line to be constructed by DeBeers is required to allow the future Victor Mine to get more electricity to begin mining operations in late 2007 than the present system can supply.

A map of the proposed facilities is attached.

Please note , that there will be future outages required in the May / June 2007 period to allow completion of the work for the new facilities. Dates and times will be determined in April 2007.

For further information , please contact Mr. Cec MacDonald 705 268-0056 or  
Mr. Larry Brooksbank 705 737-9170

FAX :

Date: Sept 10, 2006

Attawapiskat First Nation 705 997-2116  
Fort Albany First Nation 705 278 -1193  
Kashechewan First Nation 705 275 - 1023  
Attawapiskat Power Corporation 705 997-1166  
Fort Albany Power Corporation 705 278-1139  
Kashechewan Power Authority 705 275-4129  
FNEI: Mr. E Chilton 519 529-1103;  
Mr. Cec MacDonald 705 268-0071



## **FIVE NATIONS ENERGY INC.**

### **OUTAGE INFO BULLETIN**

Five Nations Energy Inc. staff would like to thank the communities and their local distribution companies for their cooperation and assistance during the extended outage on Sunday. Power went off slightly later than planned ( 7:11 am DST) , but was returned very close to the forecasted time at 7:07 pm.

This outage enabled a great number of projects and repairs to be carried out. Hydro One was able to repair 6 poles on the circuit that supplies all of the Hydro One and FNEI customers on the west coast of James Bay , as well as begin the construction of a station needed for the future DeBeers Mine.

FNEI also took this opportunity to repair some poles damaged during the ice flood of April , as well as install some new switches that will allow FNEI to provide more reliable service in an emergency in the future after the second circuit is constructed between Moosonee & Kashechewan.,

Your support was greatly appreciated.

For further information , please call Cec MacDonald 705 268-0056 or  
Larry Brooksbank 705 737-9170

**QUESTION 7:**

Reference: Procedure P4 – Customer Impact Assessment Procedure

As this system is a small system (as compared with Hydro One for example) and there are three major owner Distributors connected to the system, did FNEI contemplate providing information about all Customer Impact Assessments to the owner Distributors regardless of a finding that there is no impact on those owner Distributors. Would FNEI consider amending the procedure to notify the owner Distributors about all Customer Impact Assessments and connection procedures?

**RESPONSE:**

The last sentence of Step 1 in P4 (Customer Impact Assessment Procedure) states that “A copy of the final CIA report will be sent to the IESO, *to each customer whose facilities are located in the study area* and the Ontario Electrical Safety Authority ” (emphasis added).

**QUESTION 8:**

The administration of the proposed procedures, while perhaps appropriate for larger transmitters with multiple connections, appears to be significantly more onerous than necessary for a small transmitter with three major customers.

The procedures seem to contemplate significant work and cost for all applicants regardless of their identity. It is a fact that financially, the owner Distributors have to diligently preserve their resources. The process proposed will cost FNEI more to manage the procedures and will cost the applicants more to abide by them. Again, when the applicant is one of the owner Distributors, is there a possibility of having special circumstances apply for those customers? With respect to the Economic Risk Assessment procedure for example, how would FAPC be classified? Is it possible to classify all owner Distributors simply as low risk to avoid the cost and efforts required by both FNEI and the owner Distributors to perform the proposed Economic Risk Assessment?

**RESPONSE:**

FNEI does not believe its proposed Connection Procedures are “significantly more onerous than necessary” for FNEI. The Procedures reflect the connection rules set out in the Transmission System Code, which FNEI would be obliged to comply with even in the absence of the Connection Procedures (as evidenced by FNEI’s connection of the DeBeers project). Canadian Niagara Power, for example, has a smaller rate base and fewer connected customers than FNEI, but is proposing virtually identical connection procedures. While the Connection Procedures may appear complex, they are actually straightforward, and the standardization of contract templates and clear procedures operate to make connections predictable and efficient. Moreover, the contractual requirements mandated by the proposed Connection Procedures reflect what FNEI (as a prudent business operator) would insist upon from potential connection applicants.

In terms of how FAPC would be classified for any new generation or load connection, that would depend entirely upon how the project to be connected was financed. It would be imprudent for FNEI to classify all owner Distributors as low risk for any project put forward.