

TransÉnergieUS

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José A. Rotger
Director, Regulatory Policy &
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Ms. Veronica Angulo
The White House Task Force on
Energy Project Streamlining
WH-1, Room 8E044
1000 Independence Avenue, SW
Washington, DC 20585

Dear Veronica:

Thank you for expressing interest in expediting the permitting of the Lake Erie Link Project ("LEL"). As you know, the LEL project is a buried underground and underwater high voltage electric transmission interconnection between Ontario, Canada and Pennsylvania. The Project filed an application for a Presidential Permit before the Department of Energy on June 18, 2002. We would appreciate any efforts by the White House Task Force on Energy Project Streamlining to facilitate the review of the Project's application to allow for the granting of a Presidential Permit by August 2003. The Project believes that such a schedule provides ample time for agency review of the minimal and short-term environmental impacts associated with the Project.

Per your request we have provided a short summary of the Project together with a description of the Federal approvals and other permits required for the Project. We have also provided a chart of the proposed Project schedule to enable commercial operation to commence in December 2004, in time to meet winter electric peak demands.

We would be happy to answer any questions and discuss the LEL further with you at your convenience.

I look forward to hearing from you.

Warmest regards,

José A. Rotger ^{WR}

José A. Rotger

Enclosure

1. LEL Project Summary

The purpose of the LEL Project -- sponsored in the U.S. by the Lake Erie Link Limited Liability Company ("LEL LLC") and in Canada by the Lake Erie Link Company Inc. -- is to develop a fully controllable, bi-directional electric transmission interconnection between Ontario and the U.S. The LEL Project will consist of up to three underwater High Voltage Direct Current ("HVDC") transmission systems under Lake Erie, each with a transfer capability of 325 megawatts for a maximum Project capacity of 975 megawatts. The LEL Project will connect the control area operated by the Ontario Independent Electricity Market Operator (at the Nanticoke switchyard) with the control area operated by PJM Interconnection, LLC (at the Erie West substation in Erie West, Springfield Township, Pennsylvania). The LEL Project is exclusively a transmission system interconnection. The LEL Project does not include construction of any generation facilities in either country, nor is the LEL Project dedicated or directly connected to any particular generation facility in either country.

Pursuant to authority granted by the Federal Energy Regulatory Commission ("FERC"), LEL LLC will sell the rights to transmit electricity over the LEL Project at negotiated rates. The sale of such transmission rights will be made through an "open season" bidding process approved by the FERC. LEL LLC will not own or take title to the electrons that are transmitted over the LEL Project.

2. The LEL Project will help Energy Supply, Energy Security, and the Localities Involved

- Increases reliability of both U.S. and Ontario electric systems by providing each region access to more generation.
- Helps meet immediate need for access to new electricity supplies in western Pennsylvania.
- Increases electricity trade between Ontario and U.S., thus enhancing competition in regional electricity markets.
- Increases local tax base while using minimal local services.
- Cost of project will be funded by developers and purchasers of transmission rights – not captive ratepayers. Thus, the LEL Project does not place any risk of “stranded cost” on ratepayers.

3. The Environmental Impacts of the LEL Project are Minimal and Short-Term

- High technology converter facilities and cable materials and installation techniques result in:
 - No towers and no alternating current electromagnetic field (EMF).
 - Small footprint for converter stations, to be located in industrial and/or rural areas well buffered from any residences.
 - Land cable buried under road shoulders impacts total of one-half acre along cable route and converter site.
 - Cable will contain no circulating cooling oils or fluids, thus posing no risk of leakage.

- Installation via environmentally benign hydraulic jet plow and horizontal directional drilling.
- No threatened or endangered species in project area.

4. List of all the Necessary Permits and LEL LLC's Expected Timetable

See Attachment A.

Lake Erie Link U.S. Permits

Permit	Description	Status
Federal		
<i>Presidential Permit: Exec. Order 12038, National Environmental Policy Act</i>	The U.S. Department of Energy (DOE) must determine that the Lake Erie Link (LEL) Project will have acceptable impacts on the environment and will not impair electric reliability in the interconnected U.S. grid system. The Secretary of State and Secretary of Defense also must approve.	Research on environmental impacts and preparation of applicable federal permits is underway. An assessment of the impact on electric reliability in the U.S. is also underway. The Project team has met several times with DOE and filed the Presidential Permit Application on June 18, 2002 for approval by August 2003.
<i>Dredge and Fill Clean Water Act, Section 404; Rivers & Harbors Act , Section 10</i>	Projects requiring trenching within any navigable waterway in Pennsylvania require approval of the U.S. Army Corps of Engineers (ACOE) and the Pennsylvania Department of Environmental Protection (PADEP).	The Project team has met with the ACOE staff in Pittsburgh and Buffalo and with PADEP, who have all reviewed and approved the LEL lake bottom study plans and provided other permit application guidance. The lake bottom and land studies are nearly complete and, thus far, have not revealed any regulatory or siting obstacles. A Joint Permit Application for major federal and state water-related permits will be filed in July 2002 for approval by August 2003.
<i>Clean Water Act Section 401</i>	Projects which involve underwater discharges require state Water Quality Certification under this federal program before the Section 404 and Section 10 permits can be issued.	Studies are underway to demonstrate compliance with Section 401. The Sections 404/10 Joint Permit Application serves as a request for Section 401 Water Quality Certification in Pennsylvania.
<i>Threatened and Endangered Species: Endangered Species Act</i>	Prior to the issuance of any Federal approvals, the U.S. Fish & Wildlife Service and National Marine Fisheries Service must determine that the proposed Project will not have an adverse impact on threatened or endangered species, or the habitat of such species.	The Project Team has met with state and federal agency staff and studies are underway to demonstrate compliance with the Endangered Species Act. The U.S. Fish & Wildlife Service and the National Marine Fisheries Service have determined that no threatened or endangered species or critical habitat are known to exist in the project area.
<i>Coastal Zone Management Act (CZMA)</i>	The federal CZMA is designed to ensure the preservation of coastal and marine resources. State agencies administer the program.	The Project Team has met with CZM staff of PADEP and is completing research and studies to demonstrate the Project will be consistent with the CZMA.
<i>Cultural Resources: Historic Preservation Act, Section 106</i>	The Historic Preservation Act is designed to ensure that federal and state agencies consider the impacts of projects on items of potential historical significance.	The Project Team has consulted with the Pennsylvania State Historic Preservation Office and has initiated study of project area. A new shipwreck was discovered in Ontario waters and the cable route was adjusted around it. Other artifacts are under ongoing investigation.

Permit	Description	Status
Pennsylvania State		
<i>Water Obstruction and Encroachment Permit: Environmental Protection Chapter 105</i>	Projects involving the placement of any encroachments or obstructions in state waterways and wetlands require a permit from PADEP Bureau of Water Quality Protection.	The Project Team has met with PADEP and will file a "Joint Permit Application" for this permit and for the Sections 404/10 permit in July 2002. Approval will include the Section 401 Water Quality Certification.
<i>Submerged Lands License: PA Admin. Code, Sec. 514</i>	Permanent underwater structures within Pennsylvania borders of Lake Erie require a license from PADEP issued with the approval of the Governor.	PADEP has preliminarily determined that the LEL Project will qualify for a submerged lands license under Section 514 of the Admin. Code subject to an annual license fee.
<i>NPDES Stormwater Discharge Permit</i>	The National Pollution Discharge Elimination System (NPDES) program is administered by PADEP and protects against stormwater discharges during construction.	The NPDES permit application will be submitted simultaneously to PADEP with the Joint Permit Application for the Water Obstruction and Encroachment Permit and the Section 404 Permit.
<i>Highway Occupancy Permit</i>	LEL LLC will obtain from the Pennsylvania Department of Transportation ("PennDOT") a Highway Occupancy Permit in order to occupy land under the shoulder of State Highway Route 215.	The Project Team has met with PennDOT and discussed the proposed cable route and installation techniques. PennDOT has responded by providing guidance regarding route alternatives, construction techniques and the permit process. PennDOT has recommended filing of the permit application with detailed engineering drawings upon approval of the environmental impacts of the cable route by PADEP.
<i>Overweight/Oversize Vehicle Permit</i>	Overweight or oversize vehicles must obtain PennDOT approval to use state roads.	LEL LLC will obtain approval from PennDOT to use overweight and oversize vehicles to carry cable on state roads and for construction of trenches along state road shoulders.
<i>Railroad Crossing Certificate of Public Convenience</i>	A Certificate of Public Convenience may be obtained from the Pennsylvania Public Utilities Commission ("PAPUC") for approval to install any utility across railroad lines.	LEL LLC will obtain a Certificate of Public Convenience with the Pennsylvania Public Utilities Commission for approval to install the cables under two railroad lines between the shoreline and the converter station.
<i>Access Permit</i>	A Highway Access Permit will be obtained from PennDOT for a constructing a curb cut onto State Route 215.	LEL LLC will obtain an Access Permit for constructing the converter station access driveway onto State Route 215.

Permit	Description	Status
Pennsylvania Local		
<i>Subdivision and Land Development Approval</i>	The Springfield Township Ordinances require approval by the Board of Supervisors to subdivide the land intended for use as the converter site and to develop the converter station.	LEL LLC will obtain approval from the Springfield Township Planning Commission and Supervisors upon completion of converter site surveys and engineering design of the converter station.
<i>Zoning Approval</i>	The Springfield Township Ordinances allow the development of "essential services," including the installation of electric transmission facilities by public utilities, in all zoning districts.	LEL LLC will obtain a zoning permit from the Township Zoning Officer.
<i>Building Permit</i>	The Springfield Township Ordinances require the issuance of a Building Permit before any construction or development is undertaken in the Township.	The Project will be designed to meet all applicable lot and performance requirements contained in the Township's Ordinances, and the application for a Building Permit will be filed after completion of the engineering design of the converter station and related equipment.
<i>Erosion and Sediment Control Plan</i>	Development projects must obtain an Erosion and Sedimentation Control Plan permit from the Erie County Conservation District.	Upon completion of detailed engineering plans, LEL LLC will file an Erosion and Sedimentation Control Plan for approval by the Erie County Conservation District.
<i>Permit to Excavate Township Streets</i>	The Springfield Township Ordinances authorize the issuance of permits to open or excavate streets in the Township to persons furnishing public utility service.	The Project Team has presented the cable route and construction techniques to the Township Roadmaster and Supervisors. As of this publication, Township officials have not identified any issues that would prevent or seriously delay issuance of the required permits.
<i>Overweight/Oversize Vehicle Permit</i>	Overweight or Oversize vehicles must obtain Township approval to use Town roads.	LEL LLC will obtain approval from the Township Roadmaster to use overweight and oversize vehicles to carry cable on Town roads and for construction of trenches along Township road shoulders.
<i>Pennsylvania One Call System</i>	The LEL Project will require notification to the Pennsylvania One Call System for underground construction.	LEL LLC will notify the One Call System prior to all underground trenching and construction.
<i>Permit to install septic system</i>	The converter station(s) will be installed with a toilet and washroom facility. There is no town sewer, therefore, either a holding tank or a septic field will need to be installed.	A permit application is filed with the Erie County Department of Health. LEL LLC will call to set up a field inspection date and pay for a backhoe to conduct a percolation test (if installing a septic field).

Lake Erie Link Canadian Permits

Permit	Description	Status
Federal		
<i>National Energy Board Certification</i>	Construction and operation of an international power line must be in accordance with a permit or certificate issued by the National Energy Board (NEB). An application is required and the NEB must determine that there are no significant environmental impacts that can not be mitigated and that the Project will have no adverse impact on adjacent provincial power systems. LEL LP expects to file this application after the Open Season and the completion of the Environmental Assessment (EA).	To obtain the NEB certificate, LEL LP must file an application which contains a description of the early notification process, the environmental and other criteria for routing and site selection, the interconnection agreements, a status of all required approvals and the EA. In addition, any adverse impacts on adjacent provincial power systems must be identified. The early notification process has been completed and all other related studies have either been completed or are underway. To date, no issues have been identified which would preclude a timely application and decision to meet the target in-service date.
<i>Canadian Environmental Assessment Act (CEAA)</i>	The CEAA is a comprehensive environmental review process that ensures all aspects of the CEAA regulations are satisfied. In Canada, the EA process is inclusive of all Federal and Provincial agencies. This multi-agency review process results in a comprehensive assessment and as a result there are fewer individual permits and approvals relative to the United States	It has been determined that the NEB will be the lead agency that ensures the LEL will comply with CEAA regulations. The Project team has initiated the necessary studies including public and regulatory consultation, prediction of impacts, identification of measures to eliminate or mitigate effects etc. To date, the EA process has not identified any significant effects of the LEL on the Lake Erie environment.
<i>Fisheries Act</i>	Under the CEAA review process, project proposals are subject to the Fisheries Act that ensures minimal impact on the fish and aquatic habitat.	The Project Team has met with the Department of Fisheries and Oceans to discuss and review preliminary study findings. Based on work to date, we are confident that the LEL will not result in significant adverse impacts to the marine ecosystem.
<i>Navigable Waters Protection Act (NWPA)</i>	Construction within navigable waterways are subject to the NWPA review process to ensure projects will not impair commercial or recreational activities.	To date, preliminary studies show that the proposed LEL route will not have an adverse impact on commercial or recreation navigation.

Permit	Description	Status
Provincial		
<i>Ontario Transmission License</i>	<p>As part of its mandate, the Ontario Energy Board (OEB) licenses all market participants in the electricity sector including transmitters. As a federally regulated transmitter providing a link between Ontario's regulated transmission system administered by the Ontario Independent Electricity Market Operator (IMO) and Pennsylvania's transmission system administered by PJM Interconnection LLC, LEL LP may be considered an Ontario market participant. As such, should it be determined that a Transmission License is required, an Application must be submitted containing prescribed information and the OEB must grant LEL LP a Transmission License. Every license has a deemed condition requiring compliance with Ontario market Rules.</p>	<p>LEL LP is committed to comply with the Ontario market rules. Assuming an Ontario Transmission License is required, LEL LP will take the necessary action to obtain the Transmission License after the Open Season is concluded. LEL LP currently anticipates that, if required, it would seek this license in a timely manner prior to the commencement of construction. LEL LP also notes that in its related intervention in FERC Docket No. ER02-406-000, the IMO supported the LEL stating that it recognizes the resulting reliability and market benefits as well as the opportunity to enhance interregional markets.</p>
<i>Environmental Protection Act (EPA) and Ontario Water Resources Act (OWRA)</i>	<p>The converter station may be a source of noise and liquid discharges. Releases to the environment are subject to approval under the EPA and OWRA.</p>	<p>We are confident that the design of the converter station will meet approval requirements.</p>

