

August 28, 2013

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
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Dear Ms. Walli:

Re: EB-2011-0140: East-West Tie Line Designation: Phase 2 Decision and Order
Compliance Filing by Upper Canada Transmission, Inc. (NextBridge)

We write as legal counsel to NextBridge. Further to the EB-2011-0140 *Decision and Order* of the Board (Decision) issued on August 7, 2013 designating NextBridge as the transmitter for the development phase of the proposed East-West Tie Line, we enclose the 21-day compliance filing directed in the Decision.

NextBridge and its partner organizations (NextEra Energy Canada ULC, Enbridge Transmission Holdings Inc., and Borealis EWT Inc.) are honoured that NextBridge has been designated to develop the East-West Tie Line, and appreciate the confidence thereby expressed in NextBridge's abilities to do so. NextBridge and its partners are fully committed to meeting the expectations of the Board, Ontario's electricity ratepayers, the affected and interested aboriginal communities, and the other electricity stakeholders arising from the designation process and the Decision.

Yours truly,



Ian A. Mondrow

- c. Gunnar Birgisson (NextEra Energy Canada)
- Oliver Romaniuk (UCT)
- Cindy Tindell (NextEra Energy Resources, LLC)
- Annesley Wallace (BEWTI)
- Ryan Farquhar (ETHI)
- Intervenors of Record

ONTARIO ENERGY BOARD

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

UPPER CANADA TRANSMISSION, INC. (NextBridge)

Post Decision and Order (21-Day) Compliance Filing

August 28, 2013

1. By the Decision and Order dated August 7, 2013 (Decision), the Ontario Energy Board (OEB or Board) decided that the designated transmitter for the development phase of the proposed East-West Tie Line (EWT Project) is NextBridge.
2. In accord with the Decision, NextBridge provides this 21-day compliance filing.

Revised Development Milestone Schedule

3. Pursuant to ordering paragraph 3 in the Decision, Attachment 1 to this filing is a revised development milestone schedule, identifying proposed development milestones, proofs of completion, and target completion dates, all as described and directed in the Decision.

4. While the revised development milestone schedule proposed has been adjusted to take into account the actual date of the Decision, the time span for the activities in the schedule are consistent with the development schedule filed in NextBridge's January 4, 2013 Application for Designation (Application)¹. In the Application NextBridge assumed a designation decision in April 2013, and proposed to submit its leave to construct application in October 2014. The Decision was issued in August 2013, approximately 3 months later than NextBridge's initial schedule contemplated. The revised date for submission of a leave to construct application is January 2015, approximately 3 months later than initially scheduled.
5. The key development milestones listed in NextBridge's Application² included milestones for a federal environmental assessment, if required. After further review of the recently developed *Canadian Environmental Assessment Act, 2012*, and the associated *Regulations Designating Physical Activities*, NextBridge has determined that this project does not require a federal environmental assessment. The revised development milestone schedule included with this filing does not include any activities in respect of a federal environmental assessment.
6. In the Decision, the Board directed NextBridge to include in its revised schedule of development milestones proposed milestones related to; i) development and finalization of NextBridge's First Nations and Métis participation plan; and ii) progress on First Nations and Métis consultation. Milestones in these areas are proposed in NextBridge's revised schedule of development milestones (Attachment 1 to this filing) under the heading "*Aboriginal Engagement, Consultation and Participation*". This approach reflects NextBridge's view, as

¹ NextBridge Application for Designation, Appendix 15.

² NextBridge Designation Application, page 100, Figure 18.

stated in its application and interrogatory responses³, that engagement with affected and interested First Nations and Métis communities is a necessary and appropriate pre-requisite to finalizing aboriginal consultation and participation plans. The milestones proposed in these areas at this time thus conclude with completion of the design of the EWT Project aboriginal consultation and participation plans. It would be premature to specify further milestones in these areas until such plans are completed, with community input. NextBridge will be able to address further development phase milestones in these areas at appropriate intervals in monthly reports following completion of these plans.

7. While not part of the development phase for the EWT Project, NextBridge has included in Attachment 1 a table which includes key post-development milestones: i) substantial completion of right of way land acquisition; ii) Environmental Assessment approval; and iii) completion of engineering work. NextBridge has included these post-development milestones for context, but is not seeking formal approval of them at this time.
8. NextBridge requests approval of its revised development milestone schedule, including the proposed development milestones, proofs of completion and target completion dates. Pending approval by the Board, NextBridge will follow the revised development milestone schedule as filed.

³ NextBridge Designation Application. At page 45, Figure 7, Stage 2: Development, the Application states; *NextBridge will negotiate and finalize a proposal for Economic Participation during this phase that will be put forward as part of the Leave to Construct Process*". [Emphasis added.] At page 152, Figure 36, reference is made to requesting self-defined consultation protocols from various First nation and Métis communities and otherwise collecting information and input from the communities themselves. See also discussion at pages 150 and 151 of the NextBridge Application, NextBridge responses to Interrogatories 8 and 9, and NextBridge's Reply Argument at paragraph 114.

Development Cost Deferral Account (DCDA)

9. Attachment 2 to this filing is a draft accounting order for the development cost deferral account (DCDA) established by the Decision. As directed in the Decision, the DCDA will record the actual costs of development of the EWT Project from the date of the Decision (August 7, 2013) up to the filing of a leave to construct application for the EWT Project, or until such other time as the Board may order. The DCDA includes sub-accounts for the development activities listed in Attachment 1 to NextBridge's response to Interrogatory 26 to all applicants in this proceeding, with the following modifications:
- (a) The "*Land Rights (acquisitions or options), including consultation and negotiation with landowners*" cost category from the interrogatory response listing has been broken out in the draft accounting order to separately list aboriginal land acquisition costs (proposed sub-account 11) from other land acquisition costs (proposed sub-account 4).
 - (b) Addition of a sub-account (proposed sub-account 13) for costs not included in other sub-accounts.
10. NextBridge requests an accounting order in the form of the draft order attached.

Monthly Reporting

11. The Decision also amended NextBridge's transmission licence to:
- (a) have an effective date of August 7, 2013, with a term of 20 years; and
 - (b) to include special conditions regarding NextBridge's development phase reporting obligations.
12. The Decision directs, and NextBridge's amended licence requires, that NextBridge report to the Board on a monthly basis, beginning no more than 60 days from the date of the Decision, on the status of following matters in connection with development work on the EWT Project:

- (a) Overall project progress
 - (b) Cost
 - (c) Schedule
 - (d) Risks and Issues
13. In its Application (page 101) NextBridge proposed to provide the Board with monthly status reports within 15 business days of the end of each month. Timing monthly reports in this manner will allow each report to reflect financial status of the development work as of the end of the month prior to the month in which the report is filed.
14. The date that is 60 days from the August 7th date of the Decision is October 6th, which is a Sunday. If NextBridge files its first monthly report the following business day, Monday, October 7th, it will capture financial status on the project only until the end of August. Given the August 7th date of the Decision, there will be little to report (financially) as of the end of August.
15. The 15th business day of October is Monday, October 21st. If NextBridge files its first monthly report on Monday, October 21st, the timing of the filing will ensure that the report reflects the financial status of the EWT Project development work through the end of September. This would allow for inclusion of a more meaningful financial update in the first monthly report.
16. While NextBridge will file its first monthly report by Monday, October 7th if the Board so requests, NextBridge respectfully suggests that filing of the first monthly report on Monday, October 21st would provide a more robust initial status report, including in particular a more meaningful development cost update, which would be of greater assistance to the Board. NextBridge therefore respectfully suggests that the Board consider a minor variance to its procedural directions, such that

the first EWT Project monthly report would be due no later than Monday, October 21st.

17. NextBridge further proposes to file its monthly reports on the 15th business day of each succeeding month. Under this filing schedule, the second monthly report would be filed on the 21st day of November, 2013, and would capture project (including financial) status as of the end of October.

Operating Agreement with the Independent Electricity System Operator

18. Section 6 of NextBridge's electricity transmission licence requires (in standard form) as follows:

The Licensee shall enter into an agreement ("Operating Agreement") with the IESO providing for the direction by the IESO of the operation of the Licensee's transmission system. Following a request made by the IESO, the Licensee and the IESO shall enter into an Operating Agreement within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the board within ten (10) business days of its completion.

19. As the EWT Project is currently in a development stage, and as NextBridge has no other transmission assets at present, there is no transmission system that could be the subject of an Operating Agreement between NextBridge and the IESO. Section 6 of NextBridge's transmission licence does not, at this time, trigger any required action. NextBridge will enter into an Operating Agreement with the IESO in the future, in consultation with the IESO and at the appropriate time prior to commissioning of the EWT Project.

Applicability of OEB Codes

20. NextBridge's electricity transmission licence further specifies that the Board's *Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC)* and the Board's *Transmission System Code (TSC)* apply to NextBridge. The licence requires that NextBridge make copies of these codes available for public inspection at its head office and provide copies to persons who request them.
21. NextBridge has made copies of these codes available at its registered office.
22. As detailed in its Application⁴, NextBridge is owned 50% by a NextEra Energy Canada subsidiary, 25% by Enbridge Transmission Holdings Inc. and 25% by Borealis EWT Inc. As none of NextBridge's owners own voting securities carrying more than 50% of the votes for election of directors, there are no specific *ARC* requirements that apply to NextBridge at this time.
23. In respect of the *TSC*, NextBridge will adhere to all applicable provisions of the code, and in particular:
 - (a) NextBridge will develop, design, and ultimately construct and operate the EWT Project in accord with the standards required by the *TSC*.
 - (b) NextBridge will develop and file for review and approval by the Board connection procedures and performance standards as required by the *TSC* prior to the EWT Project going into service.
 - (c) NextBridge will enter into a connection agreement with Hydro One as required by the *TSC* prior to connection of the EWT Project to the existing Hydro One transmission system.

⁴ NextBridge Designation Application, page 20.

Need Update (OPA)

24. The Designation Decision directs the OPA to file with the Board a schedule for the production of an early detailed need update, and a further need update at the approximate mid-point of the development work for the EWT Project. The Decision contemplates that the OPA's proposed need update schedule should be developed in consultation with NextBridge in order to coordinate with NextBridge's development schedule.
25. NextBridge has consulted with the OPA, and supports the OPA's proposed need update schedule.

General Updates

26. Pending the filing of NextBridge's first monthly compliance report as outlined above, NextBridge also wishes to provide an interim update on three recent developments. While none of these developments adversely affects or is likely to adversely affect the completion of the EWT Project, they reflect changes to some of the information previously filed by NextBridge.
27. First, one of the members of NextBridge's Aboriginal Advisory Board (AAB) recently passed away. Mr. Chilton, whose professional history and credentials are set out in NextBridge's Application⁵, brought valuable insight and wisdom to NextBridge's AAB, and will be missed by NextBridge, his AAB colleagues, and his community.
28. NextBridge is in discussions with two strong candidates to replace Mr. Chilton on the AAB, and anticipates being able to confirm appointment of a replacement member at the time of its first monthly filing.

⁵ NextBridge Designation Application, page 30 and Appendix 3, page 7.

29. Second, Lino Luison, Enbridge Transmission Holdings Inc.'s representative on the NextBridge Board of Directors, has taken on other responsibilities within the Enbridge group, and has been replaced on the NextBridge Board by Don Thompson, who currently leads Enbridge's Green Power & Transmission business. Mr. Thompson's biographical summary is included in this filing as Attachment 3.
30. Third, Mr. Robert van Beers has informed the NextBridge Board of Directors that he will be leaving to pursue other opportunities when his engagement expires in late September. He will continue to support NextBridge as an advisor for the next several months. The NextBridge Board of Directors has initiated a search for a replacement and, collectively, the three consortium partners will continue to ensure the project moves forward expeditiously.

Conclusion

31. NextBridge respectfully requests:
 - (a) Approval of the revised development milestone schedule included as Attachment 1 to this filing, including the proposed milestones, proofs of completion and target completion dates set out therein.
 - (b) Approval of the accounting order for a Development Cost Deferral Account (DCDA), including the proposed sub accounts, in the form included as Attachment 2 to this filing.
 - (c) Approval of a schedule for filing by NextBridge of monthly reports during the EWT Project development phase as follows:
 - (i) Filing of the first monthly report no later than October 21st, 2013.
 - (ii) Subsequent monthly reports to be filed no later than the 15th business day of the month.

REVISED DEVELOPMENT SCHEDULE

Engineering

	Milestone	Proof of Completion	Target Date
1	Initiate engineering	Request for Proposal for engineering	13 Sep 2013
2	Sign contract for engineering	Executed contract	31 Oct 2013
3	Finalize design criteria for conductor and structure	Design criteria report	31 Jan 2014
4	Complete conductor optimization study	Completed study	7 Mar 2014
5	File request for a System Impact Assessment (SIA) with the IESO	Confirming correspondence	12 Mar 2014
6	Status report on progress toward finalization of structure choice	Status Report	31 Mar 2014
7	Obtain senior management approval of the structure configuration proposal	Structure Selection Report	1 July 2014
8	Complete aerial surveys	Aerial surveys report	14 Oct 2014
9	Receive final SIA from the IESO	Confirming correspondence	21 Nov 2014

Route Selection, Land/ROW Acquisition and Community/Municipal Consultation

	Milestone	Proof of Completion	Target Date
10	Prepare list of landowners along the ROW	Line list	10 Oct 2013
11	Complete design of Landowner, Community and Municipal Consultation Plan	Consultation plan	1 Nov 2013
12	Commence negotiations or discussions with all landowners and permitting agencies	Confirming correspondence	25 Nov 2013
13	Finalize proposed route and obtain senior management approval	Final route report	1 Jul 2014

Aboriginal Engagement, Consultation and Participation

	Milestone	Proof of Completion	Target Date
14	Send introductory correspondence to aboriginal communities	Confirming correspondence	30 Aug 2013
15	Initial meeting with Ministry of Energy regarding the MOU for delegation	Confirming correspondence	15 Sep 2013
16	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	Confirming correspondence	30 Sep 2013
17	Sign MOU with Ministry of Energy regarding the delegation	Executed MOU	5 Nov 2013
18	Complete design of First Nations and Metis Participation Plan with community input	Participation plan	2 Jan 2014
19	Complete design of First Nations and Metis Consultation Plan with community input	Consultation plan	2 Jan 2014

Environmental Assessment (Provincial)

	Milestone	Proof of Completion	Target Date
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	Confirming correspondence	10 Oct 2013
21	Issue notice of draft Terms of Reference (ToR) available for review	Public advertisement of draft ToR	16 Jan 2014
22	File Environmental Assessment ToR	Confirming correspondence	28 Feb 2014
23	Initiate wildlife, aquatics and early season vegetation assessments	Plan outlining summer programs	1 May 2014
24	Approval of Environmental Assessment ToR	Confirming correspondence	3 Jul 2014
25	Complete Environmental Assessment Consultation Report	Environmental Assessment	27 Jan 2015
26	Submit Environmental Assessment to Ministry of Environment	Confirming correspondence	27 Jan 2015

LTC

	Milestone	Proof of Completion	Target Date
27	Submit Leave to Construct (LTC) application	Confirming correspondence	28 Jan 2015

Post Development Activities

Note: These key post-development milestones are provided for context, and not for formal approval at this time.

	Milestone	Proof of Completion	Target Date
	Acquire substantial land/ROW rights	Percentage completion report	5 Feb 2015
	Receive Environmental Assessment approval	Confirming correspondence	1 Dec 2015
	Engineering completed	Confirming documentation	26 Jan 2016

**DRAFT ACCOUNTING ORDER
 DEVELOPMENT COST DEFERRAL ACCOUNT**

**UPPER CANADA TRANSMISSION, INC.
 Accounting Entries for East-West Tie Line Development Costs
 Deferral Account No. 1508.001**

Upper Canada Transmission Inc. (UCT) shall establish the following deferral account; Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs.

Actual costs of development of the East-West Tie line shall be recorded in this account, from the date of the EB-2011-0140 August 7, 2013 decision up to the date of filing of a leave to construct application, or such other time as the Board may order. Sub-accounts shall be included for the development activities as listed in Attachment 1 to UCT's response to interrogatory 26 in the EB-2011-0140 proceeding. These sub-accounts are shown in the table below.

The amounts recorded in *Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs* shall be brought forward for disposition in a future proceeding.

Debit: Account No. 1508.001
 Other Regulatory Assets: East-West Tie Line Project Development Costs

Credit: Account No. 2205.001
 Accounts Payable

To record, as a debit in Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs, the costs incurred for development activities for the East-West Tie line. These costs are divided into the following sub-accounts:

Sub-account	Account Description
1	Engineering, design and procurement activity costs.
2	Permitting and licencing costs.
3	Costs of obtaining environmental and regulatory approvals.
4	Land rights (acquisitions or options) costs and costs for consultation and negotiation with landowners. Excludes Aboriginal land acquisition costs.
5	Costs of carrying out Aboriginal consultation.

Sub-account	Account Description
6	Costs of carrying out community and other stakeholder consultation. Excludes aboriginal consultation costs.
7	Costs for regulatory activities and filings, including legal support.
8	Costs of interconnection studies.
9	Costs for project management activities.
10	Materials and equipment costs.
11	Aboriginal land acquisition costs.
12	Costs of Aboriginal participation and mitigation of project impact.
13	Costs not included in other subaccounts.

Debit: Account No. 1508.002
Carrying Charges on Account 1508, Other Regulatory Assets:
sub-account East-West Tie Line Project Development Costs

Credit: Account No. 4405.001
Interest and Dividend Income: East-West Tie Line Project Development
Costs

To record carrying charges on the balance in Account 1508.001, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs. Simple interest will be computed monthly on the opening balance in account 1508.001 in accordance with the methodology approved by the Board in EB-2006-0117.

BIOGRAPHICAL SUMMARY FOR DON THOMPSON

Donald K. Thompson (Don)	
Biography	
<p>Mr. Thompson started his career with Enbridge in the Regulation and Business Development groups in Edmonton. Don moved to Alberta Energy Company in 1993 to develop the Express Pipeline System. During his tenure at AEC (a predecessor company to EnCana), he developed Oil, Gas and NGL pipeline projects in North and South America. The Express and OCP pipelines included numerous regulatory and technical challenges including project financing. Mr. Thompson rejoined Enbridge in Calgary to lead the Commodity Forecasting and Planning group in 2001. Mr. Thompson has a Bachelor of Arts with Specialization degree in Economics from the University of Alberta and a Masters in Business Administration from the University of British Columbia.</p>	
Professional Experience	
<p>Green Energy - Calgary, Alberta</p> <p>Vice President</p> <p>In 2013 Enbridge's Power Transmission portfolio was combined with Green Energy to form the Green Power & Transmission business unit. Mr. Thompson leads the combined business unit.</p>	<ul style="list-style-type: none"> • More than doubled the generation capacity and earnings of the business unit in less than three years. • Advanced investment into new markets in Quebec, Colorado and Nevada. • Led the development and implementation of Operational Reliability Management system for the Generation and Transmission business unit. • Integration of the Transmission and Generation business units.
<p>Enbridge Inc. - Calgary, Alberta</p> <p>Senior Director of Market Access, Business Development</p> <p>Responsible for the development of Mainline Terminal, Mainline Capacity, new Market Access and Light Product development for Enbridge's Liquids Pipelines portfolio. In addition, his team was responsible for Acquisitions and Divestitures of pipeline assets in North America.</p>	<ul style="list-style-type: none"> • Developed a number of innovative and industry leading projects including the Southern Lights diluent pipeline. • Commercial lead for the Comprehensive Toll Settlement (CTS) negotiations with Mainline customers. • Authored National Petroleum Council report on Oil Infrastructure as part of Prudent Development study. • Represented Enbridge and numerous joint venture Boards and Management committees.
Education and Credentials	
<p>Master of Business Administration, University of British Columbia, Vancouver, BC, Canada Bachelor of Arts, Economics, University of Alberta, Edmonton, AB, Canada</p>	