

April 22, 2015

VIA COURIER, EMAIL, RESS

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

Dear Ms. Walli:

**Re: EB-2011-0140: East-West Tie Line Designation
Report - April 22, 2015**

Enclosed for filing is the report for Upper Canada Transmission, Inc. ("NextBridge"), a copy of which was filed through the RESS earlier today.

Yours truly,

(Original Signed)

Krista Hughes
Senior Regulatory Counsel, Enbridge Pipelines Inc.

Enclosure

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.
(d/b/a NextBridge Infrastructure)**

Report

April 22, 2015

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 Infrastructure (“NextBridge”).
2. In accordance with Ordering Paragraph 2 (page 42) of the Decision and the Board’s September 26, 2013 *Decision and Order regarding Reporting by Designated Transmitter*, NextBridge provides this report.
3. As per the Board’s January 22, 2015 *Decision and Order Regarding Reporting By Designated Transmitter* (January 22, 2015 Decision), NextBridge is now required to report on the 15th business day of April, July, October and January of each year of the development period, beginning in April 2015. The final monthly report was filed on January 22, 2015. This report reflects the financial status of development work on the EWT Project through March 31, 2015. Other aspects

of this report are current as of the close of business on the last business day prior to the filing date.

4. This report is organized as follows:
 - (a) A summary report on overall EWT Project progress.
 - (b) A cost summary providing details for each cost category included in NextBridge's Board approved development cost budget of: i) actual costs to date; ii) percentage of budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance. Reasons for any forecast variance and associated mitigating measures for negative forecast variances are also provided.
 - (c) A summary of the status of NextBridge's Board approved development milestones, indicating those that are complete and the status (i.e. on schedule, ahead of schedule or delay/potential delay) of those in progress. If any delay or potential delay in achievement of any of the milestones has been identified, the reasons for the delay, the magnitude and impact of the delay on the broader development schedule and cost, and mitigating steps that have been or will be taken, are reviewed.
 - (d) A summary of risks and issues that have arisen during development work, including discussion of potential impact of any such developments on schedule, cost or scope, and discussion of options for mitigating or eliminating the risk or issue. This section also provides an update on any previously identified risks or issues.

Overall Project Progress

5. Seeking to conserve the Board-approved development costs for the longest period possible, NextBridge significantly reduced spending during this period. As a result, work towards milestones progressed at a limited pace, largely restricted to strategic activities as further described below.
6. In respect of engineering work:
 - (a) fabrication and testing of a seventh prototype lattice tower structure was completed successfully. Fabrication and testing of the remaining three prototypes is anticipated to be completed by April 30, 2015.

7. In respect of route selection, land/ROW acquisition and community/municipal consultation activities, discussions with landowners, permitting agencies and other stakeholders have continued.
- (a) Activities within the community/municipal consultation area included:
- (i) updated stakeholder database in preparation of upcoming stakeholder EWT Project update letter;
 - (ii) preparation and distribution to stakeholders of an EWT Project update letter dated April 7, 2015. A copy of the correspondence is attached to this report for the information of the Board at Schedule A;
 - (iii) attended an Ontario Good Roads Association/Rural Ontario Municipal Association (OGRA/ROMA) conference in Toronto on February 23 and 24, 2015;
 - (iv) continued documentation and response to queries as received, including queries in connection with current routes under consideration, and the EWT Project in general; and
 - (v) updated NextBridge.ca website with EWT Project updates and materials.
- (b) Activities in respect of route selection and land/ROW acquisition included:
- (i) continued response to landowner queries as received, including queries in connection with current routes under consideration, the Land Acquisition program, and the EWT Project in general; and
 - (ii) engagement with Crown interest holders resulting from communication received from the Ministry of Natural Resources and Forestry related to land tenure.
8. In respect of Aboriginal engagement, consultation and participation, activities included:
- (a) attended a community meeting with Fort William First Nation on February 10, 2015;

- (b) held an environmental assessment (EA) training session for consultation coordinators in three First Nations (Fort William First Nation, Red Rock Indian Band, Pays Plat First Nation) on February 11, 2015;
 - (c) ongoing engagement activities with the 18 identified First Nation and Métis communities; and
 - (d) continued discussions on potential commercial participation by Aboriginal communities in the EWT Project, as outlined in the Aboriginal Participation Plan (Schedule C) submitted as part of the EWT Project January 22, 2014 Monthly Report.
9. In respect of environmental activities, work included:
- (a) continued refinement of alternatives assessment for routing as support for the EA;
 - (b) data interpretation of natural environment and socioeconomic data for the drafting of the EA; and
 - (c) continued input into stakeholder consultation responses.
10. Additional general updates for the reporting period include:
- (a) As part of the January 22, 2015 Decision, NextBridge was relieved from compliance with the milestones due for completion in January of 2015.
 - (b) In response to the Ontario Power Authority's September 30, 2014 letter, NextBridge continues to explore authorization to study within Pukaskwa National Park (the Park). As part of this effort, NextBridge held a request for proposals and engaged consultants to assist NextBridge with strategic and practical advice related to gaining access to the Park. The combined efforts of NextBridge, Sussex Strategy Group and Golder Associates Ltd. have confirmed that discussions between the Provincial and Federal governments have not progressed favourably, particularly influenced by the recent Ontario government Rouge Park decision. Overall, initial findings have not been supportive of gaining access to study the Park in a timely way, or at all. In order to achieve the targeted 2020 in-service date, NextBridge will require authorization to study in the Park sufficiently in advance so that data collection and other required permits are in-hand to start the 2016 spring study season. NextBridge intends to reach out to Parks Canada directly in one final attempt for a meeting to discuss the issue in-person.

- (c) A financial audit of NextBridge's December 31, 2014 financial statements for the period August 7, 2013 through December 31, 2014 is being finalized and will be filed on or before April 30, 2015.
- (d) NextBridge is currently negotiating a short-term extension to the NextBridge Infrastructure project office lease currently set to expire in August 2015.
- (e) As at March 31, 2015, NextBridge has spent approximately \$19.0 million, inclusive of budgeted and unbudgeted costs. NextBridge continues to carry out a detailed and rigorous assessment of the costs associated with the activities reflected in the revised development schedule and milestones proposed in its December 19, 2014 submission. NextBridge intends to bring forward an updated forecast on or before May 15, 2015 capturing the full development period that has been extended by almost three years. Incremental costs related to the extended development period are currently expected to be similar to those approved in the Decision related to the original development period.

Cost Summary

- 11. Table 1, below, details for each cost category included in NextBridge's Board approved development cost budget: i) actual costs to date; ii) percentage of budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance.
- 12. Table 1 Total Project Estimate amounts continue to represent Board approved development costs corresponding to the scope and schedule approved for the EWT Project development phase targeted to end on January 28, 2015 with the filing of a leave to construct application. NextBridge will continue to spend the Board-Approved Costs as it works towards the development of the EWT Project.
- 13. An updated EWT Project forecast remains under development at this time. As a result, the Project Management actuals currently exceed the forecast. As noted above, NextBridge intends to bring forward an updated forecast on or before May 15, 2015.

14. In preparing for the audit of the December 31, 2014 financial statements, NextBridge identified transactions relating to Engineering, Land and Regulatory that required net adjustments of approximately \$200,000 to the December 31, 2014 Budgeted Costs financial information submitted as part of the EWT Project January 22, 2015 Report. These adjustments have been incorporated into the audit materials and are also captured in Table 1 below.

Table 1: Budgeted Costs Status

Cost Category	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual ¹	% of total budget	Forecast	Budget ²	Variance \$	Variance %
Budgeted						
Engineering, Design and Procurement Activity	\$6,514,070	61.7%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	85,051	179.7%	121,031	47,320	(73,711)	(155.8)%
Environmental and Regulatory Approvals	3,514,096	97.8%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,553,366	78.0%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	1,376,526	79.8%	1,724,000	1,724,000	-	0%
Other Consultation	806,550	162.6%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	1,027,311	104.3%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	84,754	47.3%	100,000	179,000	79,000	44.1%
Project Management	1,815,076	139.6%	1,672,015	1,300,000	(372,015)	(28.6)%
Contingency (Engineering, Design and Procurement)	-	0%	456,429	1,529,708	1,073,279	70.1%
Total	\$16,776,800	74.9%	\$22,398,001	\$22,398,001	-	0%

¹ "Actual" refers to actual costs plus estimated accruals.

² This total refers to the Development Phase budgeted amount as approved by the Board in file EB-2011-0140 Phase 2 Decision and Order dated August 7, 2013.

15. Table 2, below, details costs to date not included in NextBridge's Board approved development cost budget. This table includes two categories of cost expressly excluded from the development cost budget filed by NextBridge: First Nation and Métis land acquisition costs and First Nation and Métis participation costs (see NextBridge Response to Interrogatory 26 to all applicants, attachment 1).
16. The "Other" category on Table 2 records unbudgeted costs that are, to date, for the most part related to the Notice of Appeal filed by Pic River in the Ontario Divisional Court in respect of the Decision.

Table 2: Unbudgeted Costs

Cost Category	Current period project to date Actual ³ (\$)	Prior period project to date Actual ³ (\$)
Not Budgeted		
First Nation and Métis Land Acquisition	15,654	10,302
First Nation and Métis Participation	1,597,872	1,497,724
Other Costs Not included in Budgeted Categories	230,163	230,163
Carrying Cost	118,140	73,602
Taxes and Duties	-	-
Total Not Budgeted	1,961,829	1,811,791

Development Milestone Summary

17. Table 3 below, provides a summary of the status of NextBridge’s Board approved development milestones, indicating those that are complete and the status of those in progress (i.e. on schedule, ahead of schedule or delay/potential delay).

18. For each of the Board approved milestones, Table 3 provides:
 - (a) The Board approved milestone date.
 - (b) The status of all milestones.
 - (c) A “revised forecast date” if applicable, indicating NextBridge’s current forecast of the date for completion of the relevant milestone if the current forecast differs from the Board approved date.

19. As part of its December 19, 2014 filing with the Board, NextBridge proposed a new development schedule for development work on the EWT Project. Once a new development schedule has been approved by the Board, the revised milestones and target completion dates will be updated here.

³ “Actual” refers to actual costs plus estimated accruals.

Table 3: Milestone Progress and Status

Engineering Milestones

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

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

	Milestone	Board Approved Date	Status	Revised Forecast Date
10	Prepare list of landowners along the ROW	10 Oct 2013	Completed	
11	Complete design of Landowner, Community and Municipal Consultation Plan	1 Nov 2013	Completed	
12	Commence negotiations or discussions with all landowners and permitting agencies	25 Nov 2013	Completed	May 30, 2014 as per EWT Project April 22, 2014 Monthly Report
13	Finalize proposed route and obtain senior management approval	1 Jul 2014	Completed	

Aboriginal Engagement, Consultation and Participation Milestones

	Milestone	Board Approved Date	Status	Revised Forecast Date
14	Send introductory correspondence to aboriginal communities	30 Aug 2013	Completed	
15	Initial meeting with Ministry of Energy regarding the MOU for delegation	15 Sept 2013	Completed	
16	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	30 Sept 2013	Completed	
17	Sign MOU with Ministry of Energy regarding the delegation	5 Nov 2013	Completed	
18	Complete design of First Nations and Métis Participation Plan with community input	2 Jan 2014	Completed	
19	Complete design of First Nations and Métis Consultation Plan with community input	2 Jan 2014	Completed	

Environmental Assessment (Provincial) Milestones

	Milestone	Board Approved Date	Status	Revised Forecast Date
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	10 Oct 2013	Completed	
21	Issue notice of draft Terms of Reference (ToR) available for review	16 Jan 2014	Completed	
22	File Environmental Assessment ToR	28 Feb 2014	Completed	
23	Initiate wildlife, aquatics and early season vegetation assessments	1 May 2014	Completed	May 20, 2014 - as per EWT Project April 22, 2014 Monthly Report
24	Approval of Environmental Assessment ToR	3 Jul 2014	Completed	August 28, 2014
25	Complete Environmental Assessment Consultation Report	27 Jan 2015	Delayed	To be determined
26	Submit Environmental Assessment to Ministry of Environment	27 Jan 2015	Delayed	To be determined

Leave to Construct Milestone

	Milestone	Board Approved Date	Status	Revised Forecast Date
27	Submit Leave to Construct (LTC) application	28 Jan 2015	Delayed	To be determined

20. There were no milestones achieved during this reporting period.

Issues/Risks/Mitigation Summary

21. This section of NextBridge’s report provides a summary of risks and issues that have arisen during development work, including discussion on potential impact of any such developments on schedule, cost or scope, and of options for mitigating or eliminating the risk or issue.
22. NextBridge continues to work with the information available to it to carry out a detailed and rigorous assessment of the schedule, scope and costs associated with an extended development period, and intends to bring forward a budget of costs by May 15, 2015. The exercise incorporates further exploration and identification of impacts of historic scope changes and related budget variances to the overall budget of costs. Currently, the resulting dollar amount is expected to be similar to that approved in the Decision related to the original development period.

Attachments to NextBridge Report

Schedule A

Project update letter to stakeholders dated April 7, 2015

April 7, 2015

RE: Proposed NextBridge Infrastructure New East-West Tie Transmission Project – Project Update

I am pleased to provide you with the following Project update.

The Independent Electricity System Operator (IESO) (formerly the Ontario Power Authority), the provincial agency responsible for long-term electricity planning in Ontario, has proposed that the development schedule for the East-West Tie Project be extended to work toward a 2020 in service date. The Ontario Energy Board (OEB) directed NextBridge to work with the IESO to produce a revised development schedule for the Project. NextBridge consulted with the IESO and revised the development schedule and submitted it to the OEB for approval on December 19, 2014. The revised schedule proposes filing of the Leave to Construct application with the OEB in December 2017 to meet an in-service date of December 2020. The OEB has since indicated it is not prepared at this time to approve the revised development schedule proposed given the current uncertainty surrounding routing and access within Pukaskwa National Park. Their response can be found at the link below.

http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/463441/view/Dec_Order_EWT_20150122.PDF

NextBridge has resumed pursuit of permission to study a route that would cross Pukaskwa National Park adjacent to the existing transmission corridor as one potential means of reducing overall project cost through a shortening of overall line length. During this time, we will engage with stakeholders and Aboriginal communities in relation to such a route. NextBridge has requested a prompt decision from Parks Canada with respect to Pukaskwa National Park access. Once a decision is made regarding access to the Park for study purposes, we will be in a better position to reasonably estimate Project development costs for the extended development period and confirm the development schedule. Assuming a timely decision related to Park access, the revised budget will be submitted to the OEB by May 15, 2015. In the event that

authorization to study in the Park is not obtained, the Project budget and schedule will be refined reflecting a Project that goes around the Park.

I would also like to take this opportunity to announce that I, John Deese, have taken on the position of NextBridge's Project Director for the East-West Tie Project effective immediately. I was previously Executive Director of Transmission Development at NextEra Energy Transmission Inc. and in that role participated in East-West Tie Project development work beginning in 2014. I am looking forward to meeting with you to discuss the project.

Sincerely,

[Original Signed]

John Deese
Project Director – East-West Tie Transmission Project
NextBridge Infrastructure

Si vous désirez ces informations en français, s'il vous plaît contactez NextBridge au 1-888-767-3006 ou info@nextbridge.ca.