

November 10, 2018

**VIA COURIER, RESS and EMAIL**

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

Dear Ms. Walli:

**Re: Upper Canada Transmission, Inc. (“NextBridge”) and  
Hydro One Networks Inc. (“Hydro One”)  
East-West Tie Line Project and Lake Superior Link Project  
Combined Hearing  
EB-2017-0182/EB-2017-0194/EB-2017-0364  
NextBridge Reply Argument - Correction**

Further to the submission filed by NextBridge on November 9, 2018 in accordance with Procedural Order No. 1, enclosed please find NextBridge’s Corrected Reply Argument in the above noted proceeding.

**Correction:**

Some content was inadvertently deleted within bullet point c) on page 31 of 31, and a bullet point d) was inadvertently added on page 31 of 31. Both items have been corrected. No other changes have been made to the document.

Please replace the NextBridge Reply Argument that was filed on November 9<sup>th</sup> with this version.

Yours truly,

(Original Signed)

Krista Hughes  
Senior Legal Counsel  
Enbridge Employee Services Canada Inc.

## **ONTARIO ENERGY BOARD**

Upper Canada Transmission Inc. (on behalf of  
NextBridge Infrastructure)  
Application for leave to construct an electricity  
transmission line between Thunder Bay and Wawa, Ontario

- and -

Hydro One Networks Inc.  
Application to upgrade existing transmission station facilities  
In the Districts of Thunder Bay and Algoma, Ontario

- and -

Hydro One Networks Inc.  
Application for leave to construct an electricity transmission line  
between Thunder Bay and Wawa, Ontario.

## **NEXTBRIDGE REPLY ARGUMENT**

### **I. Approval of NextBridge's Application**

1. On October 31, 2018, fifteen parties submitted arguments in this proceeding<sup>1</sup> – Hydro One and its employee union are the only parties that oppose NextBridge's application. In this Reply<sup>2</sup>, NextBridge addresses main themes and positions from other parties, but does not

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<sup>1</sup> The Submissions received from other parties are the following: Response of Hydro One Networks Inc. to the Argument-in-Chief of NextBridge ("Hydro One Response"); OEB Staff Submission ("Staff Submission"); Independent Electricity System Operator Submission ("IESO Submission"); Final Argument Anwaatin Inc. ("Anwaatin Submission"); Written Submission of Bamkushwada Limited Partnership ("BLP Submission"); Final Written Submissions of the Batchewana First Nation ("BFN Submission"); Submission of the Intervenor Biinjitiwaabik Zaaging Anishinaabek ("BZA Submission"); Final Argument of the Consumers Council of Canada ("CCC Submission"); Final Submission of Long Lake #58 First Nation ("LL#58FN Submission"); Métis Nation of Ontario Intervenor Written Submissions ("MNO Submission"); Intervenor Argument Michipicoten First Nation ("MFN Argument"); Submission of the Power Workers' Union ("PWU Submission"); Final Argument of the School Energy Coalition ("SEC Submission"); and Vulnerable Energy Consumers Coalition Submission ("VECC Submission").

<sup>2</sup> NextBridge will continue to use the same defined terms as set out in its October 22, 2018 Argument in Chief ("NextBridge AIC") and its October 31, 2018 Response to Hydro One AIC ("NextBridge Response").

respond to all items. The lack of addressing a particular position should not be interpreted as NextBridge's agreement with that position.

2. While the parties' arguments reveal a variety of perspectives on the issues, NextBridge submits that overall the perspectives and arguments support the approval of NextBridge's application for leave to construct the EWT Line Project.
3. There is broad agreement in the submissions made to the Board<sup>3</sup> that the key criteria for assessing the leave to construct applications by NextBridge and Hydro One are the interests of consumers with respect to "prices" and "reliability" of electricity service.<sup>4</sup> The application of the key criteria to the evidence supports approval of NextBridge's EWT Line Project.
4. As has been pointed out by other parties including Hydro One,<sup>5</sup> NextBridge has been working to advance the EWT Line Project for about five years, from the Phase 2 designation decision in August of 2013 to the hearing of this case in October of 2018.
5. NextBridge's management of the EWT Line Project has been focused on achieving the 2020 in-service date,<sup>6</sup> which has been consistently identified and reiterated as the in-service timing for the project since the Ontario Power Authority's September 30, 2014 letter to the Board.<sup>7</sup> Following the OPA's letter, the Board recommended that NextBridge and the OPA work together to produce a revised development schedule<sup>8</sup> and the Board said that the revised development schedule must include, among other things, the proposed in-service date for the line.<sup>9</sup> NextBridge and the OPA worked together in accordance with the Board's recommendation and subsequently the Board granted NextBridge's request for approval of a revised schedule for the development of the EWT Line Project "consistent with a new in-

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<sup>3</sup> See, for example, CCC submission, page 7 and SEC Submission, page 8, paragraph 1.3.6.

<sup>4</sup> See subsection 96(2) of the *OEB Act*.

<sup>5</sup> Hydro One AIC, page 6, paragraph 22 and Hydro One Response, page 24, paragraph 85.

<sup>6</sup> See, for example, Exhibit JD1.2.

<sup>7</sup> In the NextBridge AIC, at pages 14-15, paragraph 45, NextBridge set out a number of instances where the December 2020 in-service date is identified, starting with the March 2016 OIC which says that "Ontario considers the expansion or reinforcement of the electricity transmission network in the area between Wawa and Thunder Bay .... with an in service date of 2020, to be a priority". (Emphasis added.)

<sup>8</sup> EB-2011-0140, OEB Letter to NextBridge, October 29, 2014, page 1.

<sup>9</sup> EB-2011-0140, OEB Letter to NextBridge, October 29, 2014, page 2.

service date of 2020”.<sup>10</sup> After the Board’s approval of the Updated Extended Development Schedule based on a 2020 in-service date for the EWT Line Project, no further change to the schedule was approved by the Board and no dispensation from compliance with the approved schedule was given by the Board to NextBridge.

6. While not disputing that NextBridge has been focused on a 2020 in-service date,<sup>11</sup> Hydro One says that this date is no longer “relevant”.<sup>12</sup> Hydro One is wrong. The 2020 in-service date has been identified by both the IESO and the Minister of Energy, and is reflected in the OEB-approved Updated Extended Development Schedule. Indeed, the IESO’s final argument in this proceeding continues to recommend a 2020 in-service date.<sup>13</sup> To achieve a 2020 in-service date, NextBridge is willing to accept a condition of its leave to construct approval for a June 2019 construction start date that gets the line in-service by December 2020. Similarly, if the Board determines that a later in-service date is appropriate based on factors beyond NextBridge’s control, NextBridge is still willing to start construction in June 2019 to optimize project schedule and cost.
7. NextBridge’s investment of time and effort since 2014 to work toward a December 2020 in-service date has produced a well-advanced leave to construct proposal for consideration by the Board. While Hydro One has attempted to belittle NextBridge’s use of the words “shovel ready” to describe the EWT Line Project,<sup>14</sup> the point of using those words is to explain that the highly-advanced nature of NextBridge’s proposal reduces and removes uncertainties that otherwise could or would arise in respect of a leave to construct application for a project as large and as complex as the EWT Line Project. Those words also distinguish the level of

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<sup>10</sup> EB-2015-0216 Decision and Order dated November 19, 2015, pages 1, 6, 9 and 10. In a filing made on December 19, 2014, NextBridge said that the revised development schedule “reflects a proposed in-service date of December, 2020 ... based on the OPA’s most current information regarding the need for the EWT line”. In its Decision (at page 9), the Board referred to NextBridge’s filing on December 19, 2014 (as well as two subsequent updates) and the Board noted that the IESO had confirmed that the proposed development schedule was aligned with the IESO’s most current information regarding the need for the line.

<sup>11</sup> See Hydro One Response, page 5, paragraph 23.

<sup>12</sup> Hydro One Response, page 5, paragraph 22 and page 7, paragraph 28. The PWU submits that the December 2020 in-service date is “increasingly becoming irrelevant”: PWU Submission, page 12, paragraph 31.

<sup>13</sup> IESO Submission, page 6.

<sup>14</sup> Hydro One Response, pages 9-10, paragraph 36.

development of the NextBridge EWT Line Project from the lack of advancement of the Hydro One proposal.

8. NextBridge's efforts to advance the EWT Line Project have been extensively set out since the designation proceeding, for example, in the monthly and quarterly reports filed by NextBridge with the Board, in the evidence for the development costs phase of this proceeding and in the evidence for the leave to construct phase of this proceeding. NextBridge will not attempt to repeat or catalogue this body of evidence in argument, but will touch on a few examples.
  
9. One example is NextBridge's sustained effort to initiate and maintain ongoing consultation with First Nation and Métis communities and to build relationships with those communities: the advanced state of NextBridge's Indigenous consultation activities was a point of comment in a number of the parties' arguments referred to in paragraph 1, above.<sup>15</sup> Another example is NextBridge's completion of its comprehensive field reconnaissance program that provides NextBridge with more certainty about on-site conditions, which, in turn, provides more certainty of the cost to construct the EWT Line Project.<sup>16</sup> NextBridge's field work includes on-site geotechnical work that provides a substantially better understanding of site conditions than could be gleaned from the "desktop data" that Hydro One has reviewed in developing its project.<sup>17</sup> A third example is the thorough and careful approach followed by NextBridge in order to lay the groundwork for an efficient processing of permits and approvals to ensure that construction will commence and proceed on schedule.<sup>18</sup>

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<sup>15</sup> The Staff Submission (at page 25) says, for example, that it is clear NextBridge is more advanced in terms of Indigenous consultation and participation. VECC says that NextBridge has both in the development stage and in the EWT lead up work expended considerable effort and costs on fulfilling its commitment to First Nations and Métis consultation and participation (VECC Submission, page 16, paragraph 5.1). BLP says that NextBridge "has gone to great lengths" to fulfill the duty to consult and accommodate (BLP Submission, page 5, paragraph 16).

<sup>16</sup> Hearing Transcript Volume 6, pages 22-23.

<sup>17</sup> Hearing Transcript Volume 7, pages 41-42

<sup>18</sup> NextBridge's thorough and careful approach to permitting requirements is laid out in the series of bullet points at paragraph 91, page 31, of the NextBridge Response.

10. Thus, a benefit of NextBridge's diligence over the five-year period before the leave to construct hearing, and its focus on the December 2020 in-service date, is that the Board can apply the key criteria of prices and reliability in the context of a highly-advanced proposal. NextBridge's proposal provides a solid evidentiary basis to conclude that, notwithstanding the magnitude and complexity of the project, matters such as EA approval, Indigenous consultation, permitting, and on-site conditions – to name just a few - have been addressed so as to minimize any risks that these matters will adversely affect expected construction costs and schedule.
11. In contrast to NextBridge's well-developed leave to construct proposal, more than three and a half years after the designation decision, Hydro One began to consider filing a competing Leave to Construct Application.<sup>19</sup> When filed in February of 2018, Hydro One's application for leave to construct the LSL Project set out four "key assumptions" that are critical to the completion of the project. Hydro One explained that, if these assumptions are not realized, Hydro One will be unable to complete the LSL Project as proposed in the application.<sup>20</sup> The four key assumptions include assumptions related to the EA for the LSL Project and an assertion that the application is "conditional" on Hydro One finalizing agreements with directly impacted Indigenous communities within a short period of time (in the order of 45 days).<sup>21</sup>
12. The evidence shows that Hydro One's proposal for the LSL Project is considerably less well-developed when compared to NextBridge's highly-advanced proposal. CCC's observation about Hydro One's proposal is that "it is unlikely that a proponent [Hydro One], absent the need to 'beat' a competing application for leave to construct, would advance a Leave to Construct Application with so many outstanding issues that could materially affect both the

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<sup>19</sup> Hydro One gave notice to NextBridge in March of 2017 that NextBridge should no longer share confidential information regarding the project with Hydro One: Motion Technical Conference Undertaking JT2.18. Apparently, Hydro One did so because it "might be a competitor": Transcript from May 17, 2018 Motion Technical Conference, page 163.

<sup>20</sup> EB-2017-0364, Exhibit B-7-1, pages 6-7.

<sup>21</sup> *Ibid.* In an Interrogatory Response delivered on September 24, 2018, Hydro One confirmed that the assumption about agreements with directly impacted Indigenous communities remains critical and that the first two assumptions remain as requirements in order for Hydro One to meet its proposed schedule for the LSL Project: Hydro One response to NextBridge Interrogatory #12 (filed at EB-2017-0364, Exhibit I-2-12, part (a)).

cost of the proposed project and the timing within which the project could be brought into service”.<sup>22</sup>

13. CCC’s observation captures why, as between the two competing applications before the Board, the NextBridge application must be seen as the one that meets the “prices” criterion. As set out above, NextBridge has brought to the Board a singularly well-advanced proposal for the construction of the EWT Line Project and the highly-advanced nature of this proposal gives the Board a solid evidentiary foundation to conclude that matters such as EA approval and Indigenous consultation have been addressed so as to minimize cost and schedule risks. The competing proposal does not meet the “prices” criterion because, in the words of CCC, it is subject to “many outstanding issues that could materially affect” both cost and schedule. And, of course, schedule and timing are relevant to the “prices” criterion, because material delays in schedule themselves have significant cost implications.
14. For ease of reference, NextBridge has summarized the cost and schedule uncertainties arising from Hydro One’s proposal in Table 1, below.<sup>23</sup> The uncertainties associated with the proposed LSL Project, as summarized in Table 1, are of such number and magnitude that there is no basis on the evidence in this case for a conclusion that the LSL Project meets the “prices” criterion.
15. The issue of achieving a 2020 in-service date is important not only in relation to the “prices” criterion, but also in relation to the “reliability” criterion. As noted above, the IESO continues to recommend an in-service date of 2020 for the EWT line expansion. And, as previously pointed out by NextBridge,<sup>24</sup> the IESO’s updated need assessment says that relying on interim measures beyond the recommended in-service date of 2020 will result in additional risks to reliability and increased costs.<sup>25</sup> Further, the IESO continues to make clear that the

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<sup>22</sup> CCC Submission, page 17.

<sup>23</sup> Table 1 can be found at the end of this section of the Reply Argument. An annotated version of Table 1 is included at Appendix A to this Reply Argument.

<sup>24</sup> See NextBridge Response, page 20, paragraph 57.

<sup>25</sup> IESO Addendum dated June 29, 2018, at page 6, filed at Exhibit K4.4. (Emphasis added in text above.) The fact that interim measures will result in additional risks to reliability and increased costs means that, even with the interim measures, reliability risks are not eliminated.

increased risk to reliability of delaying the EWT line expansion beyond 2022 is unacceptable.<sup>26</sup>

16. As between the two competing applications, NextBridge's proposal meets the "reliability" criterion, because it has been targeted to achieve a December 2020 in-service date,<sup>27</sup> thereby avoiding the reliability risks beyond December of 2020 identified by the IESO. NextBridge has confirmed in evidence that it can still achieve the December 2020 in-service date if it is granted Leave to Construct by the end of this year.<sup>28</sup> Moreover, NextBridge meets the "reliability" criterion because its efforts to achieve a December 2020 in-service date have ensured that its project can be ready to be in-service well prior to December 2022, which the IESO has identified as an unacceptable risk to reliability.
  
17. VECC notes that, "while there is no risk that NextBridge will be unable to complete its work by the end of 2022 the same cannot be said of Hydro One".<sup>29</sup> VECC goes on to say that a protracted engagement between Hydro One and First Nation and Métis communities can be expected,<sup>30</sup> which increases the likelihood that Hydro One would not be able to meet a 2022 deadline.<sup>31</sup> Similarly, CCC expresses a concern that consultation by Hydro One with First Nation and Métis communities, if properly conducted, may cause Hydro One's proposal to be delayed well beyond a December 2021 in-service date.<sup>32</sup>
  
18. In its Argument in Chief, NextBridge set out the evidentiary basis for concluding that, by reason of just one of the issues facing the LSL Project (relating to the EA process), Hydro One's in-service date will be delayed to December 2022.<sup>33</sup> In the Hydro One Response, which was delivered for the specific purpose of replying to NextBridge's Argument in Chief, there is no response to NextBridge's submission about the evidence that points to a delay in the LSL Project in-service date at least to December 2022.

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<sup>26</sup> IESO Submission, page 6.

<sup>27</sup> This fact is conceded even by Hydro One: see the Hydro One Response, at page 5, paragraph 23.

<sup>28</sup> Hearing Transcript Volume 5, page 13.

<sup>29</sup> VECC Submission, page 10, paragraph 2.21.

<sup>30</sup> VECC Submission, page 16, paragraph 5.3.

<sup>31</sup> VECC Submission, page 17, paragraph 5.4.

<sup>32</sup> CCC Submission, page 17.

<sup>33</sup> NextBridge AIC, page 28, paragraphs 71-72.

19. For these reasons, NextBridge submits that the LSL Project does not meet the “reliability” criterion, both in respect of reliability risks beyond December of 2020 and in respect of the unacceptable risks to reliability beyond December of 2022.
20. In response to NextBridge’s evidence about its efforts to achieve an in-service date (December 2020) that will address the reliability concerns raised by the IESO, Hydro One and the PWU point to delays in obtaining EA approvals for Hydro One’s stations work (the EWT Station Project) as the reason the EWT Project cannot be operational in 2020.<sup>34</sup> This reliance on delays in Hydro One’s stations work is the basis for the assertion by Hydro One, referred to above, that the December 2020 in-service date for the EWT Line Project is not “relevant”.
21. Hydro One, however, fails to explain how, on the one hand, it expects to work towards EA compliance for the LSL Project through avenues that it describes as “unprecedented”<sup>35</sup> while, on the other hand, it cannot seek creative procedural avenues to overcome delays with respect to the stations work in the event that NextBridge is awarded leave to construct. In fact, far from pursuing procedural avenues or other solutions to overcome delays with respect to the stations work, Hydro One failed to heed the indication by the MECP, at a meeting with Hydro One and NextBridge in July of 2018, that, while the permits for stations work will not be issued prior to EA approval for the transmission line, Hydro One may submit applications for permits in order for them to be processed and ready for issuance when the EA is approved.<sup>36</sup>
22. At this point, it is unclear when the Hydro One stations work can be completed. Mr. Spencer of Hydro One says he is investigating whether the Marathon TS work can be expedited.<sup>37</sup>

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<sup>34</sup> The PWU refers to its view of the implications of delay in EA approval for the Wawa TS station no less than eight times in its argument: see PWU Submission, page 3, paragraph 4; pages 11-12, paragraph 30; page 14, paragraphs 36 and 37; page 16, paragraphs 41 and 42; page 19, paragraph 53; pages 20-21, paragraph 58; and page 23, paragraph 69. See also the Hydro One Response, at pages 4-7, paragraphs 18-29 and pages 27-29, paragraphs 98-108.

<sup>35</sup> See LSL Risk Register, Risk Counter item 1, “Risk Title” column, Exhibit K1.1, Volume 2, Tab 30.

<sup>36</sup> Hearing Transcript Volume 7, page 136.

<sup>37</sup> Hearing Transcript Volume 2, pages 67-68.

The MECP has contradicted Hydro One's post-hearing letter that had asserted the Wawa TS EA approval will be delayed by 18 months, indicating instead that the Wawa TS class EA requirements could be completed in less than 6 months from the current date.<sup>38</sup> What is clear is that NextBridge can and will have its EWT Line Project completed in a timeframe that aligns with the EWT Station Project work. NextBridge believes that this can still happen for December 2020.

23. VECC submits that, “[g]iven Hydro One’s conflicted position in this case”, a “coordination committee” should be struck composed of Hydro One, NextBridge, OEB staff and the IESO.<sup>39</sup> VECC says that, among other things, this committee would review the schedule, make suggestions for advancement of the schedule and examine trade-offs between additional resources (costs) and advancement of the schedule.<sup>40</sup> VECC also proposes that, if NextBridge is granted leave to construct, the OEB, the IESO, NextBridge and Hydro One work together to ensure that station work, line crossing and other needed consultation work is undertaken in a timely and cost effective manner.<sup>41</sup>

24. NextBridge recognizes the difficulty that Hydro One’s lack of progress on the stations work imposes on the overall project schedule, including potential impact to the December 2020 in-service date. Therefore, if it is granted leave to construct, NextBridge will collaborate with Hydro One to target the earliest possible completion of the EWT Line Project in or after December of 2020 that will align with Hydro One’s completion of the stations work. In the course of such collaboration, NextBridge will co-operate with and assist Hydro One, to the extent that it can reasonably do so, in order to advance Hydro One’s completion of the stations work to a time that is as close as possible to December of 2020.<sup>42</sup>

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<sup>38</sup> Letters from MECP to OEB Secretary, dated October 31, 2018 and November 6, 2018.

<sup>39</sup> VECC Submission, page 8, paragraph 2.14.

<sup>40</sup> *Ibid.*

<sup>41</sup> VECC Submission, page 4, paragraph 1.11.

<sup>42</sup> Attachment 1 to the NextBridge Response was provided to illustrate NextBridge’s continued efforts to collaborate with Hydro One, in this instance on the subject of crossings, and it shows, for example, that NextBridge has proposed a technical workshop session at Hydro One’s office in December of 2018. NextBridge will continue its efforts to collaborate and cooperate with Hydro One and it welcomes the participation of either or both of the IESO and OEB Staff for all or any of the purposes referred to in the VECC Submission.

25. This section of NextBridge's Reply Argument concludes with Table 1, which summarizes the respective certainties and uncertainties of the two transmission line proposals before the Board. An annotated version of Table 1, showing where each of the items in the Table is supported by the record of this proceeding, is found at Appendix A. Following Table 1, NextBridge sets out, under the headings Price/Cost and Reliability, its more specific reply to the arguments referred to in paragraph 1, above, and then sets out its Conclusion to this Reply Argument.

**Table 1: Certainties and Uncertainties of the Projects**

	<b>NextBridge EWT Line Project</b>	<b>Hydro One LSL Project</b>
<b>Price Certainty</b>	High route certainty due to mature land acquisition program and extensive engagement with property owners and Crown interest holders.	Route through Pukaskwa National Park pending approval by Parks Canada, and opposed by multiple First Nations, some with active Aboriginal title claims to impacted lands. Uncertainty about authorization to route through Michipicoten First Nation reserve.
	Complete detailed construction access plan.	No complete access plan.
	Executed EPC agreement.	EPC agreement not executed.
	Known design of structures including successful testing of all 10 structures.	Proposed quad circuit design using towers that have yet to be tested.
	Confirmed right of way width informed by geotechnical investigation.	No geotechnical fieldwork completed to inform right-of way width.
	Indigenous participation agreements signed with nine communities.	No indigenous participation agreements reached.
	Environmental permitting scoped and collaboration with MNRF related to draft permits and applications.	No full understanding of permits required for construction.
	76% of private landowners affected have option agreements signed and 33% of consents from Crown land interest holders obtained.	No voluntary agreements concluded, acquisition program behind schedule and no knowledge of what expropriations are needed.
	Inventory and knowledge of number and types of land authorizations needed, and multiple permits obtained.	Not aware of the details of many of the land interests it must address in order to proceed with construction.
	Field studies undertaken over multiple seasons in multiple years. Extensive field Reconnaissance program completed on route and access plan including waterbody crossings.	Field studies commenced May 2018 - geotechnical work not yet initiated.
	Complete EA in final stages of approval - anticipated February 2019.	Concurrent multi-track EA processes - an unprecedented Declaration Order track with no application filed to date, and an individual EA process track in early stages with Terms of Reference not expected to be approved until December 2018. Both processes assume the ability to rely on an approved NextBridge EA in order to meet a 2021 in-service date.
	Provided with and incorporated extensive FNM traditional knowledge information/data and feedback into NextBridge EA.	No consent to use FNM information and data collected for NextBridge EA for LSL EA purposes.
	Project cost estimate a narrow subcategory of AACE Class 2 and on the cusp of Class 1.	Project cost estimate an AACE Class 3, and Class 4 for route around the park.

<b>Reliability</b>	Robust failure containment strategy.	No failure containment on the 35km through Pukaskwa Park.
	Meets OEB minimum technical requirements for galloping.	Design does not consider single loop galloping for spans over 700 feet.
	Design avoids single point of failure or bottleneck.	Quad circuit tower design creates a single point of failure.
	No outages of the existing East-West Tie required for the line.	15 day continuous outage of the existing East-West Tie needed for Pukaskwa Park construction. To date, no IESO-accepted outage plan which is required two years in advance of outage.
	2020 in-service date achievable.	Best possible in-service date scenario is the end of 2022 based on MECP tying successful proponent line EA to station EAs.
<b>Project Support</b>	Signed 20% equity participation agreement with BLP and participation agreement with MNO.	Proposed 34% equity position for BLP, but negotiations have not begun.
	Extensive consultation and engagement with the 18 Ministry of Energy (MOE) identified FNM communities to the extent desired by each individual community since 2013.	No consultation and engagement with FNM communities before February 2018 - acknowledge more fulsome consultation is required.
	Training program underway training 250 personnel.	No training program proposed to date.
	Letters of Support from 17 municipalities and stakeholder groups in the northwest.	No Letters of Support.

## II. Price/Cost

### (a) **NextBridge's project costs are reasonable**

26. Having developed its plans for the EWT Line Project over more than five years, NextBridge has a very well advanced cost estimate that relies on all the work done to advance to the current "shovel-ready" state of readiness. Through this process, NextBridge has been able to ensure that its costs are reasonable and market-based. The evidence presented in this case confirms that conclusion.<sup>43</sup>

27. None of OEB Staff, CCC, VECC or SEC have questioned the reasonableness of NextBridge's filed construction cost estimate – in fact, OEB Staff expressly states that the NextBridge construction cost estimate is reasonable.<sup>44</sup> Indeed, other than raising the

<sup>43</sup> See NextBridge AIC, at paragraphs 21 to 41 and NextBridge Response, at paragraphs 26-27.

<sup>44</sup> Staff Submission, at page 16.

question of whether NextBridge can maintain its cost estimate with a compressed construction schedule (addressed below), no party takes issue with particular items included in NextBridge's construction cost estimate.

28. NextBridge's cost estimate (\$737 million) is valid and appropriate to meet the forecast December 2020 in-service date for the EWT Line Project. That is the case even with a compressed project schedule. NextBridge's witnesses were clear on this specific point. In response to questions from PWU's counsel, Mr. Mayers indicated that discussions had been held between senior executives on the NextBridge and Valard teams and a decision was made that the project dates and costs can be maintained even with a compressed schedule.<sup>45</sup>
29. It should not be surprising or troubling that there is no formal updated EPC contract or documentation with NextBridge's contractor Valard re-confirming the overall costs in light of an updated project schedule.<sup>46</sup> Time has been short between when changes in schedule have emerged (such as the dates when LTC and EA approval and completion of EWT Station work are expected) and the date when NextBridge's witnesses appeared at the hearing of this case. During this short time frame, senior personnel from NextEra (the NextBridge partner managing the construction phase) have been having ongoing discussions with Valard, and that has provided confidence that the cost estimate remains valid. While this has not been reduced to writing, Mr. Mayers of NextEra indicated these discussions happened at a senior level in the company, and that NextBridge is confident in the cost estimate.<sup>47</sup>
30. NextBridge's signed EPC contract with Valard supports a conclusion that NextBridge's cost estimate is reasonable. Contrary to the attacks from Hydro One<sup>48</sup>, NextBridge's EPC provides an approach that will ensure the timely and reliable construction of the EWT Line

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<sup>45</sup> Hearing Transcript Volume 6, page 138.

<sup>46</sup> This point is raised in the Hydro One Response (at paragraphs 31-33) and in the SEC Submission (at paragraph 2.2.22) and the PWU Submission (paragraphs 10-13).

<sup>47</sup> Hearing Transcript Volume 7, pages 4-5. See also Hearing Transcript Volume 7, page 10, where it is confirmed that the discussions were held by NextEra personnel who are more senior than those on the witness panel.

<sup>48</sup> Hydro One Response, at paragraphs 40-47.

Project, with an assured cost.<sup>49</sup> NextBridge's joint accountability with its contractor will ensure success. That is different and superior to Hydro One's "turnkey" approach that leaves much more responsibility with a third party contractor.<sup>50</sup>

31. Hydro One contends that NextBridge has failed to provide cost estimates for 2021.<sup>51</sup> That is incorrect and unfair. NextBridge's evidence at the hearing is that it expects that it could maintain its cost estimate for a 2021 in-service date.<sup>52</sup> While interest during construction costs would be higher<sup>53</sup>, other costs might be lower with less construction schedule compression<sup>54</sup>. Moreover, there is no reasonable basis to criticize NextBridge for failing to update its schedule and budget to reflect Hydro One's unproven and questionable assertions about updated EWT Station Project timing that were presented on the eve of the oral hearing<sup>55</sup>, and even beyond the end of the hearing<sup>56</sup>.

**(b) Certainty of NextBridge's project costs**

32. The evidence shows that NextBridge's cost estimate is not only reasonable, but it is also quite certain. NextBridge's forecast cost is based on a signed EPC contract, a nearly complete engineering design and a ready-to-implement materials procurement plan. Because NextBridge's project is so well advanced, the risk of variances and additional unexpected construction costs is minimized.<sup>57</sup>

33. The certainty of NextBridge's cost estimate is confirmed by a review of the submissions from BLP, Michipicoten, MNO and Anwaatin. These parties each emphasize the efforts made by NextBridge over five years or more to consult and engage and reach agreements with FNM

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<sup>49</sup> See NextBridge AIC, at paragraphs 29-30. As highlighted at paragraph 2.2.24 of the SEC Submission (and in NextBridge's response to SEC Interrogatory 26 at Exhibit I.NextBridge.SEC.26), NextBridge's contractor (Valard) has a track record of completing projects on time. While Valard has modestly exceeded its contract price in certain prior projects (never by more than 7%), that is unlikely in this case because of the detailed access and geotechnical work already completed.

<sup>50</sup> Hearing Transcript Volume 6, page 206. It is relevant to note here that Hydro One has declined to provide information about SNC Lavalin's track record in completing projects on time and/or on budget: see NextBridge Response, at paragraph 24. See also SEC Submission, at paragraph 2.2.24.

<sup>51</sup> HONI Response, at paragraphs 4-5 and 28-29.

<sup>52</sup> Hearing Transcript Volume 7, pages 49-50.

<sup>53</sup> Hearing Transcript Volume 7, page 28.

<sup>54</sup> Hearing Transcript Volume 7, pages 49-50.

<sup>55</sup> Discussed in NextBridge Response, at paragraphs 83-84.

<sup>56</sup> Letter from Hydro One counsel to OEB Secretary, dated October 29, 2018. The assertion of 12-18 month delays in the Wawa TS EA process has now been disputed by the MECP in two separate letters.

<sup>57</sup> See NextBridge AIC, at paragraphs 29-34 and 55-58.

communities that will allow the EWT Line Project to proceed with Indigenous community support.<sup>58</sup> This support is confirmation that NextBridge can meet its planned budget and schedule, even taking into account that further consultation and negotiation is required with BZA and BFN.<sup>59</sup>

34. NextBridge's commitment to and confidence in its \$737 million cost forecast is confirmed by the testimony of its witnesses. NextBridge has made clear that additional costs above that level will be "at risk" and will have to be justified as part of the prudence review that will be undertaken in NextBridge's revenue requirement proceeding around the time that the EWT Line Project goes into service. This position is made clear in the following exchange at the end of NextBridge's testimony, between Vice-Chair Long and the NextBridge witnesses<sup>60</sup>:

MS. LONG: You had a discussion about this, the 737 price, and I am sorry to come back to it again. But I want to be crystal clear on this.

So the construction budget that you are asking this Board to consider is the 737. And if you were granted the leave-to-construct and you came back in three years or four years and your costs were \$740 million, would NextBridge take the position that those \$3 million were at risk? Or would you take the position that they were within the upper, you know, 10 percent, and therefore they were not at risk because they were within that \$811 million?

MS. TIDMARSH: So from my understanding, all costs are at risk. And so I think when we had our -- and so and subject to prudency review by the Board.

So I think that when we came back with our costs and if they exceeded the 737 -- so we maintain our cost is 737. And if we come back with costs above that or even costs that are in it, we want to ensure that they were spent properly and appropriately within it.

So we would be subject to a prudency review.

.....

MS. WALDING: And I think that we would also view that, as a company, that anything above the 737 would be at risk and we would be subject to coming back to the Board and having to explain why it was an unknown and having that subject to prudency, in addition to the original 737.

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<sup>58</sup> See, for example, BLP Submission, at paragraphs 15-17; Michipicoten Submission, at paragraphs 19 and 22; MNO Submission, at paragraphs 79, 84-87 and 98; and Anwaatin Submission, at paragraphs 21-24 and 35.

<sup>59</sup> See BZA Submission, at paragraph 1; and BFN Submission, at paragraph 19.

<sup>60</sup> Hearing Transcript Volume 7, pages 76-78.

35. As can be seen, NextBridge is not looking for approval of a “buffer” around its cost estimate<sup>61</sup> and it is not signaling that the OEB should look at a different budget (inclusive of increases within NextBridge’s ±10% accuracy band) as the “starting point”<sup>62</sup>. NextBridge is committed to the accuracy of its \$737 million cost estimate and recognizes that any increases will have to be examined and justified in a subsequent prudence review. Using the words of OEB Staff<sup>63</sup>, NextBridge is “prepared to stand behind its cost estimate and provide reasonable cost certainty for ratepayers”.
36. NextBridge has been consistent in its position that this is not an appropriate case for a “cost cap” or “not to exceed price”.<sup>64</sup> Using a cost cap is a novel approach – those who advocate for this mechanism do not cite any precedent for where it has previously been used in Ontario or elsewhere.<sup>65</sup> The potential for a cost cap was introduced late in this proceeding and no record was developed on what would be included and excluded from a cost cap or how it would be implemented. A cost cap is not consistent with the way that NextBridge has developed its forecast costs and EPC contract. In the event a cost cap is considered over NextBridge’s concerns, it would need to be accompanied by a corresponding incentive for NextBridge to benefit where costs are lower than expected.<sup>66</sup>
37. The difficulties and uncertainties around a “cost cap” can be seen in the testimony from Hydro One on this topic.<sup>67</sup> The Hydro One witnesses indicated that while Hydro One might (with Board of Directors approval) accept a “not to exceed price”, this “not to exceed price” would not cover a large number of potential negative impacts.<sup>68</sup> It bears note that Hydro

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<sup>61</sup> Contrary to paragraph 1.1 of the VECC Submission.

<sup>62</sup> Contrary to paragraph 2.2.4 of the SEC Submission.

<sup>63</sup> Staff Submission, at page 11.

<sup>64</sup> See NextBridge responses to Staff Interrogatory #46 (Exhibit I.NextBridge.Staff.46) and SEC Interrogatory #21 (Exhibit I.NextBridge.SEC.21). See also Hearing Transcript Volume 5, pages 51-52 and Hearing Transcript Volume 7, pages 21-22.

<sup>65</sup> For the NextBridge “cap” proposals, see Staff Submission at pages 10-11; and VECC Submission at paragraph 4.16. For the Hydro One “cap” proposals, see Staff Submission at pages 12-13; CCC Submission at pages 11-13; and SEC Submission at paragraphs 5.1.6 to 5.1.11.

<sup>66</sup> As explained in response to Staff Interrogatory #46 (Exhibit I.NextBridge.Staff.46), NextBridge consulted with ratepayer groups about a performance based ratemaking approach, but this was not pursued after the OEB prescribed ratemaking methodologies for all transmitters.

<sup>67</sup> See NextBridge AIC, at paragraph 64, and the testimony references cited in support.

<sup>68</sup> See NextBridge Response, at paragraphs 14 and 15.

One's proposed cap would be more than 6% higher than Hydro One's current cost estimate (\$683 million versus \$642 million).

38. The main issue for a "cost cap" is around what is included (items that are at the transmitter's risk) within the "not to exceed price" and what is not. Parties advocating for a cap do not provide a comprehensive or consistent view of how the cap would be defined.<sup>69</sup> Unless this can be precisely defined, then the protection offered is murky at best. That is a concern in a case like this where external factors over which the project developer has no control may impact timing and cost. For NextBridge, a prime example of external factors is the timing of Hydro One's EWT Station Project work, and the difficulties NextBridge faces when dealing with Hydro One on crossings issues.

39. NextBridge has presented a confident, mature construction cost estimate. NextBridge has confirmed that variances from that construction cost estimate will be "at risk", and subject to review on a prudence standard at a later date. This provides ratepayers and the OEB with reasonable cost certainty.

**(c) NextBridge's OM&A cost forecast is reasonable**

40. NextBridge's Response explains why its OM&A cost forecast is reasonable, and why its planned approach to managing the operations of the EWT Line Project is reasonable and reliable.<sup>70</sup>

41. Two concerns were raised about NextBridge's proposed OM&A costs.

42. Hydro One questions NextBridge's planned annual "Indigenous costs" of \$1 million<sup>71</sup>, referring to these as payments to Michipicoten and Pays Plat that have no relation to market value of their land rights.<sup>72</sup> However, the evidence is that these "Indigenous costs" relate to more than just the items noted by Hydro One. As Ms. Tidmarsh explained in her testimony, this amount relates to a number of items besides reserve crossings.<sup>73</sup> It is important to note

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<sup>69</sup> The places where a "cap" is discussed are listed in footnote 65 above.

<sup>70</sup> See NextBridge Response at paragraphs 29-34.

<sup>71</sup> NextBridge's detailed OM&A forecast is set out in the response to Staff Interrogatory #54, filed at Exhibit I.NextBridge.Staff.54.

<sup>72</sup> Hydro One Response, at paragraph 90.

<sup>73</sup> Hearing Transcript Volume 6, pages 62-64.

that the amounts to be paid to Indigenous groups will be in accordance with agreements negotiated with those communities to permit NextBridge's project to proceed.<sup>74</sup> Hydro One does not yet have such agreements. Hydro One is therefore not in a position to determine what amounts are reasonable. In fact, this is one of the uncertainties of Hydro One's proposal.

43. PWU questions whether NextBridge has allowed for sufficient resources to manage the EWT Line Project operations once the line is in service.<sup>75</sup> As explained below, NextBridge is confident that its approach will ensure safe and reliable operations.<sup>76</sup> Further, in contrast to PWU, OEB Staff indicates its confidence that NextBridge is an experienced entity capable of operating the project.<sup>77</sup>
44. The OM&A costs for the new EWT line will be reviewed in detail in a later proceeding.<sup>78</sup> As noted by OEB Staff, there is no certainty that further changes may not be forthcoming from either party (including Hydro One).<sup>79</sup> Consider, for example, that Hydro One's forecast OM&A costs at the designation phase were much higher.<sup>80</sup> Also, Hydro One will have to enter into agreements with the to-be-formed partnership that will own the LSL Project.<sup>81</sup> No details have been provided about how those agreements (which will have to be compliant with the *Affiliates Relationships Code*<sup>82</sup>) can allow for the incremental pricing approach that Hydro One seems to be using for its initial OM&A cost estimates<sup>83</sup>.

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<sup>74</sup> *Ibid.*

<sup>75</sup> PWU Submission, paragraphs 20-21.

<sup>76</sup> See paragraphs 61 to 63 of this Reply Argument. See also NextBridge Response at paragraph 34, and the referenced testimony.

<sup>77</sup> Staff Submission, at page 16.

<sup>78</sup> As VECC notes, the OEB is not determining the prudence of these costs in this proceeding – VECC Submission, at paragraph 4.18.

<sup>79</sup> Staff Submission, at pages 17-18.

<sup>80</sup> NextBridge Response, at paragraph 31.

<sup>81</sup> VECC Submission, at paragraph 4.18. See evidentiary references at footnote 83, below.

<sup>82</sup> *Affiliate Relationships Code for Electricity Distributors and Transmitters* (Revised March 15, 2010), at section 2.2.

<sup>83</sup> EB-2017-0364, Exhibit B, Tab 7, Schedule 2, Hydro One's evidence speaks to "incremental maintenance and operating costs" and "leveraging existing infrastructure and processes". This does not suggest fully allocated pricing. Note, however, at the May 17<sup>th</sup> Technical Conference (page 231), Mr. Spencer indicated that Hydro One would "establish appropriate service level agreements between the newco and Hydro One Networks in accordance with the Affiliate Relationship Code". Mr. Spencer also stated that "the \$1.5 million is achievable" and that "the revenues into the Hydro One Network side from

45. NextBridge agrees with the suggestion from OEB Staff's Submission that NextBridge should continue to make efforts to identify and achieve efficiencies in its OM&A expenses.<sup>84</sup>

As suggested by OEB Staff, NextBridge will file evidence in its revenue requirement proceeding detailing its efforts to reduce OM&A costs.

**(d) Hydro One's costs are far less certain than NextBridge's costs**

46. In contrast to NextBridge, Hydro One's forecast costs are not certain or reliable. This has been discussed at length in NextBridge's AIC<sup>85</sup> and Response<sup>86</sup>. The uncertainties are summarized in Table 1, above.

47. In its submission, Hydro One overstates the evidence about the status of its project.<sup>87</sup> Hydro One also ignores the fact that there are many remaining uncertainties (such as EA approval, Parks Canada approval, FNM community support, unsigned EPC contract<sup>88</sup> and incomplete design work). Hydro One asserts that its EPC contract will be signed, but makes no reference to the likelihood that the contemplated 2021 completion date no longer appears achievable nor to how that would impact the unsigned EPC contract.<sup>89</sup>

48. On this topic of certainty, Hydro One is no longer making any reference at all to a "not to exceed" price. Hydro One's proposed \$683 million "not to exceed price" that was set out in

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that SLA to be an offset to otherwise potentially necessary revenue requirements". Similar evidence was provided at Hearing Transcript Volume 4, pages 78-79.

<sup>84</sup> Staff Submission, at page 18.

<sup>85</sup> See, for example, paragraphs 55-64 of NextBridge's AIC.

<sup>86</sup> See, for example, paragraphs 19 – 24 of NextBridge's Response.

<sup>87</sup> No evidentiary citations are provided by Hydro One for paragraph 61 of its Response. NextBridge is not aware of any testimony establishing that Hydro One's engineering work is 80% complete. Contrary to Hydro One's current assertion that "detailed access plans have been produced", Hydro One's testimony was that access plans have not been completed - at Hearing Transcript Volume 2, page 18, Hydro One's witness said "My answer would be we will have an access plan once the studies are complete, we understand the impacts of certain routes, and obviously choose access which has the least impact. ... So I would say as per any project, as we continue through the EA process, we will have identified final access areas. So that wouldn't be available yet."

<sup>88</sup> On the topic of Hydro One's EPC, NextBridge does not agree with SEC's assertion (at paragraph 2.2.18 of the SEC Submission) that understatements in Hydro One's estimated costs for materials & equipment and clearing are for SNC Lavalin's account. Changes to the EPC may be made before it is signed: Hearing Transcript Volume 5, page 47-48. Moreover, until the detailed engineering, geotechnical and site review work for the LSL Project is completed, the possibility remains that there will be change orders issued.

<sup>89</sup> Hydro One Response, at paragraph 57(d). Note SNC Lavalin's evidence that unless they are confident in a project's schedule, they will not sign a contract that includes liquidated damages provisions for missing timelines (Hearing Transcript Volume 1, pages 114-115).

Hydro One's response to Staff Interrogatory #18, and that was discussed at length during the oral hearing<sup>90</sup>, is not mentioned anywhere in Hydro One's AIC or Response. The absence of a cost cap proposal is consistent with Hydro One's admission during the oral hearing that it would not agree to accept NextBridge's proposed price as a cap.<sup>91</sup>

49. The intervenors representing ratepayer groups in this proceeding each highlight the uncertainty in Hydro One's cost estimate.
50. SEC points out that "Hydro One's proposed LSL Project and its costs are based on significant assumptions and risks that are not present in the NextBridge LSL Project".<sup>92</sup>
51. CCC compares NextBridge to Hydro One, and states that "the difference is that in the proposal put forward by NextBridge the forecast risk has been reduced to what the Council suggests is a reasonable level, i.e. through the development of a Class 2 estimate and the progression of the NextBridge EA approval process to its near conclusion".<sup>93</sup>
52. VECC indicates that: "Hydro One's costs are less certain (generally equivalent to AACE class 3). The routing of through or around Pukaskwa Park is yet to be determined and the costs related to Hydro One's duty to consult and its obligations to provide economic participation for First Nations and Métis communities are at an elementary stage. Its engineering framework is incomplete with changes being proposed during this proceeding."<sup>94</sup>
53. Taken together, the record is clear that Hydro One's uncertain cost forecast does not meet the interests of consumers in relation to prices.

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<sup>90</sup> See, for example, Hearing Transcript Volume 3, pages 173-184 and Volume 4 Hearing Transcript, pages 40-58.

<sup>91</sup> Hearing Transcript Volume 3, pages 182-184.

<sup>92</sup> SEC Submission, at paragraph 5.1.4.

<sup>93</sup> CCC Submission, at pages 12-13.

<sup>94</sup> VECC Submission, at paragraph 4.5.

**(e) Hydro One's costs may be higher**

54. Several of the October 31<sup>st</sup> arguments include tables showing the potential costs of each project under different scenarios.<sup>95</sup> As the Staff Submission illustrates<sup>96</sup>, when the certainties and uncertainties around the EWT Line Project and the LSL Project are taken into account, the ranges of costs of the Hydro One project are not materially lower and could exceed NextBridge's costs.<sup>97</sup>

55. NextBridge agrees that a comparison table is useful to illustrate the potential range of project costs to ratepayers associated with each project. However, a proper comparison of the relevant costs must take all the items of uncertainty into account, and must include the likely costs associated with such items.<sup>98</sup>

56. NextBridge has prepared a Project Cost Comparison Table (Table 2) that uses the four scenarios included in OEB Staff's Submission and adds a number of changes in order to illustrate all expected impacts.<sup>99</sup> The key changes are:

- a) addition of scenarios (for both NextBridge and Hydro One) where the Marathon TS work takes 30 months from the approval date of the successful proponent's project EA;
- b) inclusion of NextBridge's development period costs (\$40 million) in all scenarios;
- c) inclusion of NextBridge's ongoing and estimated development costs through December 2018 (approximately \$39 million in sunk costs) in all Hydro One scenarios;
- d) inclusion of the ratepayer costs of IESO procurement of incremental capacity and other impacts for each year from 2021 and beyond;
- e) inclusion of delay costs for Hydro One's project (\$15 million per year beyond 2021); and
- f) a row showing the upper end of the ratepayer costs for each scenario, using the high-end construction cost estimate associated with each project, using information from the record about the status of each project's AACE cost estimate.<sup>100</sup>

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<sup>95</sup> Staff Submission, at page 14; Hydro One Response, at page 15; PWU Submission at pages 3-4; SEC Submission, at page 30; and VECC Submission, at page 12. See also NextBridge AIC, at paragraph 60.

<sup>96</sup> Staff Submission, at page 14.

<sup>97</sup> The CCC Submission makes a similar point – see page 10.

<sup>98</sup> The comparison table included in the Hydro One Response (page 15) does not include impacts from any uncertainties around timing, EA approval or Parks Canada approval.

<sup>99</sup> An annotated version of Table 2, with explanatory footnotes, is found at Appendix B to this Reply Argument.

<sup>100</sup> Hydro One's Response introduces, for the first time, an allegation that the wrong AACE classification table has been used (see paragraph 60). If this is accurate, one would have expected the Hydro One

57. Based on the evidence in this proceeding, Table 2 demonstrates that in almost all of the scenarios included in OEB Staff's Submission, the project costs to ratepayers from Hydro One's project are higher.
58. PWU criticizes NextBridge for not having addressed revenue requirements in its submission.<sup>101</sup> However, this specific information is not available on the record of this proceeding. All that is available are "rule of thumb" type calculations that convert costs to revenue requirements and ratepayer impacts at a high level.<sup>102</sup> PWU's own submission uses this approach to evaluate the \$157 million budget for the EWT Stations Project, indicating that this leads to "a modest 1.37% increase on the Network Pool Provincial Uniform rate for a total rate impact of 0.05% on a typical residential customer".<sup>103</sup> Using that same approach to evaluating cost differences between the EWT Line Project and the LSL Project leads to a conclusion that the difference in the ratepayer impacts from the two projects is also "modest". NextBridge's Table on the following page makes clear that in many scenarios those "modest" ratepayer impacts will favour the NextBridge project.

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witnesses to have raised this at some point during the many times AACE classification was discussed during the hearing. They never did so. The untested allegation should be disregarded.

<sup>101</sup> PWU Submission, at paragraph 24.

<sup>102</sup> Hydro One's Response includes a Table (page 15) with lines for revenue requirement deficiency and network rate impact for several scenarios. No references are provided, and no information is given about how those lines were calculated. The Staff Submission includes a table at Appendix B showing how an estimated revenue requirement and bill impact of various scenarios was calculated – this is based on a rule of thumb where 10% of the overall capital cost is assumed to form the revenue requirement for each year.

<sup>103</sup> PWU Submission, at paragraph 67.

**Table 2 - Project Costs of Relevant Scenarios**

	NextBridge		Hydro One				
	As-Filed Scenario	EWT Station work takes 30 months from NextBridge EA approval date	As-Filed Scenario (same as Staff Scenario 3)	EWT Station work takes 30 months from LSL EA approval date	Staff Scenario 1 Hydro One not able to use NextBridge's EA work	Staff Scenario 2 Hydro One Around the Park	Staff Scenario 4 Hydro One (i) not able to use NextBridge's EA work (ii) going around the Park and (iii) NextBridge recovers costs incurred up until the LTC decision
In-service Date	2020	2021	2021	2022	2022	2022-2024	2022-2024
Base Cost (\$M)	737	737	642	642	662	682.8	781.9
NextBridge development costs	40	40	79	79	79	79	Included in scenario
Additional System Cost (\$M)	0	21	21	47	47	47 - 146	47 - 146
Hydro One Delay Costs (\$M)	N/A	N/A	N/A	15	15	15 - 45	15 - 45
<b>Total Costs (\$M)</b>	<b>777</b>	<b>798</b>	<b>742</b>	<b>783</b>	<b>803</b>	<b>824 - 953</b>	<b>844 - 973</b>
<b>AACE Upper End Costs (\$M)</b>	<b>851</b>	<b>872</b>	<b>935</b>	<b>976</b>	<b>996</b>	<b>1,035 - 1,164</b>	<b>1,055- 1,184</b>

### **III. Reliability**

#### **(a) The EWT Line Project Meets the Reliability Criterion**

##### **Design and Operational Aspects of Reliability**

59. It is clear from the evidentiary record in this case that NextBridge's proposal meets the reliability criterion for the granting of leave to construct in respect of the EWT Line Project. NextBridge's engineering design has been completed to a level of greater than 90%;<sup>104</sup> NextBridge's proposal is based on a family of 10 towers that have been fully designed, independently verified, load tested and are ready for fabrication;<sup>105</sup> and NextBridge's proposal meets all of the Board's minimum technical requirements.<sup>106</sup>

60. Hydro One questions NextBridge "plans to operate and maintain the line with two full-time employees".<sup>107</sup> Hydro One's position, however, is not connected to the actual evidence in this case, which is as follows:

...we will have contractors supporting this project. We will have contracts in place. We are currently – we're in negotiations with Valard as well. ... and we're also working with West Air on a helicopter contract. We are working with Celtic Power, potentially. We haven't signed any agreements, but we are working on an overall restoration plan, and we will have that in place prior to the completion of the project.<sup>108</sup>

61. The PWU refers to NextBridge's plans for operation and maintenance of the EWT Line Project as "untested".<sup>109</sup> The PWU's assertion is incorrect. In fact, Mr. Mayers gave detailed testimony explaining that NextBridge's proposal for the EWT Line Project is based on the approach that has been successfully used by NextEra for many other transmission lines.

62. The testimony by Mr. Mayers about NextEra's experience with the proposed approach included the following:

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<sup>104</sup> NextBridge AIC, page 2, paragraph 4; see also Hearing Transcript Volume 4, page 168.

<sup>105</sup> NextBridge AIC, page 3, paragraph 6e; see also Hearing Transcript Volume 4, page 169.

<sup>106</sup> OEB Minimum Technical Requirements for the Reference Option of the E-W Tie Line dated November 9, 2011 (EB-2011-0140).

<sup>107</sup> Hydro One Response, page 2, paragraph 8.

<sup>108</sup> Hearing Transcript Volume 6, page 57.

<sup>109</sup> PWU Submission, page 8, paragraph 21.

...we're confident that we will be able to respond in a timely manner and ensure that the reliability of this line is met for the IESO.

I might also add ... we do work in thirty states in the United States, in addition to southeast Canada. And in those thirty states, we have transmission lines.

...we do this all the time for all of our assets. And we set up contracts for – again we use Quanta Company [parent company of Valard<sup>110</sup>] a good bit because they have ... power companies regionally spread out all over the United States, and we have contracts set up for them to respond to ... outages that may occur.

And these agreements have been in place for a long time. ...we're confident that this is just another one of those agreements that needs to be put in place for this project.<sup>111</sup>

63. Both Ms. Walding and Mr. Mayers elaborated further on this evidence.<sup>112</sup> Their testimony shows that the approach proposed by NextBridge is anything but “untested”. For example, Mr. Mayers said:

The operating practices that we plan to implement here are the same operating practices that we use throughout, and they're basically built from our utility model in Florida where we have a very good track record of high reliability.<sup>113</sup>

#### **Schedule/Timing Aspects of Reliability**

64. In this case, a key aspect of reliability is the timing of completion of the proposed transmission line. As set out above, NextBridge's proposal meets the reliability criterion both by addressing reliability risks after December of 2020 that have been identified by the IESO and by addressing the “unacceptable” risk of an in-service date after December of 2022 that has also been identified by the IESO.<sup>114</sup>
65. The unacceptable reliability risk associated with delay beyond December of 2022 is one of the pivotal factors in this case. In contrast to the clear evidence that NextBridge can achieve an in-service date well ahead of December 2022, the record shows that because of many uncertainties the Hydro One LSL Project is unlikely to be in-service by the end of 2022. NextBridge set forth a number of the uncertainties impacting Hydro One's ability to

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<sup>110</sup> Hearing Transcript Volume 6, page 137.

<sup>111</sup> Hearing Transcript Volume 7, pages 38-39.

<sup>112</sup> Hearing Transcript Volume 7, pages 39-40.

<sup>113</sup> Hearing Transcript Volume 7, page 40.

<sup>114</sup> See section I of Reply Argument, “Approval of NextBridge's Application”, above, at pages 6 to 7, paragraphs 16 to 19.

meet a 2022 in-service date in its Argument in Chief.<sup>115</sup> These uncertainties have also been emphasized in the arguments made by OEB Staff and other parties, such as the following:

- Lack of First Nations and Métis consultation: As noted above, VECC points out that a protracted engagement with First Nations and Métis communities can be expected if the LSL Project is approved and this increases the likelihood that Hydro One will be unable to meet the 2022 deadline.<sup>116</sup> CCC is “very concerned” that consultation, properly conducted, may cause Hydro One’s proposal to be delayed well beyond a December 2021 in-service date.<sup>117</sup>
- Concerns expressed by the First Nations and Métis communities: While NextBridge will not attempt to repeat or summarize the submissions filed in this proceeding on behalf of First Nations and Métis communities, it is clear that there are some specific and critical issues standing between Hydro One and its plans for completion of the LSL Project. The Chief of Michipicoten First Nation “has consistently and unconditionally told Hydro One” that it must regularize the use and occupation of Hydro One’s current line on the MFN reserve before the community will even consider a second Hydro One line on the Reserve.<sup>118</sup> The prospects of an early resolution to this critical issue about linking Hydro One’s existing line and the LSL Project seem bleak, to say the least, in view of the resolute position taken in the Hydro One Response with regard to the appropriate amount of compensation to be paid to the Pays Plat and Michipicoten First Nations in respect of land requirements for the new transmission line.<sup>119</sup>
- Uncertainty related to routing through Pukaskwa National Park: OEB Staff say that, if Hydro One does not obtain Parks Canada approval to allow the route through the Park, Hydro One would have to ask the Board for approval of the new route.<sup>120</sup> MFN “has told Hydro One, repeatedly and consistently” that it opposes the routing of the LSL Project through the Park<sup>121</sup> and CCC quotes NextBridge’s Argument in Chief, which explained that there are multiple open First Nation land claims in relation to Park lands.<sup>122</sup>
- Uncertainty on the timing of EA approval: SEC submits that the risk that Hydro One cannot use the NextBridge EA is an important consideration because that risk, if realized, “would likely derail the entire project”.<sup>123</sup> SEC also says that, even if there are no issues using the NextBridge EA information, Hydro One’s own EA approval schedule is unrealistic.<sup>124</sup> OEB Staff say that, as compared to the EWT Line Project, there is “significantly more uncertainty” with EA approvals for the LSL Project.<sup>125</sup> CCC

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<sup>115</sup> NextBridge AIC, pages 25-27, paragraph 69.

<sup>116</sup> VECC Submission, pages 16-17, paragraphs 5.3-5.4.

<sup>117</sup> CCC Submission, page 17.

<sup>118</sup> MFN Submission, page 5, paragraph 12.

<sup>119</sup> Hydro One Response, page 25, paragraph 90.

<sup>120</sup> Staff Submission, page 25.

<sup>121</sup> MFN Submission, page 9, paragraph 20.

<sup>122</sup> CCC Submission, page 16, paragraph a.

<sup>123</sup> SEC Submission, page 26, paragraph 4.1.13.

<sup>124</sup> SEC Submission, page 26, paragraph 4.1.14.

<sup>125</sup> Staff Submission, page 23.

highlights that it is questionable whether Hydro One will even be in a position to meet a December 2022 in-service date should it not be allowed to rely heavily on the NextBridge EA.<sup>126</sup>

- Uncertainty on Hydro One's stations work: As repeated by CCC, the fact that the approval of the EWT Stations Project EA will not issue until after the LSL Project is approved means that the stations work to support the LSL Project will not be available until the end of 2022 or later.<sup>127</sup> Notwithstanding its concerns about the impact on Hydro One's schedule of uncertainties regarding EA approval and the route through the Park, SEC says that "[m]ost concerning]" is the impact of the decision of the MECP to link the issuance of permits for station applications to approval of the transmission line EA.<sup>128</sup>

66. On the subject of Hydro One's schedule, SEC's overall assessment is that:

Hydro One faces substantial risk that not only will the LSL not meet an in-service date of December 2021, but it will not even be operational by the end of 2022.<sup>129</sup>

(Emphasis added.)

67. In sum, given the IESO's consistent expression of concern about "unacceptable" risks to reliability beyond 2022, the application of the reliability criterion requires the Board be as sure as it can be that the approved transmission line will be in service by the end of 2022. The evidence very clearly shows that only the NextBridge project is sure to be in service by the end of 2022. Therefore, the Board should approve the EWT Line Project.

**(b) Implications of Delay in Completion of Hydro One's Stations Work**

68. Following the conclusion of the evidentiary portion of the hearing in this case, Hydro One's counsel wrote to the Board and indicated that, as a result of the position taken by the MECP at a meeting with Hydro One on October 26, 2018, the Wawa TS expansion "must be subjected to a full Class EA", which, according to Hydro One's letter, is "a process that normally takes 12-18 months".<sup>130</sup> In the letter, Hydro One's counsel went on to argue that "[t]his development further underscores that an in-service date of 2020 is not possible for either proponent of the transmission line".<sup>131</sup>

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<sup>126</sup> CCC Submission, page 16, paragraph c.

<sup>127</sup> CCC Submission, page 16, paragraph c.

<sup>128</sup> SEC Submission, page 27, paragraph 4.1.18.

<sup>129</sup> SEC Submission, page 25, paragraph 4.1.10.

<sup>130</sup> Letter from WeirFoulds LLP to the Board dated October 29, 2018, page 2.

<sup>131</sup> *Ibid.*

69. The MECP responded to Hydro One's assertions on October 31, 2018 and, among other things, said, in respect of the Wawa TS, that it "anticipates that the Class Environmental Assessment requirements can be completed in less than six months".<sup>132</sup> In response to questions posed by the Board, the MECP sent a further letter dated November 6, 2018 in which the MECP repeated its estimation that, starting now, it would take "less than six months" for Hydro One to meet any outstanding requirements<sup>133</sup> and the MECP said that a decision on the EA for NextBridge's transmission line proposal can proceed prior to Hydro One completing the Class EA for the Wawa TS.<sup>134</sup>
70. Many parties have made submissions about the implications of delay in the completion of Hydro One's stations work insofar as the in-service date of the transmission line project is concerned. As set out above, if leave to construct is granted for the EWT Line Project, NextBridge will collaborate with Hydro One to achieve the earliest possible completion of the project that will align with Hydro One's completion of the stations work.<sup>135</sup>
71. VECC argues that "while there is no evidence that Hydro One has acted maliciously it is clear that they are not particularly motivated to aggressively schedule the station work".<sup>136</sup> Whatever the cause of, or reasons for, this situation may be, the expression "tail wagging the dog" seems particularly apt: the completion of the stations work is put forward as a timing constraint<sup>137</sup> that, according to the proponent responsible for the stations work, renders it pointless to achieve the December 2020 in-service date recommended and reiterated for the transmission line that is the key piece of electricity infrastructure with which the stations work is associated.
72. Given the information provided by the MECP about the Class EA for the Wawa TS, Hydro One's timing issue with regard to the in-service date for the transmission line arises only

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<sup>132</sup> Letter from the MECP to the Board dated October 31, 2018, page 2.

<sup>133</sup> Letter from the MECP to the Board dated November 6, 2018, page 1.

<sup>134</sup> Letter from the MECP to the Board dated November 6, 2018, pages 1-2.

<sup>135</sup> See section I of Reply Argument, "Approval of NextBridge's Application" above, at page 9, paragraphs 23 to 24.

<sup>136</sup> VECC Submission, page 8, Paragraph 2.11.

<sup>137</sup> As stated by VECC: "It is clear that if NextBridge is granted leave-to-construct its in-service date will only be constrained by the ability of Hydro One to have the stations work completed." See VECC Submission, page 10, paragraph 2.21.

because of Hydro One's schedule for work at the Marathon TS. In respect of any timing constraint or "bottleneck" arising from Hydro One's work on the Marathon TS it is important to bear in mind that the granting of leave to construct for the EWT Line Project is likely to give the stations work by Hydro One an immediate, significant head-start as compared to the outcome of Board approval for the LSL Project.

73. It is reasonable to expect that EA approval for the EWT Line Project is likely to be granted in February of 2019,<sup>138</sup> at which time, if leave to construct has been granted for the EWT Line Project, permits can be issued for Hydro One's work on the Marathon TS.<sup>139</sup> In contrast, if leave to construct is granted for the LSL Project, permits cannot be issued for Hydro One's work on the Marathon TS until EA approval for the LSL Project (by declaration order or otherwise).<sup>140</sup> The timing of EA approval for the LSL Project is subject to considerable uncertainty, but in any event will be significantly later than February of 2019.

74. Further, if leave to construct is granted to NextBridge for the EWT Line Project, Hydro One can maintain a focus on timely completion of the stations work without directing efforts or resources towards the extensive range of activities and work that Hydro One would need to complete in order to construct and put into service the transmission line. And, again, if granted leave to construct, NextBridge will co-operate with and assist Hydro One, to the extent that it can reasonably do so, in order to advance Hydro One's completion of the stations work to a time that is as close as possible to December of 2020.

#### **IV. Conclusion**

75. NextBridge's EWT Line Project is the best project to meet the current and future electricity system needs identified in northwest Ontario in a cost effective and timely manner. The evidence and argument in this joint proceeding demonstrate that the EWT Line Project is in the public interest and NextBridge should be granted leave to construct for the EWT Line

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<sup>138</sup> Hearing Transcript Volume 7, page 101.

<sup>139</sup> See the evidence of the MECP witnesses; Hearing Transcript Volume 7, pages 125-126.

<sup>140</sup> See the evidence of the MECP witnesses; Hearing Transcript Volume 7, page 126.

Project on the basis that it offers a reasonably priced, more reliable, more timely, lower risk solution to meet the identified need than the Hydro One LSL Project.

76. Several parties suggest Conditions of Approval that should attach to NextBridge's Leave to Construct. As explained, some of these proposals are acceptable to NextBridge. Others are not appropriate or required. These are NextBridge's responses to the proposed Conditions of Approval.

- a) NextBridge is open to the suggestions from VECC that NextBridge should participate in a joint working group on stations and crossings work<sup>141</sup>, and to OEB Staff's proposal that NextBridge should coordinate its in-service date with Hydro One<sup>142</sup>, and to OEB Staff's proposal that NextBridge should report on efforts to reduce OM&A costs<sup>143</sup>.
- b) It is not clear to NextBridge that it is necessary and appropriate to obtain separate sign-off from a professional engineer on project design<sup>144</sup> as the design is already subject to internal engineering approval<sup>145</sup>.
- c) NextBridge does not believe that a "not to exceed price" or "cost cap"<sup>146</sup> is appropriate in this case for the reasons set out above. For similar reasons, NextBridge does not believe that it is appropriate to pre-determine that the transmitter will pay IESO system costs for delays beyond 2021<sup>147</sup> - there are too many uncertainties around what could cause delays in a case like this where NextBridge is relying on Hydro One's cooperation in several aspects.

77. NextBridge requests that the Board grant the following relief:

- a) Pursuant to Section 92 of the *OEB Act*, an Order granting NextBridge leave to construct the EWT Line Project;
- b) Pursuant to section 97 of the *OEB Act*, an Order approving NextBridge's forms of land agreements; and

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<sup>141</sup> VECC Submission, at paragraphs 1.11 and 2.14.

<sup>142</sup> Staff Submission, at pages 21 and 34.

<sup>143</sup> Staff Submission, at pages 18 and 34.

<sup>144</sup> Staff Submission, at pages 29 and 34.

<sup>145</sup> NextBridge's engineering calculations and drawings are being completed under the direction of an Ontario licenced professional engineer: see NextBridge response to Staff Interrogatory #38(a) and (b), found at Exhibit I.C.NextBridge.STAFF.38 (a) and (b).

<sup>146</sup> Staff Submission at pages 10-11 and 34; and VECC Submission, at paragraph 4.16.

<sup>147</sup> Staff Submission, at pages 22-23 and 34.

- c) Pursuant to section 78 of the *OEB Act*, an Order establishing a Construction Work in Progress (“CWIP”) deferral account and declaring the final balance of the Development Cost Deferral Account (“DCDA”) as the opening balance of such CWIP account. /c

All of which is respectfully submitted this 10th day of November 2018.

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(Original Signed)

Fred D. Cass  
Counsel for NextBridge

**Appendix A**  
**Annotated Table setting out Certainties and Uncertainties of the  
Projects**

**Table 1: Certainties and Uncertainties of the Projects**

	<b>NextBridge EWT Line Project</b>	<b>Hydro One LSL Project</b>
<b>Price Certainty</b>	High route certainty due to mature land acquisition program and extensive engagement with property owners and Crown interest holders. <sup>1</sup>	Route through Pukaskwa National Park pending approval by Parks Canada <sup>2</sup> , and opposed by multiple First Nations, some with active Aboriginal title claims to impacted lands <sup>3</sup> . Uncertainty about authorization to route through Michipicoten First Nation reserve. <sup>4</sup>
	Complete detailed construction access plan. <sup>5</sup>	No complete access plan. <sup>6</sup>
	Executed EPC agreement. <sup>7</sup>	EPC agreement not executed. <sup>8</sup>
	Known design of structures including successful testing of all 10 structures. <sup>9</sup>	Proposed quad circuit design using towers that have yet to be tested. <sup>10</sup>
	Confirmed right of way width informed by geotechnical investigation. <sup>11</sup>	No geotechnical fieldwork completed to inform right-of way width <sup>12</sup>
	Indigenous participation agreements signed with nine communities. <sup>13</sup>	No indigenous participation agreements reached. <sup>14</sup>
	Environmental permitting scoped and collaboration with MNRF related to draft permits and applications. <sup>15</sup>	No full understanding of permits required for construction. <sup>16</sup>
	76% of private landowners affected have option agreements signed and 33% of consents from Crown land interest holders obtained. <sup>17</sup>	No voluntary agreements concluded <sup>18</sup> acquisition program behind schedule <sup>19</sup> and no knowledge of what expropriations are needed. <sup>20</sup>
	Inventory and knowledge of number and types of land authorizations needed, and multiple permits obtained. <sup>21</sup>	Not aware of the details of many of the land interests it must address in order to proceed with construction. <sup>22</sup>
	Field studies undertaken over multiple seasons in multiple years <sup>23</sup> . Extensive field Reconnaissance program completed on route and access plan including waterbody crossings. <sup>24</sup>	Field studies commenced May 2018 <sup>25</sup> - geotechnical work not yet initiated. <sup>26</sup>
	Complete EA in final stages of approval - anticipated February 2019. <sup>27</sup>	Concurrent multi-track EA processes - an unprecedented Declaration Order track <sup>28</sup> with no application filed to date <sup>29</sup> , and an individual EA process track in early stages with Terms of Reference not expected to be approved until December 2018 <sup>30</sup> . Both processes assume the ability to rely on an approved NextBridge EA in order to meet a 2021 in-service date. <sup>31</sup>
	Provided with and incorporated extensive FNM traditional knowledge information/data and feedback into NextBridge EA. <sup>32</sup>	No consent to use FNM information and data collected for NextBridge EA for LSL EA purposes. <sup>33</sup>
Project cost estimate a narrow subcategory of AACE Class 2 and on the cusp of Class 1. <sup>34</sup>	Project cost estimate an AACE Class 3 <sup>35</sup> , and Class 4 for route around the park. <sup>36</sup>	

<b>Reliability</b>	Robust failure containment strategy. <sup>37</sup>	No failure containment on the 35km through Pukaskwa Park. <sup>38</sup>
	Meets OEB minimum technical requirements for galloping. <sup>39</sup>	Design does not consider single loop galloping for spans over 700 feet. <sup>40</sup>
	Design avoids single point of failure or bottleneck. <sup>41</sup>	Quad circuit tower design creates a single point of failure. <sup>42</sup>
	No outages of the existing East-West Tie required for the line. <sup>43</sup>	15 day continuous outage of existing East-West Tie line needed for Pukaskwa Park construction. <sup>44</sup> To date, no IESO-accepted outage plan <sup>45</sup> which is required two years in advance of outage <sup>46</sup> .
	2020 in-service date achievable. <sup>47</sup>	Best possible in-service date scenario is the end of 2022 based on MECP tying successful proponent line EA to station EAs. <sup>48</sup>
<b>Project Support</b>	Signed 20% equity participation agreement with BLP <sup>49</sup> and participation agreement with MNO. <sup>50</sup>	Proposed 34% equity position for BLP, but negotiations have not begun. <sup>51</sup>
	Extensive consultation and engagement with the 18 Ministry of Energy (MOE) identified FNM communities to the extent desired by each individual community since 2013. <sup>52</sup>	No consultation and engagement with FNM communities before February 2018 <sup>53</sup> - acknowledge more fulsome consultation is required. <sup>54</sup>
	Training program underway training 250 personnel. <sup>55</sup>	No training program proposed to date. <sup>56</sup>
	Letters of Support from 17 municipalities and stakeholder groups in the northwest. <sup>57</sup>	No Letters of Support. <sup>58</sup>

<sup>1</sup> Hearing Transcript Volume 4, page 170.

<sup>2</sup> EB-2017-0364 Exhibit C-1-2, page 1; EB-2017-0364 Exhibit I-1-16 Attachment 1, page 135.

<sup>3</sup> Hearing Transcript Volume 3, page 26; EB-2017-0364 BLP Evidence at pdf p.53; Michipicoten Argument at page 9.

<sup>4</sup> EB-2017-0364 Michipicoten First Nation letter to OEB dated June 20, 2018 letter at page 2; Michipicoten Argument at pages 3-6.

<sup>5</sup> Exhibit I.NextBridge.SEC.24, page 10.

<sup>6</sup> Hearing Transcript Volume 2, page 18.

<sup>7</sup> Hearing Transcript Volume 4, page 169.

<sup>8</sup> Hearing Transcript Volume 4, page 74.

<sup>9</sup> Exhibit C-2-1, page 7.

<sup>10</sup> EB-2017-0364 Hydro One 2018-05-07 Additional Evidence, page 30.

<sup>11</sup> Hearing Transcript Volume 7, page 41-43.

<sup>12</sup> EB-2017-0364 Exhibit I-1-11, page 3.

<sup>13</sup> EB-2017-0364 Technical Conference Transcript May 16, 2018 at page 11; Hearing Transcript Volume 6, page 62; Exhibit I.NextBridge.MNO.1 and Hearing Transcript Volume 4, page 173.

<sup>14</sup> Hearing Transcript Volume 1, page 145.

<sup>15</sup> Hearing Transcript Volume 4, page 170; Hearing Transcript Volume 5, page 36.

<sup>16</sup> Hearing Transcript Volume 1, page 125.

<sup>17</sup> Hearing Transcript Volume 4, page 170.

<sup>18</sup> Hearing Transcript Volume 1, page 137.

<sup>19</sup> Hearing Transcript Volume 1, page 140.

<sup>20</sup> Hearing Transcript Volume 1, page 137.

- <sup>21</sup> NextBridge received approvals from third-party agencies in August and September of 2018 for the overhead transmission line and access crossings: Hearing Transcript Volume 4, page 170.
- <sup>22</sup> Hearing Transcript Volume 1, page 140-142.
- <sup>23</sup> Exhibit I.JD1.NextBridge.STAFF.11; Hearing Transcript Volume 4, page 170; EB-2011-0140 NextBridge Monthly Report dated May 22, 2014 at paragraph 8(a); EB-2015-0216 NextBridge Report dated July 22, 2016 at paragraph 9(a).
- <sup>24</sup> Hearing Transcript Volume 6, page 22-23; Hearing Transcript Volume 5, page 28.
- <sup>25</sup> EB-2017-0364 Exhibit I-1-16 Attachment 1, pages 144 and 369.
- <sup>26</sup> EB-2017-0364 Exhibit I-1-11, page 3.
- <sup>27</sup> Hearing Transcript Volume 7, pages 99-100.
- <sup>28</sup> Technical Conference Transcript May 17, 2018, page 25-26.
- <sup>29</sup> Hearing Transcript Volume 1, page 35.
- <sup>30</sup> Hearing Transcript Volume 2, pages 1-2.
- <sup>31</sup> Hearing Transcript Volume 2, pages 11-13 and 83; Hearing Transcript Volume 1, pages 34-35.
- <sup>32</sup> Exhibit I.H.NextBridge.STAFF.41 plus Attachment.
- <sup>33</sup> LL#58FN Argument, paragraph 27; EB-2017-0364 BLP Evidence at pdf page 53; EB-2017-0364 MNO Evidence, paragraphs 25-26.
- <sup>34</sup> Hearing Transcript Volume 4, page 172.
- <sup>35</sup> Hydro One response to NextBridge Interrogatory #44 at EB-2017-0364 Exhibit I, Tab 2, Schedule 44, page 4.
- <sup>36</sup> Hearing Transcript Volume 1, pages 96-97.
- <sup>37</sup> Hearing Transcript Volume 4, page 171.
- <sup>38</sup> NextBridge Additional Material 2018-04-30 Attachment B, page 5; Hearing Transcript Volume 1, pages 73-74.
- <sup>39</sup> Hearing Transcript Volume 4, page 171.
- <sup>40</sup> Hearing Transcript Volume 1, page 77.
- <sup>41</sup> Hearing Transcript Volume 4, page 171.
- <sup>42</sup> EB-2017-0364 NextBridge Additional Material for Motion filed 2018-04-30 at Attachment B, Memorandum of Robert E. Nickerson, at page 7 and at Attachment D, Memorandum of Rich Bolbrock, at page 3.
- <sup>43</sup> Hearing Transcript Vol.me 4, page 171.
- <sup>44</sup> EB-2017-0364 Exhibit B-7-1, page 8.
- <sup>45</sup> EB-2017-0364 Exhibit I-1-2 Attachments 3 and 4; Hearing Transcript Volume 1, page 93.
- <sup>46</sup> EB-2017-0364 Hydro One Additional Evidence 2018-03-29 Exhibit F-1-1 Attachment 3, page 3.
- <sup>47</sup> Hearing Transcript Volume 5, pages 11-13.
- <sup>48</sup> NextBridge Argument in Chief, paragraph 72 (with associated footnotes 153 and 154).
- <sup>49</sup> Hearing Transcript Volume 6, page 62; EB-2017-0364 Technical Conference Transcript May 16, 2018 at page 11.
- <sup>50</sup> Exhibit I.NextBridge.MNO.1.
- <sup>51</sup> Hearing Transcript Volume 3, pages 5-6; EB-2017-0364 Hydro One Additional Evidence filed 2018-05-07, page 12-13.
- <sup>52</sup> Exhibit H-1-1, pages 1-2.
- <sup>53</sup> EB-2017-0364 Exhibit H-1-1, page 5; EB-2017-0364 Hydro One Additional Evidence 2018-05-07, page 41.
- <sup>54</sup> Hearing Transcript Volume 3, page 82.
- <sup>55</sup> Hearing Transcript Volume 4, page 167.
- <sup>56</sup> Hearing Transcript Volume 3, pages 39 and 83.
- <sup>57</sup> Exhibit I.NextBridge.STAFF.53, pages 2-3 and Attachment 1.
- <sup>58</sup> EB-2017-0364, Exhibit I.1.15 at page 4 and Exhibit I.1.16 at page 2.

**Appendix B**  
**Annotated Table setting out Project Costs**

**Table 2 - Project Costs of Relevant Scenarios**

	<u>NextBridge</u>		<u>Hydro One</u>				
	As-Filed Scenario <sup>1</sup>	EWT Station work takes 30 months from NextBridge EA approval date <sup>2</sup>	As-Filed Scenario <sup>3</sup> (same as Staff Scenario 3)	EWT Station work takes 30 months from LSL EA approval date <sup>4</sup>	Staff Scenario 1 Hydro One not able to use NextBridge's EA work <sup>5</sup>	Staff Scenario 2 Hydro One Around the Park <sup>6</sup>	Staff Scenario 4 Hydro One (i) not able to use NextBridge's EA work (ii) going around the Park and (iii) NextBridge recovers costs incurred up until the LTC decision
In-service Date	2020	2021	2021	2022	2022	2022-2024	2022-2024
Base Cost (\$M)	737	737	642	642	662	682.8	781.9
NextBridge development costs <sup>7</sup>	40	40	79	79	79	79	Included in scenario
Additional System Cost <sup>8</sup> (\$M)	0	21	21	47	47	47 - 146	47 - 146
Hydro One Delay Costs <sup>9</sup> (\$M)	N/A	N/A	N/A	15	15	15 - 45	15 - 45
<b>Total Costs (\$M)</b>	<b>777</b>	<b>798</b>	<b>742</b>	<b>783</b>	<b>803</b>	<b>824 - 953</b>	<b>844 - 973</b>
<b>AACE Upper End Costs (\$M)<sup>10</sup></b>	<b>851</b>	<b>872</b>	<b>935</b>	<b>976</b>	<b>996</b>	<b>1,035 - 1,164</b>	<b>1,055- 1,184</b>

<sup>1</sup> The as-filed cost estimates are summarized in the OEB Staff Summary of the Evidence on Costs, filed as Exhibit K4.2.

<sup>2</sup> Where Hydro One takes 30 months (see Exhibit JT4.1) from the date that the EA for the EWT Line Project and the EWT Station Project are issued, this will delay NextBridge into 2021 – the EWT Line Project would go into service when the EWT Station work is complete.

<sup>3</sup> The Hydro One cost estimates for the Hydro One routes are inclusive of Hydro One's indicated development costs of approximately \$17M, because Hydro One has indicated that these will be included with the other construction costs (see Hearing Transcript Volume 4, pages 40 to 41 and 70). Under this base scenario (which is the same as Staff Scenario #3) ratepayers pay \$79 million of NextBridge's costs even though it is the LSL Project that is proceeding (because it is highly likely that NextBridge's development and sunk costs will be paid by ratepayers in any scenario where the Hydro One LSL Project proceeds).

<sup>4</sup> As explained in the NextBridge AIC at paragraphs 72-73, Hydro One cannot receive EA approval for the EWT Station Project and start the EWT station work until the LSL Project EA is received. This will lead to the EWT station work being completed by December 2022 at the earliest.

<sup>5</sup> See NextBridge AIC, paragraph 62(a). NextBridge is assuming in this chart that Hydro One can still meet a 2022 in-service date where Hydro One must complete its own EA – it is not clear if that date can be achieved.

<sup>6</sup> See NextBridge AIC, paragraph 62(b). This adds \$40.8 million cost for Hydro One - Hearing Transcript Volume 1, pages 96-97. See also OEB Staff Summary of the Evidence on Costs, filed as Exhibit K4.2. The "Around the Park" route will require a full EA for the new portion of the route and other approvals, so its timing may extend well beyond 2022. That is later than the IESO's "drop dead" date. However, for illustration purposes, the financial implications of the delay are set out herein.

<sup>7</sup> The costs already incurred by NextBridge will be paid by ratepayers in any event. For the NextBridge project, this means that the \$40 million in development costs are added to the total cost under each scenario. For Hydro One, this means that both the development costs and NextBridge's current additional sunk costs for work done after the designation period to advance the project should be included. The \$38.9 million amount for these additional sunk costs is explained at paragraphs 2.4.1 and 2.4.2 of the SEC Argument (which cites Hearing Transcript Volume 5, pages 43-45 and Exhibit K7.1). Those additional \$38.9 million in costs are already included in NextBridge's base cost.

<sup>8</sup> These are the additional costs that ratepayers will pay in Global Adjustment and other costs based on IESO projections. The amounts are taken from Table 2 of Exhibit K4.4 - the IESO's Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion (at page 5) - and have been inflated by 2.5% per year to the relevant year(s) to account for the fact that IESO expresses the amounts in 2017 dollars.

<sup>9</sup> Hydro One's evidence is that delaying EA approval by one year will add around \$15 million in cost – see EB-2017-0364 Exhibit I-1-7, page 2, Table 1. See also Hearing Transcript Volume 4, page 32.

<sup>10</sup> The Upper End costs are determined by including all of the non-construction costs included in the Table, and then adding the high-end construction cost estimates, calculated in the same manner as set out in the Table that was included and explained at paragraph 60 of NextBridge's AIC. By way of example, Scenario 1 for Hydro One is calculated as follows: high-end construction costs (\$835) + EA costs (\$20) + NextBridge Development costs (\$79) + additional system costs (\$47) + Hydro One delay costs (\$15) = \$996.