

WATAYNIKANEYAP POWER LP

Responses to Interrogatories from Board Staff

BOARD STAFF - 1

Reference: Exh B-1-1 page 1
Exh B-2-1 page 1

Preamble: WPLP has applied under section 92 of the OEB Act for leave to construct electricity transmission facilities from a point near Dinorwic to Pickle Lake, and extending north from each of Pickle Lake and Red Lake. The facilities would connect to the grid 16 remote First Nation communities which are currently served by local diesel generation.

Section 96(2) of the OEB Act says:

In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.
2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources. [emphasis added]

Request:

- a) In WPLP's view, is this a case where the second consideration is "applicable"? If so, please explain how WPLP considered the "promotion of the use of renewable energy sources" in developing the Project.

Response:

WPLP notes that the OEB Act offers no guidance as to when the second consideration under subsection 96(2) will or will not be applicable and that the OEB's Chapter 4 filing requirements are similarly silent on this point.

In WPLP's view, based on its understanding of the context in which the second consideration under section 96(2) of the Act was introduced into the OEB Act, the present application is not a case where it is applicable. The requirement for the Board to consider "where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources", was introduced into the Act through amendments that were made to various legislation under the *Green Energy and Green Economy Act, 2009* in an effort to promote and facilitate the development, construction and use of renewable energy generation facilities. Consistent with that purpose, the limited public interest test under section 96(2) of the Act was expanded so as to allow, but not require, the Board to consider the promotion of the use of renewable energy sources where it is appropriate to do so in order to determine whether transmission facilities are in the public interest. In WPLP's view, the circumstances in which this consideration will be applicable is in the case of transmission projects that are associated with renewable energy generation facilities, such as where needed to connect such a facility to the IESO-controlled grid or in the circumstances of an enabler facility (as that term is defined in the Transmission System Code).

Notwithstanding WPLP's view that the second consideration under section 96(2) is not applicable, WPLP notes that its proposed Transmission System will allow for the potential future integration of renewable energy sources because the system extends to a large region of the province that currently has no transmission capabilities. As such, but for WPLP's project, any renewable energy sources that may be available in the project area would remain uneconomic due to the exorbitant cost for grid connection. WPLP notes that the former Ontario Power Authority's Remote Community Connection Plan refers at p. 33 to a 2009 study by the Ontario Waterpower Working Group that identified a number of high potential hydroelectric resources in the region.

BOARD STAFF - 2

Reference: Exh B-1-1 page 5

Preamble: The Decision on Threshold Questions in Hydro One's application for leave to construct transmission line facilities in the Windsor-Essex Region¹ opines on what transmission facilities fall under the scope of section 92 of the OEB Act and for which an applicant must seek leave of the Board to construct, expand or reinforce. The decision concluded that "transformer stations require approval under section 92 if they are associated with the construction of a line which exceeds 2 km in length, and are exempt if they are not."²

At Exhibit B-1-1, page 5, WPLP states that:

Also described in this Application are certain facilities that will be designed, constructed, owned and operated by Hydro One and which are necessary to enable the interconnection of the Applicant's Proposed Transmission Facilities to Hydro One's transmission system. As WPLP will not be constructing those facilities, they do not form part of WPLP's Proposed Transmission Facilities. However, the Hydro One facilities do form part of the Transmission Project. Moreover, as the Hydro One facilities are comprised of interconnection facilities linking its transmission system with WPLP's adjacent transmission system, together with short line taps that are less than 2 km in length, Hydro One is exempt from having to seek leave to construct for its facilities pursuant to section 6.2(1)(c) and (f) of O. Reg. 161/99 under the Ontario Energy Board Act, 1998.

Request:

- a) Please explain how in WPLP's view, its application is consistent with the OEB Decision on Threshold Questions in EB-2013-0421.

Response:

WPLP's application is consistent with the OEB's Decision on Threshold Questions in EB-2013-0421 because WPLP has included in its request for leave to construct all of the electricity transmission lines, as well as the 16 transformer stations and 6 switching stations, that WPLP is proposing to construct as part of its Transmission Project.

¹ EB-2013-0421

² Ibid., Decision on Threshold Questions, page 5

In EB-2013-0421, the Board considered Hydro One Networks Inc.'s ("HONI") application for leave to construct a 13 km transmission line. HONI indicated that it planned to construct a new transformer station as part of its project, but took the view that leave to construct was not required in respect of the station. The Board disagreed and required it to seek leave to construct for both the line and the station that it planned to construct. Unlike HONI's application in that proceeding, WPLP's application requests leave to construct for all of the transmission lines, transformer stations and switching stations that it plans to construct as part of its project.

The preamble above references WPLP's comments in its application regarding the facilities that HONI plans to construct in the vicinity of the points of interconnection between WPLP's proposed transmission facilities and HONI's existing transmission system. The Board's Decision on Threshold Questions in EB-2013-0421 does not consider circumstances where a transmitter that owns and operates an adjacent transmission system plans to construct its own interconnection facilities. As such, the Board's decision in EB-2013-0421 does not speak to the question of whether leave to construct is required for the HONI interconnection facilities described in Exh D-1-2.

In WPLP's view, there are three main reasons why leave to construct is not required in respect of the HONI interconnection facilities described in Exh D-1-2.

First, in respect of the stations that HONI plans to construct and include in its rate base, those are interconnection stations that are being constructed by HONI for the purposes of interconnecting HONI's transmission system with WPLP's transmission system. As such, the HONI stations are expressly exempt from section 92 under subsection 6.2(1)(f) of O. Reg. 161/99, which states that section 92(1) does not apply to "a person that makes an interconnection linking a transmission system with an adjacent transmission system in Ontario".

Second, in respect of the transmission line facilities that HONI plans to construct, those lines are, individually and collectively, less than 2 km in length and are thereby expressly exempt from section 92 under subsection 6.2(1)(c) of O. Reg. 161/99, which states that section 92(1) does not apply to "a person that constructs or reinforces an electricity transmission line that is two kilometres or less in length".

Third, the obligation to obtain leave under section 92, and the exemptions therefrom, are applicable to the particular persons who plan to construct or make interconnections. This is evident from the statutory language in section 92 and in section 6.1(1) of the regulation, which state: "No person shall . . ." and "Subsection 92(1) of the Act does not apply to a person that . . ." As such, to consider whether leave is required, it is only appropriate to look at the activities that a particular person is planning to undertake. The length of the transmission lines that WPLP is proposing to construct is not relevant for determining whether HONI, as a distinct person who has no interests in WPLP or in any of WPLP's partners, requires leave for any of the station or line facilities that it is planning to construct. When considered based on the activities being planned by each person individually, it is clear based on the nature and length of its facilities that HONI is exempt from the requirement for leave under section 92 of the OEB Act.

BOARD STAFF - 3

Reference: Exh B-1-1 page 8

Preamble: The application states that, “WPLP requests the Board’s approval, pursuant to Section 78(2) of the Act, for a cost recovery framework in respect of the Proposed Transmission Facilities [...]”

Section 78(1) of the OEB Act relates to transmission rates and section 78(2) relates to distribution rates.

Request:

- a) Why is WPLP not seeking OEB approval under the Act for the cost recovery framework under section 78(1), which relates to transmission rates? Please explain.

Response:

The Applicant referenced subsection 78(2) of the OEB Act in error and agrees that the correct reference is subsection 78(1) of the OEB Act. WPLP therefore requests the Board’s approval for the proposed cost recovery framework in respect of the Proposed Transmission Facilities pursuant to subsection 78(1) of the OEB Act.

BOARD STAFF - 4

Reference: Exh B-1-1 page 10

Preamble: The Line to Pickle Lake is expected to be in-service by Q4 2020, the first community connected in Q1 2021 and all construction completed by Q4 2023.

Request:

a) When does WPLP expect to file its first application for transmission rates?

Response:

WPLP expects to file its first application for transmission rates approximately 12 months in advance of the Line to Pickle Lake assets going in-service. As such, WPLP plans on filing its first rate application in late Q4 2019.

BOARD STAFF - 5

Reference: Exh B-2-1 page 15

Preamble: First Nation LP (FNLP) holds a 51% interest in WPLP and is indirectly owned by the Participating First Nations. As a result, the net profits attributable to FNLP will not be subject to income taxes and less income tax will therefore be included in WPLP's revenue requirement than would be the case absent First Nations ownership.

Request:

- a) Fortis (WP) LP holds a 49% interest in WPLP and is indirectly held by Fortis Inc. Will the net profits attributable to Fortis (WP) LP be subject to the usual income tax?
 - b) Are there any other tax impacts related to WPLP that are different from those for other utilities rate regulated by the OEB?
 - c) Are there any other elements of revenue requirement that are affected by First Nations' ownership?
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Response:

- a) Yes, the net profits attributable to Fortis (WP) LP will be subject to the usual income tax.
- b) With reference to the preamble, there are no other tax impacts related to WPLP that are different from those for other utilities rate regulated by the OEB.
- c) There are no other elements of revenue requirement that will be affected by the indirect ownership of the Participating First Nations.

BOARD STAFF - 6

Reference: Exh B-3-1 Appendix A

Preamble: In August 2016, WPLP applied to the OEB for a development cost deferral account.³ That application included a chart illustrating WPLP's ownership structure. In the current proceeding, WPLP filed a chart illustrating WPLP's ownership structure. The chart in the current proceeding does not include an entity called Fortis-Res PM Inc. ("Project Manager").

Request:

- a) Please explain the absence of Fortis-Res PM Inc. ("Project Manager") from the chart illustrating WPLP's ownership structure filed in the current proceeding.
 - b) Please describe the role of Fortis-Res PM Inc.
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Response:

- a) Pursuant to the OEB's Decision and Order in EB-2017-0009, FortisOntario Inc. was granted leave to acquire Fortis-RES GP Inc. Upon completion of that transaction, Fortis-RES PM Inc. was renamed Wataynikaneyap Power PM Inc. Generally, Wataynikaneyap Power PM Inc. occupies the same place in WPLP's overall organizational structure as did Fortis-RES PM Inc. in the chart filed in EB-2016-0262 (subject to the transaction approved in EB-2017-0009). Wataynikaneyap Power PM Inc. was referenced on slide 11 of WPLP's November 2, 2018 presentation to the Ontario Energy Board. Wataynikaneyap Power PM Inc. was not included in Exh B-3-1 Appendix A as it does not have an ownership interest in the regulated entity.
- b) Wataynikaneyap Power PM Inc. provides services to WPLP in respect of management and administration through the development, construction, and operating phases of the regulated business.

³ EB-2016-0262

BOARD STAFF - 7

Reference: Exh C-3-1 page 4
Exh B-2-1 page 10
Exh J-1-1 page 8
https://www.canada.ca/en/indigenous-northern-affairs/news/2017/08/the_government_ofcanadainvestsinbringingcleansafeandrelibleelec.html

Preamble: WPLP is constructing the first leg of the Red Lake Remote Connection Line, up to the Pikangikum First Nation Reserve, prior to constructing the remainder of the Transmission Project. Although most of the line will be constructed to 115 kV transmission standards, it will initially connect to Hydro One's distribution system and be operated by WPLP at a distribution voltage (44 kV) for a period of approximately 3-4 years. This will enable WPLP to connect the Pikangikum First Nation to the grid by late 2018. Construction of the Pikangikum System began in late 2017.

As noted in Exh C-3-1, the capital costs of developing and constructing WPLP's distribution facilities from Red Lake to the Pikangikum First Nation are being paid for through funding provided by INAC.

Request:

- a) What are the current forecast capital costs of developing and constructing the Pikangikum System from Red Lake to the Pikangikum First Nation?
- b) Does the cost in part (a) differ from the \$60.2 million INAC funding announcement on August 17, 2017? If yes, please explain why.
- c) Has funding from INAC been appropriated for the Pikangikum System? If yes, when was this finalized? If only part of the \$60.2 million funding has been appropriated, please advise of the amount and the date of that appropriation, and when the remainder of the funds are expected to be appropriated.
- d) Is any of the \$60.2 million INAC funding contingent on completion of this part of the project? If yes, please provide the details of the conditions related to completion status and any other conditions.
- e) Did WPLP have to secure financing from third parties for the Pikangikum System in advance of receiving INAC funding? If yes, please explain how this financing was achieved with respect to the financing issues identified by WPLP in Exh J-1-1. Was the financing secured from government and/or non-government (i.e., commercial) sources?

Response:

- a) The current forecasted capital cost of constructing the Pikangikum System from Red Lake to the Pikangikum First Nation is \$61.8 million.
- b) The current forecast for construction differs slightly from the \$60.2 million INAC funding announcement on August 17, 2017. The difference is approximately \$1.6 million (2.7%). Construction is currently being completed and at this stage the costs have not been finalized. WPLP is in discussion with INAC (Indigenous Services Canada) regarding the provision of funding for any prudently incurred final costs in excess of the \$60.2 million that has already been funded.
- c) Funding from INAC (Indigenous Services Canada) has been appropriated for the Pikangikum System. The funding and appropriation were finalized on November 15, 2017.
- d) The \$60.2 million of INAC (Indigenous Services Canada) funding is not contingent on completion of this part of the project.
- e) No, WPLP did not have to secure financing from third parties for the Pikangikum System in advance of receiving INAC funding. The INAC funding was provided in advance of WPLP incurring and paying for construction costs for the Pikangikum System.

BOARD STAFF - 8

Reference: Exh C-3-1
Exh J-1-1

Preamble: At the Pikangikum First Nation Reserve, WPLP's Pikangikum System will tie into the local distribution system serving customers within the community. The local distribution system is in transition to ownership and operation by Hydro One Remotes.

WPLP plans to apply for approval of distribution rates, to take effect upon the Pikangikum System going into service.

Request:

- a) What is the basis for determination of depreciation and rate base that will underpin future distribution rates for the Pikangikum System? Please explain how any appropriated funding from INAC will be considered in the determination of depreciation and rate base.
- b) Please explain any differences between the cost recovery proposal for the Pikangikum System operated at distribution voltage and the cost recovery proposal for the WPLP remote connection lines set out in Exh J-1-1.
- c) When does WPLP anticipate filing a distribution rate application for the Pikangikum System?

Response:

- a) All, or substantially all of the capital costs of developing and constructing the Pikangikum System are being paid for through funding provided by INAC. WPLP will not seek to recover the funded costs. WPLP will record the OM&A costs for the Pikangikum System, as well as any capital costs that may be incurred after the in-service date of the Pikangikum System and that are not paid for by the INAC funding, in a deferral account. WPLP has been granted approval from the Board to establish that deferral account, to be known as the Wataynikaneyap Distribution System Deferral Account, in EB-2018-0267. WPLP will propose recovery of any capital costs recorded in the deferral account, which would be in respect of capital expenditures after the Pikangikum System goes into service and that are not paid for by the INAC funding, as part of a future application to the Board.
- b) The approach to cost recovery for the Pikangikum System operating at a distribution voltage is entirely different and distinct from the approach to cost recovery proposed in the Application and set out in Exhibit J, Tab 1, Schedule 1. This is due in part to the different

ways in which the Pikangikum System and the Transmission Project are being funded, but also to the relative scale, temporary nature and prior development of the Pikangikum System as a stand-alone project.

With respect to scale, the Pikangikum System is an approximately \$60M, 117 km project as compared to the approximately \$1.6B, 1,729 km Transmission Project. More significantly is that the Pikangikum System is being established as a distribution system on a temporary basis with the intention of integrating it into the Transmission Project. As such, the cost recovery framework proposed in Exh. J-1-1 is not applicable to the Pikangikum System. If the Pikangikum System were being developed as part of the Transmission Project without operating on an interim basis as a distribution system, and without being the subject of a separate source of government funding, then the Pikangikum System would require the treatment proposed under the funding framework described in Exh. J-1-1. This would also be the case if the Pikangikum System was developed on a standalone basis, since it would have no rate base to support reinvestment into the system.

For the Pikangikum System, recovery will not be sought in respect of any development costs or any capital costs that are incurred prior to the in-service date of the Pikangikum System. This is because, as explained in response to (a), above, those amounts are being funded by INAC. As described in response to Board Staff IR 7(a) and (e), INAC (Indigenous Services Canada) provided a grant of \$60.2 million to WPLP in advance of and for purposes of funding construction of the Pikangikum System. The availability of that funding is a result of previous efforts on the part of the Pikangikum First Nation to develop the Pikangikum System as a stand-alone project. WPLP will record, in the Wataynikaneyap Distribution System Deferral Account that has been established in EB-2018-0267, OM&A costs that it incurs during the temporary period during which the Pikangikum System operates at a distribution voltage, as well as any capital costs that it incurs during that period that are not covered by the \$60.2 million construction funding. As indicated in that proceeding, WPLP will propose recovery of the amounts recorded in the account as part of a future rate application to the Board.

WPLP's proposed approach to cost recovery for the Transmission Project does not need to be further described here but, rather, is described in Exhibit J-1-1, with further explanation provided in Exhibit KP1 and a number of WPLP's responses to Board staff interrogatories.

See also response to Board Staff IR 43(e) for additional information.

- c) WPLP filed its application to establish the Wataynikaneyap Distribution System Deferral Account, to record its distribution costs in relation to the interim operation of the Pikangikum System as described in parts (a) and (b) above, on September 7, 2018 (EB-2018-0267). The Board approved WPLP's application and thereby authorized WPLP to establish the account in its Decision and Order dated November 22, 2018. As such, the deferral account will be in place prior to the Pikangikum System going into service. As explained in Exh. E, Tab 1, pp. 1-2 of WPLP's application in EB-2018-0267, WPLP plans to roll the amounts recorded in the account into its initial transmission rates for the Transmission System. However, if the

amounts recorded in the account are material, WPLP may apply to clear those amounts during the interim period during which the Pikangikum System operates as a distribution system.

BOARD STAFF - 9

Reference: Exh C-4-1 page 1
Exh D-1-1 page 12
Exh B-2-1 Appendix B

Preamble: At Exh C-4-1 page 1, it states that “Where feasible based on the geographical locations of the relevant remote communities, more than one community will be supplied from a single transformer station using radial lines operating at voltages of less than 50 kV.”

At Exh D-1-1 page 12, it states that “As the Wapekeka and Kitchenuhmaykoosib Inninuwig communities are relatively close to one another, a single, centrally located transformer station is able to cost-effectively supply both communities directly at 25 kV.”

Request:

- a) Is the Wapekeka-Kitchenuhmaykoosib Inninuwig TS the only instance in the Pickle Lake and Red Lake Remote Connections Lines of a centrally located transformer station that supplies more than one community? If no, please identify.
- b) If available, please indicate what alternative was considered to a single, centrally located transformer station to supply the Wapekeka and Kitchenuhmaykoosib Inninuwig communities and the estimated cost savings and other advantages of the proposed solution compared to that alternative.
- c) Please describe any other instances where a single, centrally located transformer station was considered for supplying more than one community but was not selected. Please indicate the reasons why it was not selected.

Response:

- a) The Wapekeka-Kitchenuhmaykoosib Inninuwig TS is the only instance in which a centrally located transformer station supplies more than one community at the same voltage. As described in Exhibit C-4-1, two other transformer stations (Kingfisher Lake TS and Wawakapewin TS) also take advantage of the relative proximity to other communities (Wunnumin Lake and Kasabonika Lake) to supply the latter two communities at 44 kV instead of 115 kV. Please see response to Board Staff IR 10 for additional detail.

- b) WPLP's understanding is that a project to construct a new 22 km long 25 kV distribution line to connect these two communities was initiated in 2015, after being identified as an innovative and cost-effective solution to address capacity limitations in Kitchenuhmaykoosib Inninuwug during the period prior to grid-connection.⁴ WPLP's understanding is that this line will be owned and operated by HORCI after being placed in service, and that the capital cost of constructing the line is being funded by INAC.⁵ WPLP further understands that completion of this grid tie project is imminent. WPLP has therefore assumed that the line will be available to connect both communities to its transmission system from a single supply point, thereby eliminating the need for the additional 115 kV line length and substation required in the alternative identified above.

The alternative to a single centrally located transformer station would be to split the 115 kV supply in the general area of this station and provide 115/25 kV transformation stations located in or near each of the two communities. WPLP estimates that the incremental cost of bringing the 115 kV lines to each community would be at least \$17 million, consisting of approximately \$11 million in additional line costs and approximately \$6 million in additional transformer station costs. Adding a 115 kV switching station at the location where the added 115 kV line would split towards each community would increase the incremental cost of this alternative by a further approximately \$6 million. OM&A costs would also increase as a result of increased line and station maintenance activity. In consideration of the 25 kV tie line discussed above, as well as the high costs and limited benefits of bringing 115 kV closer to either or both communities, WPLP did not pursue this option as a reasonable alternative.

- c) Please see Exhibit D-3-1, pages 22-25 for a detailed description of the technical alternatives that WPLP considered with respect to the number, location and configuration of substations supplying the various communities and groups of communities.

⁴ The "Business Case for Material Investment" for the "Big Trout Lake and Wapekeka Connection and Upgrade" project included in HORCI's last cost of service application (EB-2017-0051) described this project as the preferred alternative in comparison to upgrading one of the generators in Kitchenuhmaykoosib Inninuwug (Big Trout Lake). The business case also contemplates the use of this line for future connection of the community distribution systems to WPLP's transmission system.

⁵ For clarity, WPLP's cost estimates do not include the cost of this 25 kV line.

BOARD STAFF - 10

Reference: Exh C-5-1 page 3
Exh C-4-1 pages 1 – 4

Preamble: At Exh C-5-1 page 3, it states that, “The IESO supported scope for the Remote Connection Lines is to build radial lines to the communities from system supply points at Red Lake and Pickle Lake to connect remote First Nation communities. [...] The IESO Scope Document further specifies that: [...] radial lateral connections to each community shall operate at either transmission-level voltage, or sub-transmission voltage, with economic considerations and performance requirements for lines at sub-transmission voltages; [...]”.

At Exh C-4-1 page 1, it states that, “The configuration of the Proposed Transmission Facilities has been “right-sized” and optimized to reduce the need for additional facilities and construction activity. Consistent with the IESO’s recommended and supported scope for the project, the use of distribution-level voltages for certain segments of the transmission facilities that supply Hydro One Remotes’ distribution systems will lessen the cost of project construction compared to the use of transmission voltages to serve the same need”.

At Exh C-4-1 page 3, it states that, “The Pickle Lake Remote Connections Lines will include radial connections that operate at 44 kV (2 line segments totaling 93 km) or 25 kV (9 line segments totaling 24 km) and that convey power to the relevant local distribution systems. The Red Lake Remote Connections Lines will include radial connections that operate at 25 kV (6 line segments totaling 21 km) and that convey power to the relevant local distribution systems”.

Request:

- a) Please list the Pickle Lake and Red Lake Remote Connections segments where lines less than 50 kV were used as an alternative to 115 kV lines.
- b) If available, please describe the estimated cost savings and other advantages arising from the use of lines less than 50 kV identified in response to part (a) above.
- c) Please describe instances where lines less than 50 kV were considered as an alternative to 115 kV lines but were not selected as the proposed option. Please indicate the reasons why they were not selected.

Response:

- a) The complete list of line segments less than 50 kV is provided in Exhibit C-4-1 at pages 3-7. To assist the Board in understanding how these line segments were used as “alternatives to 115 kV”, WPLP has grouped these segments into two summary lists below. The first list includes line segments where the use of 25 kV or 44 kV lines, combined with substation location and/or configuration, either eliminated the need for certain infrastructure, or reduced the cost of downstream lines and stations. For these segments, a brief description of the avoided infrastructure and associated costs is included in the list. The second list includes 25 kV line segments that provide the final connection of a 115/25 kV or 44/25 kV transformation station to an existing 25 kV distribution system. For practical reasons (e.g. land, terrain, cost, obstructions, permitting, etc.), WPLP’s transformer stations could not always be sited immediately adjacent to the existing 25 kV distribution systems. Varying lengths of 25 kV lines are therefore required to complete the final connection from the transformer station to the existing distribution system. Note that more detailed information for each segment (conductor, number of structures, design features, etc.) can be found in the table at Exhibit D-1-1, Appendix B.

Line Segments – Alternative to 115 kV			
Segment	Length (km)	Voltage (kV)	Avoided Facilities/Reduced Costs
Kingfisher Lake TS to Wunnumin Lake TS	54.1	44	Line cost savings of \$8.1 million (54.1 km at 44 kV instead of 115 kV) Station cost savings of \$1.6 million (reduced costs at Wunnumin Lake TS from 44 kV ratings, offset by larger transformer rating at Kingfisher Lake TS)
Wawakapewin TS to Kasabonika Lake TS	38.6	44	Line cost savings of \$5.8 million (38.6 km at 44 kV instead of 115 kV) Station cost savings of \$1.9 million (reduced costs at Kasabonika Lake TS from 44 kV ratings, offset by larger transformer rating at Wawakapewin TS)
Wapekeka-KI TS to New HORCI 25 kV Connection Line	0.4 (WPLP) 22 (HORCI)	25	Line cost savings of \$11 million (avoid 22 km of 25 kV) Station cost savings of \$6 million (avoid additional TS) ⁶

⁶ The line and station cost savings referenced in respect of this segment consider the ability to make use of the 25 kV tie-line discussed in Board Staff IR 9, which is not owned by WPLP. The savings are based on comparison of bringing 115 kV to each community, as opposed to supplying the mid-point of the tie-line. In the absence of

Pikangikum TS	17.6	25	Line cost savings of \$4.9 million (17.6 km at 25 kV instead of 115 kV) Station cost savings of \$4.7 million (single TS south of Berens River crossing instead of TS and additional SS north of Berens River crossing) ⁷
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Line Segments – 25 kV Transformer Station to Distribution System Connections	
Segment (Originating TS)	Length (km)
Kingfisher Lake TS	4.3
Wunnumin Lake TS	1.2
Wawakapewin TS	4.8
Kasabonika Lake TS	2.3
North Caribou Lake TS	1.4
Muskrat Dam TS	6.4
Bearskin Lake TS	0.05
Sachigo Lake TS	3.5
Poplar Hill TS	1.3
Deer Lake TS	0.03
Sandy Lake TS	0.35
North Spirit Lake TS	1.1
Keewaywin TS	0.1

- b) Please see response to part (a)
- c) As described in detail in Exhibit D-3-1, beginning at page 22, WPLP’s general design philosophy was to locate step-down transformers as close as possible to each community in order to provide safe and cost-effective ongoing access to this equipment for regular operations, inspections and maintenance. This philosophy also provides benefits in terms of

this tie-line being in place prior to WPLP’s project, WPLP may have had to include construction of ~22 km of 25 kV line in its project cost estimate, which would reduce the stated savings of \$11 million.

⁷ These savings were achieved for the Pikangikum Project, and are provided here for completeness since the assets will become part of WPLP’s transmission system, and the 17.6 km of 25 kV line to Pikangikum is included in the totals referred to in the question.

line losses, voltage performance, and for locating 25 kV connection points close to existing diesel generating stations to minimize connection point work or protection and control impacts on existing distribution systems. With this consideration in mind, WPLP grouped communities based on the relative configuration of incoming and outgoing ROWs, if applicable, as more fully described in Exhibit D-3-1, beginning at page 23. For each grouping of communities, the considerations for or against the use of lower voltage lines in comparison to the use of 115 kV lines is summarized on pages 24-25 of Exhibit D-3-1.

BOARD STAFF - 11

Reference: Exh C-4-1 page 1
 Exh C-5-1 pages 7 – 8

Preamble: The application states that, “The configuration of the Proposed Transmission Facilities has been “right-sized” and optimized to reduce the need for additional facilities and construction activity.”

Request:

- a) Is the Applicant able to provide a high-level summary (in a bullet list or table, for example) of all actions or decisions taken to “right-size” and “optimize” the configuration of the proposed Transmission Facilities with a view to minimizing costs or cost effectiveness?

Response:

Summary of Activity / Decision	Reference to Evidence
Engaged POWER Engineers to define optimal structure family and conductor size to be used in the design of the Line to Pickle Lake	D-3-1, pp. 13-14
Use of motor-operated switches (as opposed to circuit breakers or non-motorized switches) on either side of 230 kV tap at Dinorwic	D-3-1, p. 14
Work with Hydro One and IESO on alternatives to reduce the combined 115 kV breaker count at WPLP/HONI substations in Pickle Lake area	D-3-1, p. 15
Evaluated use of conductor sizes other than 477 ACSR supported by IESO Scope Report	D-3-1, p. 21
Review of POWER Engineers structure optimization for the Line to Pickle Lake, in the context of 115 kV Remote Connection Lines to confirm use of wood-pole H-frame structures, as supported in IESO Scope Report	D-3-1, p.21
Consideration of substation siting, use of voltage levels less than 115 kV, and consolidation of transformer stations where possible	D-3-1, pp. 22-25 (See responses to Board Staff 9/10)
Engaged BBA to design, analyze and optimize the configuration of substations and reactive power compensation, with input from IESO on HV breaker configuration and minimum reactive power compensation requirements over the 10-year SIA study period, resulting in a reduction in the total number of 115 kV circuit breakers and optimization of reactive compensation over the expected service life of the assets	D-3-1, p.23

BOARD STAFF - 12

Reference: Exh C-6-1 page 2

Preamble: The application states that, “[...] for communities currently supplied by Hydro One Remotes, the requirements of O. Reg. 22/04 already apply and no major distribution system upgrades are required prior to grid-connection.”

Request:

- a) Has Hydro One Remotes provided confirmation to WPLP that no major distribution system upgrades are required for communities currently supplied by Hydro One Remotes prior to grid connection?

Response:

On page 3 of Exhibit C-6-1, WPLP describes that for the communities served by IPAs, technical and environmental assessments of the existing community distribution systems must be completed, and that system upgrades will be required to resolve any deficiencies identified from those assessments. As noted in response to Board Staff IR 13 (a), those assessments have now been completed. For communities currently supplied by HORCI, these inspections and associated upgrades are not required since HORCI has historically designed, maintained and operated its distribution systems in compliance with O. Reg. 22/04. The differences between IPA communities and the communities currently served by HORCI was communicated by HORCI to WPLP in a number of meetings and discussions with respect to community readiness for grid connection. WPLP notes that HORCI has further confirmed in its preamble to HORCI IR 8 that it designs, maintains and operates its distribution systems in compliance with O. Reg. 22/04.

WPLP notes that for all 16 connecting communities, upgrades are required to install wholesale metering equipment for compliance with IESO Market Rules, as described in Exhibit E-1-1, page 4, and in the preamble to HORCI IR 8. The costs of these metering installations are included in WPLP’s project cost estimate, and to the extent that these cost are incurred and recovered directly by HORCI, WPLP’s costs would be correspondingly lower.

BOARD STAFF - 13

Reference: Exh C-6-1 pages 2-3

Preamble: The application states that, “[...] Hydro One Remotes is or will be obligated to ensure that its distribution system in each community is designed, maintained and operated in compliance with O. Reg. 22/04 (Electrical Distribution Safety) under the Electricity Act, 1998.”

The application also states that “[...] In respect of the seven communities listed above that are served by IPAs, these communities are currently in the process of transitioning from the IPAs to being served by Hydro One Remotes.”

Request:

- a) What, if any, upgrades will need to be made to ensure that distribution systems of IPAs being transitioned to Hydro One Remotes service are designed, maintained and operated in compliance with O. Reg. 22/04 (Electrical Distribution Safety) under the Electricity Act, 1998”?
- b) What will be the cost of these upgrades?
- c) Please confirm that the costs of these upgrades are not included in the cost estimate for the Transmission Facilities.⁸

Response:

- a) While the upgrades to the local distribution systems of the IPA communities are beyond the scope of the application and beyond the scope of WPLP’s responsibilities as transmitter, a process has been established to address any necessary IPA upgrades (excluding Pikangikum IPA upgrades, which are part of the Pikangikum project). The process includes:
 - Opiikapawiin Services Limited Partnership (OSLP)⁹ is assisting with the facilitation of the IPA upgrade process;

⁸ The “Transmission Facilities” are defined in the application cover letter (dated June 8, 2018) as the facilities to reinforce the transmission system from a point near Dinorwic to Pickle Lake, plus the transmission facilities extending north of Pickle Lake and north of Red Lake, collectively.

⁹ OSLP is a company that is indirectly owned by the 22 Participating First Nations, and which provides community engagement, communications, First Nations participation and training services to WPLP.

- The required upgrades are being assessed by the applicable IPA communities, their IPAs and INAC (Indigenous Services Canada) with support from HORCI, the Electrical Safety Authority (ESA) and OSLP;
 - The scope of required local distribution upgrades has been determined based on the deficiencies identified in the joint ESA/HORCI inspection, which has been completed for each IPA distribution system;
 - Based on the deficiencies identified in the joint ESA/HORCI inspections, OSLP is facilitating efforts by the IPA communities and INAC (Indigenous Services Canada) to develop a project implementation plan using the Indigenous Services Canada Project Approval Request (“PAR”) process. The PAR, once approved, will then provide the necessary framework for funding and project execution to implement the upgrades; and
 - In order to ensure compliance with O. Reg. 22/04 (Electrical Distribution Safety) under the *Electricity Act, 1998*, the ESA and HORCI will need to sign off to confirm that the deficiencies have been remedied to their satisfaction prior to takeover by HORCI. See response to HORCI IR 9 (b).
- b) With the exception of Pikangikum, WPLP is not responsible for carrying out the IPA upgrades and, as such, is not in a position to provide an estimate of the costs of the remaining IPA upgrades. Please see response to Board Staff IR 13 (a).

With respect to Pikangikum, WPLP has been involved in the upgrade of the Pikangikum IPA’s distribution system by assisting in the arranging of contractors and providing project management. In that capacity, WPLP can advise that the costs to upgrade the Pikangikum IPA’s distribution system are forecasted to be \$3.8 million and are included in the overall costs for the Pikangikum System, which are being paid for through the INAC (Indigenous Services Canada) funding for the Pikangikum System. Please refer to the response to Board Staff IR 7 for additional information.

- c) WPLP confirms that the costs of IPA upgrades are not included in the cost estimate for the Transmission Facilities for which Leave to Construct is requested in the Application.

BOARD STAFF - 14

Reference: Exh C-6-1 page 3

Preamble: The application states that “[...] In respect of the seven communities listed above that are served by IPAs, these communities are currently in the process of transitioning from the IPAs to being served by Hydro One Remotes.”

The application also states that “Generally, the effective date for their transition to receiving local distribution service from Hydro One Remotes will be planned to be before or to coincide with the date of grid connection.”

Request:

- a) Is WPLP aware of any instances where transitions will be planned to be after the date of grid connection? If so, please explain.

Response:

WPLP’s expectation is that each community currently served by an IPA would transition to being served by HORCI on or before the date of grid connection for that community in order to ensure that all distribution systems connected to the IESO-controlled grid are operated by an OEB-licensed local distribution company. For example, WPLP understands that on November 30, 2018 HORCI filed an application with the Board for an amendment to its electricity distribution licence to add the community of Pikangikum to its distribution service territory effective on the date that Pikangikum connects to WPLP’s distribution line. WPLP, with the support of OSLP and the tribal councils, has been working with all of the IPA communities to ensure that they understand the necessity of transitioning to HORCI, the critical timelines and the steps required to transition.

BOARD STAFF - 15

Reference: Exh C-6-1 page 3

Preamble: The application states “Notwithstanding its role as the licensed transmitter, WPLP has facilitated dialogue between the IPA communities, Hydro One Remotes and INAC to determine the process and requirements for transitioning to the provision of distribution service by Hydro One Remotes coinciding with grid connection. In addition to the process described in Section B above, for each IPA community Hydro One Remotes requires:

- Completion of technical and environmental assessments;
- Asset transfer and operating agreements;
- System upgrades to resolve deficiencies noted in the technical and environmental assessments; and
- Construction of appropriate Hydro One Remotes operating facilities consistent with the facilities in the other communities served by Hydro One Remotes (e.g. small work centre with equipment and material storage).”

Request:

- a) Please provide a brief update on the status of each of the bulleted items above for each of the IPA communities that will transition to Hydro One Remotes service.
- b) Please also indicate when all steps involved in the transition will be complete for each IPA community.
- c) What will be the total cost of the transition?
- d) Please confirm that the cost of the transition is not included in the cost estimate for the Transmission Facilities.

Response:

- a) With the exception of Pikangikum, WPLP is not responsible for carrying out the IPA upgrades. However, WPLP’s understanding of the process and status is as follows:
 - The technical assessments have been completed for all IPA communities and are currently being assessed by those IPA communities, their IPAs and INAC (Indigenous Services Canada) with support from HORCI, the ESA and OSLP;

- The asset transfer agreements have not been initiated at this time;
- No system upgrades have been initiated; and
- Construction of appropriate HORCI operating facilities consistent with the facilities in the other communities served by HORCI has not been initiated.

With respect to Pikangikum, WPLP has been involved in the upgrade of the Pikangikum IPA's distribution system by assisting in the arranging of contractors and providing project management. With the exception of construction of the HORCI operating facilities, which has been deferred until winter roads are available to get supplies into the community, all steps are planned to be completed by December 14, 2018. The delay in establishing the HORCI operating facilities will not delay the transition to HORCI. Please refer to the response to HORCI IR 8 (a) for additional information.

b) Please refer to Board Staff IR 15 (a) and HORCI IR 10 (b).

c) Please refer to Board Staff IR 13 (b).

d) Please refer to Board Staff IR 13 (c).

BOARD STAFF - 16

Reference: Exh C-5-1 pages 7 – 8
Exh B-2-1
Exh B-4-1 appendix D page 4

Preamble: The IESO Scope Document calls for WPLP to facilitate the arrangement of the backup of electricity supply to maintain, at a minimum, certain essential loads in each of the remote communities.

The application states that “The supported scope for the Remotes Connection Project is as follows: [...] Facilitate the arrangement of backup electricity supply resources for connecting communities where: such facilities do not already exist, other arrangements have not been made or the community has not specifically requested an exemption [...]”.

The application also states that “WPLP engaged BBA to analyze and report on backup power supply options for the remote communities (the “Backup Power Report”) [...] WPLP has provided the Backup Power Report to certain stakeholders and is in the process of finalizing a communications and engagement strategy with respect to providing the report to individual communities.”

Request:

- a) Please provide a brief status update and outlook on the Applicant’s activities related to facilitating the arrangement of backup electricity supply resources for connecting communities as set out in the IESO Scope Document.
- b) How many communities will require backup power?
- c) How much back up power will be required?
- d) Where will the backup power be connected?
- e) How much will the required backup power cost?
- f) How will the costs of the backup power be recovered?
- g) Are any costs of the backup power reflected in WPLP’s cost estimates for the Red Lake Remote Connection Lines and Pickle Lake Remote Connection Lines? If so, please explain.
- h) Can the transmission project be placed in service without the backup of electricity supply? Please explain.

Response:

WPLP's involvement with respect to backup supply stems from the supported scope set out in the IESO Scope Report. However, as a licensed transmitter WPLP is not the appropriate party to develop, construct, operate or maintain any backup supply resources. As a result, the IESO Scope Report calls for WPLP to facilitate the arrangement of backup electricity supply resources in accordance with the IESO Scope Report. As its role is limited to facilitation, the costs associated with the implementation of any backup electricity supply resources are not included in WPLP's transmission project cost estimates.

- a) As summarized in Exh C-5-1, pp. 7-8, WPLP engaged BBA to analyze and report on backup power supply options for the connecting First Nation communities (the "BBA Report"). The report provides a forecast of outage frequency and duration for each community following grid connection. The report recommends the use of existing diesel generation assets over other technologies for backup supply, and proceeds to evaluate the costs and implications of a number of scenarios involving the existing generators. Consistent with WPLP's obligations to facilitate the arrangement of backup supply, the intended use of the BBA Report obtained by WPLP is to provide a basis for informed discussion between the appropriate parties, which include HORCI, INAC, and the First Nation communities. Discussions between these parties are ongoing, and the responses to this question will be determined as a result of those discussions. Please see response to HORCI IR 3.
- b) All of the Remote Communities being connected to the proposed Transmission Project will require backup power.
- c) Please see response to part (a).
- d) Please see response to part (a).
- e) Please see response to part (a).
- f) Please see response to part (a).
- g) The costs for planning, developing, implementing, operating and maintaining backup power supply are not reflected in WPLP's transmission project cost estimates. However, the cost estimates do include the relatively immaterial costs incurred by WPLP to fulfill its obligation under the IESO Scope Report to facilitate the arrangement of backup supply (i.e. obtaining studies, labour costs of attending meetings, etc.).
- h) WPLP's understanding is that the requirement to facilitate backup supply resources relates to the expected reliability of a long radial transmission system, in consideration of remoteness and accessibility. WPLP, expects that the process described in part (a) above will result in agreement on the scope of backup power prior to the in-service date of any community. In

any event, WPLP does not expect that HORCI or any of the IPAs would immediately decommission the existing diesel generating assets upon grid connection, such that in the absence of formal agreement on backup power, these resources would continue to be available to supply backup power on an emergency basis until such time as all parties come to a final agreement with respect to backup power.

BOARD STAFF - 17

Reference: Exh C-5-1
Exh B-2-1 page 11 footnote 4
Exh B-2-1 page 13

Preamble: The application states that “Any infrastructure required either by Hydro One Remotes to enable grid connection or by IPAs to enable transition to Hydro One Remotes is beyond the scope of this Application.”

Request:

- a) Are there any infrastructure elements required other than backup of electricity supply and the work to bring distribution systems in each community into compliance with O. Reg. 22/04 that are outside of the direct control of WPLP? If yes, please identify and please estimate the costs.
- b) Does WPLP have a coordinating role or any other role with respect to these other infrastructure elements?

Response:

- a) WPLP expects to collaborate with HORCI to define the scope of all connection point work, including the installation of wholesale metering, and the configuration of switching and protection elements, prior to entering into connection agreements with HORCI in respect of each community. To the extent that any of these assets will be owned and installed by HORCI, they will be outside of the direct control of WPLP. See also the infrastructure elements required by HONI, which are outside of the direct control of WPLP, as described in Exh. D-1-2 and discussed in response to Board Staff IRs 2, 28 and 29.
- b) WPLP expects to coordinate the connection point work for each community with HORCI as described in the response to part (a), and has begun coordinating with both HORCI and IESO on acceptable options for the location and configuration of wholesale metering facilities. Please see the response to Board Staff 15 IR (a) with respect to the distribution system upgrades in IPA communities. WPLP also expects to initiate the work to be carried out by HONI, as described in Exh. D-1-2, by entering into a Connection Cost Recovery Agreement with HONI.

BOARD STAFF - 18

Reference: Exh C-5-1 page 3
Exh C-6-1
ED-2003-0037
O. Reg. 442/01 *Rural or Remote Electricity Rate Protection*

Preamble: The application refers to the communities of Kitchenuhmaykoosib Inninuwug and Big Trout Lake.

Footnote 1 of Exh C-5-1 at page 3 states that Kitchenuhmaykoosib Inninuwug is equivalent to Big Trout Lake, and that North Caribou Lake is equivalent to Weagamow/Round Lake First Nation. The distribution licence for Hydro One Remotes includes Big Trout Lake and Weagamow in Schedule 1 describing the authorized distribution service area. O. Reg. 442/01 lists Big Trout Lake and Weagamow in Schedule 2.

Request:

- a) Is WPLP aware of any future licence and regulation amendments related to the identification of these two communities?

Response:

WPLP is not aware of any future licence amendments relating to the identification of the two referenced communities.

However, WPLP is aware of the possible future amendment of a regulation that includes references to the two communities. In particular, in connection with previous discussions with the Ministry of Energy regarding the need for amendments to the RRRP regulation, WPLP suggested that the names used for these communities be aligned as between O. Reg. 442/02 on the one hand and the Orders in Council, WPLP's transmission licence and the IESO Scope Report on the other. In particular, WPLP suggested that the regulation use "Big Trout Lake (Kitchenuhmaykoosib Inninuwug)" and "Weagamow (North Caribou Lake First Nation)" to avoid confusion. In response, the Ministry advised that there are additional regulations that reference these communities (O. Reg. 160/99 and O. Reg. 199/02) and that the RRRP regulation needed to be consistent with those. The Ministry acknowledged that the names used in the regulations do not reflect the current names used for the communities, but confirmed that the regulations are still effective.

BOARD STAFF - 19

Reference: Exh B-1-1 page 10

Exh C-7-1

Preamble: The application states that subject to receipt of all necessary permits and approvals, as well as conventional land rights, WPLP plans to commence construction of the Proposed Transmission Facilities in Q1 2019, beginning with the Line to Pickle Lake. Construction of the Remote Connection Lines will commence shortly thereafter in Q3 2019. The Line to Pickle Lake is expected to be in-service by Q4 2020, the first community connected in Q1 2021 and all construction completed by Q4 2023. The application states that, “it is critical for the project schedule that a decision be issued on this Application by early Q1, 2019.”

Request:

- a) Responses to interrogatories in the subject proceeding are due by the end of November. What is WPLP’s plan in the event that the OEB is not in a position to issue a decision by early Q1, 2019? Please describe.

Response:

In the event the OEB is not in a position to issue a decision by early Q1, 2019, WPLP will work with its contractor(s) to ensure there are appropriate resources allocated to the project to minimize the impact on schedule. WPLP’s objective will continue to be to meet the planned in-service dates so as to address the urgent need for power in the remote First Nation communities, while still providing value to the ratepayer.

BOARD STAFF - 20

Reference: Exh C-7-1 pages 1 - 4

Preamble:

Request:

- a) Please provide a picture/visual depiction (such as a high-level Gantt chart) of the forecasted milestones listed in the table at Exh C-7-1, pages 1-4.
- b) Please provide an additional table and picture/visual summary of community connection milestones on the North of Pickle Lake Connection Line and North of Red Lake Connection Line (i.e. the existing table at Exh C-7-1, page 4 does not provide connection line-specific or community-specific detail).
- c) Based on the schedules above, approximately how many km of line will be built each year? Is this pace of construction consistent with other transmission projects the Applicants have been involved with?

Response:

- a) Please see Gantt chart in Schedule BS – 20(a). Please note that the forecasted milestone dates for the following items have been updated in the chart:
 - The Overall Milestone for Engineering, Procurement and Construction tender award has changed from Q4 2018 to Q1 2019
 - The Line to Pickle Lake milestone for Obtain All Required Conventional Land Rights and Access Permits has changed from Q4 2018 to Q1 2019
 - The Remote Connection Lines milestone for Obtain All Required Conventional Land Rights and Access Permits for planned 2019 work has changed from Q4 2018 to Q1 2019
- b) WPLP is unable to provide the requested detail at this time since the line-specific and community-specific construction schedule will be determined during the finalization of the EPC contract, which is not yet complete. See response to HORCI IR 10 (b).
- c) The total of 1729 km of lines and 22 stations will be constructed between 2019 and 2023 (5 years), at a cost of approximately \$1.65B. The average pace is therefore approximately 346 km and 4-5 stations per year, at an average cost of approximately \$330M per year. In comparison, ITC holdings, a subsidiary of Fortis Inc. which has been providing services to this project, completed \$313M of work in 2017 related to Multi-Value Regional

Transmission Projects (“MVPs”).¹⁰ WPLP also notes that, at a consolidated level, Fortis Inc. executed an aggregate capital investment program of approximately \$3B in 2017 alone, approximately \$2.2B of which was directly related to T&D investments.

Additionally, consideration of capability and experience in relation to comparable transmission projects was a consideration in shortlisting proponents to participate in WPLP’s Request for Proposal process, and will further be a consideration in the ultimate selection of one or more EPC contractor(s).

¹⁰ The MVPs at ITC consist of four regional electric transmission projects that have been identified by MISO to address system capacity needs and reliability in various states.

BOARD STAFF - 21

Reference: Exh C-7-1 page 4
Exh D-3-1 page 8

Preamble: The application states that, “[t]o conclude the EA process, the Applicant is in the process of completing the environmental effects and archaeological assessments on the corridor and corridor alternatives for the Remote Connection Lines.” The application also states that project schedule may be subject to constraints related to archaeological assessments.

Request:

- a) Please provide an update on the archaeological assessments for the Remote Connection Lines.
- b) Please summarize the findings of the archaeological assessments in terms of any impacts to the project schedule and project costs.

Response:

- a) The stage 2 archaeological assessments for the Remote Connection Lines have been completed for most of the Red Lake Remote Connection Lines and the southern portion of the Pickle Lake Remote Connection Lines (Pickle Lake to North Caribou Lake First Nation). The remaining portions of the Remote Connection Lines that require Stage 2 assessment will be completed in early 2019.
- b) Based on findings to date, the project schedule and estimated project cost for the Remote Connection Lines will not be impacted.

BOARD STAFF - 22

Reference: Exh C-7-1 page 7

Preamble: At Ref: Exh C-7-1 page 7, it states that “WPLP’s expectation is that many project components will proceed in parallel. For example, it is expected that the construction of the Remote Connection Lines will commence prior to the completion date of the Line to Pickle Lake, and that construction of the Red Lake Remote Connection Lines and Pickle Lake Remote Connection Lines will be proceeding in parallel for a significant portion of the overall construction period.”

Request:

- a) Please indicate why WPLP has proposed to build Red Lake Remote Connection Lines and Pickle Lake Remote Connection Lines in parallel for a significant portion of the overall construction period.
- b) Are there risks that are unique to this approach? How does WPLP propose to manage such risks?
- c) Please indicate whether this parallel approach is similar to any other project the Applicants or their partners have been involved with previously.

Response:

- a) Given the remote location of the project and the fact that there is limited access to all-season roads, construction must rely on the use of winter roads. It is therefore critical to take advantage of the winter construction season during which those winter roads are available. In order to take advantage of the winter construction seasons, and to enable completion of the project within a reasonable period having regard to the urgent needs of the remote First Nation communities, it is best to work in parallel for a significant portion of the overall construction period. Approaching construction in this manner is the only practical way to have all communities connected by 2023 and, moreover, will enable more communities to connect earlier within this timeframe.
- b) WPLP does not believe that there are risks unique to this approach. In WPLP’s view, this approach reduces construction risk given the need for winter construction as it effectively increases the number of winter construction seasons available for constructing the Red Lake Remote Connection Lines and Pickle Lake Remote Connection Lines.
- c) Yes, the parallel approach is similar to other projects the Applicant’s partners have been involved with previously. For example, Fortis’ affiliate ITC has been involved with the construction of a number of projects that have used or are using a parallel approach to

construction, including but not limited to its 140 mile (225 km) 345 kV Thumb Loop project, its 195 mile (314 km) MVP 3&4 project, its 122 mile (196 km) V-Plan project and its First Network project, which consists of a several hundred mile long fibre optic network. In addition, WPLP's Owner's Engineer and its subcontractor have experience with a number of transmission projects that have used or are using a parallel approach to construction, including but not limited to the Maritime Link Project, the Northwestern Transmission Line Project, the Interior to Lower Mainland project, an 880 km transmission line project in Pakistan and a 410 km transmission project in Zimbabwe. Moreover, through its contractor selection process, WPLP will ensure that its constructor(s) have relevant experience in carrying out construction using similar processes.

BOARD STAFF - 23

Reference: Exh C-7-1
Exh C-6-1

Preamble:

Request:

- a) Please describe the process for how WPLP is coordinating the construction of the Red Lake Remote Connection Lines and Pickle Lake Remote Connection Lines with the readiness of communities to connect to those lines.

Response:

WPLP intends to finalize detailed construction schedules with the successful EPC contractor(s) in advance of the start of construction of the Remote Connection Lines, which is currently scheduled for Q4 2019. These schedules would indicate the expected completion date for the various line segments and substations required to connect each community, which in turn will allow WPLP to determine approximate dates on which each community could become grid-connected.

As indicated in Exhibit C-7-1, Page 4, the forecasted milestones for completion of Asset Transfer Agreements between IPA communities and HORCI is targeted for Q3 2019, and the connection of the remote communities is planned between Q1 2021 and Q4 2023. WPLP expects that the Asset Transfer Agreements will finalize any and all conditions required for HORCI to acquire the assets of the IPAs and provide service to those communities. In parallel with this process, WPLP has already initiated discussions with HORCI regarding the location of and scope of work at the 25 kV connection points for all 16 communities, and expects to have Connection Agreements in place in 2019 (including by late 2018 in respect of the Pikangikum System).

Agreement on the pre-requisite activities for grid-connection of each community prior to the end of 2019 will allow the required activities to be prioritized throughout 2020-2022 to stay ahead of the targeted connection dates for each community in 2021-2023. See also WPLP's response to Board Staff IR 13.

BOARD STAFF - 24

Reference: Exh C-8-1 page 1

Preamble: The application goes into detail in relation to the technical and cost recovery aspects of the Line to Pickle Lake and Remote Connection projects. However, the application does not go into much detail in terms of the costs related to those projects. The table on page 1 provides capital costs directly attributable to each of the Line to Pickle Lake and Remote Connection projects. However, most of the cost components (e.g., Environmental Assessments, Legal, Contingency, etc.) are only provided on an aggregated basis for the two projects (i.e., single dollar amount).

Request:

- a) Please expand the table referenced above by adding two columns so that it shows the fully allocated cost for the Line to Pickle Lake and Remote Connections separately. For example, if the contingency amount is split 50/50, allocate 50% to the Line to Pickle Lake project and 50% to Remote Connections project.

Response:

Please see Exhibit J-3-1, page 1.

BOARD STAFF - 25

Reference: Exh C-8-1 pages 1 – 5

Preamble: Exh C-8-1 page 1, Table 1 provides the total estimated cost of the Transmission Project, including a Contingency cost estimate of \$252,400k.

At Exh C-8-1 page 3, it states that “The estimated Transmission Project cost includes approximately \$250 million in contingency, or 20% of the current pre-contingency estimate.”

At Exh C-8-1 page 4, it states that “The contingency amount included in the cost estimate is expected to provide allowance for the following items [...]”

Request:

- a) In reference to each of the items listed on page 4 at Exh C-8-1, please describe the general basis of the contingency allowance estimate for the Transmission Project.
- b) If available, please provide an indication of the relative importance of each of the items listed on page 4 at Exh C-8-1 towards the estimated contingency cost.
- c) Please describe how the contingency cost estimate for the Transmission Project compares to contingency cost estimates developed for other projects with which the Applicants or their partners have been involved.
- d) How would the Applicants characterize the relative confidence of the cost estimate at Exh C-8-1 page 1, Table 1?

Response:

- a) WPLP considered the progress of development as described at Exh C-8-1, p.3 (e.g. the existence of a well-defined project scope, routing certainty, completion of preliminary design, etc.) and considered that a contingency of 20% represented a reasonable proxy for the costs that will be incorporated into EPC proposals to account for the risks listed at Exh C-8-1, p. 4, as well as to account for any risks that are not allocated to the EPC proponent(s). WPLP expects to further refine its contingency cost estimates as it completes its competitive process for selecting one or more EPC contractor(s).
- b) None of the listed items are more important than any other. All listed items are essential elements of the project where despite WPLP’s planning efforts, risks or unknowns could affect project costs.

- c) In the Applicant's experience, it is typical at this stage of an EPC project (i.e. prior to receipt of EPC proposals) to carry an overall contingency factor in the range of 5-15%. WPLP considered the use of 20% as reasonable in consideration of the relative project costs associated with of travel, access, accommodations, subsurface conditions and environmental restrictions, and the relative risk associated with these items in consideration of the remoteness of the project.
- d) WPLP has a high level of confidence in its project cost estimate, in consideration that the project scope, routing and configuration are well-defined, and that preliminary engineering has been completed. WPLP expects that its confidence in the cost estimate will increase considerably following receipt of EPC proposals.

BOARD STAFF - 26

Reference: Exh D-1-1 pages 2 - 27
Exh D-1-1 Appendix 'A' pages 1 - 9
Exh C-8-1 pages 1 - 2
Exh C-3-1
Exh B-2-1 page 9

Preamble: The application states that, "The Proposed Transmission Facilities include a total of 22 stations (6 switching stations and 16 transformer stations) and 35 distinct line 'segments'.

The application also states that, "With respect to its estimate of construction costs, WPLP developed cost estimates for each transmission line segment and each substation cost as the starting point. Transmission line cost per-kilometre estimates were developed [...]".

Request:

- a) Please provide a summary table with the following information for each of the 'segments': segment name, very brief description (e.g. purpose/function, key equipment), length (e.g. km), and original and current forecasted costs broken down by line cost, station cost, line + station cost, and line + station cost per unit of length (e.g. \$/km)
- b) Where the \$/km cost of any individual segment is notably higher than others, please explain.
- c) What is the projected cost of the Pikangikum System per km?
- d) Are the projected costs of the Pikangikum System per km indicative of the per km cost for the rest of the transmission project? If not, why not?
- e) Is construction of the Pikangikum System on schedule? Please explain.
- f) Based on the learnings from the Pikangikum System work to date, does WPLP believe that its schedule and costs for the Transmission Project are achievable?

Response:

- a) All of the requested information, apart from the requested cost breakdowns, is provided in the tables at Appendices A and B of Exhibit D-3-1. The following tables summarize the voltages, lengths, cost estimates and cost per km information for each line segment, and the

cost estimates and function(s)¹¹ for each station. Line segments are grouped by voltage level for ease of comparing cost per km. Since there is not a one-to-one relationship between stations and line segments¹², the station estimates have been kept separate from the line segment estimates to prevent the station costs from skewing the cost per km comparison requested in part (b) of this question. The tables below include the direct costs of transmission line and station facilities, in nominal dollars, without allocation of administrative, general or contingency costs to line segments or stations. The line segment lengths in the table below correspond with those presented in the initial application, filed June 8, 2018. Since the total net change in line segment length in the October 5 amendments was only 6 km WPLP has not further revised its cost estimates. WPLP therefore confirms that there are no changes in the original forecasted costs (i.e. those presented in the application), and WPLP's current forecasted costs.

Description	SLD Designation	Voltage (kV)	Length (km)	Estimated Cost (\$)	Cost per km (\$)
Wataynikaneyap SS to Wataynikaneyap TS	W54W	230	302.5		
Wataynikaneyap TS to Ebane/Pipestone SS	WBC	115	147.8		
Ebane/Pipestone SS to Kingfisher Lake TS	WCJ	115	101.6		
Kingfisher Lake TS to Wawakapewin TS	WJK	115	90.4		
Wawakapewin TS to Wapekeka-KI TS	WKM	115	62.1		
Pipestone SS to North Caribou Lake TS	WCD	115	129.3		
North Caribou Lake TS to Muskrat Dam TS	WDE	115	87.2		
Muskrat Dam TS to Bearskin Lake TS	WEF	115	72.3		
Muskrat Dam TS to Sachigo Lake TS	WEG	115	91.2		
Red Lake SS to Pikangikum TS ¹³	WPQ	115	19.3		
Pikangikum TS to Poplar Hill SS	WQR	115	42.5		
Poplar Hill SS to Poplar Hill TS	WRS	115	32.9		

¹¹ The station cost table groups stations by function, or combination of functions, corresponding to Line Switching, Transformation and Reactive Power Compensation. Line Switching stations generally contain a number of HV circuit breakers, Transformation stations generally contain two transformers (except for Wataynikaneyap TS, which contains a single autotransformer) and multiple LV circuit breakers. Reactive Power Compensation stations contain one or more fixed or variable shunt reactors.

¹² Many stations supply more than one downstream line segment, provide switching functionality in relation to the upstream line segment, and provide overall reactive power compensation for the entire system.

¹³ The length and costs for the Red Lake SS to Pikangikum TS segment listed in this table covers only the transmission line that is required to connect the Pikangikum System to Hydro One's existing 115 kV system (i.e. the portion of this line segment constructed as part of the Pikangikum project and funded by INAC is not included in this table)

Poplar Hill SS to Deer Lake SS	WRT	115	65.9	
Deer Lake SS to Deer Lake TS	WTU	115	20.5	
Deer Lake SS to Sandy Lake SS	WTZ	115	27.7	
Sandy Lake SS to Sandy Lake TS	WZW	115	96.5	
Sandy Lake SS to North Spirit Lake TS	WZV	115	31.4	
North Spirit Lake TS to Keewaywin TS	WVY	115	79.1	
Kingfisher Lake TS to Wunnumin Lake TS	WJI	44	49.2	
Wawakapewin TS to Kasabonika Lake TS	WKL	44	38.6	
Allowance for all 25 kV Feeder Segments	-	25	23.2	

Station Name	Functionality			Voltage (kV)	Estimated Cost (\$)
	Line Switching	Transformation	Reactive Comp		
Wataynikaneyap TS	X	X	X	230/115	
Kingfisher Lake TS	X	X	X	115/44/25	
Muskrat Dam TS	X	X	X	115/25	
Wawakapewin TS	X	X	X	115/44/25	
North Spirit Lake TS	X	X		115/44/25	
North Caribou Lake TS	X	X		115/25	
Wapekeka-KI TS		X	X	115/25	
Keewaywin TS		X	X	115/25	
Sachigo Lake TS		X	X	115/25	
Sandy Lake TS		X	X	115/25	
Bearskin Lake TS		X	X	115/25	
Deer Lake SS	X		X	115	
Poplar Hill SS	X		X	115	
Sandy Lake SS	X		X	115	
Wataynikaneyap SS	X		X	230	
Ebane/Pipestone SS	X		X	115	
Red Lake SS	X		X	115	
Deer Lake TS		X		115/25	
Poplar Hill TS		X		115/25	
Kasabonika Lake TS		X		44/25	
Wunnumin Lake TS		X		44/25	

b)

[REDACTED]

c)

[REDACTED]

d)

[REDACTED]

e) See response to HORCI IR 9 (a).

f) Yes. Please refer to the response to part (d) above.

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Reference: Exh D-1-1 Appendix 'A' pages 1 - 9

Preamble:

Request:

- a) Please describe how WPLP considered cost-effectiveness in the design and location of stations included in the project.

Response:

Please see responses to Board Staff IR 9, Board Staff IR 10 and Board Staff IR 11, as well as Exhibit D-3-1, pp. 22-25.

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Reference: Exh D-1-2, Page 5

Preamble: In discussing Hydro One assets that would be impacted by the proposed project, the application notes that changes would occur with respect to the classification of Hydro One's existing circuits and stations. In regard to existing Line Connection assets – 115 kV E4D, E1C and E2R – it notes they would be reclassified to “Network - Multi-function” assets. OEB staff is not aware of an asset definition called “Network - Multi-function” in the TSC

Request:

- a) Please describe what is meant by this label and what multi-functions will those assets perform?

Response:

The introduction to Exhibit D-1-2 indicates that HONI provided the supporting evidence in that Exhibit to WPLP for inclusion in WPLP's application. Accordingly, HONI has provided the following to WPLP in response to the above question:

The label “Network - Multi-function” referenced in Exhibit D, Tab 1, Schedule 2, Page 5, was meant to indicate “Dual Function Line” classification.

The 115 kV circuits E4D, E1C and E2R are currently classified as Line Connection assets. With the proposed connection of the WPLP transmission stations to circuits E1C at Pickle Lake and circuit E2R at Red Lake, these three circuits will provide both Network and Line Connection functions and therefore will be classified as Dual Function Line (“DFL”) assets for the purpose of cost allocation to UTR rate pools, as described in the approved Hydro One 2016 Rate Application EB-2016-0160, Exhibit G1, Tab 2, Schedule 1 [page 6].

Figure 1 of Exhibit D, Tab 1, Schedule 2 [page 6] of the WPLP application demonstrate how circuits E4D, E1C and E2R form part of, or are parallel to, the path between network stations and transmission system of two neighbouring Ontario Transmitters (WPLP and Hydro One) and, in addition to the Network function, they provide Line Connection function to the tapped loads.

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Reference: Exh D-1-2 page 6
Exh B-1-1 page 11

Preamble: In relation to Hydro One transmission investments needed to connect WPLP's project to the grid, the application notes that Hydro One and WPLP have entered into an agreement whereby WPLP will reimburse Hydro One for any costs that the OEB does not permit Hydro One to include in its rate base, if that were to occur. While Hydro One's investments are identified, the application does not provide any related cost estimates associated with those investments.

WPLP estimates that, without accounting for any federal government funding for the Transmission Project, the total bill impact to a typical residential customer in Ontario consuming 750 kWh per month would be \$0.75 per month.

Request:

- a) Please clarify that WPLP would not seek to recover any of costs from any Ontario ratepayers, including customers of HORCI through the proposed new rate, if there was any such payment made to Hydro One.
- b) Please identify the costs of the Hydro One investments that the application identifies are necessary to make WPLP's "transmission project" viable.
- c) What will be the impact on ratepayers of the reclassification of these assets? Please confirm whether these impacts are included in the ratepayer impact described by WPLP at Exh B-1-1 page 11.

Response:

- a) WPLP's interpretation of the agreement (and HONI's evidence) is that HONI has a legitimate expectation of being able to recover the investments needed to connect WPLP's project, by including those investments in its own rate base. The agreement provides that, if the Board does not permit HONI to allocate all or any portion of the cost of the HONI work to its rate base, then WPLP will be required to pay for the cost of such work or of such portion of the work that the Board finds should have been allocated to or paid by WPLP, plus accrued interest and applicable taxes. Any such amounts paid by WPLP would not be recovered by HONI through its rate base. Rather, they would become part of WPLP's project cost and, as such, WPLP would intend to propose recovery of such cost by including the amounts in its own rate base. This arrangement assumes, as required by the agreement

between the parties, that each of WPLP and HONI carry out their obligations in a manner consistent with good utility practice and that the costs, whether incurred by HONI or by WPLP, are prudently incurred.

- b) With reference to Exh. D-2-1, Section 7, which was provided by HONI, WPLP understands the estimated cost to be approximately \$30.5M. We note from the qualifications in that section that the cost estimate is high-level, and that detailed design and cost estimates are not expected until Q1 2019.
- c) WPLP assumes that the request refers to the impact of the reclassification of HONI assets described in Board Staff IR 28. The ratepayer impact arising from this reclassification, as provided by HONI, is as follows:

The re-classification of Hydro One's existing 115 kV circuits E4D, E1C and E2R and Ear Falls Transformer Station assets from Line Connection to Dual Function Line assets for cost allocation purposes would result in a decrease in the Line Connection Pool rate that would be offset by an increase to the Network Pool rate by the same amount. The vast majority of transmission customers pay both of these rates and therefore will see little to no bill impacts as a result of this change in cost allocation. Similarly, residential customers will see a minimal rate impact when the change in transmission rates are subsequently reflected in future changes to Retail Transmission rates that will be approved by the OEB.

HONI has further confirmed to WPLP that the rate impact associated with its \$30.5M investment referred to in (b), above, would result in a \$0.01 increase in the Network Service Rate, and that the impact to a typical residential customer would be a total bill increase of \$0.01 per month. WPLP notes, however, that its cost estimate includes allowances for the station and interconnection work associated with this \$30.5M investment. As a result, the ratepayer impact calculated by HONI in relation to these assets is not incremental to the ratepayer impacts presented by WPLP.

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Reference: Exh E-1-1 page 1
Exh B-2-1 page 16
Exh C-8-1

Preamble: WPLP plans to operate a 24/7 control room, at a location to be determined, from which operators will remotely monitor the configuration and status of WPLP's transmission system.

Request:

- a) Is the cost of the control room included in the estimates Exh C-8-1? If yes, advise of the cost and where the cost resides in Table 1 of Exh C-8-1. If no, please explain why not.
- b) Has the location of the control room been determined? If not, why not?
- c) Did WPLP consider sharing services with or outsourcing activities to Hydro One or some other entity (e.g., control room, maintenance activities)? Please explain.

Response:

- a) The cost of the control room is not included in the estimates provided in Exh C-8-1. In WPLP's view, the cost of the control room is not relevant to the estimates provided in the application because WPLP is not requesting leave to construct the control room, nor is it seeking approval in this application for rates that reflect the costs of the control room. Section 92 of the Act applies to "electricity transmission lines", which are defined as meaning a line, transformers, plant or equipment used for conveying electricity at voltages higher than 50 kilovolts, and "interconnection" facilities, which means the plant, equipment and apparatus linking adjacent transmission or distribution systems. WPLP expects that it will include the costs of the control room in its first transmission rate application.
- b) Although the exact location of the control room has not been determined at this time, WPLP's plan is to locate the control room in northwestern Ontario. WPLP will locate the control room in a location that has adequate infrastructure and ability to staff as required to meet IESO standards.
- c) Consistent with other regulated transmission utilities in Ontario (HONI, Great Lakes Power Transmission LP, Five Nations Energy Inc., Canadian Niagara Power), and subject to further economic and operational assessments, WPLP's current intention is to establish and staff a dedicated control room rather than to outsource the control of its transmission system to HONI or some other entity.

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Reference: Exh B-1-1 page 9
Exh F-1-1 page 9

Preamble: The application states that, in addition to lands that are subject to the Treaty, Aboriginal and Inherent rights of the Anishinabe and Anishinnuwug, the proposed Transmission Facilities will also be located on lands over which the Province of Ontario, through the Ministry of Natural Resources and Forestry and the Ministry of Transportation, asserts authority. A small proportion of the Proposed Transmission Facilities will be situated on First Nation Reserve lands and a relatively small number of privately owned parcels. WPLP has secured land rights over some of the privately owned parcels and is in discussions with provincial and federal authorities, as well as with the affected First Nations, regarding the lands that are required under legislation and by operation of provincial policy.

The application states that the proposed transmission line follows Nungessor Road for a significant distance, and portions of the transmission line corridor will extend into the Nungessor Road right-of-way over which MTO asserts authority. To secure the interests in lands over which MNRF asserts authority, the Applicant plans to obtain an MNRF Work Permit.

The application states that approximately 19 km of the Transmission Line corridor north of Red Lake will be situated on First Nation reserve lands. To secure these interests, which are situated on 5 different First Nation reserves, WPLP will secure construction rights and ongoing land rights by obtaining permits from INAC pursuant to s. 28(2) of the *Indian Act*.

Request:

- a) Please provide an update on the status of land use negotiations with private land owners, provincial and federal authorities, and affected First Nations.
- b) Please provide an update on the status of the permits from INAC pursuant to s. 28(2) of the *Indian Act*.
- c) Beyond the 22 First Nations that are partners in WPLP, are there any other First Nations impacted by the proposed Transmission Facilities? Please explain.
- d) Does WPLP anticipate eventually expanding the Transmission Facilities to connect those First Nations who are partners in WPLP but won't be connected to the Transmission Facilities as described in the application?

Response:

- a) WPLP provided updates on the status of its efforts to acquire the conventional land rights needed for the project as part of its October 5, 2018 application update. In particular, please refer to the updated Landowner Line List at Exhibit F, Tab 1, Schedule 1, Appendix 'A' of that filing. Since that update, WPLP has:
- offered agreements to three additional private landowners on the Line to Pickle Lake portion of the project;
 - offered agreements to two additional landowners on the Remote Connection Lines portion of the project;
 - obtained the necessary MTO and MNRFP permits required to construct the Pikangikum System;
 - received and reviewed draft agreements from INAC (Indigenous Services Canada) in respect of the section 28(2) permits required for all 16 of the remote communities. Fourteen of these are now under review by legal counsel for the respective First Nations. Two of the First Nations are still in the process of selecting their legal counsel to carry out the reviews; and
 - continued to progress the MNRFP permits for access, water crossings and the transmission line corridor for the Line to Pickle Lake and Remote Connection Lines, but these remain pending at this time.
- The MTO permits and license agreements for the Line to Pickle Lake and Remote Connection Lines will require detailed engineering drawings that will be produced by WPLP's successful EPC contractor(s) and, as such, remain pending at this time.
- b) See response to (a), above.
- c) Beyond the 22 Participating First Nations, there are additional First Nations and Aboriginal groups that are potentially impacted by the Proposed Transmission Facilities. The Memorandum of Understanding between the Crown, as represented by the Ministry of Energy, and WPLP dated November 23, 2016 (the "Consultation MOU") clarifies which rights-based Indigenous consultation activities need to be carried out by the Crown and WPLP, respectively. Thirty First Nations, plus the Métis Nation of Ontario Region 1 Consultation Committee (MNO R1CC), are listed in the Consultation MOU. One Participating First Nation, Lac des Mille Lacs First Nation, is not listed in the Consultation MOU.

There are nine First Nation communities, plus the MNO RICC, that do not have ownership interests in WPLP (through FNLP) but which are listed in the Consultation MOU. These are:

- 1) Eabametoong First Nation;
- 2) Marten Falls First Nation;
- 3) Mishkeegogamang First Nation;
- 4) Neskantaga First Nation;
- 5) Nibinamik First Nation;
- 6) Wabauskang First Nation;
- 7) Webequie First Nation;
- 8) Eagle Lake First Nation;
- 9) Ojibway Nation of Saugeen.

Per the Board's Letter of Direction, all of the communities identified in the Consultation MOU, including those who are not Participating First Nations, received the Notice of Application and none have intervened or filed letters of comment.

Through its environmental assessment processes, WPLP has been engaging with a broader group than is reflected in the Consultation MOU. This broader group has included two additional First Nations – Lac des Mille Lacs First Nation (which is a Participating First Nation) and Grassy Narrows First Nation (which is not a Participating First Nation). As such, WPLP has engaged with a total of 32 potentially affected First Nations, 22 of which are Participating First Nations and 10 of which are not. In addition, WPLP has engaged with the MNO RICC and other Aboriginal groups that are not partners in the project, as well as traditional land-based rights holders.

- d) The project is designed to permit the potential future connection of a 17th community, McDowell Lake First Nation, as mentioned throughout the Application. WPLP expects that this future connection would occur through a 44 kV line, originating from North Spirit Lake TS, as shown on the project SLD at Exh B-2-1, Appendix B. Of the other five First Nations who are partners in WPLP, four are already grid connected.¹⁴ WPLP understands that the fifth, Lac des Mille Lacs First Nation, is in the process of connecting to HONI's distribution system via a 9 km long, 28 kV submarine cable. For clarity, the Lac des Milles Lacs connection to HONI's system is not in any way related to WPLP's transmission project.

¹⁴ Cat Lake First Nation, Lac Seul First Nation, Slate Fall First Nation and Wabigoon Lake Ojibway Nation.

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Reference: Exh F-1-1 page 5

Preamble: Regarding the Line to Pickle Lake, in its original application (filed June 8, 2018) as well as its amended application (filed October 5, 2018), WPLP indicated that stakeholders have expressed a preference for certain existing access roads (established by resource industry participants) to be decommissioned and returned to a natural state. Therefore, certain roads would not be available for use by the Applicant. WPLP says it is in the process of working with these stakeholders to revise its approach to access roads for the Line to Pickle Lake.

Request:

- a) Please provide an update on WPLP's work with stakeholders to revise its approach to access roads for the Line to Pickle Lake.

Response:

WPLP has completed its work with the stakeholders in regards to the access roads for the Line to Pickle Lake. WPLP has completed the detailed design for the Line to Pickle Lake access roads. The revised access plan results in a reduction of the number of new access requirements. The new access plan will contain no temporary access roads for the Line to Pickle Lake. As such, there will be no requirement to decommission temporary access roads.

BOARD STAFF - 33

Reference: Exh F-3-1 page 1

Preamble: In developing its forms of land use agreement, WPLP states that, “[...] the Applicant has ensured that, where applicable, it has addressed the essential easement considerations set out in Appendix ‘A’ of the Board’s Filing Requirements.

Request:

- a) Please describe in general terms any situations where WPLP had an option to address essential easement considerations set out in Appendix ‘A’ and chose not to.

Response:

To clarify, WPLP’s evidence, as referenced in the preamble, does not say that WPLP chose not to address certain essential easement considerations from Appendix ‘A’ in circumstances where it had an option to do so. Rather, the referenced evidence states that “in development (the) forms of agreement, the Applicant has ensured that, where applicable, it has addressed the essential easement considerations set out in Appendix ‘A’ . . .” As such, the only circumstances where the essential easement considerations were not addressed was when they were not applicable because of the form of agreement and the nature of the rights at issue. For example, the form of Agreement of Purchase and Sale is the standard OREA form and does not include provisions for things like access rights, maintenance obligations, decommissioning, insurance or dispute resolution. Another example is the form of Access and Testing Licence Agreement, which does not include provisions for things like decommissioning, insurance or dispute resolution.

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Reference: Exh G-2-2 page 5
Exh G-3-2 page 5

Preamble: The application states that, “[...] Wataynikaneyap Power L.P. (the "connection applicant") is proposing to develop a new 230 kV transmission line from Dinorwic (located between Ignace and Dryden) to Pickle Lake along with 115 kV transmission lines extending north from Pickle Lake to connect ten remote First Nations communities (the "remote communities"). The projected total peak load for these communities will be approximately 14 MW in 2030.”

The application also states that, “[...] Wataynikaneyap Power L.P. (the "connection applicant") is proposing to develop new 115 kV transmission lines extending north from Red Lake to connect six First Nations remote communities (the "remote communities"). The projected total peak load for these communities will be approximately 16 MW in 2033.”

Request:

- a) Please confirm that these estimates of “total peak load” are still indicative of the load projections for the 10 communities north of Pickle Lake and the 16 communities north of Red Lake. If not still indicative, please provide a more indicative estimate.
- b) Please confirm whether these projections refer to the sum of local peaks or whether they refer to a coincident peak. If coincident, please indicate whether the peaks referenced are coincident to the Ontario system peak, northwest Ontario system peak, or something else. If non-coincident, please also provide the coincident projection if available.
- c) If available, please provide the projected “total peak load” of the 10 communities north of Pickle Lake and the 16 communities north of Red Lake at the same year (i.e. both at 2030 or at 2033 – currently, one group is cited at 2030, the other is cited at 2033).
- d) Please provide projections for the total annual electricity demand (i.e. MWh or GWh) of the 10 communities north of Pickle Lake and the 16 communities north of Red Lake, cited at the same year as in response to question (c) above.
- e) Please provide an estimate (or range of estimates if more applicable), in MW, of the total load meeting capability of the proposed lines extending north from Pickle Lake and Red Lake (i.e. how much load could they serve?).

Response:

For clarity, the preamble and the questions, which refer to 16 communities north of Red Lake, are not correct. The project will connect a total of 16 communities, 10 of which are located north of Pickle Lake, and 6 of which are located north of Red Lake.

- a) WPLP’s load forecasts are based on information obtained from the IESO, which has not been revised since the application was filed.
- b) The projections refer to the sum of local peaks since a coincident peak projection is not available for the 16 communities. For the purpose of the SIA, the IESO assumed that the total peak load in the communities supplied by the Remote Connection Lines is coincident with the peak load of the existing transmission system west of Lakehead TS (i.e. a coincidence factor of 1 was used in the SIA).
- c) The following table provides the total peak loads for each group for both 2030 and 2033.

Year	Peak Load (MW)	
	North of Pickle Lake	North of Red Lake
2030	14.1	13.9
2033	15.9	15.7

- d) The following table provides the total MWh forecast for each group for both 2030 and 2033.

Year	Annual Energy Consumption (MWh)	
	North of Pickle Lake	North of Red Lake
2030	58,261	57,670
2033	64,914	64,256

- e) The Pickle Lake Remote Connection Lines and the Red Lake Remote Connection Lines would each have a maximum rating of 135 MVA, or approximately 121 MW assuming a minimum power factor of 90%, as described at page 9 of Exhibit C-5-1. Performance requirements related to voltage levels and power quality will however result in lower load meeting capability. The SIA reports have confirmed acceptable performance for the first 10 years of operation, in consideration of the peak demand forecasts for the 10 communities to be connected north of Pickle Lake and the 6 communities to be connected north of Red Lake. The determination of load meeting capability of each system at any given point in time will

depend on a combination of factors that include the actual rate of load growth in each community, the timing, location, and size of any other loads connecting to the system, the connection of any generation or storage resources, and the timing and nature of any future investments in the transmission system (e.g. additional reactive compensation for voltage control). WPLP expects to consider all of these factors in future transmission system plans, regional infrastructure plans, and in SIA/CIA studies related to any one-time large connections, and would plan system upgrades as required to ensure that the load meeting capability of the Remote Connection Lines meets the needs of the communities and other customers.

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Reference: Exh H-2-1 page 17

Preamble: “The proposed facilities will not only increase the supply capacity at Pickle Lake, they will also increase the capacity at Ear Falls and Red Lake by eliminating the need to supply Pickle Lake from Ear Falls.”

Request:

- a) Please provide an estimate of how much capacity will be increased at Ear Falls and Red Lake as a result of the proposed Line to Pickle Lake.
- b) How does size of this increased capacity compare to the size of the load that would be served by the Red Lake Remote Connection Lines?
- c) Please describe whether and how increased capacity at Ear Falls and Red Lake would benefit existing customers.

Response:

- a) As explained in Exh C-2-1 at p. 3, the IESO North of Dryden IRRP report estimates that the proposed Line to Pickle Lake would increase the load meeting capability of the Red Lake subsystem (i.e. facilities in the Ear Falls and Red Lake area north of Dryden) by 35 MW.¹⁵ This estimate is based on a normal operating scenario where HONI’s 115 kV E1C circuit is open at Ear Falls pre-contingency. The SIA identified that alternatives to this operating scenario may be acceptable, subject to further analysis and IESO approval. A different normal operating scenario may impact the amount by which the load meeting capability of the Red Lake system increases as a result of the Line to Pickle Lake.
- b) The increase in capacity of 35 MW is more than double the load that would be served by the Red Lake Remote Connection Lines after 10 years.
- c) The increased capacity at Ear Falls and Red Lake results from shifting the load currently supplied by the E1C line (peak of 24 MW, which corresponds to 35 MW with losses at Ear Falls, according to the IESO’s North of Dryden IRRP). This will inherently reduce transmission system line losses, and the associated costs for all existing customers. Further, the increased capacity at Ear Falls and Red Lake eliminates the need for a new transmission line from Dryden to Ear Falls. Hydro One’s Northwest Ontario Regional Infrastructure Plan,

¹⁵ IESO; *North of Dryden Integrated Regional Resource Plan*; January 27, 2015; p.64

dated June 9, 2017, confirms that this investment is not required in the planning horizon, assuming that the Line to Pickle Lake proceeds.

In addition to the benefits resulting from the capacity increases mentioned above, the capacity of the Line to Pickle Lake itself, and the creation of an additional supply loop on the transmission network, provides benefits to customers in the broader North of Dryden sub-region in terms of reliability in the form of reduced outages for planned maintenance and an increase in restoration options following forced outages.

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Reference: Exh H-2-1
Exh H-3-1
Exh B-1-1, pages 9 – 10
Exh KP1 page 17

Preamble: The application states that, “The Applicant received the final Pickle Lake CIA and the final Red Lake CIA from Hydro One on July 9, 2018, and filed copies of these reports with the Board on July 16, 2018. The conclusions in the final CIA reports are unchanged from those in the draft CIA reports.”

The application also states that, “IESO and HONI have confirmed no changes needed due to minor routing amendments filed October 5.”

Request:

- a) Please confirm that the final CIA reports from Hydro One (dated July 09, 2018) confirm that no changes are needed due to the minor routing amendments filed by WPLP on October 05, 2018.
- b) Please provide reference to where IESO confirms that no changes are needed due to the minor routing amendments filed by WPLP on October 5.

Response:

Since the July reports could not have anticipated the amendments that were subsequently filed in October, WPLP’s understanding of this question is to provide confirmation from Hydro One and IESO that the minor routing amendments filed by WPLP on October 5 do not require changes to the final CIA and SIA reports that were previously issued.

- a) An email from Hydro One, attached hereto as Schedule BS-36(a), confirms that no changes to the final CIA reports are required due to the minor routing amendments filed by WPLP on October 5, 2018.
- b) An email from the IESO, attached hereto as Schedule BS-36(b), confirms that no addendums to the final SIA reports are required as a result of the minor routing amendments filed by WPLP on October 5, 2018, and that the Notifications of Conditional Approval dated June 1, 2018 and June 7, 2018, and included in Exhibits G-2-1 and G-3-1, remain valid.

WPLP confirms that the line segment distances provided to IESO and HONI on September 27, 2018, as referenced in the above emails, are consistent with the line segment distances

included in the amendments filed by WPLP on October 5, 2018, and that each of the IESO and HONI were served with copies of the October 5, 2018 amendments.

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Reference: Exh I-1-1 pages 1-10
Exh KP1

Preamble: WPLP acknowledges that before it may commence construction of the proposed Transmission Facilities, it will require not only leave to construct from the OEB, but also completion of or approval from the relevant authorities in respect of its environmental assessment obligations.

Request:

- a) What is the current status of WPLP's Provincial and Federal EA approvals? Please thoroughly explain.
- b) What requirements (approvals, permits, etc.) does WPLP need to satisfy before it can start the construction of the line? When does WPLP anticipate receiving these approvals?
- c) What other entities (other than WPLP) have the potential to impact WPLP's EA processes? What is the current status of coordination and cooperation between WPLP and the other entities involved?
- d) What requirements (approvals, permits, etc.) does WPLP or any other entity involved in WPLP's project need to satisfy before construction of facilities other than the line (e.g., station facilities) can be commenced?
- e) Has WPLP received any feedback from the Ministry of the Environment, Conservation and Parks (MECP) on WPLP's EA-related activities? If yes, please explain. If not, why not?
- f) When does WPLP anticipate to meet all its obligations under the EA Act and receive EA approval from the MECP?
- g) What are the risks involved in WPLP's EA approval processes? Please explain how WPLP intends to mitigate these risks.
- h) At the Presentation Day, OEB staff understood from WPLP that someone had requested that the Minister of Environment, Conservation and Parks refer the EA for the line to Pickle Lake to the Environmental Review Tribunal. Please elaborate on this matter, and explain whether WPLP anticipates it will have a material impact on the line to Pickle Lake project schedule and/or costs.

Response:

- a) WPLP has undertaken an Individual Environmental Assessment for the Line to Pickle Lake. As described in Exhibit I, Tab 1, Schedule 1, the Final Amended Individual Environmental Assessment Report was submitted to the Minister of the Environment, Conservation and Parks on November 3, 2017, followed by responses to comments received during a public review and consultation process. The Report is currently under review by the Minister. The Minister has received one request for a hearing. WPLP has filed a submission regarding that request and is awaiting the Minister’s decision as to whether the hearing will be required. Please refer to WPLP’s response to Board Staff IR 39(a) for additional information.

WPLP has prepared and submitted a Final Environmental Study Report (ESR) for the Remote Connection Lines, which addresses provincial and federal EA requirements in a coordinated manner. The Final ESR has been distributed for a 30 day review ending on December 17, 2018.

WPLP anticipates receiving its environmental assessment approvals in late 2018 or early 2019 on the submitted Amended EA Report and Final ESR.

- b) The following table lists the permits and approvals that WPLP requires before starting construction of its proposed Transmission Facilities:

Agency	Act or Regulation	Approval, Permit, Authorization	Applicability to Project	Timing
Provincial				
MECP	<i>Environmental Assessment Act (Ontario)</i>	Minister's Decision/ Cabinet Approval	Required for electricity projects greater than 115 kV and less than 500 kV and more than 50 km in length.	Required for the Line to Pickle Lake portion of the Project. A Minister's decision is anticipated December 2018, followed by Cabinet approval in early 2019.
MNRF	<i>Endangered Species Act (2007), s. 17</i>	Letter of Advice / Permit	Required if project activities during construction and operation affect a species designated as endangered or threatened on the Species At Risk in Ontario list or its habitat (aquatic or terrestrial, vegetation or wildlife). Note: has been moved to MECP, transition not yet finalized.	Permit anticipated Q4 2018-Q1 2019
	<i>Environmental Assessment Act (Ontario) and Section 67 of the Canadian Environmental Assessment Act 2012</i>	Statement of Completion (SOC)	Ontario requirements apply to electricity projects less than 230 kV. Federal requirements apply to First Nation Reserve Lands	Required for the Remote Connection Lines portion of the Project. SOC anticipated Q4 2018-Q1 2019.

	<i>Far North Act (2010)</i>	Certain projects must demonstrate conformity with applicable community-based land use plans, and/or receive an exception from the Act by Minister's order, or an exemption from the Act by order of Lieutenant Governor in Council.	Far North Act (2010) applies as portions of the Project are located in the "Far North". Approaches will vary depending on the type of development, and the stage of completion of community based land use plans. Engagement and consultation may be required.	Exemption anticipated Q1 2019
	<i>Provincial Parks and Conservation Reserves Act, section 14 and section 22</i>	Work Permit	The Project crosses provincial parks and conservation reserves. Within the protected areas where utility corridors are permitted uses in the land use management plans, a work permit will be required to authorize required clearing, construction and other related activities.	Work Permit anticipated Q4 2018-Q1 2019
		Land Use Management Plan amendment	Within the protected areas where utility corridors are not permitted uses, amendments to the land use management plans will also be required before work can proceed.	Land Use Management Plan amendment anticipated Q4 2018 – Q1 2019
Federal				
Environment Canada and Canadian Wildlife Service (CWS)	<i>Species at Risk Act (SARA)</i>	Permit	Required in respect of First Nation Reserve Lands if project activities during construction and operations affect species listed under Schedule 1 of SARA or its habitat, and which contravene the Act's general or critical habitat prohibitions (includes intrusive methods for sampling).	Permit anticipated Q4 2018-Q1 2019

WPLP understands that when the OEB grants leave to construct it is conditional upon receiving all other permits, approvals and authorizations that may be required to construct the facilities that are the subject of the OEB's order.

- c) For the Line to Pickle Lake, the Mishkeegogamang First Nation, Ojibway Nation of Saugeen, Eabametoong First Nation and the MNO RICC have expressed concerns with respect to

potential effects to traditional land and resource use (TLRU). To date, an assessment of TLRU has not been completed for these communities. Wataynikaneyap has committed to continue to engage with Aboriginal communities throughout the EA process and construction period. Where necessary, Wataynikaneyap has committed to completing TLRU studies and assessing the potential for the Project to affect traditional use communities.

The MNRF provided comments on the Draft and Final EA Report for the Pickle Lake Line. The MECP is considering approval conditions requiring Wataynikaneyap to complete additional work as part of the permitting process to resolve some of the MNRFs outstanding comments on the Amended Final EA Report. Wataynikaneyap is also working through the EA comments during permitting discussions with the MNRF to address comments in advance of EA approval.

The Wildlife Conservation Society and Canadian Parks and Wilderness Society – Wildlands League provided comments throughout the EA process for the Line to Pickle Lake including on the MECP Review Document. Wataynikaneyap provided responses to all comments, including responses to these comments to the MECP on their Review Document, which will be used in their consideration in their recommendation to the Minister.

Similar to the Line to Pickle Lake, for the Remote Connection Lines, Mishkeegogamang First Nation and Eabametoong First Nation have expressed concerns with respect to potential effects to TLRU. To date, a TLRU study has not been completed. Wataynikaneyap has committed to continue to engage with Aboriginal communities throughout the EA process and construction period. Where necessary, Wataynikaneyap has committed to completing TLRU studies with these communities.

The MNRF provided comments during an internal agency review of the Draft ESR and during a formal review period on the Draft ESR. Responses were submitted to the MNRF comments, which will be further discussed and reviewed by the MNRF during the Final ESR review period. The MNRF identified comments on adequacy of engagement with Aboriginal communities, particularly for Project design changes and ESR updates resulting from review of the internal agency review of the Draft ESR. The MNRF will be reviewing the Aboriginal Record of Engagement in this context.

- d) See responses to b) and c), above.
- e) The MECP provided comments on the Draft and Final EA Reports for the Line to Pickle Lake. All comments were addressed to the satisfaction of the MECP. The main themes of the comments included:
- air quality and noise;
 - groundwater;
 - vegetation and pesticides;
 - surface water including wastewater permitting;
 - Project design;

- environmental assessment methodology;
- traditional land and resource use;
- engagement with Aboriginal communities; and
- corridor analysis and alternatives assessment.

The MECP also provided comments on the internal agency Draft and Final ESR for the Remote Connection Lines portion of the project. All comments were addressed to the satisfaction of the MECP. The main themes of these comments included:

- air quality and noise, including permitting;
 - groundwater quality and quantity, including permitting;
 - surface water quality and quantity, including wastewater permitting;
 - waste management, including permitting; and
 - consideration of contaminated soil management to mitigate potential human health effects.
- f) See response to b), above. EA approvals for Remote Communities will also need to come from INAC (Indigenous Services Canada) regarding portions of the Remote Connection Lines that will be situated on First Nation Reserve Lands, and MNRF for their respective Class EAs with respect to Resource Stewardship and Facility Development (RSFD) and Provincial Parks and Conservation Reserves (PPCR).
- g) See response to c), above.
- h) See response to (a), above, as well as Board Staff IR 39(a).

BOARD STAFF - 38

Reference: Exh I-1-1 page 1

Preamble: WPLP acknowledges that there are currently some differences between the routing and locations for transmission facilities proposed in its application and those under consideration in the Environmental Assessment (EA) process, but those differences are relatively minor and will be brought into alignment.

Request:

- a) Generally, how does WPLP intend to bring the differences into alignment.
- b) Are there any material costs associated with the differences identified in part (a)? If yes, please explain what and who bears them; if not, why not?
- c) Is the alignment of these differences expected to have a material impact on the timing of the EA approval?

Response:

- a) These differences were brought into alignment as a result of the minor routing amendments filed on October 5, 2018. This is clarified in the cover letter accompanying the October 5 updates, which states:

“WPLP has determined that none of the routing or design changes cause the proposed transmission facilities to be located outside of the 2 km wide EA corridor.¹ As such, for purposes of the EA process, it is anticipated that all changes to the proposed Remote Connection Lines will be accommodated through administrative revisions to the final ESR. To this end, WPLP is in the process of including the required routing refinements in its final ESRs under the EA processes for each of the Pickle Lake Remote Connection Lines and the Red Lake Remote Connection Lines. By amending the application as herein described, the transmission line routing as contemplated under each of the EA processes and the leave to construct application will be brought into alignment.”

Statements similar to the preamble above were updated throughout the amended application to clarify that the routing amendments would result in alignment with the EA process (see for example Exhibit B-2-1, p. 19 and Exhibit D-3-1, p. 26). Unfortunately, the above statement was not reflected in Exhibit I-1-1 as part of the update (although Schedule ‘B’ to the October 5 letter indicates WPLP’s intention to do so). This was an oversight and should have been updated to align with the cover letter to the October 5 amendments and the changes to Exhibit B-2-1 and Exhibit D-3-1 so as to summarize the process by which the routing, as amended in the application and as contemplated in the EA processes, will come into alignment

- b) There are no material costs associated with the differences. The total distance of all line segments, increased by less than 6 km (approximately 0.3%) between the initial application and the October 5, 2018 amended application, and were generally related to improving constructability and/or resolving issues identified during the EA process.
- c) No. The forecasted EA milestones provided in Exhibit C-7-1 of the October 5, 2018 amended application take into account the process described in part (a) above.

BOARD STAFF - 39

Reference: Exh I-2-1 page 1

Preamble: WPLP says it has implemented a comprehensive consultation and engagement program in relation to the Line to Pickle Lake and the Remote Connection Lines. These efforts are ongoing.

Request:

- a) Please describe the source and nature of any comments or concerns to date from Indigenous communities and other stakeholders who are not in favour of the Transmission Project.
 - b) What has WPLP done and/or what is it doing to address these comments or concerns?
-

Response:

- a) WPLP is not aware of any Indigenous communities or other stakeholders who are not in favour of the Transmission Project. No Indigenous communities or other stakeholders have intervened in the present proceeding for the apparent purposes of opposing the project. Moreover, with one exception, no Indigenous communities or other stakeholders appear to have opposed the project through the environmental assessment processes. The exception is that one stakeholder, Wildlands League, a chapter of the Canadian Parks and Wilderness Society (“CPAWS”), has requested a hearing before the Environmental Review Tribunal (“ERT”) of certain matters relating to the environmental assessment application for the Line to Pickle Lake portion of the Transmission Project. However, despite that request, CPAWS has not indicated that it is not in favour of the Transmission Project.
- b) As described in Exhibit I, Tab 2, Schedule 1 and Exhibit I, Tab 3, Schedule 1, WPLP has carried out extensive engagement and consultation with Aboriginal communities and other stakeholders to identify any concerns with the project and have addressed all concerns through the development and planning of the project.

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Reference: Exh B-2-1 page 20
Exh I-3-1 Appendix A

Preamble: The application states that the Crown has delegated to WPLP the procedural aspects of its legal duty to consult with First Nations and Métis communities for the Transmission Project.¹⁶

Request:

- a) Please provide a status update on consultations with First Nations and Métis communities for the Transmission Project. Are any material impacts to the project schedule or costs anticipated as a result of these consultations?

Response:

As described in the updated evidence filed October 5, 2018, at Exh I-3-1, p. 9, engagement with Aboriginal communities was critical in advancing the routing updates filed by WPLP at that time. Since filing the October 5, 2018 update, WPLP has carried out additional engagement with Aboriginal communities, primarily in relation to the Remote Connections Lines, as follows.

Exh I-3-1, p. 9 of the Application explains that the third round of engagement with First Nations began in late Q1 2018 to provide information and gather feedback on the findings of the Remote Connection Lines environmental assessment. The focus of the third round of engagement has been on providing, for review and comment, both the Draft and Final ESRs for the Remote Connections Lines.

Engagement on the Draft ESR for the Remote Connections Lines was completed between March and October 2018 and took place through engagement meetings and a formal review period. Based on comments received following completion of the Draft ESR, WPLP finalized and submitted the Final ESR on November 16, 2018 for a 30-day review period. The Final ESR has been distributed to the applicable First Nations. The 30-day review period runs until December 17, 2018. The third round of engagement will conclude at the end of that period.

Aside from the activities relating to the third round of engagement, WPLP has carried out a number of additional engagement efforts, including:

- meetings in late October and November 2018 at the Kingfisher Lake First Nation;

¹⁶ The “Transmission Project” is defined in Exh. B-1-1 on page 2 as the transmission facilities extending north of Pickle Lake and north of Red Lake, collectively.

- meetings in the Mishkeegogamang First Nation;
- initiating a Traditional Knowledge and Land Use (TKLU) study and planning a follow-up meeting in late November with the Eabametoong First Nation;
- carrying out discussions with the Mishkeegogamang First Nation on completion of a TKLU study;
- further consultations with the MNO R1CC on the Line to Pickle Lake in regards to the TLRU Study funding agreement that WPLP established with the MNO R1CC in December 2017, and for which funding was provided in January 2018 for the MNO to complete that work;
- concurrent community engagement with Participating First Nations regarding local distribution, backup power, training and business readiness; and
- concurrent community engagement with Participating First Nations re land sharing, section 28(2) permits, aggregates and timber.

WPLP does not anticipate at this time that there would be any material impacts to the project schedule or costs as a result of these engagement activities.

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Reference: Exh J-1-1 page 2
Exh J-3-1 Table 1
Exh B-1-1 page 11

Preamble: WPLP has entered into a Memorandum of Understanding with Canada and the Province of Ontario, which will provide funding of \$1.56B conditional on appropriation of the funding by Parliament and the finalization of definitive documents.

Request:

- a) What is the forecast timeline with respect to appropriation of the funding?
- b) What is the forecast timeline with respect to finalization of definitive documents?
- c) Will the Memorandum of Understanding and definitive documents be made public when finalized?
- d) The estimated transmission project cost is \$1.65B as set out in Table 1 of Exh J-3-1. Why does funding differ from the project cost?

Response:

- a) As indicated in response to Board Staff IR 41(b), the definitive documents have not been finalized. The Memorandum of Understanding (“Funding MOU”) contemplates the appropriation of funding occurring in two stages, first at substantial completion and second at completion of the project. Substantial completion is forecasted to occur in Q4-2023 and completion is forecasted to occur by Q2-2024.
- b) Efforts are being made to finalize the definitive documents in December 2018.
- c) The Funding MOU and definitive documents are commercial documents and the intent of WPLP is to limit their distribution to the contracting parties.
- d) The Funding MOU outlines the extent of Canada and Ontario’s funding support for the Transmission Project. WPLP was not involved in determining the amount of the funding provided by Canada pursuant to the Funding MOU. However, it is WPLP’s understanding that the amount of the funding support for the project is based on a public policy objective of diverting future funding of diesel generation towards transmission connection in a manner that at a minimum holds ratepayers in a neutral position, as further described in response to Board Staff IR 46(a). As such, the amount of the funding was not established based on the

expected project capital cost and it would therefore be incorrect to characterize the funding as being for the purpose of offsetting the cost of constructing and installing the transmission assets.

BOARD STAFF - 42

Reference: Exh J-3-1 page 1
Exh B-1-1 page 10

Preamble: The application only appears to discuss the Federal Government capital contribution within the context of the Remote Connection project. The Federal Government has committed to provide \$1.56B. The total cost of the Transmission Project, including the Line to Pickle Lake, is quite close to that amount at \$1.65B. The cost associated with the Remote Connection project is much lower at \$1.26B.

Request:

- a) Please clarify if part of the Federal Government capital contribution is being provided for the Line to Pickle Lake project.
- b) If so, please explain why the application is also proposing to recover the project cost from all ratepayers through the uniform transmission rates (UTR) network charges.
- c) If not, please explain how the Federal funding commitment is limited to the Remote Connection project, with the Federal Government commitment representing almost 95% of the total “Transmission Project” cost.

Response:

- a) It is theoretically possible that WPLP receives a Federal Government capital contribution that is in excess of the value of WPLP’s rate base additions relating to the Remote Connection Lines, in which case the excess would be applied to the Line to Pickle Lake. However, from a practical perspective it is impossible for this to happen because the Line to Pickle Lake (currently estimated at \$387M) would need to be significantly over budget by several multiples and, correspondingly, the Remote Connection Lines (currently estimated at \$1.26B) would need to be significantly under budget.
- b) Based on the projected costs of the project, the amount of the Federal Government’s capital contribution to WPLP in accordance with the Funding MOU is expected to be less than the value of WPLP’s rate base additions relating to the Remote Connection Lines. Consequently, it is not expected that any part of the Federal Government’s capital contribution to WPLP will be allocated to the Line to Pickle Lake. As a result, WPLP is proposing to recover the entire Line to Pickle Lake project cost from all ratepayers through the uniform transmission rates (UTR) network charges. Please refer to the responses to Board Staff IR 42 (a), 50 (a) and 53 for additional information.

- c) The question assumes, because the project has Federal Government funding of \$1.55B and the cost of WPLP's Remote Connection Line is estimated at \$1.26B, that there would be some portion of the Federal Government funding left over for the Line to Pickle Lake. However, this is not correct because the Federal Government funding is split into two independent portions – the capital contribution to WPLP and the funding provided to the independent Trust to offset the RRRP rate impact of the Remote Connection Lines. Please refer to the responses to Board Staff IR 50 (a) for additional information.

BOARD STAFF - 43

Reference: Exh J-1-1 pages 8-9
Exh B-1-1 page 8
EB-2015-0264, EB-2017-0236

Preamble: The application states that WPLP requires approval of the cost recovery framework because it is critical to the success of the Transmission Project and the financial viability of WPLP.

The application states that, without clarity as to the mechanism by which WPLP will recover its costs, WPLP will not be able to arrange future financing to enable it to construct the Transmission Project. Lenders must understand the economic basis on which principal and interest will be paid before advancing funds.

Request:

- a) How has WPLP financed the project to date?
- b) Has the financing to date been provided by government and/or non-government (i.e., commercial) sources? Please provide details in the response.
- c) Will the future financing be provided by government and/or non-government sources? Please provide details in the response. If applicable, include the proportions of government and non-government financing expected, based on WPLP's best current estimates.
- d) In WPLP's view, when is the OEB's decision on the cost recovery framework required?
- e) What is the significance of the date provided in (d)?
- f) The WPLP transmission licence application was underpinned by audited financial statements from FortisOntario Inc. and Wataynikaneyap Power Corporation. The WPLP distribution licence was underpinned by audited financial statements from Fortis Inc., FortisOntario Inc. and Wataynikaneyap Power Corporation. Are the concerns with respect to arranging future financing the concerns of WPLP and/or First Nation LP and/or Fortis (WP) LP? Please explain the response.

Response:

- a) To date the costs for the Line to Pickle Lake and the Remote Connection Lines have been financed by WPLP's shareholders. The costs of developing and constructing the Pikangikum System have been financed by INAC (Indigenous Services Canada) through funding

provided to OSLP and WPLP. Please refer to Board Staff IR 7 for additional information regarding the financing of the Pikangikum System.

- b) The only financing WPLP has received to date has been provided by INAC (Indigenous Services Canada) in the amount of \$60.2 million. Please refer to Board Staff IR 7 for additional information regarding the financing of the Pikangikum System.
- c) Financing for the project will occur at two stages - Construction and Operations, and is planned to be provided as follows:

Construction financing will be provided by both government and/or non-government sources:

- a. Government of Ontario \$1.355 billion
- b. Non-government Third Party \$0.295 billion

As assets go in-service, the shareholders will provide equity in the amount of 40% of the OEB approved rate base in line with the OEB deemed debt to equity structure. The equity contributed by the shareholders, as assets go in-service, will be applied against the Ontario loan.

Operations financing will be provided by non-government third party sources in the amount of 60% of the OEB approved rate base with the remaining 40% being provided by the shareholders in line with the OEB deemed debt to equity structure and in consideration of any capital contribution that may be made to the project under the funding agreements.

- d) For the reasons set out in response to (e), below, WPLP believes the OEB's decision on the cost recovery framework is required at the time the OEB provides its Decision and Order in the present proceeding.
- e) Receiving the OEB decision on the cost recovery framework at the time the OEB provides its Decision and Order in the present proceeding is significant because it will impact WPLP's ability to raise capital from non-government third parties for construction and operations.

Prior to construction the third party financier(s) and the shareholders will need to have certainty around WPLP's future recovery of revenue requirements and sustainability of operations.

Both the third party financiers and the shareholders need to have an understanding of the cost recovery framework prior to starting construction as the risk profile of the business is significantly impacted by the cost recovery framework. Without approval of the proposed recovery framework, WPLP would be left with a rate base of approximately \$0.39 billion despite a project cost of \$1.65 billion. The insufficient rate base and resulting revenue stream would negatively impact WPLP's ability to finance the project and to generate sufficient earnings to reinvest in its system, thereby adversely impacting WPLP's ability to raise capital.

There are alternative cost recovery frameworks. If those frameworks are applied to WPLP in respect of the proposed Transmission Project, there is potential to have a significant negative impact on WPLP's OEB-approved rate base and resulting revenue requirement. Without certainty that WPLP will be subject to the cost recovery and rate framework that it has applied for, this will impact the ability of WPLP's financiers and shareholders to evaluate the risk profile of the business and, ultimately, will adversely impact WPLP's ability to raise capital for construction of the project and therefore the ongoing viability of the project.

Please see responses to Board Staff 8(b), 45(a) and 52(d) for additional information.

- f) As it is WPLP that requires financing for construction, any concerns with respect to financing are the concerns of WPLP and of each of its partners as the owners of WPLP. The concerns are not unique to one partner or the other. Provided the OEB approves the cost recovery framework (licence exemption and the alternative rate framework) there will be no concerns with respect to arranging future financing of WPLP and/or First Nation LP and/or Fortis (WP) LP.

BOARD STAFF - 44

Reference: Exh J-1-1 pages 4-5 and 11-12
O. Reg. 442/01 *Rural or Remote Electricity Rate Protection*
ED-2003-0037

Preamble: In the application, WPLP proposes that the line to Pickle Lake would be funded through the network charge under the UTR.

The RRRP regulation was amended on July 29, 2016 to establish RRRP funding as a basis to fund the WPLP transmission project. The amendment provides that, “Hydro One Remote Communities Inc.’s forecasted revenue requirement shall include, in addition to such other amounts as approved by the Board, any amounts approved by the Board relating to the following: 1. A new transmission system that originates between Dryden and Ignace and terminates at Pickle Lake.”

Request:

- a) Please explain WPLP’s proposal for cost recovery related to the line to Pickle Lake with respect to the provisions in section 4(2.1) of O. Reg. 442/01.
- b) Please confirm that, in accordance with the Hydro One Remotes licence and O. Reg. 442/01, only nine of the 16 remote communities affected by the WPLP transmission project are currently considered in the licence and regulation.

Response:

- a) WPLP’s proposal for cost recovery related to the Line to Pickle Lake is that WPLP would recover the costs of the line entirely through Network UTRs. As such, no amounts relating to the Line to Pickle Lake, other than indirectly through the Network UTR, would be approved by the Board for inclusion in HORCI’s forecasted revenue requirement for purposes of performing the calculation described in subsection 4(2) of O. Reg. 442/01. Subsection 4(2.1) does not require the Board to approve amounts for the purpose of making the calculation under subsection 4(2). Rather, it *permits* the Board to approve such amounts and, if it does so, then it would require the Board to include such approved amounts in HORCI’s forecasted revenue requirement.
- b) Confirmed. Please also see WPLP’s responses to HORCI IR 9(e) and Board Staff IR 18.

BOARD STAFF - 45

Reference: Exh J-1-1 page 13
Exh B-2-1 page 21
EB-2016-0231, Exh 1-1-2

Preamble: WPLP has described its proposed cost recovery as “unique”. The “revenue requirement impact arising from the capital costs and OM&A expense (direct and indirect) for the Remote Connection Lines would be charged through a transmission rate applicable to service provided from the Remote Connection Lines”. The application states that “This alternative rate framework will enable WPLP to receive sufficient revenue to operate the system in a financially viable, safe, reliable and sustainable manner without causing adverse implications for ratepayers as compared to the existing framework under the TSC and uniform transmission rates.”

Five Nations Energy Inc. (FNEI) is a non-profit corporation that is licensed by the OEB to own and operate transmission facilities along the western coast of James Bay. FNEI’s transmission line serves the three First Nation communities of Attawapiskat, Fort Albany and Kashechewan, and the DeBeers Victor Diamond Mine. The bulk of the initial funding for the FNEI transmission line came via a multi-year funding agreement from INAC. The funding was disbursed directly to FNEI. This amount was treated akin to an aid-to-construct, and was excluded from FNEI’s rate base. FNEI’s OEB approved revenue requirement is recovered through the Uniform Transmission Rates.

Request:

- a) Please describe the advantages of the cost recovery proposed by WPLP in comparison with the cost recovery in place for FNEI.

Response:

Although FNEI is a not-for-profit corporation, from a revenue requirement perspective, WPLP and FNEI have the same components. Both recover OM&A costs and a cost of capital. WPLP is expected to have a 60/40 debt to equity capital structure like FNEI. Also, based on FNEI’s most recent transmission rate decision (EB-2016-0231), FNEI is now permitted to earn revenues in excess of costs, in particular, a return on FNEI’s deemed equity that is the same return applied to for-profit utilities such as WPLP.

With respect to physical configuration, FNEI is also a connection line the same as WPLP's Remote Connection Lines. For example, as part of the connection of the DeBeers Victor Diamond Mine, an aid to construct was paid by the connecting entity.

However, the distinction between FNEI and WPLP is in regard to the connection history of the LDCs connected to the FNEI system and the method of rate recovery. Because of the time at which the FNEI system was constructed, FNEI was not subject to a leave construct as part of legislative grandfathering provisions and, notwithstanding that the LDCs connected to a connection line, the connection of those LDCs were not subject to the requirements of the TSC on connection, including a calculation of any aid to construct. FNEI has since its inception been part of the UTR and its revenue requirement is socialized across provincial rate payers.

The unique aspect for WPLP is that it is subject to the TSC and does not have the advantage like FNEI of recovering the entirety of its costs (including the cost of capital) from the UTR. The costs of the Remote Connection Lines will ultimately form part of RRRP whether WPLP includes the capital cost in rate base or whether HORCI does so in respect of an aid to construct added to its rate base. The advantage of WPLP's proposal is that in the former circumstance WPLP can earn a return on the full cost of the Remote Connection Lines, thereby allowing it to attract future capital and appropriately reflecting the risk of operating a system the size and cost of the Remote Connection Lines. In the latter scenario above, no such return would be provided to WPLP and the ability to attract future capital and compensate for risk would not be available. WPLP could not seek a return comparable to what FNEI has been awarded in EB-2016-0321 as HORCI would already be earning that return. Providing WPLP with the same opportunity would cause ratepayers to pay twice. In any event, even if that scenario did occur, WPLP would be required to collect the entirety of its cost through the UTR, which is not possible under the current regime.

If the OEB permitted such an arrangement, WPLP does note that it would have no objection to adding the cost of the Remote Connection Lines (without an offsetting contribution from HORCI) to its rate base and to socializing all costs through the UTR (comparable to FNEI) rather than through a special rate charged to HORCI and ultimate recovery through RRRP. However, this scenario would only be applicable in the absence of federal funding since that funding is premised upon a RRRP offset.

See also response to Board Staff IR 43(e) for additional information.

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Reference: Exh J-1-2 pages 1-2
Exh KP1

Preamble: Subject to appropriation, Canada will fund the Transmission Project in part as a capital contribution paid to WPLP, and with the remainder placed in an independent trust (the “Trust”) which will provide a ratepayer subsidy payment over time to offset transmission rates charged by WPLP.

The extent of funds available and released to WPLP and the Trust will be determined in accordance with amounts set out in the Funding MOU. Under the Funding MOU, the equity contribution by WPLP and the Canada funding to WPLP in the form of a capital contribution is computed.

Request:

- a) At slide 36 of Exh KP1, it states that “Per the Funding MOU, a capital cost of \$1,610M assumes \$620M of equity from the owners of WPLP.” Does the MOU provide a supporting rationale for \$620M of equity and \$1,550M of implied rate base?
- b) Does the Funding MOU provide for incentives to WPLP to reduce capital costs?
- c) In the absence of any funding from Canada, are there incentives to WPLP to reduce capital costs?

Response:

- a) The Funding MOU does not provide an explicit rationale for the \$620M of equity for a capital cost of \$1.61B. The Funding MOU provides a sliding scale based on total OEB approved capital costs (before Federal Government capital contribution). The sliding scale has WPLP’s equity position going down as OEB approved capital costs go up, provided WPLP’s equity does not go below \$400M. This provides WPLP with the incentive to control project costs since escalating costs will diminish WPLP’s equity participation with an increasing capital contribution.

The rationale for the implied rate base is driven off the assumed equity per the sliding scale in the Funding MOU as described above. The assumed equity is divided by 40% to derive the implied rate base. This is done to align with the OEB deemed equity structure.

It is WPLP’s understanding that the Funding MOU is designed to, at a minimum, hold ratepayers in a neutral position when taking into account the avoided costs of diesel over the life of the project, the additional revenue earned by HORCI as a result of taking on the

ownership and operation of 7 additional communities and any other avoided costs currently incurred by the ratepayers of Ontario.

- b) Yes, the Funding MOU provides incentives to WPLP to reduce capital costs, as described in response to Board Staff IR 46 (a).
- c) As with all regulated utilities, WPLP is incented to reduce costs to ensure the ratepayer is provided with the best value. WPLP's costs, like all other regulated utilities, will be subject to OEB prudence review prior to capital being added to rate base. As such, the financial risk of a capital expenditure not being added to rate base lies with the shareholders of WPLP. This provides a strong incentive to control capital costs.

BOARD STAFF - 47

Reference: Exh J-1-1 page 9-10
Exh J-1-2 page 2

Preamble: The reason provided for the exemption from the TSC cost responsibility rules and principles is almost all of the cost associated with the investment would go into HORCI's rate base due to the capital contribution under the existing rules. According to the application, the amount that the Federal Government has committed to provide would be provided as a capital contribution to WPLP. The application does not discuss how that Federal Government capital contribution would affect WPLP's rate base under the proposed alternative funding framework.

Request:

- a) Please clarify if and how WPLP's rate base would be impacted under the proposed alternative funding framework. For example, would it be reduced by an amount that is equivalent to the Federal Government capital contribution? If not, please explain why.

Response:

The proposed alternative rate framework does not impact the treatment of the Federal Government capital contribution received by WPLP. WPLP's rate base would be reduced by the portion of the Federal Government's funding that is provided to WPLP as a capital contribution.

BOARD STAFF - 48

Reference: Exh J-1-2
Exh KP1

Preamble: The Trust will be formed in accordance with the Trust Agreement between Canada, Ontario and the Trustee establishing the Trust for the beneficiaries. The terms and conditions of the Trust Agreement shall provide that the benefit to the beneficiaries of the Trust shall be by way of payment of funds to such third party as the parties shall agree in the definitive documentation currently being negotiated.

Request:

- a) Who will operate the independent trust and to whom does the independent trust report?
- b) Is the definitive documentation complete? If not, when is it expected to be complete?
- c) Who is the third party that will be recipient of funds from the Trust?
- d) As noted at slide 37 of Exh KP1, the pace at which the funds are used to offset RRRP increases is wholly within the discretion of the Trustee. Does the Trust Agreement set out the criteria and timeframes for use of the funds in the Trust?
- e) At slide 38 of Exh KP1, it is estimated that the Trust would offset RRRP to account for the full impact of the revenue requirement for the remote connection lines for approximately 13 years. Does the 13 year estimate reflect the connection of communities on a staggered basis? If not, please provide the estimate.

Response:

- a) As indicated in response to Board Staff IR 48(b), the definitive documents have not been finalized. It is WPLP's understanding and expectation that an independent trustee to be established pursuant to a trust agreement will operate the Trust, and that Ontario will have sole authority to direct the Trust in accordance with the Trust Agreement.
- b) The definitive documents are not complete. The forecast timeline with respect to finalization of definitive documents is December 2018.
- c) Subject to finalization of the definitive documents, it is WPLP's understanding that the third party that will be the recipient of funds from the Trust will be the Independent Electricity System Operator.

- d) Subject to finalization of the definitive documents and the discretion of the Trustee, it is WPLP's current understanding that the distributions from the Trust could be equal to WPLP's revenue requirement for the Remote Connection Lines as established by the OEB's Decision and Order pursuant to section 78 of the OEB Act establishing electricity transmission rates for the Remote Connection Lines that include with other segments the last segment of the Project (and thereby inclusive of rate base for total project costs) that has come or will come into service and will reflect such amount until such time as all the funds in the Trust are fully utilized.

- e) Given the funding of the Trust does not occur until the entire project is in-service, there will be no offset to rates for assets that go in-service prior to completion of the project. As such the 13-year estimate does not reflect the connection of communities on a staggered basis. For further clarity, the rate impacts presented in Exh J-3-1 of the Application (which do not consider any funding offset) also do not consider rate base additions on a staggered basis. The Network UTR rate impacts were calculated based on the entire estimated cost of the Line to Pickle Lake and the RRRP rate impacts were calculated based on the entire estimated cost of the Remote Connection Lines. Because WPLP does not yet know the exact year in which each specific asset will come into service (see HORCI IR 10(b), which explains that the successful EPC contractor will finalize detailed construction schedules that include completion dates for each community), it conservatively added these two rate impacts together in determining the total bill impact to a typical residential customer.

BOARD STAFF - 49

Reference: Exh J-1-2
Exh J-1-1 page 12

Preamble: The application states that the proposed “rate framework is also consistent with government funding arrangements, which contemplate that the transmission rate paid by Hydro One Remotes and otherwise recoverable through RRRP funding, will in turn be offset by way of a series of payments from an independent trust (the ‘Trust’) to an entity independent of Watay. This consistency between the funding regime and the rate framework is critical to sustaining government funding since a large part of the funding is premised on an offset to incremental RRRP funding, which ultimately only manifests itself through an expense forming part of the revenue requirement of Hydro One Remotes. Without the mechanism, costs would have to be recovered from ratepayers by some means. However, that means costs may not fall within the funding arrangements and the burden would be fully borne by ratepayers.”

Request:

- a) Assuming full project completion as described in the application, and assuming no federal government funding, what is the estimated transmission rate that will be charged to HORCI?
- b) Assuming full project completion as described in the application and assuming federal government funding is appropriated for project completion, what is the estimated transmission rate that will be charged to HORCI?

Response:

- a) As described in Exhibit J-3-1, page 2:

“the essence of WPLP’s alternative framework is that the revenue requirement impact arising from the Remote Connection Lines capital and OM&A expense would be charged to Hydro One Remotes as a direct expense through a rate applicable to service provided from the Remote Connection Lines”

WPLP is proposing that this rate (i.e. the annual revenue requirement associated with the Remote Connection Lines) be charged to HORCI through a fixed monthly transmission rate, which would then form part of HORCI’s revenue requirement. Assuming full project completion and no federal funding, then based on the estimated project cost the estimated annual amount that would be charged to HORCI in 2024 would be \$110.6M, which would result in a fixed monthly rate of approximately \$9.2M. WPLP estimates that this rate would decrease in subsequent years, resulting from decreases to the portion of WPLP’s rate base

associated with the Remote Connection Lines. For clarity, WPLP expects that this rate would be charged to HORCI in lieu of the Line Connection and Transformation Connection UTRs, but that the Network UTR would apply in the normal course. Please also see response to Board Staff IR 60 (a).

- b) Assuming full project completion and appropriation of federal funding, WPLP would record \$197M of federal funding as a capital contribution to reduce the rate base associated with the Remote Connection Lines (see Exhibit KP1, Slide 36). This reduction in rate base would lead to a lower return on rate base as well as lower depreciation expense, reducing the annual amount that would be charged to HORCI to \$95.3M in 2024. The remainder of the funding (\$1,353M), would be allocated to the Trust to offset the impact on RRRP of the rate charged from WPLP to HORCI. Please also see response to Board Staff IR 60 (b).

BOARD STAFF - 50

Reference: Exh J-1-1 page 7-10
Exh J-1-2 page 2

Preamble:

Request:

- a) Please clarify why WPLP would charge HORCI a rate to recover the capital (as well as operating) costs when the Federal Government has committed to cover the capital cost of the Remote Connection Line project.
-

Response:

- a) The Federal Government has not committed to cover the capital cost of the Remote Connection Line project. Rather, the Federal Government has committed funds in support of the project. The Funding MOU outlines how the Federal Government contribution will be used to support the project. The Funding MOU provides for a mechanism to allocate the Federal Government contribution to either an independent Trust or WPLP. Only to the extent WPLP receives the Federal Government contribution will be used to offset the capital cost of the Remote Connection Line project. The Trust is unrelated to WPLP and not within WPLP's control. The amount provided to the Trust is an arrangement between Canada and Ontario, with the discretion in relation to the Trust vested in Ontario.

The Funding MOU provides a sliding scale based on total OEB approved capital costs. The sliding scale determines WPLP's equity position and implied rate base, which in turn will determine the amount of the Federal Government funding that is allocated to WPLP as a contribution in aid of construction. An example of the allocation of the Federal Government contribution to the independent Trust and WPLP can be found on slide 36 of the presentation (ExhKP1). As shown in the example on slide 36 of the presentation, with a project cost of \$1.61 billion, WPLP would receive a Federal Government capital contribution of \$197 million leaving WPLP with a rate base of \$1.55 billion.¹⁷

WPLP would charge HORCI a rate to recover the return on capital and depreciation in relation to that rate base, as well as operating costs and applicable taxes as determined under the alternative rate framework.

Please refer to the responses to Board Staff IRs 41 and 46 for additional information.

¹⁷ Slide 36 provides a detailed calculation, which shows how project costs of \$1.61B lead to a rate base of \$1.55B.

BOARD STAFF - 51

Reference: Exh C-8-1 page 9
Exh J-1-1 page 7-10
Exh J-1-2 page 2
Exh J-1-3 page 3

Preamble: The application notes that there is a need for an exemption from the TSC in relation to certain cost responsibility rules and principles. In the normal course, a capital contribution would be paid by HORCI to WPLP. However, WPLP states that, due to the level of demand, WPLP would have no representative amount in its rate base which would adversely affect the financial viability of the project.

The proposed alternative funding framework involves no capital contribution from HORCI. Instead, the full amount would remain in WPLP's rate base. It also contemplates WPLP charging HORCI a new rate to recover the capital and operating costs which is expected to amount to about \$104 million per year over the first 10 years (2024-2033). The application also notes a portion of the amount that the Federal government has committed to provide would be received by WPLP (as well as "the Trust" to offset RRRP). The expected service life is referred to but the application does not indicate what it is. Based on the alternative funding framework, please provide estimates in relation to the following:

Request:

- a) The expected service life (ESL) of the Remote Connection Lines
- b) The expected return on rate base over the ESL
- c) The expected amount to be recovered through the proposed rate charged to HORCI over the ESL
- d) The amount WPLP expects to receive from the Federal Government that would be retained by WPLP

Response:

WPLP provides the following clarifications with respect to the above preamble:

1. WPLP has requested approval of an alternative rate framework, and has explained how this proposed framework is compatible with the existing RRRP framework, as well as government funding arrangements. The full capital cost of the project would only

remain in WPLP's rate base in the event that federal funding is not appropriated by parliament.

2. The portion of federal funding allocated to WPLP would act as a direct reduction to rate base, with the remainder of the funding allocated by Canada to the Trust.
 3. \$104M is the average of the expected annual rate that WPLP would charge to HORCI over the 2024-2033 period. This estimate assumes full project completion, as described in the application, but conservatively assumes that no federal funding is appropriated for the project. The answers to (b) and (c) below are based on these same assumptions.
- a) The ESL of the Remote Connection Lines in 40 years (i.e. 2024-2063).
 - b) Based on straight line depreciation over 40 years and constant cost of capital parameters over that period, the estimated total return on rate base from 2024-2063 is \$1,358M,¹⁸ based on an assumed 9% return on equity.
 - c) Based on straight line depreciation over 40 years and constant cost of capital parameters over that period, the estimated total amount to be charged to HORCI from 2024-2063 is \$3,270M. This includes the total return on rate base from part (b), plus all depreciation expense, OM&A expense and grossed up income taxes.¹⁹
 - d) WPLP will not receive any funds from Canada other than the capital contribution and as such no amounts will be retained by WPLP.

¹⁸ In nominal dollars and not on a NPV basis.

¹⁹ In nominal dollars and not on a NPV basis.

BOARD STAFF - 52

Reference: Exh J-1-1 page 9-10
Notice of Revised Proposal to Amend a Code²⁰ (page 16-17), EB-2016-0003

Preamble: The proposed alternative funding framework would involve no capital contribution from HORCI. WPLP would, instead, charge HORCI a rate to cover the capital and operating costs. As a result, HORCI would not include any amount in its rate base due to the TSC exemption.

The OEB is currently holding a consultation process involving proposed amendments to its TSC cost responsibility rules. One of the proposed changes has received broad stakeholder support. That proposed TSC amendment would allow for payment of the capital contribution by a distributor to a transmitter in installments over a period of five years (or a longer period than five years upon OEB approval of a request by a distributor). Under the OEB's proposal, an amount would remain in the transmitter's rate base and would gradually decline with each installment payment from the distributor, as the corresponding amount increases in the distributor's rate base (e.g., 80/20, 60/40). Since the transmitter would receive the capital contribution over time rather than a single upfront payment, the OEB proposal also involves the distributor compensating the transmitter for the carrying costs based on the OEB's prescribed construction work in progress (CWIP) rate.

Assuming that the proposed TSC amendment is approved and the OEB approved capital contribution installments over the expected service life (ESL) of the Remote Connection project, please respond to the following:

Request:

- a) What would the estimated amount of each annual capital contribution installment be from HORCI (based on the ESL and estimated fully allocated cost associated with the Remote Connection line project)?
- b) Does WPLP believe the project would be financially viable under this approach? If not, please explain why.
- c) Are there any implications that would need to be considered under such an approach?

²⁰ [Revised Notice of Proposal, Ontario Energy Board, August 23, 2018.](#)

- d) If this installment approach is adopted by the OEB in the TSC and was determined to be a viable option, would it obviate the need for an exemption from the TSC cost responsibility rules and/or make the proposed new rate that would be charged to HORCI unnecessary?

Response:

- a) The amount of the annual capital contribution installment is calculated by dividing the estimated fully allocated cost by the ESL (\$1.26B/40 years), which results in an annual capital contribution installment from HORCI of \$31.5M.
- b) WPLP does not believe the project would be financially viable over the ESL of the project under this approach. Under this approach, WPLP's Remote Connections Lines rate base would effectively be Nil in 20 years using straight line depreciation over 40 years. At that time, WPLP would be responsible for operating 1,427 km of transmission lines associated with the Remote Connection Lines, along with 5 switching stations and 15 transformer stations, with little to no rate base upon which to generate revenue requirement. The insufficient rate base and resulting revenue stream would adversely impact WPLP's ability to finance capital expenditures for the project and to generate sufficient earnings to support future reinvestment in its system, thereby adversely impacting the financial stability of WPLP and making the project not financially viable.
- c) WPLP believes the impact to ratepayers should be considered under such an approach. The Annual Installment Option was proposed to address "*the disconnect between lumpy transmission connection upgrades and gradual load growth within the distribution system*"²¹ and that "*this disconnect is a concern to the OEB because it could result in significant bill impacts for the customers of distributors and a barrier to the implementation of regional plans.*"²¹ From the perspective of total costs to ratepayers, the five-year limit in the initial proposed TSC amendments was intended to "*strike a balance between minimizing the bill impacts and also minimizing the carrying costs*"²²

As described in WPLP's evidence at Exh J, Tab 1, Sch 1, WPLP is in a unique situation where, under the existing TSC framework, substantially all of the capital costs associated with the Remote Connection Lines would be subject to a HORCI capital contribution. Under the Annual Installment Option, HORCI would be required to make equal annual capital contributions over a period of time. The outstanding balance would remain in WPLP's rate base until HORCI pays the full cost for which it is responsible, and will continue to attract the full return on rate base. In addition, WPLP would charge HORCI interest on the outstanding balance, in accordance with the proposed Section 6.3.19 of the TSC. Using the OEB's current approved CWIP rate of 3.35% WPLP would collect incremental interest in the amount of approximately \$844M, over a 40-year period (based on an average unpaid balance

²¹ EB-2016-0003; Notice of Revise Proposal to Amend a Code; Ontario Energy Board; August 23, 2018; p.16.

²² EB-2016-0003; Notice of Proposal to Amend a Code; Ontario Energy Board; September 21, 2017; p.18.

of \$630M per year). In contrast, the alternative rate framework as presented in Exh J-1-1 addresses the capital contribution issue in a manner that does not result in additional financing costs to be passed on to ratepayers.

Overall, the Annual Installment Option proposed in EB-2016-0003 would therefore have a negative impact on the ratepayer due to the increased costs associated with financing the capital contribution over a period of 40 years.

- d) WPLP does not believe the installment approach would be a viable option, for the reasons set out above. It would therefore not obviate the need for an exemption from the TSC cost responsibility rules or make the proposed new rate that would be charged to HORCI unnecessary. See also response to Board Staff IR 43(e) for additional information.

BOARD STAFF - 53

Reference: Exh J-1-1 page 4

Preamble: The application proposes that the Line to Pickle Lake be treated fully (i.e., 100%) as a network facility. The justification for that focuses on the extended meaning of network facility set out in section 3.0.14 of the TSC. Section 2.0.45 of the TSC sets out the definition of network facility which states the facility must be “shared by all users” of a transmission system and “has the extended meaning given to it in section 3.0.14”. OEB staff was unable to find an explanation related to the Line to Pickle Lake meeting that definition in section 2.0.45.

Request:

- a) Please explain how the Line to Pickle Lake meets the definition of network facility in section 2.0.45.

Response:

Under the Code, “network facilities” are facilities, other than connection facilities, that form part of a transmission system that are shared by all users, comprised of network stations and the transmission lines connecting them (Section 2.0.45). Based on the extended meaning given to it in section 3.0.14, a network facility includes any line that forms part of the physical path between two network stations, or between networking stations and the transmission system of a neighbouring Ontario transmitter, such that electricity can be transmitted along the entire path under some operating conditions that may or may not reflect normal operating conditions.

The Pickle Lake SIA Report contemplates scenarios where HONI’s E1C line is operated in a closed loop (as opposed to open at Ear Falls as suggested in earlier IESO reports). When operated in a closed loop, which may or may not be the normal operating condition, the combination of the following elements would form a continuous path over which electricity would be transmitted in parallel with a portion of the existing 230 kV path (between Dryden TS and the new Dinorwic Jct, which is located on the 230 kV circuit D26A between Dryden TS and MacKenzie TS):

- HONI’s 115 kV circuit E4D, which originates from the 115 kV bus at Dryden TS;
- HONI’s Ear Falls TS, where E4D and E1C connect;
- HONI’s 115 kV circuit E1C, which runs between Ear Falls and Pickle Lake;
- HONI’s new Pickle Lake SS (115 kV) and WPLP’s adjacent Wataynikaneyap TS (230/115 kV);
- WPLP’s 230 kV circuit (W54W); and
- WPLP’s Wataynikaneyap SS and HONI’s adjacent Dinorwic Jct.

The Pickle Lake SIA Report also states that the all of the above facilities will fall within the NERC definition of Bulk Electric System

As indicated, the meaning of “network facilities” relies on the meaning of “network station”. Although the Code describes a number of scenarios where a station will be characterized as a “network station”, of particular relevance is that a “network station” includes any station with a 230 kV or 115 kV element that switches a 230 kV or 115 kV line that connects with the transmission system of a neighbouring Ontario transmitter (Section 2.0.45A(a)(iii)). The proposed new HONI and WPLP stations at each of Dinorwic and Pickle Lake would all meet this definition of “network station”. Also relevant is that “network station” also includes any station with an autotransformer that steps down voltage from a higher transmission level to a lower transmission level (Section 3.0.14(b)(ii)). WPLP’s Wataynikaneyap TS at Pickle Lake includes a 230/115 kV autotransformer, as does HONI’s Mackenzie TS. HONI’s Dryden TS includes two such autotransformers.

Based on the foregoing, the Line to Pickle Lake falls within the meaning of “network facilities” under the Code. The Line to Pickle Lake would run from one new network station and form a continuous path to either of two existing network stations on a neighbouring Ontario transmitter’s system at 230 kV.

BOARD STAFF - 54

Reference: Exh B-2-1 page 4
Exh J-1-1 page 4
OEB Revised Notice of Proposal (page 4-6), EB-2016-0003
EB-2013-0421

Preamble: The application explains how the Line to Pickle Lake would benefit a specific subset of consumers supplied by a single line in Ontario (E1C) in terms of reliability and power quality in a manner that no other consumers will benefit from the project. The application specifically notes “All existing customers in the North of Dryden sub-region [...] are further disadvantaged by the historically poor reliability performance of circuit E1C ... reliability of supply to customers in this area has been worse than the average for other customers in northwestern Ontario [...] The Line to Pickle Lake is expected to significantly reduce the frequency and duration of planned and unplanned outages and improve power quality [...] and greatly increase load meeting capability in the region.” The Line to Pickle Lake will also connect the Remote Communities and the Ring of Fire to Ontario’s existing transmission system. At the same time, the application identifies the Line to Pickle Lake has certain network attributes.

Request:

- a) If the Line to Pickle Lake does perform both network and connection functions, would it be more appropriate to define it as a Dual Function Line?
- b) In Hydro One’s leave to construct (LTC) application related to the Supply to Essex County Transmission Reinforcement (SECTR) project, the IESO provided supporting evidence that advocated for the allocation of some costs to the network pool related to a transmission connection line even though the primary reason for the line was to meet the needs of specific existing and new customers that are (or will be) connected to it. For a connection asset, all of the costs must be recovered from specific customers under the existing TSC. The rationale the IESO provided for supporting an allocation to the network pool was that the line also provided a reliability benefit to the network. The OEB subsequently proposed an amendment to the TSC to recognize certain lines can benefit both specific consumers and the broader network in a manner that is consistent with the methodology proposed by the IESO.

If the Line to Pickle Lake is approved as a network facility, would it be appropriate to allocate some costs to the customers in the sub-region that will receive the incremental reliability and power quality benefits described in the application?

Response:

WPLP first wishes to clarify the preamble. At the end of the preamble Board staff states that “the Line to Pickle Lake will also connect the Remote Communities and the Ring of Fire to Ontario’s existing transmission system. At the same time, the application identifies the Line to Pickle Lake has certain network attributes”. This is not correct. First, the application makes no mention whatsoever of the Ring of Fire and WPLP is not proposing in the application to connect the Ring of Fire to Ontario’s existing transmission system by means of the Line to Pickle Lake. Second, WPLP’s evidence is that (1) the Line to Pickle Lake is required to reinforce transmission from a point near Dinorwic to Pickle Lake, (2) the Remote Communities will connect to the Remote Connection Lines, and (3) the Pickle Lake Remote Connection Line will connect to the Line to Pickle Lake at the proposed Wataynikaneyap TS.

- a) For the following reasons, it would not be appropriate to define the Line to Pickle Lake as a “Dual Function Line”.

The term “Dual Function Line” refers to a classification used only for the purposes of allocating costs to the UTR rate pools. It is not a term that is defined in the Transmission System Code (“TSC”). Although Board staff have referenced the Board’s Revised Notice of Proposed Amendment in EB-2016-0003, that Revised Notice does not define or use the term “Dual Function Line” or propose to add such a classification to the TSC.

WPLP notes that the term “Dual Function Line” was used at p. 43 of the RRFE Report, where the Board referenced the use of this term in a HONI transmission rate proceeding (EB-2005-0501). In that proceeding, HONI proposed changes to the cost allocation methodology that it used to allocate its revenue requirement and rate base into the rate pools defined for its transmission business. HONI defined “Dual Function Lines” as a functional category into which certain of its assets could be assigned for cost allocation purposes. Notably, HONI’s evidence in EB-2005-0501, at Exh. G1, Tab 2, Schedule 1, pp. 3-6, included detailed descriptions of the technical parameters that HONI used to classify its assets as “network assets”, “dual function line assets” or other. Based on a review of the characteristics of “network assets” and “dual function line assets” set out in that evidence, WPLP confirms that the Line to Pickle Lake falls entirely within the meaning given to “network assets”. As WPLP has not proposed to tap the Line to Pickle Lake to supply a load, it does not fall within the meaning HONI gave to the term “Dual Function Line”.

The concept of “Dual Function Lines” is strictly a cost allocation concept and should not be confused with the unrelated concept, being proposed in the Regional Planning and Cost Allocation Review proceeding (EB-2016-0003), of apportioning the costs of transmission connection investments as between the load customers that trigger the need for the investment and all ratepayers via the transmission network pool where the investment gives rise to broader network system benefits.

With respect to the concept of apportioning costs of transmission connection investments, as being considered in EB-2016-0003, and based on the TSC amendments most recently

proposed in EB-2016-0003, it is WPLP's understanding that the changes being contemplated relate only to the treatment of the costs of new or modified transmitter-owned *connection facilities*. It is therefore important to recognize that the Line to Pickle Lake is not and is not comprised of connection facilities.

As described in response to Board Staff IR 53, the Line to Pickle Lake falls within the meaning of "network facilities" given in the TSC. By contrast, "connection facilities" means "line connection facilities" or "transformation connection facilities" that connect a transmitter's system with the facilities of another person. Line connection facilities are defined as radial lines that do not, under normal operating conditions, connect network stations and whose sole purpose is to serve one or more persons. Transformation connection facilities are defined as transformation facilities, tapped off a transmission system, that step down voltages from transmission levels to distribution levels in order to supply the facilities of a person. The Line to Pickle Lake is not a radial line whose sole purpose is to serve one or more persons, nor does it include transformation facilities tapped off of the line to step down voltages to distribution levels to supply the facilities of any person. Therefore, it does not fall within the meaning of connection facilities under the TSC. Consequently, the TSC changes being contemplated in EB-2016-0003, which are applicable to the question of cost responsibility for line connection facilities, would not have the effect of requiring any portion of the cost of the Line to Pickle Lake to be apportioned other than to the Network pool for recovery through UTRs.

Moreover, based on a review of the evolution of the cost allocation concept being considered in EB-2016-0003 since the RRFE Report was issued, it is apparent that it was and continues to be intended to address questions relating to cost responsibility only for transmission connection assets and, in particular, "whether certain line connection assets are more appropriately treated as network assets for cost responsibility purposes" (RRFE Report, section 3.2.3, p. 41). WPLP is not aware of any consideration in the RRFE Report, in the Essex proceeding or in EB-2016-0003 of the inverse question of whether certain network assets should more appropriately be partially treated as connection assets for cost responsibility purposes. The Line to Pickle Lake represents the inverse circumstance.

WPLP also notes that the Board, in its August 23, 2018 Notice of Revised Proposal to Amend a Code, explains the proposal as follows: "where a transmission connection investment also addresses a broader network system need, the costs associated with such investments would be apportioned between the load customer(s) that caused the need for the connection investment and the transmission network pool (i.e. all ratepayers)." An important distinction between the types of investments contemplated by the proposed amendment and WPLP's investment in the Line to Pickle Lake is that the need for the Line to Pickle Lake is not caused by any particular load customers. The Line to Pickle Lake is not being developed in response to a connection or modification request from HORCI or from any of the 16 Remote Communities that will connect to the Remote Connection Lines. Rather, the Line to Pickle Lake is being developed because the Province of Ontario, pursuant to s. 96.1 of the OEB Act, declared it to be a priority transmission project by Order-in-Council of the

Lieutenant Governor in Council (LGIC). Moreover, by Order-in-Council pursuant to s. 28.6.1 of the OEB Act the LGIC required the OEB to amend WPLP's transmission licence so as to require WPLP to develop and seek approvals to construct the Line to Pickle Lake. Consequently, it would be inappropriate to characterize HORCI or the Remote Communities as being load customers that caused the need for the investment.

WPLP's evidence regarding the benefits of the Line to Pickle Lake for the overall transmission system, which benefits underlie the IESO's recommendations to proceed with the Line to Pickle Lake, are set out in Exhibit C-1-1, at pp. 3-6

- b) No, it would not be appropriate to allocate some of the Line to Pickle Lake costs to the customers in the sub-region that will receive the incremental reliability and power quality benefits described in the Application. As described in the response to (a), above, the Line to Pickle Lake is a Network asset and it is not appropriate to allocate Network asset costs to any specific group of customers. As further described in response to (a), above, WPLP is not aware of there being any consideration in the RRFE Report, in the Essex proceeding or in EB-2016-0003 of the question of whether certain Network assets should be partially treated as connection assets for cost responsibility purposes. Rather, those proceedings have only considered the question of whether certain line connection assets are more appropriately treated as Network assets for cost responsibility purposes.

BOARD STAFF - 55

Reference: Exh J-2-1

Exh B-1-1 page 8
EB-2016-0262

Preamble: The Applicant requests approval for an accounting order establishing a Construction Work in Progress Deferral Account into which WPLP would transfer costs that are recorded in its existing development costs deferral account.

Request:

- a) Please confirm that the carrying charge for the net amounts in the current Wataynikaneyap Transmission Development Deferral Account is the OEB approved prescribed interest rate (per the bankers' acceptance rate (3 months) plus a spread of 0.25 percentage points). In the alternative, please explain the response.
- b) Please confirm whether WPLP proposes a transfer of the costs in the Wataynikaneyap Transmission Development Deferral Account to the proposed Construction Work in Progress Deferral Account, and whether carrying charge for net development costs would be the OEB approved prescribed interest rate (per the FTSE TMX Canada (formerly DEX) Mid Term Bond Index All Corporate yield).
- c) Please confirm whether WPLP proposes to continue to follow the EB-2016-0262 OEB orders with respect to development costs, including the filing of reports, after the costs in the Wataynikaneyap Transmission Development Deferral Account are transferred.
- d) Please confirm whether WPLP is requesting that the Wataynikaneyap Transmission Development Deferral Account be discontinued.

Response:

- a) WPLP confirms that the carrying charge applicable to the current Wataynikaneyap Transmission Development Deferral Account is the OEB approved prescribed interest rate (per the bankers' acceptance rate (3 months) plus a spread of 0.25 percentage points). This is consistent with the OEB's Decision and Order in EB-2016-0262, which in approving the account permitted carrying charges to be recorded in accordance with the OEB's approved methodology from EB-2006-0017.

Following the Board's Decision and Order in EB-2016-0262, WPLP sought clarification regarding the requirement in the accounting order to record carrying charges "on net development costs" given the Board's determination in that proceeding that the extent to

which development costs would be offset by funding received would be determined at the time of account disposition. Board staff clarified in a letter dated May 12, 2017 that carrying charges on both development costs and funding should be recorded in the carrying charges sub-account through separate journal entries and that, at the time of disposition, the OEB would be expected to determine which funding amounts, if any, would be applied to offset development costs. Based on that further guidance, WPLP is recording the carrying charges for both sub-account 1508.001 and sub-account 1508.002 separately within sub-account 1508.003 so that they are readily identifiable. WPLP intends to track all carrying charges (both debit and credit) in sub-account 1508.003 and to address the treatment of the funding and related carrying charges, as part of a future application to the Board as per the OEB Decision and Order in EB-2016-0262.

- b) WPLP confirms it proposes to transfer the costs from the Wataynikaneyap Transmission Development Deferral Account to the proposed Construction Work in Progress Deferral Account. In addition, WPLP confirms it plans to apply the interest rate prescribed by the Board to the CWIP Account (per the FTSE TMX Canada (formerly DEX) Mid Term Bond Index All Corporate yield).
- c) WPLP proposes to continue to follow the EB-2016-0262 OEB order with respect to development costs, including the filing of reports up until approval of the Leave to Construct application. WPLP would complete a final development cost report per EB-2016-0262 to ensure all development costs are reported to the OEB and can be reviewed in a future rate application.

Once the costs recorded in the Development Deferral Account are transferred to the Construction Work in Progress Deferral Account, reporting per the Board's order in EB-2016-0262 would cease.

The costs incurred by WPLP after approval of the Leave to Construct application would be construction in nature and, as such, would not be recorded in the Development Deferral Account established in EB-2016-0262.

WPLP has not proposed any reporting for the Construction Work in Progress Deferral Account. However, if the Board determines that continued reporting would be appropriate, WPLP's view is that such reporting should be semi-annual or annual and in a format comparable to the reports that have been filed in EB-2016-0262.

- d) Confirmed.

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Reference: Exh J-2-1
Exh B-1-1 page 8
Exh B-2-1 page 20

Preamble: The application states that, “On March 23, 2017, the Board in its Decision and Order in EB-2016-0262 approved WPLP’s request to establish a deferral account with appropriate sub-accounts to capture and record development costs associated the Transmission Project up to the effective date of the initial transmission rate order for WPLP. WPLP has filed semi-annual progress reports on July 17, 2017 and January 15, 2018 as required by the Board.”

The Applicant requests approval for an accounting order establishing a Construction Work in Progress Deferral Account into which WPLP would transfer costs that are recorded in its existing development costs deferral account and record capital costs from and after the date of the order granting leave to construct.

Request:

- a) How does WPLP currently record the capital costs related to construction of the line to Pikangikum?
- b) Other than development costs and construction costs, are there any other costs that WPLP plans to record in the proposed account?
- c) Please refer to page 67 of the [Filing Requirements for Electricity Distribution Rate Applications](#) regarding the establishment of new deferral and variance accounts. Please address the causation, prudence and materiality criteria for the proposed account.
- d) What is WPLP’s plan in the event the OEB does not approve the establishment of the CWIP deferral account in this proceeding?
- e) Regarding the development cost deferral account, does WPLP intend to continue filing semi-annual progress reports with the OEB. Please explain.

Response:

- a) WPLP maintains a separate general ledger account to record the capital costs related to construction of the Pikangikum System.

- b) WPLP only plans on recording development costs and construction costs for the transmission project in the proposed deferral account. The recording of development costs and construction costs will be in line with Generally Accepted Accounting Principles.
- c) The proposed Construction Work in Progress Deferral Account meets the Board's criteria for establishing new deferral accounts - causation, prudence and materiality – as follows:

Causation: The account is being requested to track costs for the construction of a new asset over a large geographic area and challenging terrain. WPLP has no current rate in place. As such, the forecasted expenditures are clearly outside base rates.

Materiality: WPLP revenue requirement has not yet been determined. The amounts to be recorded in the proposed deferral account will reflect all of the costs to construct the transmission system. Given that WPLP has no OEB approved revenue requirement, the amounts will be beyond an OEB-defined materiality threshold and have a “significant influence” on WPLP.

Prudence: The Government of Ontario has recognized the need for the project and required the OEB to accept the need for the project by designating the project as a priority transmission project. In addition, WPLP is required to develop and seek approvals for the project as a condition of its transmission licence. The final determination of the prudence of the amounts recorded will be made by the OEB at the time of disposition of the account.

- d) WPLP will record the costs in a construction work in progress account separately within its general ledger account and capitalize interest based on the weighted average cost of capital as is common with other utility companies regulated by the OEB.
- e) Please see response to Board Staff IR 55 (c).

BOARD STAFF - 57

Reference: Exh J-2-1 page 2 and 7

Preamble: WPLP has provided a draft accounting order related to the CWIP account request.

Request:

- a) At page 2 it states that sub-account 2055.002 will record “All funding directly received by WPLP for construction activities related to the Project.” What is directly received funding? Will WPLP “indirectly” receive any other funding for construction activities? If yes, please specify.
- b) Will the sub-accounts separately record costs and funding for individual sections of the project, e.g. Pikangikum, Pickle Lake, remote connection lines? If yes, please provide details. If no, please explain why.
- c) Please confirm that the statement on page 2 of Exh J-2-1 that sub-account 2055-03 will record the “Carrying Charges on Net Construction Costs” means that carrying charges would be based on the net principal amount of construction costs recorded in sub-account 2055-01 less the principal of all funding recorded in subaccount 2055-02. In other words, please confirm that funding received, directly or indirectly, is to be treated as a capital contribution.

Response:

- a) “Funding directly received by WPLP for construction activities” refers to funding received by WPLP to help pay costs associated with the construction of the asset and that does not require repayment. This funding would not include the Federal Government capital contribution received by WPLP as that would be recorded as a contribution-in-aid of construction once all assets are placed into service.

During construction of the project, there is a possibility that a service provider related to WPLP may seek and receive government funding to help finance their costs in delivering services to WPLP, which services may be related to WPLP’s construction of the project. In addition to all funding amounts received directly by WPLP, WPLP intends to track in sub-account 2055.002 all funding amounts received by such other related service providers, in a manner that is generally consistent with the approach taken in the development costs deferral account in EB-2016-0262 and as further clarified by Board staff in its May 12, 2017 letter in that proceeding. Although WPLP does not believe that such funding amounts received should necessarily offset the revenue requirement to be recovered from ratepayers, WPLP intends to address the matter of cost recovery in relation to all such funding amounts received by WPLP and its related entities as part of a future rate application to the Board. As such, the recording of all funding amounts received is for the purpose of transparency and

facilitating informed decision-making by the Board when considering disposition of the account.

- b) The sub-account will not be used to record any costs related to the Pikangikum Distribution Line as the Pikangikum Distribution Line will be tracked separately until such time the line is converted to form part of the transmission system.

WPLP's general ledger will be used to record separately the direct costs or funding associated with each station and transmission line segment as provided for in Exhibit D, Tab 1, Schedule 1, Appendix A and Exhibit D, Tab 1, Schedule 1, Appendix B respectively. To the extent there are general costs or general funding they will be tracked separately in the WPLP general ledger and allocated to a station or a transmission line segment based on direct costs of each station or transmission line segment.

WPLP's general ledger will provide the supporting detail to the sub-accounts.

- c) As further explained in response to Board Staff IR 55(a), WPLP's intention is to record the carrying charges for both sub-account 2055-01 and sub-account 2055-02 separately within sub-account 2055-03 so that they are readily identifiable. WPLP intends to track all carrying charges (both debit and credit) in sub-account 2055-03 and to address the treatment of the funding and related carrying charges as part of a future application to the Board, consistent with the approach approved by the Board in EB-2016-0262.

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Reference: Exh J-3-1 pages 2 – 4

Preamble: At Exh J-3-1 page 2, it states that “WPLP has proposed an alternative rate framework applicable to the transmission service provided by the Remote Connection Lines [...]”

Request:

- a) For clarity, do the estimated rate and bill impacts presented at Exh J-3-1 pages 2 – 4 reflect the effects of:
 - (i) proceeding with Remote Connection Lines versus not proceeding, or
 - (ii) recovering costs of Remote Connection Lines through the proposed “alternative rate framework” versus the existing framework?
(i.e. please clarify which base case and scenario cases are being compared?)
 - b) If the rate and bill impacts presented at Exh J-3-1 pages 2 – 4 most closely reflect the effects of option (i) above, please also provide estimated rate and bill impacts that are the result of recovering the costs of the Remote Connection Lines through WPLP’s proposed “alternative rate framework” versus the existing, ‘status quo’ framework (i.e., a capital contribution from HORCI).
 - c) In reference to the response to part (b) above, if there are differences in bill and rates impacts between the two frameworks compared, please briefly explain key drivers of the differences.
(i.e. what is the cost of the proposed framework compared to the existing framework?)
-

Response:

- a) The estimated impacts reflect the effects of proceeding with both the Line to Pickle Lake and the Remote Connection Lines, on the assumption that the former is recovered through UTR and the latter is recovered through the proposed alternative rate framework. For additional clarity, the Network Service rate impacts presented in Table 2 of the above reference reflect the effects of proceeding with the Line to Pickle Lake (with rate recovery through Network Service rate UTR’s, consistent with the TSC) versus not proceeding, while the RRRP impacts presented in Tables 3 and 4 of the reference reflect the effects of proceeding with the Remote Connection Lines (under the proposed alternative rate framework) versus not proceeding. The total bill impacts presented in Table 5 of the reference reflect the effects of proceeding with WPLP’s entire project versus not proceeding at all.

WPLP notes that the Project is comprised of both the Line to Pickle Lake and the Remotes Connection Lines, and that without approval of the rate structure proposed by WPLP with respect to the Remote Connections Lines, WPLP will not be able to proceed with the entirety of the Project.

- b) Please refer to the following table for comparison of the average annual RRRP impact over the 2024-2033 rate period, for the alternative rate framework versus the status quo rate framework, using the same assumptions as in the application. In the status quo scenario, WPLP assumes that the HORCI capital contribution is equal to the full rate base amount associated with the Remote Connection Lines, and replaces the cost of capital parameters, debt/equity structure, and tax rates used in the alternative framework calculation, with those approved in HORCI's most recent cost of service application (EB-2017-0051). This conservative analysis results in the largest possible difference between WPLP's proposed alternative rate framework and the status quo rate framework. The result is a reduction in the average annual RRRP amount of approximately \$9M in the status quo scenario, which does not change the resulting RRRP rate, as rounded to the fourth decimal place. The bill impacts presented in the application therefore remain valid for either scenario.

RRRP Rate Impact (Rounded to nearest thousand)			
	2018 ²³	Remote Connection Line Impact	
		Alternative	Status Quo
First Nations (O.Reg 442/01, Schedule 1)	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Algoma Power Inc.	\$ 13,155,000 ²⁴	\$ 13,155,000	\$ 13,155,000
Hydro One Remotes	\$ 35,223,000 ²⁵	\$ 35,223,000	\$ 35,223,000
Hydro One Remotes – Additional	-	\$ 103,695,000	\$94,813,000
<i>Total</i>	<i>\$49,978,000</i>	<i>\$153,673,000</i>	<i>\$144,554,000</i>
Ontario TWh	131.8 ²⁶	152.008333 ²⁷	152.008333
RRRP Rate - \$/kWh	0.0003²⁸	0.0010	0.0010

²³ In its December 20, 2017 Decision and Order in EB-2017-0333, the Board included an amount of \$12.3316 million in its total RRRP requirement for 2018, reflecting an estimate of IESO undercollection in 2017. For the consistency in cost comparison, this date-specific variance account balance is omitted from Table 3.

²⁴ Decision and Order, EB-2017-0025, December 20, 2017

²⁵ Final Rate Order, EB-2017-0051, April 12, 2018

²⁶ Decision and Order, EB-2017-0333, December 20, 2017

²⁷ Average of 2024-2033 forecast for all outlook scenarios contained in IESO Ontario Planning Outlook: <http://www.ieso.ca/-/media/files/ieso/document-library/planning-forecasts/ontario-planning-outlook/ontario-planning-outlook-september2016.pdf?la=en>

²⁸ In its December 20, 2017 Decision and Order in EB-2017-0333, the Board maintained the RRRP rate at \$0.0003/kWh. The 2018 rate presented here is consistent with the OEB-approved rate, and is not calculated based on the 2018 costs and load forecasts presented in this table.

- c) As explained in part (b), differences in cost of capital parameters, debt/equity ratios and applicable tax rates between WPLP and HORCI result in a difference of approximately \$9M in the average annual impact to the RRRP amount between the two scenarios.

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Reference: Exh J-3-1
Exh B-2-1 page 22 and 23

Preamble: The application states that “because the funding to be provided by Canada is conditional on appropriation by Parliament, as well as finalization of the definitive documents, the approvals sought in this application should be considered by the Board in a manner inclusive of a scenario where Canada fails to appropriate funds for the Transmission Project. The proposed cost recovery and rate framework has been designed to work regardless of whether the funding contemplated by the Funding MOU is ultimately received.”

The bill impacts presented in application do not account for the federal funding contributions.

The application states that the average annual revenue requirement associated with the Line to Pickle Lake is estimated at approximately \$32 million over the first 10 years in service (i.e. 2024-2033). Using 2018 approved rates as a baseline, the network pool rate would increase from \$3.61 to \$3.73.

Request:

- a) Please provide the details of the determination of \$32 million revenue requirement (OM&A, depreciation, taxes, other expenses, return and rate base).
- b) Please provide the network pool rate and revenue requirement for the line to Pickle Lake, assuming federal government funding is only appropriated for substantial completion. Include details regarding any assumed capital contribution, rate base and depreciation that factor into the calculations of the revenue requirement and the network pool rate.
- c) Please provide the network pool rate and revenue requirement for the line to Pickle Lake assuming federal government funding is appropriated for completion. Include details regarding any assumed capital contribution, rate base and depreciation, as also requested in b) above.

Response:

- a) Please see the following table for a breakdown of WPLP’s estimated annual revenue requirement in relation to the Line to Pickle Lake.

Year	Rate Base	Regulated Return on Rate Base (5.28% WACC)	Depreciation Expense	OM&A	Grossed up Income Taxes	Revenue Requirement included in UTR
2024	385,962,675	20,364,935	9,673,250	3,869,300	-	33,907,485
2025	376,289,425	19,854,535	9,673,250	3,869,300	-	33,397,085
2026	366,616,175	19,344,136	9,673,250	3,869,300	-	32,886,686
2027	356,942,925	18,833,736	9,673,250	3,869,300	-	32,376,286
2028	347,269,675	18,323,337	9,673,250	3,869,300	-	31,865,887
2029	337,596,425	17,812,938	9,673,250	3,869,300	3,118	31,358,606
2030	327,923,175	17,302,538	9,673,250	3,869,300	211,473	31,056,562
2031	318,249,925	16,792,139	9,673,250	3,869,300	399,003	30,733,692
2032	308,576,675	16,281,740	9,673,250	3,869,300	567,373	30,391,662
2033	298,903,425	15,771,340	9,673,250	3,869,300	718,116	30,032,006
Avg	342,433,050	18,068,137	9,673,250	3,869,300	189,908	31,800,596

- b) WPLP does not anticipate that any of the Federal Government funding would be applied as a capital contribution towards the Line to Pickle Lake. Please see the response to Board Staff IR 42 for additional information.
- c) WPLP does not anticipate that any of the Federal Government funding would be applied as a capital contribution towards the Line to Pickle Lake. Please see the response to Board Staff IR 42 for additional information.

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Reference: Exh J-3-1
 Exh B-2-1 page 22 and 23

Preamble: The application states that the average annual revenue requirement associated with the Remote Connection Lines is estimated at approximately \$104 million over the first 10 years in service (i.e. 2024-2033). Using 2018 approved rates as a baseline, the RRRP rate would increase from \$0.0003/kWh to \$0.0010/kWh.

Request:

- a) Please provide the details of the determination of \$104 million revenue requirement, (OM&A, depreciation, taxes, other expenses, return and rate base). Please provide the RRRP rate and revenue requirement for the Remote Connection Lines assuming federal government funding is only appropriated for substantial completion. Include details regarding assumed capital contribution, rate base and depreciation, and additions to the Trust.
- b) Please provide the RRRP rate and revenue requirement for the Remote Connection Lines assuming federal government funding is appropriated for completion. Include details regarding assumed capital contribution, rate base and depreciation, and additions to the Trust.
- c) With respect to the scenario as presented in the application, i.e., no federal government funding, please provide an estimate of the full RRRP rate increase that also factors in the increase in HORCI revenue requirement related infrastructure for the connection of the remote communities.

Response:

- a) Please see the following table for a breakdown of WPLP’s estimated annual revenue requirement in relation to the Remote Connection Lines, which averages \$104 million over the first 10 years. The calculation of the RRRP rate impact resulting from the average revenue requirement to be charged to HORCI over the 2024-2033 period is provided in Table 3 of Exhibit J-3-1. This calculation has also been broken down further to calculated the year-by-year impact to the RRRP rate.

Year	Rate Base	Regulated Return on Rate Base	Depreciation Expense	OM&A	Grossed up Income Taxes	Revenue Requirement Charged to HORCI
2024	1,258,546,748	66,405,961	31,542,525	12,617,010	-	110,565,496

2025	1,227,004,223	64,741,651	31,542,525	12,617,010	-	108,901,186
2026	1,195,461,698	63,077,341	31,542,525	12,617,010	-	107,236,876
2027	1,163,919,173	61,413,031	31,542,525	12,617,010	-	105,572,566
2028	1,132,376,648	59,748,721	31,542,525	12,617,010	-	103,908,256
2029	1,100,834,123	58,084,412	31,542,525	12,617,010	10,167	102,254,114
2030	1,069,291,598	56,420,102	31,542,525	12,617,010	689,572	101,269,209
2031	1,037,749,073	54,755,792	31,542,525	12,617,010	1,301,068	100,216,395
2032	1,006,206,548	53,091,482	31,542,525	12,617,010	1,850,088	99,101,106
2033	974,664,023	51,427,172	31,542,525	12,617,010	2,341,631	97,928,338
Avg	1,116,605,385	58,916,567	31,542,525	12,617,010	619,253	103,695,354

RRRP Rate Impact - Remote Connection Lines (\$ in millions) – No Funding										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
First Nations (O.Reg 442/01, Schedule 1)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
API	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155
HORCI	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223
HORCI - Additional	110.565	108.901	107.237	105.573	103.908	102.254	101.269	100.216	99.101	97.928
Total	160.543	158.879	157.215	155.551	153.886	152.232	151.247	150.194	149.079	147.906
Ontario TWh	144.725	145.225	145.850	146.975	148.575	149.950	151.600	153.350	155.550	157.875
\$/kWh	0.0011	0.0011	0.0011	0.0011	0.0010	0.0010	0.0010	0.0010	0.0010	0.0009

Assuming that federal funding is only appropriated for substantial completion, and that the project is completed as outlined in the application, \$197M of the federal funding is allocated to WPLP as a capital contribution to reduce the Remote Connection Lines rate base, and the remainder of the funding (\$770M - \$197M = \$573M) would be allocated to the Trust. The following table reflects the \$197M reduction in rate base, and the resulting WPLP revenue requirement that would be charged to HORCI.

Year	Rate Base	Regulated Return on Rate Base	Depreciation Expense	OM&A	Grossed up Income Taxes	Revenue Requirement Charged to HORCI
2024	1,062,039,248	56,037,439	26,617,525	12,617,010	-	95,271,974
2025	1,035,421,723	54,632,992	26,617,525	12,617,010	-	93,867,527
2026	1,008,804,198	53,228,545	26,617,525	12,617,010	-	92,463,080
2027	982,186,673	51,824,098	26,617,525	12,617,010	-	91,058,633
2028	955,569,148	50,419,650	26,617,525	12,617,010	-	89,654,185
2029	928,951,623	49,015,203	26,617,525	12,617,010	8,580	88,258,318
2030	902,334,098	47,610,756	26,617,525	12,617,010	581,903	87,427,195
2031	875,716,573	46,206,309	26,617,525	12,617,010	1,097,921	86,538,766
2032	849,099,048	44,801,862	26,617,525	12,617,010	1,561,219	85,597,616
2033	822,481,523	43,397,415	26,617,525	12,617,010	1,976,012	84,607,962
Avg	942,260,385	49,717,427	26,617,525	12,617,010	522,564	89,474,525

Assuming that the \$573M allocated to the Trust is used to offset the entire amount of the annual incremental revenue requirements charged to HORCI from the above table, until such time as the Trust is exhausted, and assuming no interest earned on funds in the Trust, the resulting annual impact on the RRRP rate would be as follows.

RRRP Rate Impact - Remote Connection Lines (\$ in millions) – With Funding from Trust (Substantial Completion)										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
First Nations (O.Reg 442/01, Schedule 1)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
API	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155
HORCI	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223
HORCI - Additional	95.272	93.868	92.463	91.059	89.654	88.258	87.427	86.539	85.598	84.608
Total	145.250	143.846	142.441	141.037	139.632	138.236	137.405	136.517	135.576	134.586
Funds in Trust	573.000	477.728	383.860	291.397	200.339	110.685	22.426	0.000	0.000	0.000
RRRP Offset	-95.272	-93.868	-92.463	-91.059	-89.654	-88.258	-22.426	0.000	0.000	0.000
Total with Offset	49.978	49.978	49.978	49.978	49.978	49.978	114.979	136.517	135.576	134.586

Ontario TWh	144.725	145.225	145.850	146.975	148.575	149.950	151.600	153.350	155.550	157.875
\$/kWh	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0008	0.0009	0.0009	0.0009

b) Assuming that the project is completed as outlined in the application, and that federal funding is appropriated for completion, \$197M of federal funding is allocated to WPLP as a capital contribution to reduce the Remote Connection Lines rate base, and WPLP’s revenue requirement is therefore unchanged from the response provided in relation to appropriation for substantial completion in part (a) above. The greater amount of total funding of \$1.55B in this scenario means that \$1.353M would be allocated to the Trust, offsetting future increases to the RRRP rate for a longer period than if funding is only appropriated for substantial completion, as demonstrated in the following table.

RRRP Rate Impact - Remote Connection Lines (\$ in millions) – With Funding from Trust (Completion)										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
First Nations (O.Reg 442/01, Schedule 1)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
API	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155	13.155
HORCI	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223	35.223
HORCI - Additional	95.272	93.868	92.463	91.059	89.654	88.258	87.427	86.539	85.598	84.608
Total	145.250	143.846	142.441	141.037	139.632	138.236	137.405	136.517	135.576	134.586
Funds in Trust	1353.000	1257.728	1163.860	1071.397	980.339	890.685	802.426	714.999	628.460	542.863
RRRP Offset ²⁹	-95.272	-93.868	-92.463	-91.059	-89.654	-88.258	-87.427	-86.539	-85.598	-84.608
Total with Offset	49.978	49.978	49.978	49.978	49.978	49.978	49.978	49.978	49.978	49.978
Ontario TWh	144.725	145.225	145.850	146.975	148.575	149.950	151.600	153.350	155.550	157.875
\$/kWh	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003

c) To the best of WPLP’s knowledge, any costs related to HORCI infrastructure required to connect the communities would fall into the following categories:

²⁹ In this scenario, WPLP estimates that funds in the Trust would continue to offset the additional charges to HORCI resulting from WPLP’s Remote Connection Lines revenue requirement until approximately 2039.

- a. Costs that are being funded by INAC (such as transfer requirements for IPA communities), which would not be included in either WPLP's or HORCI's revenue requirement;
- b. Costs that have been accounted for in WPLP's project cost estimates (such the wholesale metering costs referred to in HORCI IR 8), which would cause WPLP's actual costs and revenue requirement to be reduced in the event that these costs are included in HORCI's revenue requirement; and
- c. Costs related to backup power, where the final scope and costs are not yet determined, and as such WPLP is unable to estimate revenue requirement or rate impacts.

As such, WPLP's estimates of the RRRP rate impacts provided in the application remain unchanged.

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Reference: Exh J-1-1 page 13

Preamble: The application states that “Given the unique nature of this Transmission Project, the typical cost recovery regime in the TSC does not fully apply. The licence amendments and rate framework for which WPLP seeks approval would provide for a cost recovery basis that takes into account the uniqueness of the Transmission Project, maintains the Transmission Project’s financial viability, avoids cross subsidization, is neutral in its treatment of RRRP funding for Hydro One Remotes, and is consistent with government funding commitments.”

Request:

- a) In terms of cross-subsidization and neutrality, is there any circumstance under WPLP’s cost recovery proposal where funding provided by the Government of Canada is again provided by the ratepayers of Ontario?

Response:

Government of Canada funding is provided to the Project in two streams. The first is a payment to WPLP that will be a capital contribution, which will partially offset the actual capital cost and result in a lower amount added to rate base. This is a permanent reduction to rate base such that rate payers will not at any time pay for the cost of capital associated with that capital amount.

The second stream is composed of compensatory payments made over time by an independent Trust to the IESO to offset the RRRP increase that reflects the incremental increase in HORCI’s revenue requirement arising from WPLP’s transmission tariff charged to HORCI in respect of the Remote Connection Lines. The compensation provided by the Trust is a direct offset to RRRP in the year incurred and in no way reflects a deferral of RRRP amounts into the future. As a result, ratepayers will at no time pay any amount with respect to RRRP that has already been paid by the Trust.

SCHEDULE BS 20 (a) – Gantt Chart

SCHEDULE BS 36 (a) – HONI Email

From: Hamid.Hamadanizadeh@HydroOne.com
To: Beharriell.Greg
Cc: Mohamed.Shamseldein@ieso.ca; silviu.motoc@ieso.ca; Yasser.Atwa@ieso.ca; Louise.Dawson@HydroOne.com
Subject: RE: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances
Date: Wednesday, October 10, 2018 3:17:07 PM
Attachments: [image001.png](#)
[WP Line Distances 20180927 - LTC to SIA Comparison.xlsx](#)

Greg,

Similarly, the minor changes to some of the line segments that you provided (attached) don't materially change the assessments and results in the two CIA reports, dated July 9, 2018, for Pickle Lake and Red Lake projects.

Thanks,

Hamid Hamadani
416-345-6088

From: Beharriell, Greg [mailto:greg.bharriell@cnpower.com]
Sent: Wednesday, October 10, 2018 2:37 PM
To: Yasser Atwa
Cc: Gabriel Adam; Samuel Jager; Mohamed Shamseldein; Silviu Motoc; HAMADANIZADEH Hamid
Subject: RE: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances

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Hi Yasser,

Thank you for addressing this request and the confirmation that no amendment is required.

Regards,

Greg

From: Yasser Atwa [mailto:Yasser.Atwa@ieso.ca]
Sent: Wednesday, October 10, 2018 2:29 PM
To: Beharriell, Greg <greg.bharriell@cnpower.com>
Cc: Gabriel Adam <gabriel.adam@ieso.ca>; Samuel Jager <samuel.jager@ieso.ca>; Mohamed Shamseldein <Mohamed.Shamseldein@ieso.ca>; Silviu Motoc <silviu.motoc@ieso.ca>
Subject: RE: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances

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Hello Greg

Based on our assessment the changes to line segment lengths that you provided on September 27, 2018 on behalf of W-Power do not present a material change to the results presented in the final SIA reports dated June 1, 2018 and June 7, 2018. As such, no addendum to the final SIA reports is necessary. The Notifications of Conditional Approval (NoCA) dated June 1, 2018 and June 7, 2018 remain valid and all connection requirements listed in the final SIA reports continue to apply. Please contact us at your convenience if you have any questions.

Best Regards,

Yasser Atwa, PhD, P.Eng. | Power System Engineer, Connection Assessments

Independent Electricity System Operator (IESO) | T: (905) 855-6187
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: [IESO Tweets](#) | LinkedIn: [IESO](#)

From: Beharriell, Greg [<mailto:greg.bharriell@cnpower.com>]
Sent: September 27, 2018 4:14 PM
To: Yasser Atwa; Mohamed Shamseldein; Hamid Hamadani (hamid.hamadanizadeh@hydroone.com)
Cc: Silviu Motoc; Samuel Jager; Gabriel Adam; Stephanie Aldersley; Ahmed Maria; Maia Chase; Jonathan Myers
Subject: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.

WPLP is preparing to file updated evidence in respect of minor change to routing that have occurred since its June 2018 initial application in EB-2018-0190.

Prior to the June filing, I had provided a comparisons of the line segment distances in the initial application to those in each of the Pickle Lake and Red Lake SIA reports and had advised that further minor changes were likely as the EA and engagement processes progressed. The attached analysis updates the previous comparison with the line segment distances that will be included in the pending update to evidence.

The overall changes remain negligible (<1% total change in distance on any subsystem), and the largest changes on any individual line segment are primarily driven by relocations of planned substation locations near certain communities.

We trust that these updates will not result in any material changes to the results of the SIA/CIA studies, and will not impact the overall recommendations and conclusions of the SIA and CIA reports. Please let me know as soon as possible if you have any concerns with these updates.

Regards,

Greg Beharriell, P.Eng.
Manager, Regulatory Affairs
Canadian Niagara Power Inc., a FortisOntario Company

1130 Bertie St. P.O. Box 1218; Fort Erie, ON L2A 5Y2
Phone: 905.871.0330 Ext.3278
greg.beharriell@cnpower.com

cid:image003.png@01D15F2F.BD73A770



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SCHEDULE BS 36 (b) – IESO Email

From: [Yasser Atwa](#)
To: [Beharriell, Greg](#)
Cc: [Gabriel Adam](#); [Samuel Jager](#); [Mohamed Shamseldein](#); [Silviu Motoc](#)
Subject: RE: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances
Date: Wednesday, October 10, 2018 2:29:21 PM
Attachments: [image001.png](#)

This message originated from outside FortisOntario's email server

Hello Greg

Based on our assessment the changes to line segment lengths that you provided on September 27, 2018 on behalf of W-Power do not present a material change to the results presented in the final SIA reports dated June 1, 2018 and June 7, 2018. As such, no addendum to the final SIA reports is necessary. The Notifications of Conditional Approval (NoCA) dated June 1, 2018 and June 7, 2018 remain valid and all connection requirements listed in the final SIA reports continue to apply. Please contact us at your convenience if you have any questions.

Best Regards,

Yasser Atwa, PhD, P.Eng. | Power System Engineer, Connection Assessments

Independent Electricity System Operator (IESO) | T: (905) 855-6187
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: [IESO Tweets](#) | LinkedIn: [IESO](#)

From: Beharriell, Greg [mailto:greg.bharriell@cnpower.com]
Sent: September 27, 2018 4:14 PM
To: Yasser Atwa; Mohamed Shamseldein; Hamid Hamadani (hamid.hamadanizadeh@hydroone.com)
Cc: Silviu Motoc; Samuel Jager; Gabriel Adam; Stephanie Aldersley; Ahmed Maria; Maia Chase; Jonathan Myers
Subject: Wataynikaneyap Power - Updated Comparison of LTC vs SIA Line Segment Distances

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Regards,

Greg Beharriell, P.Eng.
Manager, Regulatory Affairs
Canadian Niagara Power Inc., a FortisOntario Company
1130 Bertie St. P.O. Box 1218; Fort Erie, ON L2A 5Y2
Phone: 905.871.0330 Ext.3278
greg.bharriell@cnpower.com



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