

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act 1998*, S.O. 1998, c. 15 (Schedule B);

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

**INTERROGATORIES OF
RES CANADA TRANSMISSION LP
to
ALTALINK ONTARIO L.P.**

January 30, 2013

Interrogatory #1 Project Schedules

Reference(s):

- a. AltaLink: Part B, Section 7
- b. EWT: Part B, Exhibit 7
- c. CNPI: Part B, Section 7
- d. Iccon/TPT: Volume 1, Section 7
- e. UCT: Section B, Section 7
- f. RES: Exhibit N

Preamble:

Each applicant has prepared development and construction cost estimates that are dependent upon, *inter alia*, underpinning project schedule assumptions. Some applicants have assumed aggressive project schedules. For example, AltaLink, UCT and TransCanada/Iccon assume that the development phase of the East-West Tie line could be completed in less than two years. The generalized phase-by-phase project schedule of each applicant is shown in the table below.

The questions below are intended to test the reasonableness of the scheduling assumptions and the sensitivity of development and construction cost estimates to changes in the project schedule that underpins each such estimate.

Table 1: Project Schedules

TASK	2013		2014		2015		2016		2017		2018		2019		2020			
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16	3Q-16	4Q-16		
ALITALINK	DEVELOPMENT				LTC		CONSTRUCTION											
UCT	DEVELOPMENT				LTC		CONSTRUCTION											
TRANSCAN/ICCON	DEVELOPMENT				LTC		CONSTRUCTION											
RES	DEVELOPMENT				LTC		CONSTRUCTION											
CAN NIAGARA	DEVELOPMENT				LTC		CONSTRUCTION											
EWT	DEVELOPMENT				LTC		CONSTRUCTION											

Questions:

- a. Where in AltaLink's application is it explained how all of the steps comprising the development phase of a project can be completed in the 14 months that AltaLink has scheduled.

- b. Provide project schedules for the following development phase activities:
- (i) negotiating and executing a Memorandum of Understanding with the Ministry of Energy in respect of First Nation and Métis consultation;
 - (ii) preparing environmental terms of reference and securing the required approval of the Minister of Environment;
 - (iii) preparing and submitting an environmental assessment;
 - (iv) consulting with affected landowners and securing option agreements;
 - (v) consulting with other stakeholders;
 - (vi) consulting with and negotiating a Participation Plan with First Nation and Métis Communities;
 - (vii) route section activities; and
 - (viii) preparation, by the OPA, of a “needs” assessment.
- c. Would, and if so, how, would AltaLink’s development cost estimate change if:
- (i) your development phase (i.e., from designation to leave-to-construct application) were to increase from 14 months to 18 months;
 - (ii) your development phase were to increase from 14 months to 20 months; and
 - (iii) your development phase were to increase from 14 months to 24 months?
- d. If AltaLink is designated, will it seek to recover in rates, development costs in excess of those estimated in its application, to the extent that any such excesses are attributable to an actual development phase that is greater than 14 months that is assumed in its application for designation?

Interrogatory #2 Mining and Timber Rights

Reference(s):

- a. AltaLink: no reference to mining or timber rights in its Land Plan (Part B, Section 9) or Costs (Part B, Section 8)
- b. EWT: Part B, Exhibit 9
- c. CNPI: Part B, Section 9, page 141 of 160
- d. Iccon/TPT: no reference to mining or timber rights in its Land Plan (Volume 1, Section 9) or Costs (Volume 1, Section 8)
- e. UCT: Section B, Section 9.2, Figure 29, page 134
- f. RES: Exhibit B-1-1, page 12 of 35, lines 17-18, and page 13 of 35, lines 1-5; Exhibit B-3-2; Exhibit E-4-1, page 1 of 11, lines 5-8 and page 4 of 11, lines 15-17; Exhibit K-4-2, pages 12, 14, and 15, and Appendix A, D and E; Exhibit K-5-1, page 1 of 2, lines 17-24 and page 2 of 2, lines 25-47; Exhibit K-6-1; Exhibit L-1-1, page 4 of 4; Exhibit L-3-1, page 2.30 and Appendix C; Exhibit L-4-1, pages 11-13; Exhibit N-2-3, page 2 of 3; Exhibit N-3-3, page 2 of 7; Exhibit P-5-1, page 11 of 12

Preamble:

Although most of the applications refer to mining claims and timber rights on Crown lands as routing issues that will need to be addressed, most are silent as to how such issues will be addressed and at what it may cost. The cost of obtaining required consents from parties with prior mining and timber rights on Crown lands that comprise part of a proposed transmission right-of-way can be material and significant. Obtaining such consents and/or otherwise dealing with such prior rights and entitlements can take a great deal of time.

Questions:

- a. Indicate where in AltaLink's application it provides a list of registered mining claims on Crown lands along its proposed transmission route(s).
- b. Indicate where, in AltaLink's application, it describes its plans to accommodate parties with registered mining claims and/or timber rights on Crown Lands that comprise part of its proposed transmission right-of-way(s).
- c. Indicate where, in AltaLink's application, it has estimated the cost of obtaining the consent and other permissions that would be required from parties who hold registered mining claims and/or timber rights on Crown Lands that comprise part of its proposed transmission right-of-way(s)?

- d. Are the costs referred to in “c” above, included in:
 - (i) AltaLink’s development cost estimate; and/or
 - (ii) AltaLink’s construction cost estimate?

- e. Indicate where, in AltaLink’s application, it describes its prior experience negotiating with parties who hold registered mining claims and/or timber rights on Crown Lands.

- f. Indicate in which project phase – development, leave-to-construct or construction – AltaLink’s intends to negotiate consent agreements with parties who hold registered mining claims and/or timber rights on Crown lands that comprise part of its proposed transmission right-of-way(s).

Interrogatory #3 Pre-Selection of EPC Contractor

Reference(s):

- a. Part A, Section 2, paragraph 3
- b. Part B, Section 1, paragraph 5
- c. Part B, Section 2, paragraph 12

Preamble:

AltaLink indicates that it has made arrangements with its affiliates for the provision of services in respect of the East-West Tie line. SNC-Lavalin will provide planning and development services as well as engineering, procurement and construction (EPC). Such services comprise major components of a project's development and construction costs. Ultimately, such costs are capitalized and become part of a utility's regulated rate base.

Questions:

- a. Was SNC-Lavalin selected to provide planning, development and EPC services on the basis of a competitive process?
- b. Does AltaLink's proposal explain why AltaLink pre-selected SNC-Lavalin as its EPC contractor, prior to completing development work and finalizing the design and scope of work for the EPC contractor.

Interrogatory #4 Cost Estimate Exclusions

Reference(s):

- a. Part B, Section 8.2, page B-109, Table 8.2-1
- b. Part B, Section 8.7, page B-112, Table 8.7-1
- c. Part B, Section 9.1, paragraphs 313 - 325

Preamble:

AltaLink's development plan does not appear to contemplate to obtaining options to acquire land rights. Moreover, its development budget specifically indicates that zero dollars have been budgeted for land acquisition (reference "a").

AltaLink's construction cost estimate aggregates land costs with several other items under the heading "Other Costs" and estimates that these would, collectively, comprise 10 percent of the overall construction cost, in the range of \$425 million to \$550 million.

AltaLink has estimated contingency costs at 10 percent of its development cost estimate (or \$1.7 million), but has estimated zero contingency dollars in its construction cost estimate.

Questions:

- a. Please answer "yes" or "no" as to whether AltaLink has included the costs to secure land options prior to securing a leave-to-construct order and that no amounts for such options are included in its development or construction cost estimates.
- b. If the response to "a" is "no", explain the reasons why AltaLink has decided not to secure land options in the development or construction phases.
- c. Using only information provided in its application, please identify how much has AltaLink included in respect of land costs in its aggregated construction cost estimate, under the category of "Other Costs" (reference "b")?
- d. Please explain why it is appropriate that no contingency costs should be included in the construction cost estimate?
- e. Where in AltaLink's application is the overall accuracy of its development and construction cost estimates provided?

Interrogatory #5 Route Access Availability and Water Crossings

Reference(s):

Preamble:

Whatever the precise final route, the East-West Tie line will be located along a corridor that traverses a remote part of Ontario, characterized by limited existing road access and several hundred water crossings.

In its application, AltaLink acknowledges that there are “route accessibility” issues but does not address the cost of constructing required access points and water crossings that will be required.

Questions:

- a. Indicate where in its application, AltaLink describes its plan for crossing watercourses and wetlands.
- b. What level of costs for crossing wetlands and watercourses is included:
 - (i) in AltaLink’s development cost estimate; and
 - (ii) in AltaLink’s construction cost estimate?
- c. Indicate where, in its application, AltaLink specifies:
 - (i) the number of kilometers of new access roads that will be required to be constructed in respect of the construction and the maintenance of the East-West Tie line;
 - (ii) the number of kilometers of improvements to existing access roads that will be required in respect of the construction and maintenance of the East-West Tie line; and
 - (iii) the capital costs associated with (i) and (ii).
- d. Please answer “yes” or “no” as to whether AltaLink’s application includes a quantitative access road inventory, including an assessment of the level of improvement effort per road type and the associated costs.
- e. Describe what consideration, if any, was given to helicopter-assisted construction and the level of costs related to such construction that are included:
 - (i) in AltaLink’s development cost estimate; and

- (ii) in AltaLink's construction cost estimate,
having regard to the challenges to traditional ground access posed by
extensive wetlands and topography.

Interrogatory #6 First Nations and Métis Participation and Consultation Plans

Reference(s):

- a. Part B, Section 3, pages B-19 through B-22
- b. Part B, Section 3, page B-22, paragraph 6.
- c. Part B, Section 3, page B-125 through B-146

Questions:

- a. In reference “b”, AltaLink states as follows: “AOLP understands that all landowner compensation, including any payments associated with the use of Aboriginal traditional or reserve lands, represent project costs that fall outside of this Participation Framework.” Confirm that no amount for land payments of any kind have been included in AltaLink’s cost estimates.
- b. In reference “a” (page B-21, paragraph 1), AltaLink offers to allow First Nations and Métis communities to acquire up to 49 percent equity ownership of the project. Based on AltaLink’s estimated total project costs of \$505.7M, a 49 percent equity position could cost approximately \$250M. Where in its plan, does AltaLink address the ability of First Nations and Métis to raise such substantial amounts?
- c. AltaLink indicates (in reference “a”, paragraph 56), that it “opened communication channels with the Aboriginal communities whose traditional lands may be impacted by the East-West Tie line.” Did AltaLink meet with these parties and, if so:
 - (i) when these meetings were held;
 - (ii) who attended these meetings;
 - (iii) what was discussed; and
 - (iv) what was agreed to.
- d. AltaLink indicates (in reference “a”, page B-22, paragraph 7), that it would “undertake to facilitate preferential business opportunities for First Nations and Métis including priority employment, training and contracting with local Aboriginal service providers and product suppliers that reflect the appropriate competencies, prices and labour rates.” Clarify whether these preferential business opportunities would be available to all First Nations and Métis

- communities who may be affected by the project or just to those that enter into participation arrangements with AltaLink.
- e. AltaLink indicates (in reference “c”, paragraph 356) that “Traditional Ecological Knowledge and Traditional Land Use studies” are included in and are an “integral part of its Aboriginal Community Consultation Plan”:
- (i) what is the estimated cost of these studies; and
 - (ii) explain how these studies can be completed within AltaLink’s 14 month development phase.