

December 19, 2016

**RESS, EMAIL & COURIER**

Ontario Energy Board  
P.O. Box 2319  
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Toronto, ON M4P 1E4

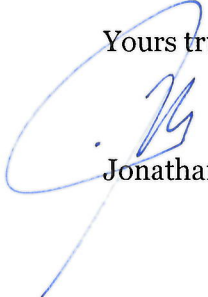
Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Wataynikaneyap Power LP - Application for Accounting Order to Establish  
Deferral Account (EB-2016-0262) – Applicant Responses to Interrogatories**

On behalf of the applicant in the above-referenced proceeding, and in accordance with the Board's Procedural Order No. 1, please find enclosed two copies of the applicant's responses to interrogatories received from Board Staff. These materials have also been filed on RESS.

Yours truly,



Jonathan Myers

Enclosure

cc: Ms. Margaret Kenequanash, WPLP  
Mr. Jerry Vaninetti, WPLP  
Mr. Tim Lavoie, WPLP  
Mr. Charles Keizer, Torys LLP

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 1**

**Topic:** Important Dates

**Reference:** Exh. 2, p. 3

**Preamble:** WPLP states that, “The development activities that commenced in September 2008 contributed to the Province formally recognizing the Project as a priority in the 2010 Long-Term Energy Plan.”

**Request:**

- a) Please provide a timeline in tabular format starting with the earliest discussions with respect to transmission development in Northern Ontario through to the current development work that has been completed, that lists the nature of work and/or discussions undertaken, the associated costs, and who participated. Please do so by populating the table below, adding rows or columns as necessary

<b>Date(s)</b>	<b>Nature of work and/or discussions</b>	<b>Associated costs</b>	<b>Participants</b>

- b) Are there activities associated with the project incurred before September 2008 for which WPLP is not seeking recovery? If so, please provide rationale. Are there activities associated with the project after September 2008 for which WPLP is not seeking recovery? For these costs, if any, provide reasons that inclusion in a deferral account for recovery is not being sought.
- c) Please provide the reasons why development activities commenced in September 2008, and/or why WPLP has chosen this date as a start of eventual recovery of development costs through regulated rates. Please explain how the principle of causation would have applied at that time when there was not yet a formal announcement regarding the development of transmission in the North of Dryden area.
- d) The OEB exercises its ratemaking authority on a prospective basis. Under traditional regulatory rate-making principles, costs incurred before the effective date of a deferral account are not normally considered recoverable because it may be considered a form of retroactive or retrospective ratemaking. Please provide any further information which might suggest that the nature of certain costs warrant a departure from prospective ratemaking and

that costs should be tracked in a deferral account and considered for recovery in a future proceeding.

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**Response:**

- a) As clarified with Board staff, the intended focus of this question is on the period between September 2008 and the 2010 LTEP. The relevant activities during this period are as follows:

<b>Date(s)</b>	<b>Nature of work and/or discussions</b>	<b>Associated costs</b>	<b>Participants</b>
September 2008 – November 2010 (LTEP 2010)	<ul style="list-style-type: none"> <li>- First Nation Community engagement and participation</li> <li>- Industry engagement</li> <li>- Government engagement</li> <li>- Chiefs meetings</li> <li>- Communications</li> <li>- Project management</li> </ul>	\$776,000	<ul style="list-style-type: none"> <li>- Central Corridor Energy Group (CCEG)</li> <li>- First Nations</li> <li>- Tribal Councils</li> <li>- Aboriginal Organizations</li> <li>- Ministry of Energy</li> <li>- Independent Electricity System Operator (IESO)</li> <li>- Ontario Power Authority (OPA)</li> <li>- Indigenous and Northern Affairs Canada</li> <li>- Hydro One</li> <li>- Other stakeholders</li> </ul>
March 2009 – April 2010	<ul style="list-style-type: none"> <li>- Developing Business Plan for Connection of Remote First Nations Communities</li> </ul>	\$340,000	<ul style="list-style-type: none"> <li>- CCEG</li> <li>- First Nations</li> <li>- Tribal Councils</li> <li>- Aboriginal Organizations</li> <li>- Ministry of Energy</li> <li>- Independent Electricity System Operator (IESO)</li> <li>- Ontario Power Authority (OPA)</li> <li>- Indigenous and Northern Affairs Canada</li> </ul>

			<ul style="list-style-type: none"> <li>- Hydro One</li> <li>- Other stakeholders</li> </ul>
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- b) WPLP clarifies that it is not seeking recovery for any amounts in this application. Rather, the application is to establish a deferral account in which amounts would be recorded. The recovery of amounts recorded in the proposed account would be considered at such time that WPLP applies to the Board to dispose of the amounts recorded in the account. Establishing the proposed account and recording amounts in the account would preserve and facilitate WPLP's ability to seek recovery of recorded amounts at a later date. As such, WPLP assumes that the question concerns the *recording* of amounts in the account rather than the *recovery* of amounts.

There are activities associated with the Project that took place before September 2008. These activities included initial discussions between First Nations and Tribal Councils related to the need for the Project, organizing the First Nations communities to initiate the Project through the Central Corridor Energy Group (CCEG), and pursuing industry partnerships to advance the Project. WPLP does not intend to record amounts in the proposed account in respect of these activities that took place before September 2008 because these discussions were of a preliminary nature, the CCEG was not formally established until September 2008, and the CCEG only started tracking costs related to the Project beginning in September 2008. There are no development costs that have been incurred subsequent to September 2008, for activities directly related to the Project, for which WPLP is not intending to record the relevant amounts in the proposed account.

- c) In its March 27, 2015 Decision and Order in EB-2014-0311, the Board found that Hydro One met the criteria for causation in respect of its application to establish a deferral account to record development costs in relation to the North West Bulk Transmission Line Project "largely on the strength of the reference to the NWBTL project in the Long Term Energy Plan and in the condition added to Hydro One's transmission licence". Similarly, WPLP's Project was referenced in the 2010 Long Term Energy Plan, was recognized as a "priority project" and was the subject of a directive to amend WPLP's transmission licence. However,

the effect of these formal measures in the unique circumstances of the Project has been to acknowledge the propriety of WPLP having initiated development activities in the public interest commencing in September 2008. As such, it is appropriate for the Board to permit WPLP to record in the account amounts incurred from September 2008.

As noted in response to (b), above, while preliminary activities were undertaken prior to September 2008, this point in time is significant, and was chosen as the start date for recording amounts in the proposed account, for three key reasons.

First, as a result of the preliminary activities undertaken prior to September 2008, there emerged at that time among the communities a clear and shared understanding of how dire the circumstances were in all of the remote communities. Many of the communities were (and continue to be) on load restrictions and the communities determined that, given the lack of attention to their electricity needs in provincial electricity planning efforts, there was an urgent need to initiate project development. To understand the circumstances in the remote communities, please view the short video that is available on the home page of WPLP's website at [www.wataypower.ca](http://www.wataypower.ca).

Second, as the initial effort to formalize this project development initiative, the CCEG was formed. The CCEG established processes and mechanisms to record and track project costs and impose discipline in how project funds were being spent. This was also around the time that the project first received government funding, as indicated in response to Board Staff #7(c).

Third, on September 17, 2008 the Minister of Energy issued a directive requiring the Ontario Power Authority to more fully address certain aspects in its initial Integrated Power System Plan (IPSP), which was then before the Board in EB-2007-0707. One area the Minister required further consideration of was "the improvement of transmission capacity in the 'orange zones' in northern Ontario . . ." In addition, the Minister asked the Ontario Power Authority to "undertake an enhanced process of consultation with First Nations and Metis communities . . . and that the principle of Aboriginal partnership opportunities be considered

in matters of both generation and transmission.” A copy of the Minister’s directive is provided in Appendix ‘A’. The Minister’s reference to ‘orange zones’ in northern Ontario was in reference to areas designated by the OPA as being locations with no transmission capacity and where it would not accept applications for supply projects under its standard offer program.

The confluence of these key developments address the principle of causation despite there not being a formal announcement at that time regarding the Project. In fact, with reference to the first reason described above, it was the absence of a formal announcement and the failure to plan for the connection of remote communities in the IPSP, despite the urgency of the need, that was the impetus for the Project and which has justified the incurrence of costs for this purpose since September 2008.

- d) Given the critical need for reliable electricity service in the remote communities and that the Project will provide positive economic benefits, as determined by the former Ontario Power Authority solely on the basis of avoided diesel generation costs and without quantifying the significant environmental and socioeconomic benefits that are also expected, establishing the proposed account and permitting development costs relating to the Project to be recorded in the account is in the public interest.

Moreover, because WPLP does not yet have Board-approved transmission rates, there is no risk that establishing the account and permitting WPLP to record previously incurred costs would cause rate uncertainty for consumers and there is similarly no risk to WPLP that its business decisions could subsequently be undermined or affected by a retroactive change to its rates.

While the Board’s typical practice may be to only permit amounts to be recorded in an account if those amounts are incurred after the account is established, the Board has not always followed this practice. For example, in EB-2011-0140 (East-West Tie Line Designation Proceeding), after the designated transmitter was determined the Board granted them a deferral account and permitted them to record costs in the deferral account back to the date that notice

of the first phase of the designation proceeding was issued. Specifically, the Board approved a deferral account on September 26, 2013 and the designated transmitter was permitted to record in the account costs that were incurred commencing on February 2, 2012.

Like the designated transmitter in EB-2011-0140, WPLP has been selected and is now required to develop and seek approvals for a significant new transmission system in circumstances where it does not have any operating transmission facilities or Board-approved transmission rates. In both cases, the transmitter has had to incur significant development costs to get to the point where it was selected. The Board determined that, for the designated transmitter in EB-2011-0140, those circumstances warranted a departure from the traditional approach. Given the similarities, it is WPLP's view that its own circumstances warrant a similar departure from the Board's traditional approach.

It is important to recognize that the present application is to establish an account in which amounts will be recorded. The prudence of those amounts, and their recoverability through rates, will be considered at such time that WPLP seeks to dispose of the recorded amounts. At that time, the Board will have an opportunity and will be in a better position to assess the reasonableness and prudence of those amounts. By permitting the amounts incurred back to September 2008 to be recorded in the account, WPLP is asking in the present application only that the Board preserve the possibility that WPLP could ultimately recover those amounts through transmission rates when established.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 2**

**Topic:** Costs

**Reference:** *Filing Requirements for Electricity Transmission Applications*, Chapter 4, Section 4.3.2.12, p.12

**Preamble:** -

**Request:**

- a) How has WPLP financed the cost of development and other activities to date?
- b) As is discussed in greater detail at the reference above, please describe how the amounts requested have a significant influence on the operation of the transmitter, and why these costs cannot be expensed in the normal course.
- c) If the OEB were to deny the deferral account in full or in part, what course of action would WPLP pursue? For instance, would WPLP seek to recover the development costs associated with the project through another process or through the leave to construct application?

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**Response:**

- a) The cost of development has been financed through First Nation LP and Fortis-RES LP contributions. First Nation LP contributions have been partially supported by government grants and industry contributions.
- b) We note that the question refers to “the amounts requested” but, as explained in response to Board Staff #1(b), WPLP is not requesting recovery of any amounts in this application. WPLP is only asking for an account to be established in which amounts may be recorded.

The reference cited in the question is to the Board’s requirements in circumstances where a transmitter, in the course of seeking leave to construct transmission facilities, requests that a deferral account be established in which to record construction costs until the conclusion of a rate application. Those circumstances are not analogous to the present application and, given



that WPLP does not have operating transmission assets or existing transmission rates or revenues, the “influence on operations” is not relevant.

WPLP’s development costs are capital expenses, which WPLP is seeking to record in the proposed account because of the significance and scale of the development activities and due to the risk that is associated with development of the Project. The Board has previously recognized the risk associated with development, and has approved deferral accounts for other developers as a means of helping to mitigate those risks in order to facilitate development. For example, the Board approved accounts for the designated transmitter in respect of the East West Tie Line Project and for Hydro One in respect of the North West Bulk Transmission Line Project.

- c) If the Board were to deny the deferral account, WPLP would need to determine whether its partners, including the Participating First Nations, are willing to bear the risk of continuing to invest in the development of the project with significantly reduced confidence that WPLP will be permitted to recover its development costs through transmission rates upon completion of the Project, or recover its development costs in the event the Project does not proceed for reasons beyond its control. If the partners are not willing to bear those risks, WPLP would need to consider whether the Project could continue to be pursued.

WPLP would also need to undertake further consultation and engagement in order to communicate with the affected communities about the implications of such a decision on their likelihood of obtaining sufficient and reliable electricity supply through grid connection.

WPLP is not aware of any other process through which it could reasonably expect to be able to recover its development costs. As a licensed transmitter, WPLP expects that it would be given the opportunity to recover its prudently incurred development costs through transmission rates when those rates are set and that, in the interim, it would be given the opportunity to record its development costs in a deferral account to preserve that ability to recover those amounts through rates. Cost recovery is not addressed through the leave to construct application process.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 3**

**Topic:** Costs

**Reference:** 1. Exh. 6, Tab B, p1  
2. Exh. 6, p.1  
3. IESO Report, *Recommended Scope for the new Line to Pickle Lake and Supported Scope for the Remotes Connection Project*, dated October 13, 2016

**Preamble:** -

**Request:**

WPLP provides a summary of the forecast development budget at Ref 1. Board staff has attempted to populate these costs in the table at the following page. Please adjust this table as necessary, and populate and/or add rows in order to complete the table. For purposes of materiality, for each of the cost categories and others that may apply, please separate out any items which exceed \$385,000 (0.5% of \$77M).

<b>Project cost category</b>	<b>Budget as stated in Application</b>	<b>Incurred through November 30, 2016</b>	<b>Percentage spent through November 30, 2016 (%)</b>	<b>Percentage spent to LTC filing date (forecast)</b>	<b>Budget, total project</b>
Interconnection Studies	<i>No information</i>				
Design engineering work and engineering procurement construction (EPC) contracting	\$20M				
Aboriginal engagement and land rights acquisition	\$18M				
Environmental assessments	\$10M				

Regulatory approvals	<i>No information</i>				
Project management	\$8M				
Administration	<i>No information</i>				
Formation of CCEG	\$7M*				
Formation of Wataynikaneyap Power Corporation	<i>Part of \$7M above</i>				
Formation of Wataynikaneyap Power LP with Fortis Ontario / RES Canada	<i>Part of \$7M above</i>				
Regulatory	<i>Part of \$14M</i>				
Legal	<i>Part of \$14M</i>				
Non-aboriginal stakeholder engagement and land rights acquisition	<i>Part of \$14M</i>				
Contingency	<i>Part of \$14M</i>				
Other costs ... [add rows as necessary]	<i>Part of \$14M</i>				
<b>Total</b>	<b>\$77M</b>		?		?

\*all formation costs

- a) What is the estimated percentage of overall project costs that will have been incurred for project development prior to the approval of the Leave-to-Construct application?
- b) With respect to Ref 3, are there any changes to development costs as a result of the:
  - a. The IESO's recommended scope for the new line to Pickle Lake?
  - b. The IESO's supported scope of the remotes connection project?
  - c. The reporting requirements suggested by the IESO, filed quarterly, beginning effective December 1, 2016?

c) Contingency:

- a. How did WPLP determine the contingency amount? Please explain why this amount is appropriate, with reference to best practices and past transmission projects, where appropriate.
  - b. Does this contingency apply for any and all cost categories?
  - c. Does this contingency amount cover all unexpected delays or unbudgeted amounts? If no, please provide further details.
  - d. Does WPLP consider an extension to the development period a contingency cost? How would an extension to the development period impact project development costs?
- d) Please provide cost information above in a spreadsheet in excel format if available in a form which WPLP readily has available.
- 

**Response:**

The following table provides a summary of WPLP's forecast development budget. This budget is preliminary in nature and is subject to change as the development process continues.

It is not clear as to what the noted materiality threshold represents or what types of items it is intended to be applied to. In any event, WPLP understands the consideration of materiality thresholds to be in relation to amounts at such time that an applicant is seeking recovery through rates. This would be the subject of a future application from WPLP. WPLP notes that the project cost categories set out below are generally aligned with those used to describe development budgets in the East West Tie Line designation proceeding.

<b>Project cost category</b>	<b>Budget as stated in Application</b>	<b>Incurred through Oct 31, 2016</b>	<b>Percentage spent through Oct 31, 2016 (%)</b>	<b>Percentage spent to LTC filing date (forecast)</b>	<b>Budget, total project</b>
Engineering, design, and procurement	\$20M	\$1,857,782	9%	31%	\$19,925,278
Permitting	<i>part of \$14M</i>	\$0	0%	0%	\$1,850,000
Environmental assessments	\$10M	\$4,296,354	51%	84%	\$8,467,121
Non-Aboriginal land rights acquisition and landowner engagement	<i>part of \$14M</i>	\$72,195	7%	27%	\$985,000
Aboriginal engagement and communication	<i>part of \$18M</i>	\$2,373,224	51%	77%	\$4,654,955
Non-Aboriginal community and other stakeholder engagement costs	<i>part of \$14M</i>	\$1,156,475	48%	66%	\$2,425,278
Regulatory activities and filings, and legal support	<i>part of \$14M</i>	\$617,975	36%	82%	\$1,724,760
Interconnection studies	<i>included in Engineering estimate of \$20M</i>	\$53,361	17%	38%	\$323,361
Accounting, administration, and project management	\$8M	\$6,865,259	63%	73%	\$10,960,200
Aboriginal land-related costs	<i>part of \$18M</i>	\$0	0%	46%	\$710,000
Aboriginal participation, training, and local distribution planning	<i>part of \$18M</i>	\$2,115,719	15%	38%	\$13,684,809

Contingency costs incurred in excess of budgeted costs	<i>part of \$14M</i>	\$0	0%	0%	\$3,498,199
Development activities not reflected in other sub-accounts	<i>part of \$14M</i>	\$481,445	50%	97%	\$957,478
Start-up costs (partnership formation)	\$7M	\$3,672,172	57%	89%	\$6,394,457
<b>Total</b>	<b>\$77M</b>	<b>\$23,561,961</b>	<b>31%</b>	<b>54%</b>	<b>\$76,560,896</b>

- a) At the time the Leave-to-Construct application is approved, it is estimated that approximately 5% of overall project costs will have been incurred for project development activities. Further detail on estimated development costs compared to total project costs is included in WPLP's response to Interrogatory #5.
- b) a. There are no changes in development costs as a result of the IESO's recommended scope for the new line to Pickle Lake
- b. There are no changes in development costs as a result of the IESO's supported scope of the remotes connection project.
- c. There are no changes in development costs as a result of the reporting requirements suggested by the IESO. Such reporting requirements are included in the Accounting, Administration, and Project Management portion of the project development budget.
- c) a. The contingency amount was determined as 7% of budgeted future development costs. In the experience of WPLP's partners, it is appropriate to include overall contingency amounts of approximately 10% in transmission development budgets. In the context of the current application, project development has been significantly advanced in the areas of environmental assessment, engagement and partnership formation. Accordingly, WPLP believes that cost uncertainty with respect to the development process has been reduced, and that 7% of budgeted future development costs reflects an appropriate balance between

this risk reduction and the sizeable amount of development activity yet to be completed prior to construction.

- b. The contingency applies to the development budget as a whole.
  - c. The contingency amount is expected to cover reasonably foreseeable delays or unbudgeted amounts during the development period to which the budget estimate applies. WPLP's estimated amount of contingency is preliminary in nature and is subject to change as development progresses.
  - d. A minimal extension to the project development period is intended to be covered in the contingency cost. To the extent that a budgeted project development task is minimally delayed or extended due to circumstances unforeseen by WPLP, in all likelihood the budget for that task will not materially increase except for administrative costs related to the extended timeline for completion; such costs are included in the contingency amount.
- d) Please refer to the file "Board Staff – 3(d) – Costs.xlsx", filed in conjunction with these interrogatory responses.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 4**

**Topic:** Costs

**Reference:** Exh. 6, Tab B, p1

**Preamble:** -

**Request:**

With reference to the table prepared at IR Staff-3, please complete the following table.

<b>Project cost category</b>	<b>Prior to September 2008</b>	<b>Between October 2008 and prior to October 23, 2010 (LTEP 1)</b>	<b>Between October 23 and prior to licence application, September 8, 2015</b>	<b>Between October 9, 2015 and August 26, 2016</b>	<b>Between August 27, 2016 to present*</b>	<b>Total</b>
Ex: Interconnection Studies						
<b>Total</b>						

*\*please indicate cut-off date being used*

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**Response:**

The completed table is as follows:



<b>Project cost category</b>	<b>Prior to September 2008<sup>1</sup></b>	<b>Between October 2008 and prior to October 23, 2010 (LTEP 1)</b>	<b>Between October 23 and prior to licence application, September 8, 2015</b>	<b>Between October 9, 2015 and August 26, 2016</b>	<b>Between August 27, 2016 and October 31, 2016</b>	<b>Total</b>
Engineering, design, and procurement	\$0	\$5,250	\$1,665,298	\$134,709	\$52,526	\$1,857,782
Permitting and licensing	\$0	\$0	\$0	\$0	\$0	\$0
Environmental assessments	\$0	\$0	\$3,077,218	\$848,979	\$370,157	\$4,296,354
Non-Aboriginal land rights acquisition and landowner engagement	\$0	\$0	\$40,000	\$28,674	\$3,522	\$72,195
Aboriginal engagement and communication	\$0	\$213,171	\$1,457,010	\$657,192	\$45,850	\$2,373,224
Non-Aboriginal community and other stakeholder engagement costs	\$0	\$3,275	\$708,917	\$377,420	\$66,863	\$1,156,475
Regulatory activities and filings, and legal support	\$0	\$4,501	\$457,022	\$105,787	\$50,666	\$617,975
Interconnection studies	\$0	\$0	\$0	\$53,361	\$0	\$53,361

<sup>1</sup> As explained in response to Board Staff #1(b), although costs were incurred in this period they were not formally tracked. As such, no costs are included for this timeframe.

Accounting, administration, and project management	\$0	\$671,463	\$4,089,839	\$1,790,008	\$313,949	\$6,865,259
Aboriginal land-related costs	\$0	\$0	\$0	\$0	\$0	\$0
Aboriginal participation, training, mitigation of project impact, and local distribution planning	\$0	\$216,297	\$980,004	\$913,981	\$5,438	\$2,115,719
Contingency costs incurred in excess of budgeted costs	\$0	\$0	\$0	\$0	\$0	\$0
Development activities not reflected in other sub-accounts	\$0	\$2,251	\$471,716	\$7,478	\$0	\$481,445
Start-up costs (partnership formation)	\$0	\$0	\$2,713,133	\$958,685	\$354	\$3,672,172
<b>Total</b>	\$0	\$1,116,208	\$15,660,155	\$5,876,274	\$909,324	\$23,561,961

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 5**

**Topic:** Costs

**Reference:** Exh. 6, Tab B, p.1

**Preamble:** -

**Request:**

- a) Please indicate if the \$77 million for development costs is inclusive of the entirety of budgeted development costs for the duration of the project.
- b) If not, with respect to "further development costs" not included in the \$77 million estimate, please provide a budget estimate for these costs and a confidence interval.
- c) Provide the percentage of development costs noted in this application vs. true total development costs for the project, as well as the percentage of total development costs as a percentage of total project costs. Please compare the development costs for this project to other projects led by Fortis and RES Canada. Comment on any deviation for development cost percentages of the total project for this project as compared with prior projects led by Fortis and RES Canada.

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**Response:**

- a) The estimate of \$77 million for development costs is inclusive of all budgeted development costs. As noted on p. 1 of Exhibit 6, Tab B of the pre-filed evidence, this includes the entirety of budgeted development costs including in relation to preparing the leave to construct application and any forecasted development costs to be incurred between the time of filing the leave to construct application and the transition from development to construction for each portion of the Project. The \$77 million estimate does not include construction costs or any additional, unexpected development costs that may be incurred during construction of the Project.

- b) No further development costs are currently anticipated. However, as this is an estimated budget it is subject to change. WPLP also reiterates that it is not seeking approval of the budgeted amounts in the present application but, rather, only the right to record these expected amounts in the proposed deferral account.
- c) The estimate of development costs noted in this application reflects the total estimated development costs associated with the Project. With total Project costs currently estimated at approximately \$1.35 billion, the \$77 million development budget represents 5.7% of total project costs.

The Project is unique for a number of reasons, including the total length of the lines to be developed, the extent of consultations and community engagement, the remoteness of the communities to be served, the urgency of the need for the communities, the geography and terrain to be encountered, the scale and scope of environmental considerations, the complexity and ambiguity as well as pace of change in the regulatory environment affecting the project (including federally and provincially), and the fact that the Project is intended to connect communities that are not currently connected to the provincial transmission grid.

Despite significant differences in scope, WPLP believes that rather than comparing the development costs for the Project to those incurred on other projects led by Fortis and RES Canada, the more appropriate comparators would be the East-West Tie Line project that was reviewed by the Board in EB-2011-0140, as well as the Northwest Transmission Line (Nipigon x Pickle Lake), which Hydro One started to develop and for which the Board established a deferral account in EB-2008-0272. The following table compares WPLP's development budget to the initially approved and subsequently revised development budgets recently submitted to the OEB by NextBridge as the designated transmitter for the East-West Tie Project, as well as to the development budget submitted to the OEB by Hydro One in respect of the Northwest Transmission Line.<sup>1</sup> This comparison shows that WPLP's forecast

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<sup>1</sup> The Information regarding Hydro One's Nipigon x Pickle Lake line is from EB-2010-0002 at Exhibit A, Tab 11, Schedule 4, p. 17 of 47. The information regarding the East-West Tie Line Project is from the most recent NextBridge update report filed in EB-2015-0216, dated October 24, 2016

development costs are in line with those that were forecast by proponents of somewhat comparable transmission projects.

	WPLP Project	HONI Nipigon x Pickle Lake	East-West Tie	
			Initial	Revised
Development Budget (\$M)	\$ 77.0	\$ 21.7	\$ 22.4	\$ 42.8
Distance (km)	1800	430	401	448
Total Project Cost (\$M)	\$ 1,350	\$ 421	\$ 452	\$ 472
Development Budget Comparison (\$/km basis)	\$ 42,778	\$ 50,465	\$ 55,855	\$ 95,464
Development Budget Comparison (% of project cost basis)	5.7%	5.2%	5.0%	9.1%

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 6**

**Topic:** Costs

**Reference:** Exh. 6, p.1

**Preamble:** -

**Request:**

WPLP indicates that costs are included but not limited to those indicated in the bulleted list at the reference above. In consideration of risks related to the project, please provide a table outlining a list of other costs that might be incurred under certain circumstances. Provide an estimate of the amount of these costs, the nature, the circumstances that could give rise, and the risk of these costs being incurred.

Other cost	Nature of the cost	Circumstance giving rise to cost	Risk
...	...	...	...

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**Response:**

The bulleted list at the above reference is intended to describe the major categories of activities comprising the development budget of \$77 million, with recognition that the majority of, but not necessarily all, development activities would fall into these categories.

At the current stage of project development, the circumstances that WPLP is asked to identify would be highly speculative and, for each such circumstance, a variety of scenarios would be possible, with potential cost impacts ranging from immaterial amounts to perhaps millions of dollars. Given that WPLP is not requesting a determination on the prudence or quantum of its development costs in the present application, speculating on every possible scenario and the potential resulting schedule and cost impacts would be of questionable assistance to the Board.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 7**

**Topic:** Funding

**Reference:** Exh. 6, Tab B, p.1

At paragraph 2, WPLP states that, "It is expected that some portion of the development budget will be funded by government."

**Preamble:** -

**Request:**

- a) Please provide an estimate of the portion of the development budget that will be funded by government.
- b) Does WPLP intend to finance any portion of the project from debt or equity sources outside of Canada?
- c) Please provide details of any funding applied for, received, or for which WPLP has the intention to apply for in respect of overall project costs, including Provincial or Federal Government programs and other sources, citing program names where applicable. Provide relevant dates and any notable conditions. Please also note if this funding would serve to offset the costs otherwise sought to be tracked and recovered through the deferral account.
- d) Where funding has not yet been received, provide an indication of the development budget which WPLP reasonably expects will be funded by government. If any part of this information is unavailable, or is dependent on a response from government, please provide any indication of timing that has been provided by the provincial and/or federal governments. Where it may assist the Board, please provide details in a summary tabular form.

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**Response:**

- a) WPLP estimates that approximately \$14.9 million to \$17.7 million of the development budget will be government funded. Please refer to responses c) and d) below for details.
- b) Sources of financing have yet to be confirmed, and WPLP intends to explore all options, including sources outside of Canada.

- c) Please refer to the following table for the sources of government funding applied for, approved, and received by WPLP (including its predecessors and affiliated entities. WPLP intends to track all development costs in the proposed deferral account and to address the matter of their recovery, as part of a future application to the Board.

Source	Type	Program	Amount	Period	Approved	Received
<b>Employment and Social Development Canada (ESDC)</b>	Federal	Aboriginal Skills & Partnership	\$2,164,150	2017-2019		
<b>Indigenous and Northern Affairs Canada (INAC)</b>	Federal	Build Canada Fund (BCF)	\$1,000,000	2018-2019	x	
		Community Opportunities Readiness Program (CORP)	\$958,189	2016-2018	x	
		Build Canada Fund (BCF)	\$1,000,000	2017-2018	x	
		Build Canada Fund (BCF)	\$1,000,000	2016-2017	x	
		Strategic Partnerships Initiative (Pikangikum)	\$520,489	2016-2017	x	
		Strategic Partnerships Initiative (Pikangikum)	\$711,984	2016-2017	x	x
		Strategic Partnerships Initiative	\$1,741,475	2016-2017	x	
		Strategic Partnerships Initiative	\$580,525	2016-2017	x	x
		Strategic Partnerships Initiative	\$1,310,689	2015-2016	x	x
		Strategic Partnerships Initiative	\$975,000	2014-2015	x	x
		Regional Program Funds	\$1,400,000	2013-2014	x	x
		Strategic Partnerships Initiative	\$1,482,000	2010 - 2013	x	x
		Community Economic Opportunities Program (CEOP)	\$157,656	2008-2010	x	x
<b>FedNor</b>	Federal	Major Resource and Energy Developments (MRED)	\$255,246	2009-2010	x	x
<b>Ministry of Energy</b>	Provincial		\$430,011	2011-2012	x	x
<b>Ministry of Indigenous Relations and Reconciliation</b>	Provincial		\$26,704	2015-2016	x	x
<b>Independent Electricity System Operator (IESO)</b>	Provincial	Remote Electrification Readiness Program	\$500,000	2016-2017	x	x
		Remote Electrification Readiness Program	\$500,000	2015-2016	x	x
		Remote Electrification Readiness Program	\$124,217	2014-2015	x	x
<b>Northern Ontario Heritage Fund Corporation (NOHFC)</b>	Provincial	Education & Capacity Building Program	\$40,000	2016-2017	x	x
		Education & Capacity Building Program	\$110,000	2016-2017	x	x
		Energy Partnerships Program (EPP)	\$685,261	2014-2016		
			\$50,000	2011-2012	x	x

<b>Total Approved/ Received</b>	\$8,654,032
<b>Total Approved / Not Received</b>	\$6,220,153
<b>Total Approval Pending</b>	\$2,849,411
<b>Total Funding Applications</b>	<b>\$17,723,596</b>

- d) See response to part (c) above. Regarding funding applications that are pending, WPLP expects to receive responses from the relevant sources during the first quarter of 2017.



**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 8**

**Topic:** Funding

**Reference:** 1. Exh. 6, Tab B, p.1  
2. IESO, Energy Partnerships Program

**Preamble:** The IESO states that its Energy Partnerships Program (EPP) promotes broad participation in Ontario's energy sector by providing funding support to Indigenous communities, co-operatives, municipalities and public sector entities to develop energy projects.

**Request:**

- a) Has WPLP applied, received, or intend to apply to receive funding through the IESO's Energy Partnerships Program?
- b) Where applicable, please provide specific information with respect to which streams, the nature of the costs that the program offsets, and the overall envelope funding.
- c) Please describe if this funding would serve to offset the costs otherwise sought to be tracked and recovered through the deferral account.

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**Response:**

- a) No, WPLP has not applied to the IESO's Energy Partnerships Program. However, an application under the IESO's Energy Partnerships Program has been submitted by First Nation LP. As noted in Exhibit 3 of the pre-filed evidence, First Nation LP holds 51% of WPLP and is held by the Participating First Nations in equal shares.
- b) The application by First Nation LP to the IESO was under the Partnerships Stream of the Energy Partnerships Program. The costs that would be covered by any amounts that may be received are legal and financial due diligence costs to assess and develop a partnership on one

of the IESO's Identified Transmission Projects, namely Remote Community Connections. The total potential funding under the application is \$685,261.

- c) See response to Board Staff #7(c).

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 9**

**Topic:** Start-up/Formation Costs/Wind-up Costs

**Reference:** Exh 6, Tab B, p.1

**Preamble:** -

**Request:**

- a) On what basis does WPLP seek to recover start-up/formation costs for CCEG, Wataynikaneyap Power Corporation, and the WPLP partnership? Are there other regulatory instances where start-up costs have been allowed for consideration of future recovery in rates? Are there any unique structures employed which may eventually result in benefits to transmission ratepayers? How were these activities funded?
  - b) How should the OEB distinguish between activities, based on their nature, which might be recoverable versus those costs that should not when they are undertaken well in advance of any formal indication or regulatory approval to pursue work?
  - c) Please explain why the approach to consultation taken by WPLP would have been more cost-efficient than waiting for the project to be identified in LTEP, or waiting for the project to be designated as a Priority Project and then starting consultation.
  - d) Aside from recording in a deferral account and recovering through rates, are there other avenues by which WPLP could seek recovery of these costs, e.g. from the provincial or federal government or relevant agencies?
  - e) Please break out “formation costs” into constituent costs such as legal costs, consultation and engagement costs, travel, and any categories which WPLP feel may be material for the purpose of establishing eligibility to be tracked in a deferral account.
  - f) Please describe the circumstances under which WPLP may have to abandon the project.
  - g) Please provide a budget estimate for wind-up costs citing dates attached on the basis of project milestones where necessary.
  - h) Is WPLP seeking approval to track and record wind-up costs in the deferral account, should it be necessary to incur such costs?
-

**Response:**

- a) In the present application, WPLP is seeking only to record in the proposed deferral account the start-up/formation costs incurred for its predecessors, CCEG and Wataynikaneyap Power Corporation, as well as for the WPLP. At such time that WPLP seeks to dispose of the amounts recorded in the account, it will determine whether and to what extent it will seek to recover those amounts through transmission rates. In determining which of these amounts it will seek to recover, WPLP may consider factors such as how its start-up/formation costs were initially funded, how the costs have been tracked, and how the costs incurred to form WPLP and its predecessors have served the public interest and the interests of ratepayers.

WPLP notes that the Board permitted the recovery of start-up costs in rates for B2M LP in EB-2015-0026. There, B2M sought to recover \$7.7M of costs, including for legal and tax advice, advice on partnership structure, regulatory advice and advice on partnership financing. In its Decision and Order dated December 29, 2015, the Board noted B2M's argument that the start-up costs "were incurred in a careful and prudent way and were necessary to bring into existence a novel and complex commercial arrangement . . . (in which) expert advice was necessary to resolve contractual, financial, tax and regulatory issues." The Board went on find that the manner in which B2M was structured would give rise to ratepayer benefits over the long term. The Board also observed that while in consolidation transactions the Board's policy allows applicants to recover transaction costs by allowing productivity gains to be retained for up to ten years, in the circumstances of B2M, as a new transmitter seeking initial rates, incorporating the start-up transaction costs into initial rates is the only mechanism available to allow them to be recovered. The Board further commented that the circumstances of B2M involved a novel and complex commercial arrangement which required significant effort to structure and negotiate.

Though it will be a matter to be considered at such time that WPLP seeks to dispose of and recover any start-up costs that it has recorded in the proposed account, WPLP observes that there are a number of similarities between the circumstances considered by the Board regarding B2M and WPLP's own circumstances. Whereas B2M involved a single transaction that took

three years to complete, for WPLP the relevant start-up costs were incurred through a series of transactions that occurred as the Project evolved and matured and required additional resources and capabilities. As described in the application, the Project is unique in many respects, including the nature of the First Nations partnership and the extent of participation and engagement. The partnership among the Participating First Nations and the high level of engagement from the relevant communities are fundamental aspects of the Project. The manner in which the partnership among the Participating First Nations has been established over time, and the manner in which the Participating First Nations subsequently partnered with Fortis and RES Canada, have been essential to bringing WPLP's novel, complex and critically important "priority project" into existence.

- b) The Board should not be distinguishing any amounts as being recoverable or not recoverable in the context of the present application. As noted in response to (a), above, WPLP is seeking only to establish the proposed account and to record amounts in the account. Whether or not certain recorded amounts should or should not be recovered is, in WPLP's view, a matter to be considered when WPLP applies to dispose of and recover through transmission rates amounts that it has recorded over time in the proposed account. Notably, in B2M the Board referred to the applicant's submission that its start-up costs were tracked and clearly defined, and that there was no practical negative impact resulting from the absence of a formal deferral account during the period between when the start-up costs were incurred and when B2M sought to recover those amounts through its initial rates. As noted in response to Board Staff #1(c), one of the reasons for selecting September 2008 as the date from which development costs should be recorded in the proposed account is because that is when WPLP's predecessor, CCEG, began to incur and formally track development costs for the Project, including start-up/formation costs since that date.
- c) While the cost efficiency with which consultation has been carried out is an important consideration, it should not be the only consideration for the Board. Without the comprehensive and sustained stakeholder consultation and Aboriginal engagement process carried out by WPLP (including its predecessors) to date, it is not clear as to whether the Project

would have been identified in the LTEP, whether there would have been legislative and regulatory amendments to enable the project to be designated as a priority project, or whether the obligation to develop and seek approvals for the project would have ever been imposed on any party. It is possible and perhaps likely that, without WPLP's engagement and consultation efforts, the status-quo would have remained. In such circumstances, the remote communities would continue to be served with high-cost and low-reliability electricity service, based on diesel generation using facilities that are at or near capacity. Load restrictions would persist and the health, safety and socio-economic well-being of the communities would continue to be put at risk.

WPLP's early consultation and engagement activities provided the IESO with sufficient data to complete its assessment of the connection of remote communities and helped to expedite this process. Given that connection of the remote communities has been found by the IESO to be economic solely on the basis of avoided diesel fuel costs, the opportunity cost of not proceeding with the Project or further delaying the Project (if absent WPLP's early consultation and engagement efforts the Project was nevertheless identified in the LTEP and designated as a priority project) would be very significant. This would be in addition to the continued impacts on the quality of life for the people that live in the remote communities. On this basis, WPLP's approach to early consultation and engagement has been both necessary and appropriate in the circumstances and, viewed holistically, is far more cost efficient than if such efforts were delayed until a formal, government initiated process was established.

- d) WPLP is not aware of any other avenues through which a licensed transmitter in Ontario could seek recovery of its prudently incurred transmission development costs other than (a) on a forecast basis where a transmitter can recover amounts through existing rates, or (b) by recording such amounts in a deferral account and seeking recovery of those amounts through rates when initial rates are established. As WPLP does not have existing rates, the first of these approaches is not available to it.
- e) Please refer to the following table.

Contracted Services	\$ 159,516
Legal Services	\$ 2,066,145
Travel - Air and Accomodations	\$ 227,685
Engagement	\$ 300,000
Management and advisory	\$ 890,059
Other	\$ 28,767
<b>Total</b>	<b>\$ 3,672,172</b>

- f) Circumstances under which the project might have to be abandoned include (a) the inability to establish an appropriate and acceptable route following completion of environmental assessments and consultations with traditional land users, landowners, communities and other stakeholders, (b) the inability to obtain a deferral account and/or leave to construct from the Board, (c) the inability to obtain financing from WPLP's equity partners, as well as project-level debt, despite the partners having initiated a project financing process that is intended to put all financing in place upon receiving leave to construct, or (d) a material change in the applicable law or regulatory requirements, including but not limited to a change in the priority designation of the project or the condition of WPLP's licence which requires it to develop and seek approvals for the project.
- g) WPLP has not budgeted for wind-up costs because it is not planning to abandon the project. If for reasons that are unexpected or beyond WPLP's control, such as the reasons described in response to (f), above, the Project has to be wound up, the relevant wind-up costs would depend on the circumstances and the stage of development reached. WPLP would determine its wind-up costs in those circumstances at the relevant time. To identify wind-up cost estimates at this point in time would be highly speculative.
- h) While there are no amounts included in the budget for the purposes of wind-up costs, WPLP requests that, should the project need to be wound up, the costs of doing so could be recorded in the proposed account to facilitate consideration by the Board for their recovery.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 10**

**Topic:** Reporting Requirements

**Reference:** 1. Exh 7, p1  
2. *IESO Recommended Scope for the new Line to Pickle Lake and Supported Scope for the Remotes Connection Project*, dated October 13, 2016

**Preamble:** The IESO Report above suggested the following inform Board reporting requirements:

1. Overall project progress: An executive summary of work progress, cost and schedule status, and any emerging issues/risks and proposed mitigation.
2. Cost: An up-to-date overall project cost forecast, as well as a description of the reasons for any projected variances relative to the last cost forecast provided, and any mitigating measures.
3. Schedule: An up-to-date schedule to project in-service, as well as the milestones completed and the status of milestones in-progress. For milestones that are delayed relative to the last schedule provided, the reasons for the delay, the magnitude and impact of the delay in terms of the development schedule and cost, and any mitigating steps that have or will be taken to complete the task.
4. Risks and Issues Log: An assessment of the risks and issues, potential impact on schedule, cost or scope, as well as potential options for mitigating or eliminating the risks or issues.

**Request:**

- a) Please provide any additional reporting information requirements which WPLP believes would be useful, and comment on any reporting requirements that WPLP does not believe should be included.

At Ref 1, WPLP has requested that it begin reporting "...after the final decision and order in this Application is made". In contrast, the IESO has indicated that WPLP should begin reporting "no more than 3 months from the issuance of its amended transmission licence and ending when a leave to construct decision is issued". WPLP received its amended transmission licence on September 1, 2016.



- b) The IESO contemplates reporting commencing on December 1, 2016. Would WPLP be able to begin filing a quarterly report on December 1, 2016 if the OEB were to adopt the IESO's recommendations regarding filing requirements on an interim basis, pending a final decision with respect to WPLP's immediate application? If no, please provide an indication when WPLP might be able to file a first report. (Taking into account that reporting requirements flowing from a decision in the immediate application may add or subtract requirements from reporting requirements after the decision in this application is issued.)
- c) Discuss the effort and cost that would be associated with producing the reporting which the IESO discusses, as replicated above.
- d) If it becomes clear that the project will not proceed, when will WPLP inform the OEB, cease further development work, and inform the OEB of any wind-up costs? Does WPLP believe that an obligation to notify the OEB if the project will not proceed could be an appropriate additional reporting requirement?

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**Response:**

- a) WPLP believes that the items identified in the IESO Report would be useful to the Board. With the exception of the response to part (d) below, WPLP does not believe that any additional requirements should be added, nor should any be excluded.
- b) No. The referenced date has passed so WPLP would be unable to begin filing quarterly reports on December 1, 2016. However, WPLP notes that through its present application and interrogatory responses, it is effectively addressing most or all of the identified reporting requirements. Consequently, WPLP submits that the first formal report should be filed in respect of Q1 2017, and should be due on the last business day of April 2017. WPLP further submits that the reporting frequency should be quarterly, as recommended by the IESO, and that each quarterly report be due on the last business day of the month following each quarter.
- c) WPLP considers quarterly reporting to be an essential component of the Project as development efforts progress towards an application for leave to construct. Moreover, WPLP believes that the reporting requirements identified by the IESO will serve the needs of a wide range of stakeholders. The development budget includes amounts for reporting that were already contemplated because WPLP recognizes the value of reporting to its wide range of

stakeholders and, as such, the IESO-recommended reporting requirements could be satisfied with no material incremental cost to WPLP.

- d) If it becomes clear that the Project is not going to proceed, WPLP would notify the Board in accordance with the requirement under its Transmission Licence to “notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs.” Given this licence requirement, it is not necessary to make this an additional reporting requirement. However, WPLP would not object if the Board were to reflect this obligation in the applicable reporting requirements. In such circumstances, WPLP would promptly cease development activities subject to consideration as to whether any activities need to be completed or wound up over time, such as for safety or environmental reasons or to complete activities that may provide value to WPLP or its stakeholders notwithstanding cessation of the Project. Thereafter, WPLP would consult with the Board as to the appropriate timing for seeking recovery of amounts recorded and prudent wind-up costs, which may depend upon the circumstances under which the Project is terminated.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 11**

**Topic:** Board Objectives

**Reference:** Exh. 2, p.4

**Preamble:** -

**Request:**

- a) What measures does WPLP intend to implement to keep track of continuous improvement and cost efficiencies with respect to the project?

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**Response:**

- a) Given that WPLP is still in the development stage for the Project, this question is not relevant. It is expected that WPLP will implement measures to track its continuous improvement and cost efficiencies.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 12**

**Topic:** Significant Risks and Unbudgeted Costs

**Reference:** Exh. 7, p.1

**Preamble:** -

**Request:**

- a) What does WPLP see as the most significant risks to its application?
- b) If a third-party were to object to the line, would this create a project delay? Could this result in additional costs? If so, would WPLP seek to record such additional costs in the deferral account for consideration for future recovery?
- c) Please provide details as to how WPLP has limited potential risks and costs to the projects with respect to Aboriginal consultation, and how the OEB can be assured that consultation efforts have been conducted in the most cost-efficient manner possible. Please discuss consultation, engagement, or commercial efforts (or agreements, or negotiations) undertaken by WPLP with respect to the proposed route and the crossing of lands considered traditional territories of other First Nations, with particular consideration for those First Nations which are not part of the 22 named First Nations communities that form a part of the WPLP limited partnership.

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**Response:**

- a) Given that the application is for an accounting order to establish a deferral account for the purpose of recording development costs (and not for the disposition or recovery of those amounts or for leave to construct the Project), and based on WPLP's review of similar proceedings in which transmission developers have requested similar deferral accounts in somewhat comparable circumstances, WPLP believes that its application is and should be relatively low-risk. Perhaps the most significant risk is in failing to educate the Board about the critical need underlying the Project and the unique characteristics of the Project, as well as

the manner in which those aspects can and should be treated within the established regulatory framework.

- b) This question is highly speculative and the answer would depend entirely on the context. Generally, if an objection to the Project or any aspect thereof were raised within the context of a regulatory or judicial process, it is expected that there would be mechanisms available within the context of that process for WPLP to respond to the concerns that have been raised and it would be up to the relevant regulator or authority to determine that issue within the context and scope of that proceeding. Such an objection might result in no delays or, if more information or more procedural steps are required, could result in a relatively small delay. If the regulator finds that a significant issue has been raised and withholds or denies the approval that is being sought, then a project delay would likely result and additional costs might be incurred in trying to overcome that issue. Whether or not such additional costs would be recorded in the deferral account would depend on the circumstances.

There is a wide range of other potential means by which a third party might object to the Project and in each case the response would be different and case-specific. For example, a third party might object to the line through the media, the Project could encounter protesters during construction, or the party objecting to the Project could be a regulatory body at some step in the development process. Moreover, the reasons for an objection might be narrow or broad and might be on the basis of purported public interests or private commercial interests. An objection might come from a party that is unaffected by the project and has no standing in any forum related to the project, or it could come from a particular landowner that is affected by the proposed line. As such, it is not possible for WPLP to respond to this question with any specificity.

- c) WPLP has limited the potential risks and costs of the Project with respect to Aboriginal consultation and engagement in a number of ways.

First, it is important to recognize that the scope of the consultation and engagement program has been determined by the Ministry of Energy, which delegated the procedural aspects of its duty to consult to WPLP. This delegation was initially made by letter in respect of the Line to Pickle Lake and was subsequently formalized through a Memorandum of Understanding (“MOU”) in respect of the full Project. The MOU identifies the specific communities and organizations that WPLP is required to consult with for each component of the Project. In issuing the MOU, the Ministry acknowledged the consultation activities undertaken for the Project since 2008. A copy of the MOU dated November 28, 2016 is provided in Appendix ‘B’.

Second, to guide its approach to Aboriginal consultation and engagement, WPLP developed a comprehensive Aboriginal Engagement Plan (AEP), as well as Stakeholder Engagement Plan, for each of the Line to Pickle Lake and Remote Connection Line portions of the Project. For the Line to Pickle Lake, the AEP and Stakeholder Engagement Plan form part of the Environmental Assessment Terms of Reference, which was approved by the Ministry of Environment and Climate Change in February 2015. For the Remote Connection Lines, the AEP and Stakeholder Engagement Plan have been issued for review and will be finalized based on feedback received during the second round of engagement that is currently underway.

Meaningful and respectful Aboriginal engagement is being undertaken by WPLP to build strong relationships with First Nation communities and other Aboriginal groups, and to improve the Project based on their input. Identifying and engaging with First Nation communities and other Aboriginal groups and traditional land-based rights holders early in the process, and the development of the AEPs to act as guidance documents for engagement activities, are important steps in the process. The AEPs are meant to be flexible and describe an overarching engagement approach for multiple First Nations communities and other Aboriginal groups and traditional land-based rights holders. The Plans are considered to be dynamic documents that will evolve and be updated as necessary for the duration of the Project, under the control of WPLP, and according to community-specific requirements. WPLP also works with individual communities to develop community-specific engagement strategies that

address their issues and meet their needs. These strategies include specific engagement methods, resources and protocols as requested by the communities including, for example, both community and harvester meetings, provision of translation services during meetings and presentations, local community radio broadcasts, and completion of traditional land and resource use studies with land-based rights holders.

Third, community engagement activities are led by the Tribal Councils and Independent First Nations representing various First Nations communities. These Tribal Councils bring the local and regional knowledge, experience and relationships required for effective engagement with the communities. WPLP has also benefitted from the expert assistance of several consultants and advisors in carrying out its Aboriginal consultation and engagement process. WPLP's consultants include or have included Golder Associates Ltd., New Economy Development Group and SENES Consultants, and its advisors include Mr. John Cutfeet (Communications) and Mr. Ron Stewart (an experienced energy sector executive who is formerly President and CEO of Hydro Ottawa). WPLP's engagement of all consultants is subject to procurement requirements that are conditions of INAC and other sources of government funding received to date. This has ensured the appropriate discipline has been applied in obtaining these services and the expertise provided has enhanced the quality and efficiency of the engagement process as a whole.

Fourth, although the travel requirements are significant for consulting and engaging with so many communities and stakeholders, spread over an expansive area (most of which is not accessible by all season roads), WPLP has taken measures to minimize travel costs. These include seeking competitive proposals to lower the cost of air travel, and accessing valuable local logistical support from community based WPLP representatives.

Finally, the MOU completed by the Ministry of Energy with WPLP identifies the First Nations and Métis communities to be consulted on all aspects of the Project, including the Pikangikum line, for both member and non-member Aboriginal communities. Ten of the thirty-one Aboriginal communities presently identified in the MOU to be consulted are not currently members of First Nations LP. A key goal of the MOU between the Ministry of Energy and

WPLP is to enable continued well-coordinated efforts to ensure fulfillment of the duty to consult and accommodate any potential adverse impacts of the project on the Aboriginal communities identified, both member and non-member.



**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 13**

**Topic:** Pikangikum

**Reference:** Exh. 4, p.1-2

**Preamble:** The transmission line from north of Red Lake to Pikangikum First Nation is part of the Phase 2 project to connect remote communities. WPLP also indicates that it intends to seek a distribution licence in respect of the 115kV transmission line running from north of Red Lake to Pikangikum First Nation that will be operated at distribution voltage. WPLP also states that, "As this segment has been the subject of prior development efforts by various parties, a significant portion of the planning, design, engineering and permitting has already been completed on the basis of it being solely a distribution line to serve Pikangikum."

**Request:**

- a) Please provide further details on the reasons for this project sequencing, with particular reference to the economic case to connect other remote communities, and any other relevant information.
- b) With respect to the distribution licence, please provide details regarding WPLP's plans to provide service to the Pikangikum First Nation once this line is completed, how these rates will be structured and recovered, how and who will maintain the line, and details of wholesale supply arrangements.
- c) Does WPLP intend to file a Leave to Construct application under section 92 of the OEB Act, separate from the new line to Pickle Lake, for the 115kV line to connect Pikangikum?
- d) Does WPLP intend to include in its application for a distribution licence, a request to the OEB under section 84 of the OEB Act to deem these 115kV assets as distribution assets?
- e) Does WPLP intend to file an application under section 84 of the OEB Act to deem these 115kV assets as distribution assets?
- f) How long does WPLP plan to hold a distribution licence with respect to the line from Red Lake to Pikangikum?
- g) Could WPLP confirm that intends to track costs of this Phase 2 project separately from the line to Pickle Lake in Account No. 1508.002?

- h) With respect to “prior development efforts”,
- a. Please provide an indication of what percentage of development costs (planning, design, engineering and permitting, etc.) has already been completed versus an overall expected cost for this portion of the line from Red Lake to Pikangikum.
  - b. Would these prior development efforts reduce the costs that one would otherwise expect to be incurred in pre-construction activities?
  - c. Did the previously completed development work contemplate installation of a 115kV conductor?
- 

**Response:**

- a) Pikangikum First Nation is the southernmost of the remote communities that will connect to the provincial transmission grid by means of WPLP’s remote connection line north of Red Lake. Pikangikum has been working for many years to develop a distribution line from Red Lake to provide electricity service to its community. Those efforts have been independent from and pre-date the transmission development activities of WPLP and its predecessors. Although WPLP has long recognized the potential for overlap with the Pikangikum project and the need for the line north of Red Lake to cross Pikangikum’s traditional lands (as well as the opportunity for integrating the two projects), Pikangikum was not one of the initial Participating First Nations in WPLP’s predecessor company, Wataynikaneyap Power Corporation.

Through meetings with the Chief, Council and Elders from Pikangikum, representatives of WPLP explored scenarios under which Pikangikum would be willing to support and/or join the WPLP project. WPLP learned that, due to its severe capacity constraints and significant reliability issues with its existing diesel generation, Pikangikum’s primary concern was with the timing for getting its community connected to the grid. It was anticipated that the Pikangikum Project would be able to connect the community approximately 3-4 years before they would be connected through the WPLP project. A detailed account of the conditions in Pikangikum, how those conditions are affected by the community’s access to electricity, the

urgency of the need for reliable electricity service, and the history of the community's efforts to secure reliable electricity service, is provided in an April 2, 2016 article by Eric Bombicino, published on [www.tvo.org](http://www.tvo.org), entitled *How Energy Poverty Devastates Pikangikum First Nation*. A copy of the article is provided in Appendix 'C'.

In its discussions with Pikangikum, WPLP also learned that prior development work on the Pikangikum project included consideration of the use of 115 kV facilities, which would allow the future connection of additional communities to the north. With this understanding, WPLP proposed a solution whereby the facilities associated with the Pikangikum project would be designed and constructed as distribution facilities that would be capable of being converted to 115 kV transmission facilities with minimal additional cost or construction activity. Once WPLP is ready to construct its remote connection line north of Red Lake, the distribution facilities serving Pikangikum would be converted to transmission and would form the first leg of the line north of Red Lake. This would enable the Pikangikum First Nation to get connected to the grid sooner, while also participating in the WPLP project and avoiding the duplication of transmission infrastructure in the region. On this basis, and subject to the Pikangikum project being developed on an expedited basis, Pikangikum agreed to support and join the WPLP project. INAC, which has been involved throughout the development of the Pikangikum Project, supported the agreement and project sequencing and agreed to provide development funding for the expedited Pikangikum Project.

Ultimately, the Pikangikum First Nation will be transmission-connected as part of the Remotes Connection Line north of Red Lake portion of the Project, as anticipated by the IESO scope document and WPLP's licence conditions. The project sequencing is a creative solution to a challenging set of circumstances, to meet an extraordinary need, and does not impact the economic case to connect other remote communities. The distribution connection of Pikangikum, on an interim basis, and its conversion to transmission at a later date, effectively addresses the urgent need to resolve capacity constraints and reliability issues for the community, while also facilitating development of the WPLP transmission system through the

Pikangikum traditional lands and avoiding the need to construct two distinct lines in this remote area.

- b) WPLP plans to connect to Hydro One Networks Inc.'s ("HONI's") distribution system through a 44 kV line tap at a point North of Red Lake. From that point, a line will be constructed running generally to the North, towards Pikangikum. The first approximately 7 km will be constructed to a 44 kV standard. A further approximately 97 km of line is expected to overlap the routing for the North of Red Lake Portion of the WPLP Remotes Connection Line. This portion will be constructed to a 115 kV standard, but will initially operate at 44 kV, supplied from the Hydro One 44 kV distribution system via the first 7 km that is constructed to a 44 kV standard. A substation will be constructed approximately 10 km from Pikangikum to reduce voltage from 44 kV to 25 kV for local distribution within the community. This substation will be constructed to a 115 kV standard and make use of the same equipment that is intended to be used once a 115 kV supply becomes available, but will initially operate at 44 kV. Pikangikum is in discussions with Hydro One Remote Communities Inc. ("HORCI") to assume the 25 kV distribution system within the community, which is now operated by an independent power authority. The exact future demarcation point between WPLP and HORCI is to be determined.

In addition to applying for a distribution licence to own and operate the distribution system described above, WPLP currently anticipates that it would apply for distribution rates in respect of this distribution system through a cost of service application. WPLP anticipates a supply arrangement whereby HORCI (in respect of its distribution system in Pikangikum) is an embedded distributor to WPLP, which is in turn an embedded distributor to HONI. This arrangement is expected to serve as an interim measure, between the in-service date of the 44 kV distribution line to Pikangikum and the date when the supply line is transferred from HONI's 44 kV distribution system to its 115 kV transmission system, a period that is expected to be approximately 3-4 years. During this period, WPLP would be responsible for operating and maintaining the line. WPLP's plans in respect of the matters described here are

preliminary in nature and continue to be under development. WPLP's plans will more definitively be set out in a future filing to the Board.

- c) No. Leave to construct the 44 kV distribution facilities from Red Lake to Pikangikum would not be required. Subsections 6.2(1)(a) and (b) of O. Reg. 161/99 provide an exemption for distribution facilities from the requirement for leave to construction under section 92 of the OEB Act. However, as part of WPLP's leave to construct application for the overall Project, including the line to Pickle Lake and the remotes connection lines north of Pickle Lake and north of Red Lake, WPLP would seek leave to construct for any facilities that would change from being operated as distribution into being operated as transmission.
- d) Given that the line to Pikangikum will, in the interim period, be incapable of operating at a transmission level voltage, WPLP does not currently believe that an application under section 84 of the OEB Act will be needed. However, WPLP will finalize its analysis on this point at such time that it is preparing its distribution licence application and, if an application under s. 84 is found to be necessary, it would be filed concurrently with the distribution licence application.
- e) See response to part (d) above.
- f) WPLP plans to hold a distribution licence with respect to the line from Red Lake to Pikangikum from the date upon which the OEB may grant such license, until the date upon which the supply to Pikangikum is transferred from HONI's 44 kV distribution system to its 115 kV transmission system and the facilities associated with this line have been converted so as to be capable of operating at 115 kV, all of which would be pursuant to an order granting leave to construct and WPLP's transmission licence. It is estimated that this period will be approximately 3-4 years in total.
- g) WPLP confirms that it intends to track costs of this portion of the Project separately from the line to Pickle Lake in Account No. 1508.002.

- h) a. Prior development costs represent approximately 51% of the total expected development cost for the distribution line to Pikangikum. This is exclusive of construction costs. WPLP is still developing its estimate of the construction costs specific to the Pikangikum distribution line and is therefore unable to provide the % of overall costs represented by its development budget for the Pikangikum distribution line.
- b. The total cost of prior development efforts by Pikangikum and current/future development efforts being led by WPLP are equivalent to the expected development costs that would otherwise have been incurred.
- c. Yes. The previous development work undertaken by Pikangikum contemplated the use of 115 kV standards to allow for the future possibility of operation at 115 kV to serve additional communities.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 14**

**Topic:** Engagement and Consultation

**Reference:** 1. Exh. 3, p.2  
2. Exh. 6, Tab B, p.1

**Preamble:** -

**Request:**

- a) Please provide a list of regulators and governmental authorities with which WPLP has had discussions.
- b) WPLP indicates that it has had discussions regarding connection to the Wataynikaneyap Power Project with at least one other First Nation community that is not a part of the 16 remote communities designated for connection in WPLP's transmission licence. Please provide additional information on consultation efforts with this community, the costs incurred, and if this community is considered by the government or IESO to be economically-efficient to connect.
- c) To the extent possible, breakout the costs of 'consultation and engagement' included as part of the development costs with respect to the following:
  - a. Consultation with 16 First Nations named in the Directive
  - b. The 17<sup>th</sup> community not named in the Directive
  - c. The 6 First Nation partners of WPLP not named in the Directive
  - d. The additional 13 First Nation communities not named in the Directive or partners in WPLP. For these other 13 First Nation communities, provide an indication if they are on or along the route of the proposed line to Pickle Lake, or on or along the route of the proposed lines north of Red Lake and Pickle Lake for the purposes of Environmental Assessment or discharge of the Duty to Consult.

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**Response:**

a) Please refer to the following table:

<b>Level of Government</b>	<b>Governmental Authority</b>
<b>Municipal</b>	<ul style="list-style-type: none"> <li>• Municipality of Red Lake</li> <li>• Municipality of Sioux Lookout</li> <li>• Township of Ignace</li> <li>• Township of Pickle Lake</li> </ul>
<b>Provincial</b>	<ul style="list-style-type: none"> <li>• Ministry of the Environment and Climate Change (MOECC) – Environmental Approvals Branch</li> <li>• Ministry of Natural Resources and Forestry (MNRF) – including Ontario Parks</li> <li>• Ministry of Energy</li> <li>• Infrastructure Ontario</li> <li>• Ministry of Northern Development and Mines</li> <li>• Ministry of Tourism, Culture and Sport</li> <li>• Ministry of Transportation</li> <li>• Ministry of Indigenous Relations and Reconciliation</li> <li>• Ministry of Municipal Affairs and Housing</li> <li>• Ministry of Economic Development and Growth</li> <li>• Ministry of Finance</li> <li>• Ontario Energy Board (OEB)</li> <li>• Independent Electricity System Operator (IESO), including the former Ontario Power Authority (OPA)</li> <li>• Hydro One Networks Inc.</li> </ul>
<b>Federal</b>	<ul style="list-style-type: none"> <li>• Canadian Environmental Assessment Agency</li> <li>• Environment and Climate Change Canada</li> <li>• Canadian Wildlife Service</li> <li>• Indigenous and Northern Affairs Canada</li> <li>• Transport Canada</li> <li>• Department of Fisheries and Oceans</li> <li>• Health Canada</li> <li>• FedNor</li> <li>• Public Works and Government Services Canada</li> <li>• Natural Resources Canada</li> <li>• Finance Canada</li> <li>• Infrastructure Canada</li> </ul>
<b>Aboriginal</b>	<ul style="list-style-type: none"> <li>• Lac Seul First Nation</li> <li>• Bearskin Lake First Nation</li> </ul>



Level of Government	Governmental Authority
	<ul style="list-style-type: none"> <li>• North Caribou Lake First Nation</li> <li>• Cat Lake First Nation</li> <li>• Slate Falls First Nation</li> <li>• Kasabonika Lake First Nation</li> <li>• Sachigo Lake First Nation</li> <li>• Kingfisher Lake First Nation</li> <li>• Wapekeka First Nation</li> <li>• Kitchenuhmaykoosib Inninuwug First Nation</li> <li>• Wawakapewin First Nation</li> <li>• Wunnumin Lake First Nation</li> <li>• Muskrat Dam First Nation</li> <li>• Deer Lake First Nation</li> <li>• Keewaywin First Nation</li> <li>• McDowell Lake First Nation</li> <li>• North Spirit Lake First Nation</li> <li>• Poplar Hill First Nation</li> <li>• Sandy Lake First Nation</li> <li>• Wabigoon Lake First Nation</li> <li>• Pikangikum First Nation</li> <li>• Lac des Milles Lac First Nation</li> <li>• Eabametoong First Nation</li> <li>• Marten Falls First Nation</li> <li>• Neskantaga First Nation</li> <li>• Nibinamik First Nation</li> <li>• Webequie First Nation</li> <li>• Mishkeegogamang First Nation</li> <li>• Ojibway Nation of Saugeen</li> <li>• Grassy Narrows First Nation</li> <li>• Wabauskang First Nation</li> <li>• Eagle Lake First Nation</li> </ul>

- b) WPLP has had several meetings and engagement events with the McDowell Lake First Nation, including its Chief, Council, and membership, to discuss the overall project (including routing) and McDowell Lake's participation in the Project. On October 31, 2016 WPLP received a letter from the Ministry of Energy indicating Ontario is *"committed to working with additional First Nation communities, including McDowell Lake First Nation, to understand emerging*

*community energy needs, and where appropriate, to identify additional opportunities to connect communities to the provincial transmission system.”*

On November 3, 2016 McDowell Lake sent a letter to the Ministry of Energy providing background on the community’s development plan and requesting that the Ministry of Energy formally include McDowell Lake First Nation in its remote connection plan.

WPLP estimates that approximately \$32,000 has been incurred to date on engagement with McDowell Lake.

- c) The costs of consultation and engagement included as part of the development costs for the Project are broken out as follows. It should be noted that, for the 13 non-owner groups being engaged, 10 are First Nations communities and 3 are Aboriginal Organizations.

	<b>Engagement Cost Estimate</b>
16 First Nation Communities in Directive	\$1,748,284
McDowell Lake First Nation	\$102,054
6 WPLP Owner Communities Not in Directive	\$840,588
10 Non-WPLP Owner Communities Being Engaged	\$1,241,242
3 Aboriginal Organizations Being Engaged	\$534,137

		<b>Engagement on Line to Pickle Lake</b>	<b>Engagement on Remote Connection Lines</b>
1.	Eabametoong First Nation	✓	✓
2.	Marten Falls First Nation	-	✓
3.	Neskantaga First Nation	-	✓
4.	Nibinamik First Nation	-	✓
5.	Webequie First Nation	-	✓
6.	Mishkeegogamang First Nation	✓	✓
7.	Ojibway Nation of Saugeen	✓	-
8.	Grassy Narrows	✓	-
9.	Wabauskang First Nation	✓	✓
10.	Eagle Lake First Nation	✓	-
11.	Nishnawbe Aski Nation (NAN)	✓	✓
12.	Grand Council of Treaty #3	✓	✓
13.	Metis Nation of Ontario Region 1 Consultation Committee (MNO)	✓	-

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 15**

**Topic:** Audit and Accounting Matters

**Reference:** Exh. 2, p.1

**Preamble:** -

**Request:**

- a) What financial reporting standards does WPLP follow - IFRS, ASPE, USGAAP, or other? If other, please describe.
  - b) Based on the financial reporting standards followed, has WPLP assessed whether the development costs that have been incurred to date, and the costs which it forecasts will be incurred could be capitalized to the Wataynikaneyap Transmission Project? If yes, then in the context of the account standard used, please explain the rationale for concluding that these costs should not be capitalized to the project.
  - c) Does the standard followed allow flexibility for alternate treatment, i.e. either Capitalize or Expense? If yes, please describe how.
- 

**Response:**

- a) WPLP follows the Canadian Accounting Standards for Private Enterprises (ASPE).
- b) All costs that WPLP has incurred and is forecasting to incur have been directly attributable to the formation of the Wataynikaneyap Power LP partnership as well as to the planning and development of the construction of a new transmission system in northwestern Ontario to reinforce transmission to Pickle Lake and to connect the remote First Nations communities.

Based on the above, and having regard to its above-referenced financial reporting standards, WPLP believes that its development costs incurred to date (as well as forecasted costs) would be eligible for capitalization consistent with ASPE 1000 recognition criteria, which permit

asset recognition when a reasonable estimate of the amount can be computed and it is probable that future economic benefits will be obtained.

- c) The standard does not allow flexibility for alternate treatment.

**WATAYNIKANEYAP POWER LP**

**Response to Interrogatory from Board Staff**

**BOARD STAFF - 16**

**Topic:** Audit and Accounting Matters

**Reference:** Exh. 2, p.1

**Preamble:** -

**Request:**

- a) Please provide a diagram of the legal ownership structure of WPLP, including all relevant parents, partnerships and corporate interests.
- b) How are accounting records currently being kept at WPLP?
- c) Is there a requirement to produce annual audited financial statements of WPLP? If yes, were the financial results of WPLP audited covering any or all of the periods dating back to September 2008? If yes, please provide details of the periods covered.
- d) Please provide a copy of these audited financial statements.
- e) If the Board approves the deferral account, as part of the draft accounting order, can you please also provide the anticipated journal entries that will be required upon disposition of the proposed deferral and variance account?

---

**Response:**

- a) Please refer to Appendix 'D' for a diagram of the current legal ownership structure of WPLP.
- b) Financial accounting processes have been implemented by the project manager (Fortis-RES PM Inc.) to ensure the accurate tracking, recording and reporting of WPLP expenditures. The accounting records of WPLP are currently being managed at the headquarters of FortisOntario where source documents such as invoices are filed. WPLP utilizes the accounting system SAP to report on WPLP operations.

- c) Yes, there is a requirement to produce annual audited financial statements for WPLP. The WPLP partnership was formed on August 27, 2015. A December 31 fiscal year-end has been selected for WPLP. The financial results of WPLP's predecessor, Wataynikaneyap Power Corporation, were audited for the 2013 and 2014 fiscal years and for the portion of 2015 up to the formation of WPLP. For the period from September 2008 until the formation of Wataynikaneyap Power Corporation, the accounting records for the Project were maintained by the Shibogama First Nations Council on behalf of CCEG. The Shibogama First Nations Council has been incorporated since 1985 and has its financial statements audited annually.
- d) WPLP does not yet have audited financial statements for the interim 2015 year-end. WPLP anticipates having audited financial statements for both 2015 and 2016 available by the end of Q2 2017.
- e) The anticipated journal entries that will be required upon disposition of the proposed deferral account will be as follows:

Debit: Account No. 1700 - 1745

Transmission Plant Assets

Credit: Account No. 1508.001

Other Regulatory Assets: Wataynikaneyap Power Development - Line to Pickle Lake

Credit: Account No. 1508.002

Other Regulatory Assets: Wataynikaneyap Power Development - Remote Connections

Credit: Account No. 1508.003

Carrying Charges on Accounts 1508.001 and 1508.002, Other Regulatory Assets: sub-account Wataynikaneyap Power Development - Line to Pickle Lake/Remote Connections

**APPENDIX 'A'**

**Minister's Directive of September 8, 2008**

(Reference: Board Staff #1(c))

**Minister of Energy  
and Infrastructure**

**Office of the Deputy Premier**

4<sup>th</sup> Floor, Hearst Block  
900 Bay Street  
Toronto ON M7A 2E1  
Tel.: 416-325-2201  
Fax: 416-327-6754  
www.energy.gov.on.ca

**Ministre de l'Énergie  
et de l'Infrastructure**

**Bureau du vice-premier ministre**

4<sup>e</sup> étage, édifice Hearst  
900, rue Bay  
Toronto (Ontario) M7A 2E1  
Tél. : 416 325-2201  
Télééc. : 416 327-6754  
www.energy.gov.on.ca



**September 17, 2008**

Mr. Colin Andersen  
Chief Executive Officer  
Ontario Power Authority  
1600-120 Adelaide Street West  
Toronto ON M5H 1T1

Dear Mr. Andersen:

**Re: Amendments to Supply Mix Directive Issued June 13, 2006**

I write in my capacity as the Minister of Energy and Infrastructure pursuant to the authority granted to me under subsection 25.30(2) of the *Electricity Act, 1998*, in order to address more fully certain aspects of the Ontario Power Authority (OPA)'s Integrated Power System Plan (IPSP), which has been under development for several years, and which was submitted to the Ontario Energy Board (OEB) on August 29, 2007.

The Plan itself represents a considerable effort by the OPA to meet the province's demand and supply requirements for the next 20 years and we are grateful for the leadership efforts of the OPA. However, there are various aspects of the plan that have proven to be worthy of further consideration, given the change in circumstances since the development of the IPSP.

Therefore, I require that the OPA revisit its IPSP with a view to establishing new targets in the following areas, and in a manner consistent with further enhancing its current emphasis in these areas:

- The amount and diversity of renewable energy sources in the supply mix;
- The improvement of transmission capacity in the 'orange zones' in northern Ontario and other parts of the province that is limiting the development of new renewable energy supply;
- The potential of existing coal-fired assets to be converted to biomass;
- The availability of distributed generation;
- The potential for pumped storage to contribute to the energy supply during peak times; and
- The viability of accelerating the achievement of stated conservation targets, including a review of the deployment and utilization of Smart Meters.

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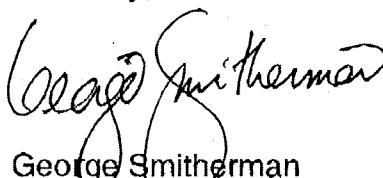


-2-

Additionally, we would ask that the OPA undertake an enhanced process of consultation with First Nations and Métis communities in light of potential duty to consult obligations. Furthermore, we would ask that the principle of Aboriginal partnership opportunities be considered in matters of both generation and transmission.

The Supply Mix Directive, dated June 13, 2006, and approved of by the Lieutenant-Governor in Council, shall in all other respects remain in full force and effect. In furtherance of this Directive, the OPA shall provide an amended and revised IPSP. It is expected that the revised IPSP would be provided to the OEB by the OPA no later than six (6) months from the date hereof. All other elements of the IPSP outside the specific issues noted above could continue during the six-month review period.

Sincerely,

A handwritten signature in black ink, appearing to read "George Smitherman". The signature is fluid and cursive, with the first name "George" written in a larger, more prominent script than the last name "Smitherman".

George Smitherman  
Deputy Premier, Minister

**APPENDIX 'B'**

**Memorandum of Understanding re Duty to Consult**

(Reference: Board Staff #11(c))

Ministry of Energy

77 Grenville Street  
6<sup>th</sup> Floor  
Toronto ON M7A 2C1

Tel: (416) 325-6544

Ministère de l'Énergie

77, rue Grenville  
6<sup>e</sup> étage  
Toronto ON M7A 2C1

Tél: (416) 325-6544



**Strategic, Network and Agency Policy Division**

November 28, 2016

Wataynikaneyap Power Limited Partnership  
C/O Shibogama First Nations Council  
81 King St., PO Box 449  
Sioux Lookout, Ontario P8T 1A8

**RE: Memorandum of Understanding between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy (the "Ministry") and Wataynikaneyap Power Limited Partnership ("Wataynikaneyap") dated November 23, 2016 (the "MOU")**

Dear Sirs/Mesdames:

For your records, please find attached a copy of the MOU executed by Deputy Minister Imbrogno.

We confirm that the MOU is an instrument for Her Majesty the Queen in right of Ontario's (the "Crown") delegation of procedural aspects of consultation to the proponent, Wataynikaneyap, and will serve the practical purpose of clarifying which rights-based Indigenous consultation activities will be carried out respectively by the Crown and Wataynikaneyap.

The MOU is being executed solely by the Crown and Wataynikaneyap, and as such no First Nations or other Indigenous communities, whether they indirectly own an interest in Wataynikaneyap or not, are in any way bound by the MOU. The effect of the MOU is limited to governing the respective roles in consultation of the Crown and Wataynikaneyap.

Nothing in the MOU, or of any related agreement(s) made thereunder, shall be construed so as to abrogate or derogate from the protection provided for the Aboriginal and Treaty rights of the Aboriginal peoples of Canada, including those of any First Nation, as recognized and affirmed by section 35 of the *Constitution Act, 1982* and the related jurisprudence thereunder.

The MOU also responds to the need to coordinate fulfilment of any duty triggered by the

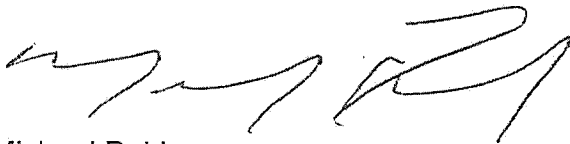
various applicable regulatory processes of several Ontario ministries and to supplement their efforts as appropriate. The MOU does not supersede work carried out in such processes nor is it the intent to duplicate effort by either Wataynikaneyap or the applicable Ontario ministries. I note that the relevant Ministry of the Environment and Climate Change ("MOECC") environmental assessment processes focus on interests-based consultation and engagement requirements while the Ministry has assumed the function of coordinating rights-based consultation across government.

Consultation undertaken in the course of fulfilling MOECC environmental assessment requirements does assist in fulfilling the duty to consult on the Wataynikaneyap transmission line project (the "Project"), and in this regard we acknowledge your information regarding the Terms of Reference (Report Number 11-1151-0456 GAL-002-REP-V9) submitted by Wataynikaneyap to MOECC on November, 2014 and approved in February, 2015 as well as the Record of Aboriginal Engagement. We further note Wataynikaneyap's information that consultation with First Nation communities in respect of the Project has been taking place since 2008, that the Central Corridor Energy Group began relationship-building through engagement activities prior to the start of the Phase I Environmental Assessment for the Project in June, 2011, that engagement on the Phase I Environmental Assessment for the Project was initiated in the fall of 2012, and that the engagement activities carried out from 2011 until November 2014 are documented in the Record of Engagement.

With regard to the consultation plan required by the MOU, in respect of Phase I we agree to commence discussions with the Terms of Reference and identify if any additions are required related to rights-based consultation. We further note your information that the Ministry of Natural Resources and Forestry, MOECC, the Ontario Infrastructure and Lands Corporation and Wataynikaneyap are concurrently developing a plan for the consultation process for Phase II of the Project. We expect that the consultation plan for Phase II required under the MOU will be the similar if not identical to the plan being developed with these ministries and agencies and propose that you provide a copy to this Ministry prior to finalizing that plan so that we may review and approve it concurrently.

I believe that the MOU reflects the shared understanding of the Ministry and Wataynikaneyap that the success of the Pickle and Remotes transmission project, including Phases I and II and the line from Red Lake to Pikangikum, requires continued well-coordinated efforts to ensure fulfilment of the Crown duty to consult and accommodate any potential adverse impacts of the project on Indigenous communities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Reid', is written over a horizontal line.

Michael Reid  
Assistant Deputy Minister  
Strategic, Network and Agency Policy Division

Attachment

MEMORANDUM OF UNDERSTANDING

between

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO  
AS REPRESENTED BY  
THE MINISTER OF ENERGY

and

WATAYNIKANEYAP POWER LIMITED PARTNERSHIP

(Each a “**Party**” and together, the “**Parties**”)

**WHEREAS** the Ministry of Energy and Wataynikaneyap wish to clarify their roles and responsibilities regarding Aboriginal Community consultation on the Project, as defined;

**NOW THEREFORE** the Parties agree as follows:

**1. DEFINITIONS**

1.1. In this MOU, the following terms have the respective meanings set out below:

- (a) “**Aboriginal Communities**” means the First Nations and Métis communities identified by the Ministry for consultation on the Project pursuant to Section 2 of this MOU;
- (b) “**Consultation Plan**” means Wataynikaneyap’s plan as may be amended from time to time, respecting the conduct of the procedural aspects of consultation that are delegated under this MOU;
- (c) “**Crown**” means Her Majesty the Queen in right of Ontario;
- (d) “**Duty**” means the constitutional duty to consult and, where required, accommodate that the Crown may owe to the Aboriginal Communities with respect to the Project;
- (e) “**Ministry**” means the Ministry of Energy or any successor thereof;
- (f) “**MOU**” means this memorandum of understanding;
- (g) “**Project**” means
  - i. the construction of a new electricity transmission line originating

at a point between Ignace and Dryden and terminating at a point near Pickle Lake, and

- ii. the construction of electricity transmission lines extending north from Pickle Lake and Red Lake to connect remote First Nation communities, and
  - iii. the construction of a new electricity line extending north from Red Lake to connect the First Nation community of Pikangikum.
- (h) **“Rights Under Section 35”** means, for the purposes of this MOU, an established or credibly asserted aboriginal or treaty right; and
- (i) **“Wataynikaneyap”** means Wataynikaneyap Power Limited Partnership and any successor or authorized designate of Wataynikaneyap Power Limited Partnership.

## 2. RESPONSIBILITIES OF THE CROWN

### 2.1. The Crown is responsible for:

- (a) determining whether the Duty arises in relation to the Project and advising Wataynikaneyap of its determination;
- (b) advising Wataynikaneyap of the Aboriginal Communities to be consulted, being those communities identified in Appendix “A”, Appendix “B” and Appendix “C” and any other communities subsequently identified to Wataynikaneyap by the Ministry;
- (c) providing Wataynikaneyap the results of any Crown assessment of the appropriate depth of consultation with the Aboriginal Communities;
- (d) notifying the Aboriginal Communities that it has delegated procedural aspects of consultation on the Project to Wataynikaneyap;
- (e) reviewing and approving the Consultation Plan;
- (f) receiving reports and information from Wataynikaneyap and reviewing consultation of the Aboriginal Communities on the Project;
- (g) satisfying itself that the consultation process in relation to the Project is adequate, which may include contacting the Aboriginal Communities directly to discuss the adequacy of the consultations; and
- (h) determining whether accommodation of any adverse impacts of the Project on Rights Under Section 35 of the Aboriginal Communities is

required, and if so, its adequacy.

- 2.2. Notwithstanding sub-Sections 2.1 and 3.1 of this MOU, neither the Crown nor Wataynikaneyap shall be taken as having agreed, or conceded, that any matter set out therein is a mandatory aspect or requirement of the Duty, nor that any particular aspect of consultation is an aspect of the Duty that cannot be carried out by Wataynikaneyap.

### **3. RESPONSIBILITIES OF WATAYNIKANEYAP**

3.1. Wataynikaneyap is responsible for:

- (a) preparing and executing a Consultation Plan for the Project in accordance with Section 5 of this MOU;
- (b) providing the Aboriginal Communities with timely notice of the Project for the purposes of considering possible impacts on their Rights Under Section 35;
- (c) providing Aboriginal Communities with information about the Project and the role that Wataynikaneyap will play in Crown consultation on the Project;
- (d) following up on the notice and provision of information in paragraphs (b) and (c) immediately above if Wataynikaneyap has not received a timely response or acknowledgement from an Aboriginal Community;
- (e) explaining to the Aboriginal Communities the regulatory and approval processes that apply to the Project;
- (f) taking reasonable steps to foster positive relationships with the Aboriginal Communities;
- (g) offering Aboriginal Communities reasonable assistance, including financial assistance where appropriate as determined by Wataynikaneyap, for the purpose of participating in consultation on the Project;
- (h) meeting with, and receiving and considering correspondence or other written materials from the Aboriginal Communities in order to identify any concerns they may have regarding the potential impact of the Project on their Rights Under Section 35;
- (i) where appropriate, discussing with the Aboriginal Communities accommodation, including mitigation and other measures to address potential adverse effects of the Project on Rights Under Section 35;



- (j) where appropriate, developing and discussing with the Crown appropriate accommodation measures;
  - (k) maintaining records and providing information to the Crown in accordance with Section 4 of this MOU; and
  - (l) filing documents, attending regulatory hearings, presenting records and other appropriate evidence of activities undertaken by the Crown and Wataynikaneyap to fulfill any Duty in relation to the Project, and making both written and oral submissions, as appropriate, to the regulatory entity regarding the fulfillment of any Duty.
- 3.2. Notwithstanding Section 3.1 of this MOU, a ministry with an approval role for the Project, or any responsible official, agent, decision-maker or regulatory body of the Crown, may participate in the matters enumerated in Section 3.1 to the extent deemed necessary by the responsible entity, which participation may include formal communications by letter or other means with Aboriginal Communities, and may also include other participation provided that such responsible entity makes reasonable efforts to advise Wataynikaneyap of such intended participation.

#### **4. RECORD KEEPING AND INFORMATION SHARING**

- 4.1. Wataynikaneyap will keep records of all of its activities in relation to carrying out the procedural aspects of consultation that are delegated to it under this MOU.
- 4.2. Wataynikaneyap will provide the Ministry with monthly updates, summary reports or briefings on its consultation activities related to the Project, and with any additional summary reports or briefings on its consultation activities as may be reasonably requested by the Ministry.
- 4.3. Wataynikaneyap will share its Consultation Plans, reports or other documentation compiled in respect of any Duty relating to the Projects, with the Ministry upon reasonable request, subject to applicable confidentiality restrictions consistent with sub-Sections 4.7 and 4.8 of this MOU.
- 4.4. Wataynikaneyap will advise the Ministry in a timely manner of:
- (a) any actual, potential or alleged adverse impact of the Project on established or asserted Rights Under Section 35, whether Wataynikaneyap becomes aware of such impact or assertion through its consultation activities or otherwise; and

- (b) any notice or statement or agreement by an Aboriginal Community that some or all of its concerns regarding Rights Under Section 35 in connection with the Project have been resolved, or that the Duty has been fulfilled.
- 4.5. Wataynikaneyap will notify the Ministry before providing significant funding to Aboriginal Communities for reports or studies that may relate to the Rights Under Section 35 of the Aboriginal Communities.
- 4.6. Wataynikaneyap will provide the Ministry with timely notice before taking positions or making appearances before judicial, quasi-judicial or regulatory tribunals or boards, or other decision-makers, or before filing or making written submissions to any tribunal, board, agency, official or other decision-maker, in relation to matters relevant to the fulfillment of the Duty.
- 4.7. Wataynikaneyap will use commercially reasonable efforts to share with the Ministry the provisions of any commercial or other agreements between Wataynikaneyap and the Aboriginal Communities that:
  - (a) indicate that the Aboriginal Communities will not oppose the Project on the basis of Rights Under Section 35 or that otherwise secure the support of the Aboriginal Communities for the Project;
  - (b) are directed at accommodating possible adverse effects of the Project on Rights Under Section 35; or
  - (c) otherwise potentially affect the obligations of the Crown to the Aboriginal Communities,but Wataynikaneyap is not otherwise required to share details of its commercial arrangements.
- 4.8. In any agreements Wataynikaneyap enters into with Aboriginal Communities relating to the Project, Wataynikaneyap will seek to include provisions requiring the said Aboriginal Communities to advise the Ministry directly, in writing, of any resolution of their Rights Under Section 35 pursuant to Section 4.7 of this MOU, and to avoid including any confidentiality provisions that prevent Wataynikaneyap from fulfilling its obligations to share information with the Ministry in accordance with this MOU.
- 4.9. The Ministry will share information received from Wataynikaneyap under this MOU with other Ontario ministries and regulatory agencies, where necessary. Commercially sensitive Wataynikaneyap information will be protected in accordance with applicable laws.
- 4.10. The Ministry will share with Wataynikaneyap records of Crown activities in

relation to fulfilling any Duty, as required to ensure that Wataynikaneyap can fulfill its obligations pursuant to this MOU.

## **5. CONSULTATION PLAN**

- 5.1. Wataynikaneyap will prepare a Consultation Plan for the Project and present it to the Ministry for its review and approval within a reasonable time of the Ministry's request.
- 5.2. The Consultation Plan shall set out the manner in which Wataynikaneyap proposes to carry out its responsibilities under this MOU, including the identification of significant steps and a timetable for their completion.
- 5.3. For greater certainty, the Parties acknowledge that where there is a statutory process requiring Crown decisions pertaining to the Project, the requirements for satisfying any Duty in the context of such process are within the jurisdiction of the ministry, board, agency or decision-maker having responsibility to administer that statute, and therefore:
  - (a) it is for the responsible ministry, board, agency or decision-maker to satisfy itself in relation to fulfilment of the Crown's duty within the context of its approval, permit or authorization powers; and
  - (b) the content of the Consultation Plan shall reflect, and is subordinate to, the procedures and decisions of the responsible ministry, board, agency or decision-maker;
  - (c) to avoid duplication, the Consultation Plan may, where feasible, fulfill both the requirements of Section 5 of this MOU and any similar Crown requirements such as the consultation planning in the context of the environmental assessment.

## **6. COORDINATION**

- 6.1. The responsibilities outlined in this MOU shall be carried out, to the extent possible, in a coordinated manner so as to avoid duplication of effort by Aboriginal Communities, Wataynikaneyap, the Ministry, and provincial ministries, boards and agencies.

## **7. GENERAL**

- 7.1. Nothing in this MOU, or of any related agreement(s) made thereunder, shall be construed so as to abrogate or derogate from the protection provided for the

Aboriginal and Treaty rights of the Aboriginal peoples of Canada, including those of any First Nation, as recognized and affirmed by section 35 of the *Constitution Act*, 1982 and the related jurisprudence thereunder.

- 7.2. This MOU may be amended in writing at any time by agreement of the Parties.
- 7.3. This MOU may be terminated at any time by the Minister of Energy by providing notice in writing, or upon the agreement of the Parties.

*[Remainder of this page left intentionally blank.]*

Dated this 23<sup>rd</sup> day of November, 2016

**WATAYNIKANEYAP POWER  
LIMITED PARTNERSHIP by its general  
partner 2472883 ONTARIO LIMITED**

Per: \_\_\_\_\_



**HER MAJESTY THE QUEEN IN  
RIGHT OF ONTARIO, as represented by  
the Minister of Energy**

Per: \_\_\_\_\_

Serge Imbrogno  
Deputy Minister

Dated this 23<sup>rd</sup> day of November, 2016

<b>WATAYNIKANEYAP POWER LIMITED PARTNERSHIP by its general partner 2472883 ONTARIO LIMITED</b>	<b>HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy</b>
Per: _____	Per: <u></u> Serge Imbregno Deputy Minister

## **Appendix “A”**

### **Phase 1: Line to Pickle Lake Consultation List**

#### **Description:**

The construction of a new electricity transmission line originating at a point between Ignace and Dryden and terminating at a point near Pickle Lake.

#### **List of Aboriginal Communities to be consulted:**

1. Eagle Lake First Nation
2. Lac Seul First Nation
3. Mishkeegogamang First Nation
4. Ojibway Nation of Saugeen
5. Slate Falls Nation
6. Wabigoon Lake Ojibway Nation
7. MNO Region 1 Consultation Committee

## **Appendix “B”**

### **Phase 2: Remote Off-Grid Connections Consultation List**

#### **Description:**

The construction of electricity transmission lines extending north from Pickle Lake and Red Lake to connect remote First Nation communities.

#### **List of Aboriginal Communities to be consulted:**

1. Bearskin Lake First Nation
2. Cat Lake First Nation
3. Deer Lake First Nation
4. Eabametoong First Nation
5. Kasabonika Lake First Nation
6. Keewaywin First Nation
7. Kingfisher Lake First Nation
8. Kitchenuhmaykoosib Inninuwug
9. Lac Seul First Nation
10. Marten Falls First Nation
11. McDowell Lake First Nation
12. Mishkeegogamang First Nation
13. Muskrat Dam First Nation
14. Neskantaga First Nation
15. Nibinamik First Nation
16. North Caribou Lake First Nation
17. North Spirit Lake First Nation
18. Pikangikum First Nation
19. Poplar Hill First Nation



20. Sachigo Lake First Nation
21. Sandy Lake First Nation
22. Slate Falls Nation
23. Wabauskang First Nation
24. Wapekeka First Nation
25. Wawakapewin First Nation
26. Webequie First Nation
27. Wunnumin Lake First Nation

## **Appendix “C”**

### **Red Lake to Pikangikum Consultation List**

#### **Description:**

The construction of a new electricity line extending north from Red Lake to connect the First Nation community of Pikangikum.

#### **List of Aboriginal Communities to be consulted:**

1. Lac Seul First Nation
2. Pikangikum First Nation
3. Wabauskang First Nation

**APPENDIX 'C'**

**TVO Article - "How Energy Poverty Devastates Pikangikum First Nation"**

(Reference: Board Staff #13(a))



## How energy poverty devastates Pikangikum First Nation

Published on Apr 02, 2016

by Eric Bombicino



Pikangikum has relied on an unstable diesel generator system for decades, affecting basic infrastructure such as water, sewage and housing.

*Eric Bombicino, a producer for The Agenda, travelled to Pikangikum, Ont., as part of the [Access to Energy Journalism Fellowship](#) administered by Discourse Media with financial support from the Waterloo Global Science Initiative (WGSi).*

**PIKANGIKUM FIRST NATION, Ont.**— On a Sunday morning in February, Kurt MacRae banged on the door of a co-worker from Eenchokay Birchstick, the fly-in Ojibwa community's

only school. As Eenchokay's principal, MacRae was getting a head start on its breakfast program, which the school runs daily.

Kory Rowell, the school's 27-year-old vice-principal, eventually emerged from his residence, bleary-eyed and wearing a pair of jogging pants and an old t-shirt. He didn't complain about the early hour or the fact that it was -20°C. The two hopped into Rowell's truck to haul packages of oatmeal, cereal, granola bars and Pringles potato chips into the school's kitchen. Food insecurity is one of a number of concerns managed by school staff in the community 500 kilometres northwest of Thunder Bay.

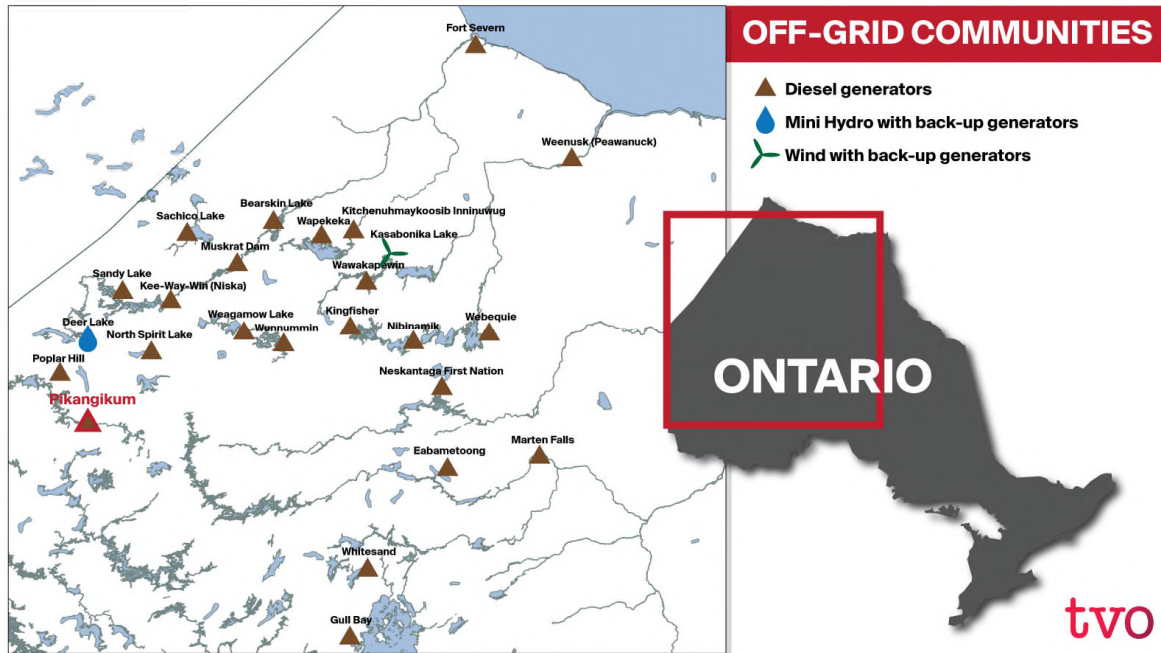
While they were bringing in the last box of food, the lights flickered and went out. MacRae exhaled loudly and shook his head: the erratic lights weren't just an immediate annoyance, but a threat of larger problems down the road. Just the week before, the reserve's main diesel generator broke down, requiring the community to operate on a system of rolling blackouts for several days. Should the outage affect the school's power, its kitchen's refrigerators wouldn't be able to store the food, posing a problem for the next day's breakfast — and, depending on the severity of the outage, the school might not be able to open at all.

For MacRae, this isn't an unusual concern. Almost constantly, he worries about whether staff will be able to open the doors of the school for Pikangikum's 750 students. This day ended up being no different: the next day the school had to stay closed due to the outage, and breakfast was not served.

An Ojibwa community of 3,000 people, Pikangikum First Nation has had roots in northwestern Ontario's Whitefeather Forest for generations. It experiences a host of issues, many of which stem from a history of colonialism and historical underfunding of vital community services. These root causes continue to have impacts on Pikangikum today, affecting education, healthcare, food security and employment.

For example, Pikangikum's fire response is woefully inadequate. A [2010 federal study](#) found that people living on First Nations reserves were 10 times more likely to die in a fire than people in the rest of Canada. Devastatingly, that statistic was illustrated on Tuesday when [a house fire killed six adults and three children](#).

“Our people are living in substandard living conditions and this is the result,” Ontario Regional Chief Isadore Day [said after the fire](#). “We need to bring our communities into the 21st century. Substandard is not a standard that we can live with any longer.”



Another issue that weaves its way into almost every aspect of life in Pikangikum is a lack of power. As in 24 other remote First Nations reserves in Ontario, the veins of the provincial electrical grid don't quite reach the community, which instead relies on a rapidly aging generator system that runs on diesel that has been flown, trucked or shipped into the area at great economic and environmental cost.

To make matters worse, the reserve's main generator — now eight years past its expected 10-year lifespan — broke down earlier in February. Rene Keeper, a diehard Green Bay Packers fan who takes care of the generators for the community's Eshkotay Wahab Power Authority, said he hoped a new one could be flown in within a couple of weeks. Until then, the community would have to resort to timed blackouts, switching every two hours between homes on the east and west side.

The maxed-out energy system has prevented Pikangikum from making many of the infrastructure improvements it sorely needs. Eighty per cent of the reserve's homes do not have wastewater systems or running water. Its housing supply has tightened into a crisis, as the population grows by 100 people each year with few prospects for new builds. As many as 16 people might share a small home, requiring some families to sleep in shifts.

"Their ability to evolve and develop is curtailed by the fact they don't have this necessary resource," said Dr. Bert Lauwers, former deputy chief coroner of Ontario and author of the 2011 [Chief Coroner of Ontario's review of 16 youth suicides that occurred between 2006 and 2008](#) in Pikangikum. "Having a good source of electricity is integral to having improved quality in their lives." In fact, one of the report's key recommendations was to connect the reserve to the provincial grid as soon as possible.

As the population grows, the generators age and blackouts roll through the community, there is hope in the form of discussions with a First Nations-owned power company looking to build a

massive transmission project in northwestern Ontario, and [promised provincial funding](#) to reduce reserves' reliance on diesel fuel. While some in Pikangikum are optimistic, others remain wary due to unkept promises from the past.

“If you had 3,000 people living near Toronto and they didn’t have electricity, what would happen?” asked former chief Gordon Peters. “They’d get electricity with a year, months even.”

**The first time MacRae visited the home of a student** at Eenchokay Birchstick School, he says he almost cried. Nine children, two teenage parents and two grandparents were sharing the tiny quarters. The children were huddled around an electric stove, its oven door left open to heat the home.

“They’re not getting the right amount of sleep and it’s really not creating success as they transition from the home into the school,” he said.

Pikangikum currently has about 450 homes and requires at least 200 more to address its housing crisis, which will continue to deepen as the population grows. (According to Peters, the reserve has a retention rate of about 98 per cent — only two per cent of its people leave.)

Funding for these new homes doesn’t currently exist. Even if Pikangikum were able to build them, the current diesel generator system wouldn’t be able to power them, says Keeper.

In a council meeting in February, deputy chief Jonah Strang pointed out: “Young couples are still living with their parents and they are starting families. They need their own place.”



*Eighty per cent of homes in Pikangikum don't have running water. Many must use six public water sources.*



**The community's central hub also happens to be its only store**, a Northern store outpost that houses a KFC and Pizza Hut. Other than the Chinese restaurant down the road, it is Pikangikum's main source of food. On most days, you'll see families packed into pickup trucks rumbling up and down the road that hugs the shoreline and leads to the store. Groups of people in the parking lot will share the day's news and a laugh, and teenagers and couples holding hands will line up to get a bucket of fried chicken. Often, however, power surges (a spike in the electrical current) and brownouts (a dip in the current) force staff to close the shop, leaving residents without a viable grocery store for hours on end.

These intermittent closures contribute to the food insecurity that plagues Pikangikum, like many remote communities in northern Canada, from high markups on prices to a low availability of healthier produce options. According to Peters, fresh products come in twice a week and don't last long. As is the case with housing, "there is not enough electricity in the community to accommodate the growth of the present store" or to build additional commercial spaces for potential small-business competitors, he said.

The water situation also affects food security in the area. Boil-water advisories are common, and most of Pikangikum's homes do not have running water or indoor toilets. Six water stations are located throughout the town, requiring families to haul sleds with buckets to fetch water for drinking, cooking and bathing. In the winter, this becomes a daily chore in temperatures as low as -40°C.

"When there is a power outage, which could last anywhere from five minutes to five hours, they have no stove to boil the water to make it safe," said Sylvain Langlois, a Metis worker from Pikangikum's health authority. This exacerbates the problem into a health concern, particularly for families that rely on powdered formula to feed infants.

In 2006, the Northwestern Health Unit [published a study](#) on Pikangikum's sewage and drinking water systems, finding that illnesses such as gastrointestinal, skin and urinary tract infections were more prevalent there than in other First Nation and non-aboriginal communities due to lack of safe water.

In 2014 the [Pikangikum Working Group](#) installed 10 running-water systems in the most underserved homes using \$250,000 in private donations. The group was set to install another 10, but those plans were scrapped: the maxed-out power system couldn't handle the load of additional water heaters and pumps.

Engineer Bob White, who led the group, said the initial plan was to have the federal government match their funds, but Ottawa backed out. "They said they didn't have the money," said White, a member of Atlantic Canada's Kitpu First Nation who has worked in numerous developing countries. The government did, however, invest \$40,000 to train Pikangikum workers for the project.

Seventeen years ago, Pikangikum came close to being connected to the power grid that has eluded the community for so long. "They were on the precipice of moving into the modern era," Lauwers said. In 1999, the federal department then known as Indian Affairs and Northern Development Canada approved a power line from Red Lake to Pikangikum, 90 kilometres away.



Within a year, 35 per cent of the planned hydro poles had been erected when federal funding for the project was halted abruptly. What happened, according to the band's former lawyer, Doug Keshen, is a "classic he-said, she-said scenario."



*Eighty per cent of homes in Pikangikum don't have indoor toilets because of a lack of wastewater infrastructure. Many have outhouses, as pictured here.*

**In November 2000, the federal department notified Pikangikum Band Council** that it would be taking over management of the council and its finances due to a series of incidents that included floods at the water treatment plant, a fuel oil spill at the school, and allegations of financial mismanagement. The chief and council refused to concede management, and sued the Minister of Indian Affairs and Northern Development, Robert Nault, who now serves as Liberal MP for Kenora, the riding in which Pikangikum lies. This set off a decade-long court battle against Nault, during which time many infrastructure projects — including the power grid connection, water and sewer projects — were shelved. Pikangikum eventually lost the suit in 2010.

In [his ruling](#), Superior Court Judge John dePencier Wright wrote that “to this day, the power grid has not been completed. Power that could have been supplied at a cost of several hundreds of thousands of dollars continues to be supplied to this band at a cost of millions of dollars.”

Energy from diesel is exorbitantly expensive compared to energy from the grid. According to Keshen, Pikangikum spent \$7 million on diesel in the past year alone. Court documents from the case state that Pikangikum paid over \$3.5 million for power from diesel in one year, which would have cost about a tenth of that if supplied from the provincial grid.

Had the grid been connected back in the early 2000s, these annual savings could have been funnelled back into the community or used to pay for the project itself.



*The new \$65-million school building is under construction and slated to be complete September 2016.*

**Aboriginal Peoples are the fastest-growing segment of the Canadian population**, with almost half under the age of 25. According to Strang, between 60 and 70 per cent of Pikangikum’s people are under 25. While the impact of a power grid on the future of a youth population might seem a tenuous connection in other parts of the province, here it is deeply felt.

For example, the lack of electricity affects education. “In the past, every five-year cycle, we would lose the equivalent of a full school year due to closures,” said MacRae. Power outages are a major reason for the closures. Surges and brownouts are also a classroom liability — MacRae estimates they have destroyed thousands of dollars’ worth of school technology such as laptops and audio-visual equipment.

A recent \$65-million reconstruction of Eenchokay Birchstick school — a massive source of optimism and pride in the community — provided the building with its own generator and will help ease overcrowding issues, but creates the need for more teachers. MacRae is concerned about retaining the teachers he has, let alone recruiting more.

“Some teachers won’t return because of the inconsistent power,” he said. Most of Pikangikum’s residents heat their homes with wood-fired furnaces, but teachers’ residences rely on electricity. Power outages can last from several minutes to several days, forcing teachers to either move out or hunker down on their couches, as MacRae himself has experienced, huddled in layers of clothing until the electricity comes back on.

On a drive to tour the new Eenchokay Birchstick building, MacRae relayed a particularly grim, but honest, insight. “If students lose connection to the school, their risk [of suicide] exponentially goes up.”

A teacher's job description in Pikangikum likely wouldn't match that of a counterpart in southern Ontario. "We spend a lot of time on mental health issues," MacRae said. "I think 30 per cent of our time at the end of the school year is actually focused on prevention and getting kids help." MacRae recently asked the Northern store to take pencil sharpeners and Gillette razors off the shelves and put them behind the counter; students were using them to cut themselves.

Pikangikum has become known not for its breathtaking views, world-class fishing or its tournament-winning hockey teams, but for suicide. In 2000, Pikangikum made national headlines when the Canadian Press reported it had the highest suicide rate in the world. In 2012, shortly after the release of the coroner's report, Maclean's magazine proclaimed the community the ["suicide capital of the world."](#)

However, suicide is a comparatively recent phenomenon in Pikangikum's history. According to the 2002 documentary [Back to Pikangikum](#), it wasn't until the rise of gas sniffing in 1990s that suicide became prevalent. There were three in 1992, another three in 1993, eight in 1994, and 27 between 1995 and 2000.

The majority of the suicides reviewed in the Ontario coroner's 2011 report involved young people under the age of 16, and most occurred in clusters. When Eenchokay Birchstick school burned down in 2007, for example, there were six suicides in two clusters, the first two occurring two days after the fire. The report suggests that some youths may have viewed the school as a focal point for activity that provided them with friendship and "some reason for hope in their lives."

There's also the issue of prospects. The reserve's unemployment rate is 90 per cent, and likely higher for youth. Connection to the grid would be a boon for economic development and would provide young adults with job opportunities. According to a 2013 report by Lumos Energy for the [Wataynikaneyap Power project](#), a grid connection would spur both public and private economic development, such as public agency operations and social services and commercial opportunities, including small business growth. The grid line would also lead to construction and operation jobs, skills development and experience.

The Pikangikum Working Group's water installations in 2014 had precisely that effect on a number of youth involved. For one young man in particular, learning how to install plumbing for running water "changed the way he carried himself," said Colleen Estes, a Christian minister who has worked in the community for almost two decades. "His self-esteem went up."

**Almost 20 years later, rumblings of hope** for a grid connection have begun anew. "I am glad Stephen Harper is gone," said former chief Gordon Peters. With the new federal Liberal government, Peters said he sees a light at the end of the tunnel.

In the past few months, both the provincial and federal governments have committed to spending billions on infrastructure and tackling climate change. The 2016 federal budget includes \$11.9 billion in infrastructure spending over the next two years, and \$8.4 billion over the next five years to help bring about "transformational change" for indigenous people. The province has committed to a cap-and-trade system to address climate change, and in March it announced a [\\$13-million investment in two initiatives](#) to help indigenous communities combat climate

change, including \$8 million to help switch from diesel to renewable energy sources. Getting a number of remote northern communities in Ontario off diesel would not only reduce greenhouse gas emissions, but would lower the risk of spills.

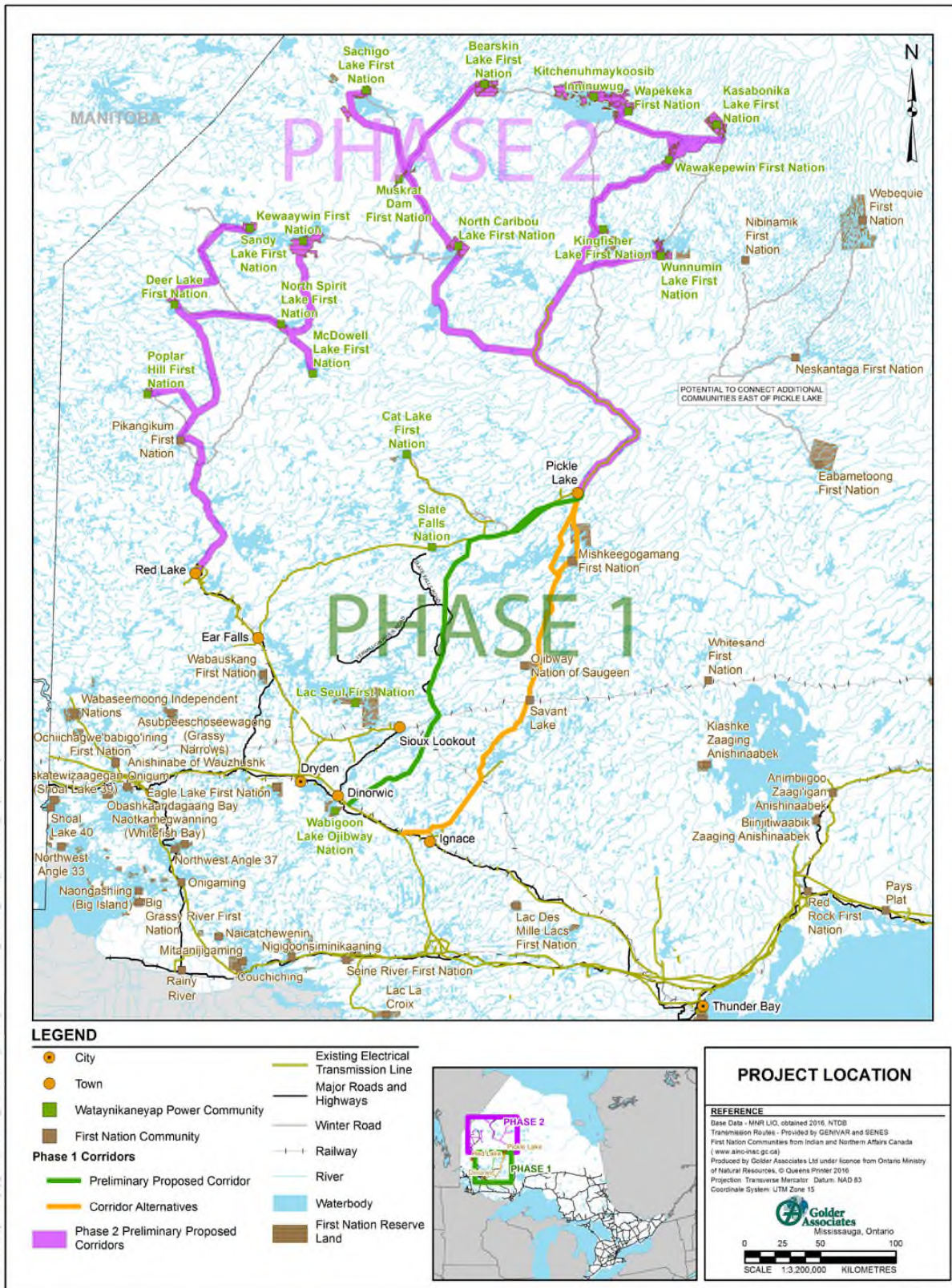
Last July, the governments of Manitoba, Quebec, Newfoundland and Labrador, Northwest Territories, Yukon and Ontario created a [Pan-Canadian Task Force](#) to reduce the use of diesel fuel to generate electricity in remote communities.

In 2014, the [Independent Electricity System Operator](#), the agency responsible for planning Ontario's transmission lines, released a [report](#) that made the economic case for connecting 21 of the province's 25 remote First Nations communities, which would result in \$1 billion in savings over 40 years.

Most important, Pikangikum has recently entered into discussions with Wataynikaneyap Power, a First Nations energy group that is working on a \$1.35-billion, 1,500-kilometre transmission project to connect 16 communities to the grid in northwestern Ontario. The First Nations communities involved will be majority owners of the transmission facilities, and over time will retain full ownership of the systems. PricewaterhouseCoopers estimates the project will create 769 jobs and almost \$900 million in social value.

Phase one of the Watay Power project, which will add capacity to an existing transmission line to Pickle Lake, is scheduled to be completed by 2018. Phase two, which will run through Pikangikum, is slated for completion in 2024. Eight years is a long time to wait for a grid connection that is 90 kilometres away in Red Lake, which explains why Pikangikum has been reluctant to sign on to the project. Both deputy chief Jonah Strang and Rene Keeper suggest, however, that this timeline may shrink, as discussions continue between the band council and Watay Power. For now, Pikangikum continues to wait.





**During one of our interviews, Peters took** a bit longer to answer a question about a key recommendation made in the coroner's report on 16 youth suicides: that the reserve be connected to the grid as soon as possible

The usually animated former chief of Pikangikum sat in his chair, his sock feet firmly planted on the floor, and stared expressionless out the window of his office. Outside, snowmobiles zipped across the snow-covered Pikangikum Lake. Kids with skates and sticks slung over their shoulders crunched through the snow to a cleared patch of ice. His eyes watered; he began to slightly shake, but steeled himself.

Another former chief, Peter Quill, stepped in to answer, waving off the idea that a grid hookup was a cure-all solution to this particularly painful issue. Two of his grandchildren were mentioned in the report. He described all the problems in their house, problems that a grid connection would not solve. Considering the broader context, he said, "Maybe it's because we've been assimilated to another culture... we use this [English] language and it kills us as a person, it kills the spiritual part."

While a stable source of energy can offer Pikangikum opportunity, a platform for a community to grow and flourish, energy alone will not heal the community. It is not a magic bullet.

"It goes back to the very issue of colonization of First Nations people by Euro-Canadians, and their isolation in remote reserves," said Lauwers. In Pikangikum, people "feel a kinship and ownership and attachment to their land."

"Why would I want to move?" said Peters. "This is where I was born. This is where I will probably pass on. This is where my mother and father were born, and this is where they are buried. This is my home."

*Photos by Eric Bombicino. Map by Michael Lehan.*

**APPENDIX 'D'**

**WPLP Ownership Structure**

(Reference: Board Staff #16(a))

# Wataynikaneyap Power LP – Ownership Structure

