

**OEB Staff – Supplemental Interrogatories  
Wataynikaneyap Transmission Project  
Wataynikaneyap Power LP (WPLP)  
Request for Deferral Account  
EB-2016-0262  
January 10, 2017**

**Structure and definition of the deferral account:**

Staff-S1

Ref 1: EB-2011-0140, Decision, dated September 26, 2013

Ref 2: Application, Exhibit 6, page 1

Ref 3: IR Staff-7(c)

Preamble: In its decision dated September 26, 2013 in the EB-2011-0140 proceeding (East-West Tie) the OEB approved a deferral account for the designated transmitter that included sub-accounts for categories of costs.

- (a) In response to IR Staff-7(c), WPLP provided a table outlining funding received in respect of the project. Please refile the draft accounting order to provide for:
- (i) For accounts 1508.001 and 1508.002: sub-accounts for each category of work set out in the bulleted list at Exhibit 6, page 1 of the application. For the cost category in the last bullet, “Aboriginal participation, including formation of the Applicant and predecessor”, please separate the costs related to the formation of the Applicant and predecessor organizations from the general category of Aboriginal participation.
  - (ii) the following additional accounts:
    - Account 1508.004 – Funding received in respect of the Line to Pickle Lake
    - Account 1508.005 – Funding received in respect of Remote Connections

**Reporting:**

Staff-S2

Ref 1: IR Staff-3

Ref 2: IR Staff-10(c)

Ref 3: Application, Exhibit 6, page 1

- (a) As part of its reporting to the OEB on the development budget, does WPLP anticipate any difficulty in providing cost information divided into the categories of costs set out at the bulleted list at Ref 3 (Exhibit 6, page 1)?
- (b) As part of its reporting to the OEB on the development budget, does WPLP anticipate any difficulty in separating the cost amounts for Phase 1 and Phase 2 of the Project?

- (c) Please confirm that as part of its reporting to the OEB, WPLP will report on funding applied for, funding received, and any prescribed restrictions on that funding for each quarter.

**First Nations:**

Staff-S3

Ref 1: IR Staff-3

Ref 2: IR Staff-10: Appendix A, Memorandum of Understanding, November 28, 2016

- (a) When did the duty to consult obligation delegated by the Ministry commence, and is it ongoing, or is consultation complete? If complete, when was it completed? If ongoing, is there a planned date for completion?

Staff-S4

Ref: IR Staff-13

- (a) Please provide an update to the Red Lake to Pikangikum section of the project. Has construction begun on that portion of the project? If yes, what are the construction costs to date? If not, when is construction anticipated to begin?
- (b) With respect to page 3, lines 17-19, and page 4, lines 22-26 of the response to Staff-13:
- (i) Has WPLP included in the \$77 million estimate of development costs advanced in the application, development costs for the distribution line from Red Lake that is intended to provide distribution service to Pikangikum for a period of approximately 3-4 years? If WPLP has included such costs, what is the total associated amount?

**Funding:**

Staff-S5

Ref: IR Staff-7

- (a) Does WPLP expect to apply for, and receive similar amounts in future years for any of the funding programs listed in the table? (e.g. strategic partnerships initiative, build Canada fund, remote electrification readiness program, energy partnerships program, etc.)
- (b) Over the years, several parties have provided financial assistance to WPLP and its predecessors companies:
- On what basis was this funding provided?
  - Were there any restrictions placed on the use of the funds?
  - Were there specific activities that were funded?
  - Was there any expectation of repayment?

**Timing:**

Staff-S6

Ref: IR Staff-9

- (a) What prompted the start of the development work? How was the project defined in September 2008?
- (b) Who authorized the start of the development work and what scope and cost of development work was authorized before this application was filed?
- (c) Please explain how the costs incurred to-date have been documented and reviewed.
- (d) Please provide reasons why WPLP and its predecessor companies did not apply for a deferral account or otherwise inform the OEB before the development work was started.

Staff-S7

Ref: Directive from the Minister of Energy dated July 20, 2016

- (a) Was there any earlier public written indication from the Minister of Energy, the OPA / IESO or any agency of the Ontario government, that WPLP would be selected or required to develop the Project?

**Costs:**

Staff-S8

Ref: IR Staff-4

WPLP provided a breakdown of development costs by time period at the reference above.

- (a) Please provide the release date for the 2013 LTEP referred to in the Orders in Council filed in this proceeding.
- (b) Please provide a further breakdown of the fourth column of the table into two periods: from October 23, 2010 to the release date of 2013 LTEP, and from the release date of 2013 LTEP to September 8, 2015.

**Other:**

Staff-S9

Ref: IR Staff-16(d), Appendix D

Please update the ownership structure chart found at this reference. Does the change to the ownership structure of WPLP materially affect any aspect of this application?

Staff-S10

Ref 1: Application, Exhibit 6, page 4, lines 26 – 29

Ref 2: IR Staff-2(c)

Is WPLP asking the OEB to find, as part of this application, that WPLP's prudently incurred development costs and reasonable wind-up costs will be recovered from transmission ratepayers if the project does not proceed to completion as a result of circumstances beyond WPLP's control?

Staff-S11

Ref: IR Staff-1(d)

Preamble: WPLP emphasizes that it is asking the OEB at this time to "preserve the opportunity" that WPLP could recover development costs incurred back to September, 2008. WPLP states that the OEB will be in a better position to assess the recoverability of those amounts at the time that WPLP asks to dispose of the amounts in the proposed account.

- (a) Please briefly describe what evidence will be available at the time of disposition that is not available now that will allow the OEB to better assess the appropriate starting date from which costs can be recorded (as opposed to the prudence of the costs).

Staff-S12

Ref 1: IR Staff-9

Ref 2: EB-2015-0026, Decision, dated December 29, 2015

Preamble: WPLP has listed several similarities between the application of B2M LP to recover start-up costs (EB-2015-0026) and WPLP's request to record start-up costs incurred before the application for a deferral account was made. The finding of the OEB in the B2M case emphasized the monetary benefit to be provided to ratepayers as a result of the ownership structure of B2M. In its decision the OEB stated:

However, the basis for the prohibition against retrospective ratemaking is not present in the current situation. To the contrary, it is a situation where the tax benefits from the ownership structure of B2M LP will benefit the same ratepayers that pay the transaction costs required to create that ownership structure. There is no mismatch between payors and beneficiaries. (p.18)

- (a) Please describe any monetary benefit to ratepayers that will result from the costs incurred prior to the filing of this application.

Staff-S13

Ref: IR Staff-3

Preamble: In response to Staff-3, WPLP provided a breakdown of costs incurred to budget, and costs incurred to date.

- (a) While understanding that the details provided are estimated costs at this point in time, with respect to the table at Staff-3:
  - (i) Please explain whether the forecast budgets provided in the original application, as shown in column 2, have been changed to the amounts shown in column 6.
  - (ii) Please explain whether the “part of” amounts included in the table are meant to sum to the envelope dollar amount provided in the original application, or whether these envelope dollar amounts have changed from the original application.