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Commission de l'énergie de l'Ontario
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BY E-MAIL

March 16, 2017

Ms. Edith Chin
Manager, Upstream Regulatory Strategy & Major Projects
Upper Canada Transmission, Inc.
500 Consumers Road
North York ON M2J 1P8

Dear Ms. Chin:

**Re: Upper Canada Transmission Inc. (UCT)
Application for approval of a mechanism to record costs relating to the
East-West Tie line project from and after the date of filing of a leave to
construct application
OEB File Number EB-2017-0013**

Upper Canada Transmission Inc. (UCT) filed a letter requesting approval of a mechanism to record costs relating to the East-West Tie line project from and after the date of filing of a leave to construct application for this project.

The Phase 2 Decision and Order on the East-West Tie Line issued on August 7, 2013 ordered the establishment of a Development Cost Deferral Account (DCDA) to be used by UCT to record the actual costs of development from the date of the decision up to the filing of a leave to construct application, or such other time as the OEB may order. That Decision established an end point for the DCDA, and at page 41 stated:

The Board will establish a deferral account in which UCT is to record the actual costs of development. The Board expects that UCT, at the time it applies for leave to construct the East-West Tie line, will file a proposal for the disposition of the development cost account.

In addition that Decision noted:

UCT indicated that, at the project's leave to construct stage, it will present to the Board a proposal for performance-based ratemaking for the project's construction phase.

The OEB requires further information before it can determine whether or not to consider UCT's request. UCT must address the following questions by filing a response with the OEB no later than **March 27, 2017**. UCT may also provide additional materials it believes may be relevant to the OEB's consideration of the request.

1. UCT did not specify in its letter whether the costs it seeks to record after filing a leave to construct application are development costs or other costs. If UCT proposes to record development costs in the account:
 - What development costs will be incurred after the filing of the leave to construct application?
 - Why should the development period, which was established as part of a competitive process, be extended beyond the filing of the leave to construct application?
2. If the costs to be recorded are not development costs, on what basis is UCT seeking to record other types of costs?
3. Will UCT, when it files the leave to construct application, file a proposal for the disposition of the DCDA? If not, why not?
4. Will UCT be asking to establish any other type of account when it files the leave to construct application?
5. Is UCT still intending to present to the OEB a proposal for performance-based ratemaking for the project's construction phase concurrently with its leave to construct application?

Yours truly,

Original signed by

Kristi Sebalj
Registrar
Office of the Registrar