

May 8, 2017

**VIA COURIER, EMAIL, RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0013: NextBridge Responding Submission in relation to the OEB's April 20, 2017 Invitation to Comment**

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On January 5, 2017,<sup>1</sup> Upper Canada Transmission, Inc. ("UCT" or "NextBridge") filed an application (the "Application") for approval of a mechanism to record costs relating to the East-West Tie Line electricity transmission project (the "EWT Line Project") from and after the date of filing of a leave to construct ("LTC") application. The Application requests that the Board extend the existing deferral account used to record development costs for the EWT Line Project (the Development Cost Deferral Account, or "DCDA") until the Board's final determination on NextBridge's LTC application, or, alternatively, establish a new deferral account (a Project Cost Deferral Account or "PCDA") to allow costs to be recorded from and after the date when an LTC application is filed.

On March 16, 2017, the Ontario Energy Board ("OEB" or "Board") sought further information from NextBridge in relation to the Application, to which NextBridge responded on March 27, 2017. On April 20, 2017, the Board invited the Independent Electricity System Operator ("IESO"), AltaLink Ontario LP and OEB staff to comment on the Application. On May 1, 2017, IESO and OEB staff filed comments. The IESO states it has no concerns with NextBridge's Application<sup>2</sup>, while OEB staff supports the Application. In support of its opinion, OEB Staff elaborated that:

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<sup>1</sup> While the Board has referenced NextBridge's request as being made on January 19, 2017, the request was in fact submitted on January 5, 2017.

<sup>2</sup> IESO comment letter EB-2017-0013 (May 1, 2017).

- a) allowing UCT to record costs for potential recovery after an LTC application is filed does not compromise the fairness of the original competitive process under which NextBridge was designated as the transmitter to develop the EWT Line Project;<sup>3</sup>
- b) the original definition of the East-West Tie development period is not an impediment to allowing UCT to record costs for potential recovery that are incurred after an LTC application is filed;<sup>4</sup>
- c) the definition of the development period does not limit actual development costs for the project, but rather sets out a point beyond which NextBridge would have no guarantee of cost recovery;<sup>5</sup>
- d) it is consistent with Board policy to ensure to the extent possible that new entrant transmitters are not disadvantaged in comparison to incumbent transmitters, who may be able to record development costs of projects that will later be capitalized;<sup>6</sup> and
- e) the activities NextBridge anticipates undertaking in advance of construction are the type of development activities that a transmitter would be expected to continue to undertake while its LTC application is being considered, and are suitable for recording in a deferral account for future consideration by the OEB<sup>7</sup>.

NextBridge agrees with the Board staff's submission, and reiterates that it does not seek approval for recovery of costs at this time.

In light of the Application and comments of the IESO and OEB staff, NextBridge respectfully requests that the Board proceed with the most administratively efficient solution of drawing upon its powers under sections 70, 74 and 79 of the *Ontario Energy Board Act, 1998* to issue an order extending the DCDA until the Board's final determination of the LTC application. In the submissions filed, no party advocated that creation of a new account was preferable or otherwise needed. Alternatively, in the event that the Board considers it more appropriate to establish a new deferral account for the recording of costs arising after the date of filing of the LTC application, NextBridge requests approval of the proposed PCDA.

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<sup>3</sup> OEB Staff Submission Upper Canada Transmission, Inc. Cost Recording Request EB-2017-0013 (May 1, 2017) ("Board Staff Submission"), at p.4.

<sup>4</sup> Board Staff Submission at p.4.

<sup>5</sup> Board Staff Submission at p.5.

<sup>6</sup> Board Staff Submission at p.6.

<sup>7</sup> Board Staff Submission at p.6.

NextBridge expects to file an LTC application for the EWT Line Project in the second quarter of 2017. Failure to have a mechanism in place for NextBridge to record costs relating to the EWT Line Project from and after the date of filing of the LTC application may jeopardize achievement of the in-service date.

If the Board has any questions about this letter, please do not hesitate to contact me at 403-718-3552 or Edith Chin at 416-753-7872 in that regard.

Sincerely,

(Original Signed)

Krista L. Hughes  
Senior Legal Counsel  
Enbridge Employee Services Canada Inc.