

December 21, 2017

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0182 – NextBridge Infrastructure – New East-West Tie Line Project/ EB-2017-0194 Hydro One Networks Inc. Station Upgrades

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for NextBridge Infrastructure regarding the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All Intervenors
NextBridge Infrastructure
EGD, Regulatory Affairs

**INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA
FOR NEXTBRIDGE INFRASTRUCTURE**

EB-2017-0182

CCC-1

Ex. B/T1/S1/p. 3

The evidence states that the proposed in-service date of the New EWT Line is December 2020, with construction scheduled to commence no later than Q4 2018.

- a) When does NextBridge require an OEB Decision in order to commence construction as proposed?
- b) What are the implications that would arise if construction does not commence in Q4 2018? Would a delay impact the project costs?

CCC-2

Ex. B/T1/S1/p. 3

The evidence indicates that EA approval is not anticipated to be received prior to the Board making its determination on the Application. When is EA approval expected?

CCC-3

Ex. B/T1/S1/p. 4

In the Application NextBridge sets out the relief it is requesting regarding the EWT Line. Please indicate what specific relief NextBridge is seeking through this application regarding the costs of the project.

CCC-4

Ex. B/T1/S1/p. 4

In the Application NextBridge is requesting that the Board declare the final balance of the Development Cost Deferral Account as the opening balance of the requested CWIP account. Is NextBridge seeking approval of that final balance in this proceeding? Or in the alternative, will all of those costs be subject to approval when the final revenue requirement for the project is established in a future proceeding?

CCC-5

Ex. B/T2/S1/p. 4

One of the OEB's statutory considerations when evaluating whether projects are in the public interest is – the interests of consumers with respect to prices. Is it NextBridge's position that the project is in the public interest because there is a minimal impact on the monthly bills of a typical residential consumers? Does NextBridge agree that another important consideration for the OEB should be the overall cost of the project relative to alternative proposals? How does NextBridge demonstrate to the OEB that its EWT Line Project proposal represents the most cost-effective approach for electricity consumers?

CCC-6

Ex. B/T4/S1/Attachment 2

The IESO update report filed on December 15, 2015 indicated that the Project is projected to provide a net economic benefit of \$1.1 billion compared to a local generation alternative under the reference assumptions used in the studies. Has the IESO done any subsequent studies related to the overall costs and benefits of the EWT Project? If so, please provide any further studies prepared by the IESO. Does the IESO intend to undertake any further analysis prior to the commencement of the EWT Project? Does the net economic benefit include all costs including the Hydro One Networks Inc.'s component of the project?

CCC-7

Ex. B/T9/S1/p. 1

Table 2 is provided in the evidence - which is the current cost estimate for the New EWT Line at the in-service date. Please recast Table 2 to include the estimates provided in the designation proceeding. Please provide a variance analysis for each of the items listed.

CCC-8

Ex. B/T9/S1/p. 1

For each of the items included in Table 2 – Construction Cost Estimate – please provide a detailed budget.

CCC-9

Ex. B/T9/S1/p. 1

Please provide a detailed break-down of the \$40.210 Development Costs. What is the amount that NextBridge is seeking to include as the opening balance in the CWIP Account?

CCC-10

Ex. B/T9/S1/p. 2

The evidence states that to develop the total project cost estimate NextBridge undertook a number of steps. This included: a) comparing the new EWT Line project against similar projects; and b) receiving external cost estimates from competitive procurements involving RFPs; and c) developing estimates and revised costs due to new project scope requirements, the extension in the New EWT Line's in-service date to 2020, cost of imported materials, and other project refinements that are subject to change over the course of the development of the New EWT Line

- a) Please specifically set out the various steps of the process that NextBridge used to finalize the Total Project Cost. Please provide a timeline.
- b) Please set out a list of the "similar projects", and for each project provide the budgeted and actual costs.

- c) Please provide a complete list of comparable projects that have been undertaken by NextEra or Enbridge Inc. Please provide the budgeted and actual costs for each of those projects.
- d) Please explain the process NextBridge undertook that involved cost estimates from competitive procurements.
- e) Please present a timeline as to when this analysis was undertaken.

CCC-11

Ex. B/T9/S1/p. 2

The evidence indicates that the original project cost estimate was developed in 2012. Since then, as the project has progressed through the Development phase, consultation has taken place, and refinements to the project have resulted. Has NextBridge at any point in the process obtained an independent assessment of its proposed project cost estimate? If so, please provide that independent assessment. If not, why not?

CCC-12

Ex. B/T9/S1/p. 3

Please provide an update on the RFP process for the general contractor. Please provide copies of the RFP. Please provide a complete list of the selection criteria. If contracts have been signed with the general contractor, please provide copies of those contracts.

CCC-13

Ex. B/T9/S1/p. 3

Once the general contractor has been selected what is the next stage in the process? To what extent does NextBridge actually manage the project, or is it managed by the general contractors? Does NextBridge intend on subcontracting any of the work to Hydro One Networks Inc.?

CCC-14

Ex. B/T9/S1/p. 4

Table 3 sets out "Potential Project Risks". Please explain who ultimately bears these risks – NextBridge or Ontario electricity customers? To what extent does NextBridge intend to build in risk sharing arrangements with its contractors? Please explain whether NextBridge prepared to accept responsibility for cost overruns for the project? If not, why not?

CCC-15

Ex. B/T9/S1/p. 6

NextBridge has provided a detailed list of the contributing factors to the overall cost estimate (relative to the original forecast). For each of those factors – First Nation and Metis Participation and Land Acquisition, IDC, Pic River Appeal, New Scope Requirements, Project Delay, Cost of Materials etc. please set out the specific cost increases.

CCC-16

Ex. B/T12/S1/p. 1

Please explain how NextBridge arrived at the estimate of OM&A expenses for the project, amounting to 1% of the capital investment. Is this typical for a project of this magnitude? Please provide examples of similar projects where the OM&A costs were 1%.

CCC-17

Ex. E/T4/S1

To what extent could the Land Acquisition Process increase the overall project costs? Please explain this risks related to the land Acquisition process.

CCC-18

The OEB has not precluded the possibility that other entities will apply for approval for LTC regarding the EWT Line Project. If another application, or applications are filed, what process would NextBridge propose that the OEB follow? Should the applications be heard in tandem, or separately?