### ONTARIO ENERGY BOARD

**IN THE MATTER OF** the Ontario Energy Board Act, 1998;

**AND IN THE MATTER OF** an Application by Upper Canada Transmission, Inc. pursuant to s. 92 of the *OEB Act* for an Order or Orders granting leave to construct new double circuit 230 kV electricity transmission line between Thunder Bay and Wawa;

**AND IN THE MATTER OF** an Application by Upper Canada Transmission, Inc. pursuant to s. 97 of the *OEB Act* for an Order granting approval of the forms of the agreement offered or to be offered to affected landowners.

### COMPENDIUM AND AUTHORITIES OF OEB STAFF

(Hearing of NextBridge's EWT Line Application – Development Costs)

July 5-6, 2018

TAB	ITEM	REFERENCE
1	NextBridge January 22, 2015 Report to the OEB	Page 6, Table 1
2	June 24, 2015 Letter and Schedules	Schedule D
3	NextBridge Response to Undertaking JT 1.23	
4	NextBridge Response to Undertaking JT 1.10	
5	Additional March 14, 2018 Evidence Filed Including Schedules	Exhibit B, Tab 16
6	Approved vs. Actual Development Costs Table	
7	NextBridge Response to Undertaking JT 1.7	
8	NextBridge Response to Undertaking JT1.12	
9	May 7, 2018 Technical Conference Transcripts	Pages 24-26
10	NextBridge Response to Undertaking JT1.9	
11	NextBridge Response to Staff IR 22	
12	NextBridge Response to Undertaking JT1.2	
13	NextBridge Response to Staff IR 23	
14	NextBridge Response to Undertaking JT1.16	
15	EB-2011-0140, OEB Decision and Order, Phase 2 August 7, 2013	
16	EB-2015-0216, OEB Decision and Order, Application for Approval	
	of Schedule and Costs related to the Development of the East-	
	West Tie Transmission Line, November 19, 2015	

# **TAB 1**



January 22, 2015

### 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-2011-0140: East-West Tie Line Designation Report - January 22, 2015

Enclosed for filing is the report for Upper Canada Transmission, Inc. ("NextBridge"), a copy of which was filed through the RESS earlier today.

Please note that I have assumed Regulatory Team Lead responsibilities in relation to the East-West Tie Line project. Going forward, kindly direct correspondence related to the project as follows:

Krista Hughes, Regulatory Counsel, Enbridge Pipelines Inc.	Address: 3000, 425 – 1 <sup>st</sup> Street SW Calgary, AB T2P 3L8 Telephone: (403) 718-3552 Email: <u>krista.hughes@enbridge.com</u>
Fred Cass, Aird & Berlis LLP	Address: Brookfield Place, P.O. Box 754 Suite 1800, 181 Bay Street Toronto, Ontario M5J 2T9 Telephone: (416) 865-7742 Email: <u>fcass@airdberlis.com</u>
Voure truly	

Yours truly,

(Original Signed)

Krista Hughes Regulatory Counsel, Enbridge Pipelines Inc.

Enclosure

### ONTARIO ENERGY BOARD

IN THE MATTER OF sections 70 and 78 of the Ontario Energy Board Act, 1998;

**AND IN THE MATTER OF** a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

# UPPER CANADA TRANSMISSION, INC. (d/b/a NextBridge Infrastructure)

# Report

# January 22, 2015

- 1. By the *Decision and Order* dated August 7, 2013 (Decision), the Ontario Energy Board (OEB or Board) decided that the designated transmitter for the development phase of the proposed East-West Tie Line (EWT Project) is NextBridge Infrastructure (NextBridge).
- In accordance with Ordering Paragraph 2 (page 42) of the Decision and the Board's September 26, 2013 *Decision and Order regarding Reporting by Designated Transmitter*, NextBridge provides this report.
- 3. On October 29, 2014 NextBridge received a letter from the Board stating, among other things, NextBridge was not required to file reports for the months of November and December, 2014. This report therefore reflects the financial status of development work on the EWT Project for the period October 1 through December 31, 2014. The December 31, 2014 financial statements are subject to the completion of a financial audit for the period August 7, 2013 through December 31, 2014, currently scheduled for completion on or before April 30, 2015. Other aspects of this report are current as of the close of business on the last business day prior to the filing date.



- 4. This report is organized as follows:
  - (a) A summary report on overall EWT Project progress.
  - (b) A cost summary providing details for each cost category included in NextBridge's Board approved development cost budget of: i) actual costs to date; ii) percentage of budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance. Reasons for any forecast variance and associated mitigating measures for negative forecast variances are also provided.
  - (c) A summary of the status of NextBridge's Board approved development milestones, indicating those that are complete and the status (i.e. on schedule, ahead of schedule or delay/potential delay) of those in progress. If any delay or potential delay in achievement of any of the milestones has been identified, the reasons for the delay, the magnitude and impact of the delay on the broader development schedule and cost, and mitigating steps that have been or will be taken, are reviewed.
  - (d) A summary of risks and issues that have arisen during development work, including discussion of potential impact of any such developments on schedule, cost or scope, and discussion of options for mitigating or eliminating the risk or issue. This section also provides an update on any previously identified risks or issues.

### **Overall Project Progress**

- 5. Overall during this period, work towards milestones continued to progress.
- 6. In respect of engineering work:
  - fabrication and testing of six prototype lattice tower structures is complete. Fabrication and testing of the remaining four prototypes is scheduled to continue through early 2015; and
  - (b) preliminary geotechnical testing on 18 of 50 planned locations is complete. Approval from the Ministry of Natural Resources and Forestry (MNRF) for geotechnical testing activity at the remaining locations has been obtained and is expected to be undertaken later in 2015.
- 7. In respect of route selection, land/ROW acquisition and community/municipal consultation activities, discussions with landowners, permitting agencies and other stakeholders have continued.



- (a) Activities within the community/municipal consultation area included:
  - (i) preparing an EWT Project update letter circulated to stakeholders on November 6, 2014. A copy of the correspondence is attached to this report for the information of the Board at Schedule A;
  - (ii) facilitating media interaction between project team and local EWT Project area media outlets; and
  - (iii) updating NextBridge.ca website with EWT Project updates and materials.
- (b) Activities in respect of route selection and land/ROW acquisition included:
  - (i) field activity in support of geotechnical drilling program;
  - (ii) continued response to landowner queries as received, including queries in connection with current routes under consideration, the Land Acquisition program, and the EWT Project in general;
  - (iii) submission of amended mining legislation withdrawal request to MNRF; and
  - (iv) engagement with MNRF related to tenure requirements, overall land processes and directly affected land use permit, leaseholder and Crown interest holders.
- 8. In respect of Aboriginal engagement, consultation and participation, activities included:
  - (a) ongoing engagement activities with the 18 identified First Nation and Métis communities;
  - (b) discussions with Ministry of Economic Development, Employment and Infrastructure in relation to support for consultation activities;
  - (c) attendance at community meetings with Pic Mobert First Nation on December 3, 2014 and Red Rock Indian Band on December 6, 2014; and
  - (d) continued discussions on ways Aboriginal communities can commercially participate in the EWT Project, as outlined in the Aboriginal Participation Plan (Schedule C) submitted as part of the EWT Project January 22, 2014 Monthly Report.



- 9. In respect of environmental activities, work included:
  - (a) obtained letter of authority from MNRF for the balance of the preliminary geotechnical drilling work;
  - (b) environmental monitoring and inspection activity in support of the geotechnical drilling work;
  - (c) continued refinement of alternatives assessment for routing as support for the environmental assessment (EA);
  - (d) data interpretation of natural environment and socioeconomic data for the drafting of the EA.
- 10. Additional general updates for the reporting period include:
  - (a) On October 29, 2014 NextBridge received a letter from the Board (the Board's Letter) recommending that NextBridge and the Ontario Power Authority (OPA) work together to produce a revised development schedule for the EWT Project. NextBridge worked with the OPA on preparing a revised schedule and on December 19, 2014 submitted, based on the information available to it, a revised development schedule reflecting a proposed in-service date of December 2020 for the Board's review and approval. NextBridge will submit a further response to the Board's Letter by May 15, 2015 when NextBridge expects that there will be a decision regarding access to Pukaskwa National Park (the Park).
  - (b) In response to the OPA's letter of September 30, 2014 NextBridge has resumed active pursuit of authorization to study within the Park, including compiling information related to the Park and the EWT Project.
  - (c) Effective January 19, 2015 Michael Power resigned his position as Project Director for the EWT Project. Mr. John Deese, currently Executive Director of Transmission Development at NextEra Energy Transmission, Inc., has been named NextBridge's Project Director effective immediately. John participated in EWT Project development work in 2014.

Attached at Schedule B is a summary of John Deese's qualifications.

### Cost Summary

11. Table 1, below, details for each cost category included in NextBridge's Board approved development cost budget: i) actual costs to date; ii) percentage of



budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance.

12. Table 1 Total Project Estimate amounts continue to represent Board-Approved Costs corresponding to the original scope and schedule approved for the EWT Project development phase targeted to end on January 28, 2015 with the filing of a leave to construct application. NextBridge will continue to spend the Board-Approved Costs as it works towards the development of the EWT Project but at this time, an updated Forecast has not been completed.



	PROJECT T	O DATE	тот	TOTAL PROJECT ESTIMATE		
Cost Category Budgeted	Actual <sup>1</sup>	% of total budget	Forecast	Budget <sup>2</sup>	Variance \$	Variance %
Engineering, Design and Procurement Activity	\$6,264,286	59.4%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	82,733	174.8%	121,031	47,320	(73,711)	(155.8)%
Environmental and Regulatory Approvals	3,440,390	95.8%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,558,546	78.3%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	1,241,852	72.0%	1,724,000	1,724,000	-	0%
Other Consultation	780,531	157.4%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	919,586	93.4%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	81,875	45.7%	100,000	179,000	79,000	44.1%
Project Management	1,603,150	123.3%	1,672,015	1,300,000	(372,015)	(28.6)%
Contingency (Engineering, Design and Procurement)		0%	456,429	1,529,708	1,073,279	70.1%
Total	\$15,972,949	71.3%	\$22,398,001	\$22,398,0 <b>0</b> 1	-	0%

### **Table 1: Budgeted Costs Status**

<sup>&</sup>lt;sup>1</sup> "Actual" refers to actual costs plus estimated accruals. <sup>2</sup> This total refers to the Development Phase budgeted amount as approved by the Board in file EB-2011-0140 Phase 2 Decision and Order dated August 7, 2013.



- 13. Table 2, below, details costs to date not included in NextBridge's Board approved development cost budget. This table includes two categories of cost expressly excluded from the development cost budget filed by NextBridge: First Nation and Métis land acquisition costs and First Nation and Métis participation costs (see NextBridge Response to Interrogatory 26 to all applicants, attachment 1).
- 14. The "Other" category on Table 2 records unbudgeted costs that are, to date, for the most part related to the Notice of Appeal filed by Pic River in the Ontario Divisional Court in respect of the Decision.



### **Table 2: Unbudgeted Costs**

Cost Category	Current period project to date Actual <sup>3</sup> (\$)	Prior period project to date Actual <sup>3</sup> (\$)
Not Budgeted		
First Nation and Métis Land Acquisition	10,302	8,142
First Nation and Métis Participation	1,497,724	1,136,293
Other Costs Not included in Budgeted Categories	230,163	230,610
Carrying Cost	73,602	39,126
Taxes and Duties		
Total Not Budgeted	1,811,791	1,414,711

### **Development Milestone Summary**

- 15. Table 3, below, provides a summary of the status of NextBridge's Board approved development milestones, indicating those that are complete and the status of those in progress (i.e. on schedule, ahead of schedule or delay/potential delay).
- 16. For each of the Board approved milestones, Table 3 provides:
  - (a) The Board approved milestone date.
  - (b) The status of those milestones due within 3 months of the reporting date.
  - (c) A "revised forecast date" if applicable, indicating NextBridge's current forecast of the date for completion of the relevant milestone if the current forecast differs from the Board approved date.

<sup>&</sup>lt;sup>3</sup> "Actual" refers to actual costs plus estimated accruals.



17. As part of the December 19, 2014 filing, NextBridge proposed a new development schedule for development work on the EWT Project. Once a new development schedule has been approved by the Board, the revised milestones and target completion dates will be updated here.



### Table 3: Milestone Progress and Status

### **Engineering Milestones**

	Milestone	Board Approved	Status	Revised
		Date		Forecast Date
1	Initiate engineering	13 Sep 2013	Completed	
2	Sign contract for engineering	31 Oct 2013	Completed	
3	Finalize design criteria for conductor	31 Jan 2014	Completed	
	and structure		Completed	
4	Complete conductor optimization study	7 Mar 2014	Completed	
5	File request for a System Impact	12 Mar 2014	Completed	
	Assessment (SIA) with the IESO		Completed	
6	Status report on progress toward	31 Mar 2014	Completed	
	finalization of structure choice		Completed	
7	Obtain senior management approval of	1 July 2014	Completed	
	the structure configuration proposal		Completed	
8	Complete aerial surveys	14 Oct 2014	Completed	
9	Receive final SIA from the IESO	21 Nov 2014	Completed	

# Route Selection, Land/ROW Acquisition and Community/Municipal Consultation Milestones

	Milestone	Board Approved	Status	Revised
		Date		Forecast Date
10	Prepare list of landowners along the ROW	10 Oct 2013	Completed	
11	Complete design of Landowner, Community and Municipal Consultation Plan	1 Nov 2013	Completed	
12	Commence negotiations or discussions with all landowners and permitting agencies	25 Nov 2013	Completed	May 30, 2014 as per EWT Project April 22, 2014 Monthly Report
13	Finalize proposed route and obtain senior management approval	1 Jul 2014	Completed	



	Milestone	Board Approved	Status	Revised
		Date		Forecast Date
14	Send introductory correspondence to	30 Aug 2013	Completed	
	aboriginal communities			
15	Initial meeting with Ministry of Energy	15 Sept 2013	Completed	
	regarding the MOU for delegation		Completed	
16	Complete initial/introductory contact	30 Sept 2013		
	with all aboriginal communities		Completed	
	identified by the Ministry of Energy			
17	Sign MOU with Ministry of Energy	5 Nov 2013	Completed	
	regarding the delegation		Completed	
18	Complete design of First Nations and	2 Jan 2014		
	Métis Participation Plan with community		Completed	
	input			
19	Complete design of First Nations and	2 Jan 2014		
	Métis Consultation Plan with community		Completed	
	input			

# Aboriginal Engagement, Consultation and Participation Milestones

### **Environmental Assessment (Provincial) Milestones**

	Milestone	Board Approved	Status	Revised
		Date		Forecast Date
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	10 Oct 2013	Completed	
21	Issue notice of draft Terms of Reference (ToR) available for review	16 Jan 2014	Completed	
22	File Environmental Assessment ToR	28 Feb 2014	Completed	
23	Initiate wildlife, aquatics and early season vegetation assessments	1 May 2014	Completed	May 20, 2014 - as per EWT Project April 22, 2014 Monthly Report
24	Approval of Environmental Assessment ToR	3 Jul 2014	Completed	August 28, 2014
25	Complete Environmental Assessment Consultation Report	27 Jan 2015	Delayed	To be determined
26	Submit Environmental Assessment to Ministry of Environment	27 Jan 2015	Delayed	To be determined



### Leave to Construct Milestone

	Milestone	Board Approved Date	Status	Revised Forecast Date
27	Submit Leave to Construct (LTC) application	28 Jan 2015	Delayed	To be determined

- 18. In respect of the milestone achieved during this reporting period:
  - (a) Milestone 9: Receive final SIA from the IESO. NextBridge received a final System Impact Assessment (SIA) Report from the Independent Electricity System Operator (IESO) related to the EWT Project on October 31, 2014. As demonstrated at the below link, this IESO SIA dated October 15, 2014 is posted under Application number CAA-ID 2014-514 on the IESO website:

http://www.ieso.ca/Documents/caa/CAA\_2014-514\_Final\_Report.pdf

Should the length of the EWT Project route change materially, whether due to traversing the Park or otherwise, the SIA may need to be revisited. The new development schedule submitted to the Board on December 19 accommodates this possibility. In any event, a final SIA will be submitted as part of the Leave to Construct application.

### Issues/Risks/Mitigation Summary

- 19. This section of NextBridge's report provides a summary of risks and issues that have arisen during development work, including discussion on potential impact of any such developments on schedule, cost or scope, and of options for mitigating or eliminating the risk or issue.
- 20. As referenced in paragraph 10 above, NextBridge is currently waiting for approval from the Board of a new development schedule. NextBridge continues to carry out a detailed and rigorous assessment of the costs associated with the activities reflected in the new development schedule and milestones and intends to bring forward a budget of costs on or before May 15, 2015.



Attachments to NextBridge Report

# Schedule A

Notification Letter to stakeholders advising of Terms of Reference Approval and Other Project Updates dated November 6, 2014



November 6, 2014

# RE: Proposed NextBridge Infrastructure New East-West Tie Transmission Project – Terms of Reference Approval and Other Project Updates

As you may be aware, NextBridge Infrastructure (NextBridge) is proposing to construct a new double-circuit 230 kilovolt (kV) electric power transmission line from Wawa to the Thunder Bay area. The new East-West Tie is anticipated to generally parallel the existing double-circuit 230 kV line corridor but avoids certain sensitive features crossed by the existing line. The proposed 430 kilometre line is needed to maintain a reliable, long-term supply of electricity in northwestern Ontario (the Northwest). The target in-service date is currently the first half of 2018, although this date is the subject of additional assessment as further discussed below.

There have been some important developments we would like to share with you.

### Terms of Reference Approval

The Project reached a major milestone in late August. NextBridge is pleased to announce that the Terms of Reference for the new East-West Tie Transmission Project (the Project) was approved by the Minister of the Environment and Climate Change on August 28, 2014.

NextBridge submitted the Proposed Terms of Reference to the Minister of the Environment and Climate Change for approval on February 28, 2014. The Proposed Terms of Reference was subsequently revised in response to stakeholder comments and re-submitted on May 22, 2014. The Minister's Notice of Approval is posted on the Ministry's web site at <u>www.ontario.ca/environment-and-energy/east-west-tie-project</u>. The approved Terms of Reference is available for download from the Project web site at <u>www.nextbridge.ca</u>. NextBridge has commenced and is continuing with the Environmental Assessment for the Project in accordance with the approved Terms of Reference.

### Ontario Power Authority and Ontario Energy Board Correspondence Regarding Project Schedule

The Ontario Power Authority (OPA), the provincial agency responsible for long-term electricity planning in Ontario, has been monitoring the factors supporting the need for the new East-West Tie Project. On September 30, 2014, NextBridge received a copy of a letter sent from the OPA to the Ontario Energy Board (OEB). In that letter, the OPA proposed that the development schedule for the Project be extended to work toward a 2020 in-service date. On October 29, 2014, the OEB recommended that NextBridge and the OPA work together to produce a revised development schedule for the Project. The revised schedule may include flexibility to allow the Project to come into service quickly should the pace of demand growth change and require an in-service date prior to 2020. NextBridge is currently working with the OPA to develop a revised development schedule. Links to the September 30, 2014 OPA letter to the OEB, and the October 29, 2014 OEB letter to NextBridge can be accessed by visiting the Project web site at www.nextbridge.ca.

### Pukaskwa National Park

To date, NextBridge has not studied a route through Pukaskwa National Park based on direction from Parks Canada in February 2014. On July 9, 2014 the Ontario Minister of Energy wrote to the Federal Minister of the Environment requesting that the federal government reconsider its position and allow NextBridge to assess routing options in the Park.

# 

NextBridge recognizes that there may be additional features to consider in assessing a potential route through Pukaskwa National Park. If authorization is given to study a route through the Park, NextBridge will consider enhancing the current consultation and engagement program with Park-specific engagement initiatives. In any event, NextBridge will continue with our commitment to timely and meaningful dialogue with the Provincial and Federal governments, First Nations and Métis groups and interested stakeholders to develop a robust Project.

### Rescheduling of the Third Round of Open Houses

The third round of Project Open Houses, originally scheduled to begin in late September 2014, will be held at a later date. NextBridge appreciates the time you have taken to participate in our past Open Houses and want to ensure that timely and relevant information is available when you attend these events. We will notify you when new Open House dates have been established.

NextBridge appreciates your input as we continue to work on this Project and we will keep you up to date as development continues. If you have any questions or concerns, or if you require further information regarding this Project, please call our toll-free phone line at 1-888-767-3006 or email <u>info@nextbridge.ca</u> and leave your contact information or visit our project web site at <u>www.nextbridge.ca</u>.

Sincerely,

[Original Signed]

Michael Power, P.Eng. Project Director – East-West Tie Transmission Project NextBridge Infrastructure

Si vous désirez ces informations en français, s'il vous plaît contactez NextBridge au 1-888-767-3006 ou info@nextbridge.ca.

EB-2011-0140 Upper Canada Transmission, Inc. (NextBridge) Report January 22, 2015

Attachments to NextBridge Report

# Schedule B

# **Summary of John Deese qualifications**

### John Deese - Project Director

### Biography

John Deese is Executive Director of Transmission Development at NextEra Energy Transmission, LLC, an indirect wholly owned subsidiary of NextEra Energy, Inc.

John joined NextEra in March of 2014 to lead NextEra transmission development initiatives, including transmission development efforts for the PJM regional transmission organization. John has been assisting with the EWT Project development efforts. Prior to joining NexEra Energy Transmission, John spent 17 years at Hess Corporation, an integrated energy company, holding various leadership roles. John has extensive experience leading teams and projects through development and operation phases.

### Professional Experience

### NextEra Energy Transmission March 2014 - present

- Led transmission development efforts in the PJM Regional Transmission Organization's newly implemented FERC Order 1000 process
- Managed cross-functional teams of power flow, environmental, land, engineering, construction, operations, maintenance, finance, etc. to identify, develop and propose competitive transmission solutions for both short-term and long-term reliability and market efficiency issues within PJM

### Hess Corporation 1997 – March, 2014

- Held leadership positions in a variety of functional areas in Energy Marketing and Retail business units
- Customized complex energy solutions for government agencies and large commercial customers
- Experience managing diverse groups of people over a wide geography

### **Education and Credentials**

Hess Executive Business Leadership Program, Duke University

Strategic Marketing for Executives, Darden School of Business

Achieving Breakthrough Service; Driving Performance and Profitability, Harvard Business School

Bachelor of Science, Florida State University

# **TAB 2**



June 24, 2015

### VIA COURIER, EMAIL and RESS

Ms. Kirsten Walli Board Secretary Ontario Energy Board P.O. Box 2319 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Dear Ms. Walli:

### Re: EB-2011-0140; East-West Tie Project

On May 15, 2015, Upper Canada Transmission, Inc. ("UCT" or "NextBridge") responded to the January 22, 2015 decision from the Ontario Energy Board (the "Board") with an updated development schedule for the East-West Tie expansion project ("EWT Project"). In addition to the development schedule, NextBridge also provided details on additional development costs for which it seeks recovery.

In the May 15, 2015 letter, NextBridge advised the Board that if access to study Pukaskwa National Park (the "Park") is not granted by Parks Canada within 30 days, NextBridge will no longer pursue authorization to study in the Park. This letter is an update to the Board on this matter.

If the Board has any questions, please do not hesitate to contact me (<u>krista.hughes@enbridge.com</u>, 403-718-3552) or Edith Chin (<u>edith.chin@enbridge.com</u>, 416-753-7872).

Yours truly,

(Original signed)

Krista Hughes Senior Regulatory Counsel, Enbridge Pipelines Inc.

cc: Mr. B. Campbell, President and Chief Executive Officer, IESO Mr. C. Marcello, President and Chief Executive Officer, Hydro One Networks Inc.



June 24, 2015

### VIA COURIER, EMAIL

Ms. Kirsten Walli Board Secretary Ontario Energy Board P.O. Box 2319 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Dear Ms. Walli:

### Re: EB-2011-0140; East-West Tie Expansion Project <u>NextBridge Pukaskwa National Park Update</u>

On May 15, 2015, Upper Canada Transmission, Inc. ("UCT" or "NextBridge") filed its response (the "May 15<sup>th</sup> Filing") to a decision and order issued by the Board on January 22, 2015 with regard to the proposed East-West Tie Line electricity transmission project (the "EWT Project"). NextBridge is writing now to provide the Board with an update on certain information that was included in the May 15<sup>th</sup> Filing.

The May 15<sup>th</sup> Filing consisted of a letter (the "May 15<sup>th</sup> Letter") from NextBridge to the Board and five attachments, which were identified as Schedules A to E. In the May 15<sup>th</sup> Letter, NextBridge indicated that its efforts to gain access to Pukaskwa National Park (the "Park") to study a possible route through the Park for a portion of the EWT Project (the "Park Study") had met with only limited success. NextBridge said that, should access to study the Park not be granted within 30 days of the May 15<sup>th</sup> Filing, NextBridge would no longer pursue authorization to study in the Park, in which case Park Study costs of approximately \$2.9 million would not be required. NextBridge also said that it expected to be able to advise the Board on or before July 1, 2015 if the Park Study funds are required.

On June 1, 2015, NextBridge participated in a conference call with Mr. Alan Latourelle, Chief Executive Officer of Parks Canada, and other representatives of Parks Canada in which NextBridge received confirmation that access to the Park for the purposes of studying a route through the Park will not be allowed. NextBridge has received no further correspondence from Parks Canada on the subject. Based on this information, NextBridge confirms that no further effort will be made to pursue authorization to study in the Park, and the Park Study funds identified are not required. As stated in the May 15<sup>th</sup> Letter, removing the Park Study costs from the budget of costs for the Extended Development Period<sup>1</sup> reduces the Extended Development Period Incremental Costs<sup>2</sup> to \$20.3 million. NextBridge seeks approval of these Extended Development Period Incremental Costs on the basis set out in the May 15<sup>th</sup> Letter. Should such approval be granted, the total approved costs for the 53-month Extended Development Period would be approximately \$42.7 million, compared to Boardapproved costs for the original 18-month development period of approximately \$22.4 million.

Given the denial of permission to study a route through the Park, NextBridge has attached to this letter revised versions of Schedules A, C and D from the May 15<sup>th</sup> Filing.<sup>3</sup> The following is a more particular description of the revised Schedules attached to this letter:

### (i) Revised Schedule A

Schedule A contains the Updated Extended Development Schedule. In the Revised Schedule A, milestones "V" and "KK" have been marked "Exclusively Park Study related and no longer applicable" to reflect the fact that the Park Study will not occur.

### (ii) Revised Schedule C

Schedule C contains a breakdown of incremental Extended Development Period activities and corresponding costs. In the Revised Schedule C, the category of activity "Park Study" - specifically activity 43 ("Incremental activities to study in the Park") and corresponding costs - has been removed and the total costs have been reduced accordingly.

### (iii) Revised Schedule D

Schedule D contains a consolidation of Extended Development Period incremental costs by work stream, to match the format in NextBridge's reports to the Board. In the Revised Schedule D, costs have been removed from a number of categories under the heading Extended Development Period Incremental Costs to reflect the fact that the Park Study will not occur. The cost reduction affects all categories under this heading. with three exceptions, Permitting and Licensing, Interconnection Studies and Contingency.

While NextBridge continues to conserve the Board-Approved Costs as possible, NextBridge respectfully requests that the Board proceed expeditiously in relation to this matter for the reasons set out in the May 15<sup>th</sup> Letter. We look forward to receiving the

As defined at page 6 of the May 15<sup>th</sup> Letter.

 <sup>&</sup>lt;sup>2</sup> As defined at page 7 of the May 15<sup>th</sup> Letter.
 <sup>3</sup> Schedules B and E in the May 15<sup>th</sup> Filing were letters dated May 5, 2015 and March 17, 2015 respectively that are not affected by the Park decision.

Board's procedural directions with regard to the relief requested in the May 15<sup>th</sup> Letter and this letter.

Yours truly,

(Original Signed)

Eric Gleason President, Upper Canada Transmission, Inc.

# Updated Extended Development Schedule

# Engineering

	Milestone	Proof of Completion	Target Date	Achieved
А	Initiate engineering	Request for Proposal for	13 Sep 2013	Х
(formerly 1)		engineering		
В	Sign contract for	Executed contract	31 Oct 2013	Х
(formerly 2)	engineering			
С	Finalize design criteria	Design criteria report	31 Jan 2014	Х
(formerly 3)	for conductor and			
	structure			
D	Complete conductor	Completed study	7 Mar 2014	Х
(formerly 4)	optimization study			
E	File request for a	Confirming	12 Mar 2014	Х
(formerly 5)	System Impact	correspondence		
	Assessment (SIA) with			
	the IESO			
F	Status report on	Status Report	31 Mar 2014	Х
(formerly 6)	progress toward			
	finalization of structure			
	choice			
G	Obtain senior	Structure Selection Report	1 July 2014	Х
(formerly 7)	management approval			
	of the structure			
	configuration proposal			
Н	Complete aerial surveys	Aerial surveys report	14 Oct 2014	Х
(formerly 8)				
I	Complete Preliminary	Confirming	15 Sep 2016	
	Foundation Design	Correspondence		
J	Complete Engineering	Confirming	9 June 2017	
	"Issued-for-bid" Design	Correspondence		
	Package			
К	File request for updated	Confirming	3 Apr 2017	
	System Impact	Correspondence		
	Assessment (SIA) as			
	required			
L	File request for updated	Confirming	14 July 2017	
	Connection Impact	Correspondence		
	Assessment (CIA) as			
	required			
М	Receive final SIA from	Confirming	13 Oct 2017	
	the IESO	Correspondence		
N	Receive final CIA from	Confirming	13 Oct 2017	
	HONI	Correspondence		

# Route Selection, Land/ROW Acquisition and Community/Municipal Consultation

	Milestone	Proof of	Target Date	Achieved
		Completion	U	
O (formerly 10)	Prepare list of landowners along the ROW	Line list	10 Oct 2013	Х
P (formerly 11)	Complete design of Landowner, Community and Municipal Consultation Plan	Consultation plan	1 Nov 2013	Х
Q (formerly 12)	Commence negotiations or discussions with all landowners and permitting agencies	Confirming correspondence	25 Nov 2013	Х
R (formerly 13)	Finalize proposed route and obtain senior management approval	Final route report	1 July 2014	Х
S	Confirmation of authorization to study in Pukaskwa National Park	Confirming Correspondence	15 June 2015	Х
T	Update Landowner, Community and Municipal Consultation Plan	Updated Plan	15 Jan 2016	
U	Issue RFP for Timber Valuation	Award Letter	1 Feb 2016	
V	Establish Community Advisory Board(s) as required	Proposed Terms of Reference for the Community Advisory Board	31 Dec 2015	Exclusively Park Study related and no longer applicable
W	Initiate land optioning program	Instruction letter to Land Agent to initiate optioning activity	31 Mar 2016	
X	Substantial completion of distribution of option agreements	Line list and sample package of documents	30 Nov 2016	
Y	Finalize preferred route and obtain senior management approval (update to Milestone R)	Preferred Route Report	7 Apr 2017	
Z	Substantial completion of signing of option agreements	Acquisition Status Report	31 Aug 2017	
AA	Crown Land Disposition Application filed	Confirming correspondence	15 Sep 2017	
BB	Notify landowners of LTC application filing	Line List and Notice	15 Dec 2017	

# Aboriginal Engagement, Consultation and Participation

	Milestone	Proof of Completion	Target Date	Achieved
CC	Send introductory	Confirming	30 Aug 2013	Х
(formerly 14)	correspondence to	correspondence		
	aboriginal communities			
DD	Initial meeting with Ministry	Confirming	15 Sept 2013	Х
(formerly 15)	of Energy regarding the	correspondence		
	MOU for delegation			
EE	Complete	Confirming	30 Sept 2013	Х
(formerly 16)	initial/introductory contact	correspondence		
	with all aboriginal			
	communities identified by			
	the Ministry of Energy			
FF	Sign MOU with Ministry of	Executed MOU	5 Nov 2013	Х
(formerly 17)	Energy regarding the			
	delegation			
GG	Complete design of First	Participation plan	2 Jan 2014	Х
(formerly 18)	Nations and Metis			
	Participation Plan with			
	community input		0.1.0014	X
HH	Complete design of First	Consultation plan	2 Jan 2014	Х
(formerly 19)	Nations and Metis			
П	Establish Aboriginal	Proposed Terms of	1 Feb 2016	
		Reference for the		
	Board(s)			
	Develop plan for	Board	2 May 2016	
22	Aboriginal Training and	Plan	2 May 2016	
KK .		Plan	2 Eab 2016	Exclusively
	specific Aboriginal		21602010	Park Study
	consultation plan as			related and
	required			no longer
				applicable
				applicable

# Environmental Assessment (Provincial)

	Milestone	Proof of Completion	Target Date	Achieved
LL	Consult with	Confirming	10 Oct 2013	Х
(formerly 20)	environmental agencies	correspondence		
	(Ministry of Environment,			
	Ministry of Natural			
	Resources, Parks Canada			
	and Ontario Parks)			
MM	Issue notice of draft Terms	Public advertisement of	16 Jan 2014	Х
(formerly 21)	of Reference (ToR)	draft ToR		
	available for review			
NN	File Environmental	Confirming	28 Feb 2014	Х
(formerly 22)	Assessment ToR	correspondence		
00	Initiate wildlife, aquatics	Plan outlining summer	1 May 2014	Х
(formerly 23)	and early season	programs		
	vegetation assessments			
PP	Approval of Environmental	Confirming	3 July 2014	Х
(formerly 24)	Assessment ToR	correspondence		
QQ	Field Studies Resumed	Field Plan	16 May 2016	
RR	Submit Draft		25 Nov 2016	
	Environmental	MOECC Receipt		
	Assessment (EA) Report	Confirmation		
	for MOECC Review			
SS	Submit Draft EA Report for	MOECC Receipt	24 Jan 2017	
	Public Comment	Confirmation		
TT	Complete Consultation	MOECC Bassint	4 May 2017	
Summary for the EA		Confirmation		
	Submission	Committation		
UU	Submit Final EA to	MOECC Receipt	4 May 2017	
	MOECC	Confirmation		

### **Regulatory**

	Milestone	Proof of Completion	Target Date	Achieved
VV	IESO 2015 Needs	IESO need update report	15 Dec 2015	
	Assessment update			
WW	IESO 2016 Needs	IESO need update report	15 Dec 2016	
	Assessment update			
XX	IESO Confirmation of	IESO confirming	31 May 2017	
	Need	correspondence		
YY	Submit LTC application	Application	15 Dec 2017	
(formerly 27)				

E					
Originally included in budget for construction phase	N	2 2	8	2 2	N
Explanation for the need for the incremental development cost	To consider and revise Consultation Plan to address changed circumstances arising from extended development period.	To prepare and deliver one round of open houses at 8 locations within EWT Project area as part of broader stakeholder relations consultation program to keep public and stakeholders abreast of EWT Project development activity.	Provision of financial resources to facilitate meaningful Aboriginal participation in consultation activity required throughout the extended development period, including enhancement of traditional knowledge studies and skills development.	To engage in ongoing Aboriginal consultation activity throughout the extended development period with the 18 communities identified by the Crown as potentially impacted by the EWT Project , including ongoing community meetings to discuss the EWT Project, skills development and employment opportunity discussions.	To facilitate ongoing Aboriginal Advisory Board meetings and honoraria for member participation throughout the extended development period.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	10,000	310,000	1,260,000	1,510,000	000'06
Related to consideration of a route through Pukaskwa National Park	S	°N N	8	8	N
Reason for shifting to development phase	N/A	N/A	N/A	N/A	N/A
Originally included in construction phase (1)	0 N	° Z	° Z	° Z	No
Why is activity not included in original development schedule but is now required	Extended Development Period	Extended Development Period	Extended Development Period	Extended Development Period	Extended Development Period
Specific activity	<u>n</u> 1) Update Stakeholder Relations Consultation Plan	2) One additional round of open houses	3) Aboriginal capacity funding expenditures	4) Aboriginal consultation costs	5) Aboriginal Advisory Board
Category of activity	Project Extensic				

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 1 of 8

Originally included in budget for construction phase	8	8	°2	°N N	°2	°2
Explanation for the need for the incremental development cost	To revisit, update and re-engage stakeholders and other interested parties regarding PBR matters during preparation of the LTC application.	Stakeholder relations consultation program to keep public and stakeholders abreast of EWT Project development activity over extended development period, including preparing EWT Project update materials, tracking and responding to inquiries, website and database management and municipal meetings.	To revisit LTC requirements, re-establish LTC application preparation schedule, complete additional LTC draft cycle, as well as liaising with IESO regarding incremental needs analyses.	To facilitate accounting, internal financial reporting, EWT Project decision documentation and procurement support throughout extended development period.	Multi-disciplinary review of workstream activities in furtherance of EWT Project development to ensure consistency and alignment.	To maintain office lease, utilities, salaries for Project Director, Project Manager and one administrative position and miscellaneous overhead throughout extended development period.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	30,000	300,000	60,000	300,000	1,290,000	1,700,000
Related to consideration of a route through Pukaskwa National Park	Q	2	2	ON	ON	ON
Reason for shifting to development phase	N/A	N/A	A/A	N/A	N/A	N/A
Originally included in construction phase (1)	ON	O N	ON	N	ON	ON
Why is activity not included in original development schedule but is now required	Extended Development Period	Extended Development Period	Extended Development Period	Extended Development Period	Extended Development Period	Extended Development Period
Specific activity	6) Additional performance-based ratemaking (PBR) consultation	7) Stakeholder engagement program	8) Ramp-up of LTC preparation	<ol> <li>Accounting back office, internal reporting and procurement support</li> </ol>	10) Support functions for EWT Project development work from all work streams	11) EWT Project office salaries and overheads
Category of activity						

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 2 of 8

Originally included in budget for construction phase	2	No	°Z	No	N	0 N	No	No
Explanation for the need for the incremental development cost	To revisit and update SIA and CIA in the event that material modifications to design, interconnection or route length arise during extended development period activity.	Supplemental socio-economic data collection to ensure currency of information collected.	To revisit and revise project execution strategy, scope, schedule and budget to address extending the EWT Project in- service date to 2020.	To present revised schedule for approval and budget of costs for recovery before the OEB.	To prepare and implement a government relations strategy with the objective of gaining access to study a route through the Park.	To fulfil Canada Revenue Agency tax reporting requirements for NextBridge Infrastructure LP over the extended development period.	Annual audit of financial statements over the extended development period.	To fulfil transmitter licence reporting requirements over the extended development period.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	60,000	170,000	000'068	310,000	100,000	50,000	140,000	220,000 8,800,000
Related to consideration of a route through Pukaskwa National Park	S	°N N	In part	N	Yes	õ	N	°N N
Reason for shifting to development phase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A ION SUBTOTAL
Originally included in construction phase (1)	ON	N	ON	oN	No	N	N	No PROJECT EXTENSI
Why is activity not included in original development schedule but is now required	Extended Development Period	Extended Development Period	OPA Letter	OPA Letter	OPA Letter	Extended Development Period	Extended Development Period	Extended Development Period
Specific activity	12) Update System Impact Assessment (SIA) and Customer Impact Assessment (CIA)	13) Supplemental socio-economic assessment	14) Preparation of revised EWT Project schedule & budget	15) May 15, 2015 submission review costs	16) Pursuit of authorization to study route through Pukaskwa National Park (Park)	17) Proponent information tax returns	18) Annual audit of EWT Project financial statements	19) OEB quarterly reporting
Category of activity								

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 3 of 8

Originally included in budget for construction phase	о Х	8	No	No
Explanation for the need for the incremental development cost	Costs associated with completing a detailed alternatives assessment considering over 30 additional alternative routes around communities, parks, reserves and protected areas in response to MNRF and MOECC instruction and stakeholder engagement.	As a result of interaction with MNRF, additional environmental assessment and field study activity was determined to be required in relation to an expanded area, including access orads, laydown and difficult to access areas. The MNRF also requires significantly more detailed information on all aspects of the undertaking such as location of aggregate resources, detailed fisheries assessments, location of temporary laydown yards and man camps, typically associated with the permitting stage following approval of the EA.	Additional costs for environmental permitting acquisition and related activities for the incremental EA field work identified in 21) above.	To work with MNRF and other agencies to delineate incremental study area and corresponding additional assessment activities identified in 21) above.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	110,000	2,210,000	410,000	120,000
Related to consideration of a route through Pukaskwa National Park	8	2	QN	0 N
Reason for shifting to development phase	N/A	A Y	N/A	N/A
Originally included in construction phase (1)	о Х	° Z	0 N	0 N
Why is activity not included in original development schedule but is now required	Scope Change	Scope Change	Scope Change	Scope Change
Specific activity	ce/Scope Change 20) Expanded alternatives assessment	21) Incremental field studies and access route assessment	22) Incremental environmental permits	23) Establish incremental study area and required activities
Category of activity	Budget Varian			

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 4 of 8

Originally included in budget for construction phase	QN	0 Z	oz	0 Z	2	0 Z
Explanation for the need for the incremental development cost	To complete additional socioeconomic data collection related to expanded study area identified in 21) above.	Increased capacity funding support provided to Aboriginal communities to facilitate traditional knowledge data collection and consolidation.	Additional costs to complete Stage 2 archaeological assessment in relation to a larger area than originally anticipated. This is partially due to better information	Costs to assess the environment of the cost of a second method of the cost of	To complete a review of EWT Project for the LTC application for the purpose of design validation, cost estimate validation and project readiness.	Additional costs to purchase and review title and encumbrance documents in support of third party agreement negotiations, which are more extensive than anticipated.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	170,000	480,000	1,270,000	210,000	250,000	170,000
Related to consideration of a route through Pukaskwa National Park	N	0 Z	Q	0 Z	Q	0 N
Reason for shifting to development phase	N/A	N/A	N/A	N/A	N/A	N/A
Originally included in construction phase (1)	N	0 Z	0 N	0 N	0 Z	0 Z
Why is activity not included in original development schedule but is now required	Scope Change	Budget Variance	Budget Variance	Budget Variance	Budget Variance	Budget Variance
Specific activity	24) Incremental socio-economic assessment	25) Capacity funding agreements	26) Archaeology Stage 2 study	27) Timber valuation	28) Engineering review	29) Land title review activity
Category of activity						

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 5 of 8

Originally included in budget for construction phase	°N N	8	N	N	Ŷ	Ŷ	N
Explanation for the need for the incremental development cost	Costs related to legal support required to review and execute land agreements, particularly complex in relation to Crown disposition rights holders.	To track compliance with commitments made by NextBridge over the course of the designation and development phases of the EWT Project, as well as to tailor safety processes and compliance monitoring for the EWT Project.	Costs to support EWT Project area communities through funding and participation in events and activities.	Additional costs to collect, manage, interpret and prepare technical figures for the reports in support of the EA.	Costs resulting from obtaining access agreements independent of land optioning arrangements, which occurred when a specific route for acquisition could not be confirmed early in the development phase as anticipated.	Additional costs for the evaluation of land market values resulting from limited availability of sales data, requiring expansion of scope criteria to ensure determination of representative values.	Increased costs to address requests for tailored capacity funding agreements.
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	340,000	110,000	40,000	50,000	1,140,000	30,000	170,000
Related to consideration of a route through Pukaskwa National Park	8	2	N	0N N	8	2	ON
Reason for shifting to development phase	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Originally included in construction phase (1)	°N N	°z	No	NO	° Z	° Z	No
Why is activity not included in original development schedule but is now required	Budget Variance	Budget Variance	Budget Variance	Budget Variance	Budget Variance	Budget Variance	Budget Variance
Specific activity	30) Legal support for land activity	31) Compliance tracking and safety coordination & monitoring	32) Community Investment	33) Data management/technical figure production	34) Land access and optioning activities	35) Market valuation	36) External general legal support for review and negotiations of documents & Aboriginal capacity funding agreements
Category of activity							

### Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 6 of 8
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Extended Devel	lopment Period Incremental Activities and Costs							
Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
	37) Aboriginal consultation costs	Budget Variance	°N	N/A	Q	160,000	Additional costs to coordinate EWT Project Aboriginal traditional knowledge data collection, consolidation and reporting.	S
	38) Stakeholder relations activity	Budget Variance	° Z	N/A	°2	350,000	Additional costs attributable to incorporating expanded components to open house activities completed to date, including additional locations and security measures, as well as more frequent and extensive meetings with municipalities to address interest in the EWT Project.	8
	39) Regulatory and accounting matters	Budget Variance	o Z	N/A	°Z	140,000	To prepare OEB application for authorization to use US GAAP so as to streamline EWT Project accounting practices. Also, to prepare Electricity Reporting and Recordkeeping Requirement (RRR) submissions and to consider deferral account matters arising from the designation decision, PBR and other regulatory matters.	8
	40) Support functions for EWT Project development work from all work streams	Budget Variance	O Z	N/A	2 Z	680,000	Additional costs for coordinating project development activities, including additional labour to manage the EWT Project through the development phase.	02 2
		H	BUDGET VARIANCI	E/SCOPE CHANGE SUBTOT	-AL	8,610,000		

# Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 7 of 8

# **Extended Development Period Incremental Activities and Costs**

Originally included in budget for construction phase	Yes	Yes			
Explanation for the need for the incremental development cost	Costs to participate in EA review process scheduled to start in advance of the LTC filing.	A portion of costs to acquire land options that were previously going to be pursued in the construction phase.			
Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000\$)	540,000	460,000	1,000,000	1,960,000	20,370,000
Related to consideration of a route through Pukaskwa National Park	°2	2			
Reason for shifting to development phase	With EA submission now scheduled to precede LTC filing by approximately seven months, a portion of the work required to participate in EA review process now falls during the development phase.	The 35 additional months offers a valuable opportunity to shift a component of land optioning and related activity into the development phase.	<b>3TOTAL</b>		
Originally included in construction phase (1)	Yes	Yes	HASE SHIFT SUE	ONTINGENCY	OTAL
Why is activity not included in original development schedule but is now required	Filing EA in Advance of LTC.	Proactive measure to maximize extended development period so as to limit expropriation costs.	4	0	F
Specific activity	41) Environmental Assessment review participation	42) Incremental land optioning negotiations			
ategory of ictivity	thase Shift				

NOTES: (1) Construction phase refers to the period of time between filing of the LTC application and the in-service date. (2) In relation to certain activities, the referenced Extended Development Period Incremental Costs reflect contributions from multiple workstreams. A consolidation of the costs attributable to individual workstreams is captured in Schedule D.

# Revised Schedule C NextBridge 20150624 Updated Response To OEB 20150122 Order Page 8 of 8

NextBridge Infrastructure LP

Extended Development Period Incremental Costs by Workstream June 24, 2015

Revised Schedule D NextBridge 20150624 Updated Response To OEB 20150122 Order Page 1 of 1

Cost Category Budgeted	Board-Approved Costs (nominal dollars) (1)	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Total Anticipated Extended Development Period Costs ( <b>2</b> )
Engineering, Design and			
Procurement Activity	10,553,290	240,000	10,793,290
Permitting and Licensing	47,320	30,000	77,320
Environmental and Regulatory			
Approvals	3,592,680	4,890,000	8,482,680
Land Rights	1,991,000	2,580,000	4,571,000
First Nations and Métis			
Consultation	1,724,000	3,750,000	5,474,000
Other Consultation	496,000	2,020,000	2,516,000
Regulatory (legal support, rate			
case and LTC filings)	985,000	1,510,000	2,495,000
Interconnection Studies	179,000	60,000	239,000
Project Management ( <b>3</b> )	1,300,000	3,330,000	4,630,000
Contingency	1,529,710	1,960,000	3,489,710
TOTALS	22,398,000	20,370,000	42,768,000

#### NOTES:

(1) Ontario Energy Board EB-2011-0140 East-West Tie Line Designation Phase 2 Decision and Order issued on August 7, 2013.

(2) Total Anticipated Extended Development Period Costs do not include costs as set out in Table 2: Unbudgeted Costs in NextBridge's monthly and quarterly reports to the Board.

(3) Costs not attributable to a specific workstream have been captured within Project Management.

## **TAB 3**

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#### UNDERTAKING JT1.23

#### **UNDERTAKING**

TC TR 1, page 105

To provide a breakdown of increase in the cost due to incremental field studies and access route assessment.

#### <u>RESPONSE</u>

Below is a breakdown of the budgeted incremental costs for the Extended Development Period related to incremental field studies and access route assessments.

Extended Development Period Incremental Cost	Explanation
\$1,407,956	<ul> <li>Environment support for the geotechnical drilling program including environmental inspectors;</li> <li>Field studies for the new route around Pukaskwa Park and through White River because the Pukaskwa Park route was no longer a viable option;</li> <li>field studies of access roads to include in the environmental assessment that were not planned for; and</li> <li>obtain land access for field studies and geotechnical drilling program for the new route around Pukaskwa Park and through White River because the Pukaskwa Park route was no longer a viable option.</li> </ul>
\$520,000	As a result of interaction with MNRF, additional environmental assessment and field study activity was determined to be required in relation to an expanded area, including access roads, laydown and difficult to access areas. The MNRF also requires significantly more detailed information on all aspects of the undertaking such as location of aggregate resources, detailed fisheries assessments, location of temporary laydown yards and man camps, typically associated with the permitting stage following approval of the EA.
\$9,000	Desktop evaluation of additional alternate routes for the alternatives assessment in the EA.
\$55,000	Incorporation of additional field studies in the EA report
\$215,000	Additional stakeholder relations scope for consultation to support the EA
\$2,206,956 <sup>1</sup>	

(1) Rounded to \$2,210,000 in NextBridge response to Board Staff Interrogatory #21, found at I.NextBridge.STAFF.21.

### **TAB 4**

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.10 Page 1 of 3

#### UNDERTAKING JT1.10

#### UNDERTAKING

TC TR 1, page 33

(1) To provide copies of the variance analysis that were prepared by the project management office during the development period, (2) to provide any copies of any management approvals for the budget variances (3) to provide any details of any steps that were taken as a result of these variances either trying to contain costs or use alternate kind of means.

#### **RESPONSE**

#### <u>Part 1</u>

Variance analyses that were prepared by the project management office during the development phase are included in NextBridge's response to JT1.9.

#### <u>Part 2</u>

Management's approval of the budget variance was within its discretion; there are no documents responsive to this request.

#### <u>Part 3</u>

Below are examples of steps taken and measures implemented to contain costs or use alternate kind of means. NextBridge, including its partner organizations, follow the following processes:

- 1. During the extended development period, work was completed only for critical activities;
- 2. Staff can only charge up to a maximum of 40 hours a week to the EWT Line Project. Team leads were responsible to ensure that internal resources did not charge more than the time allotted to these resources during this phase;
- 3. Staff work on other projects for their respective organizations and charge time to those projects accordingly;
- 4. There are no fulltime staff assigned to the EWT Line Project;
- 5. Team lead meetings, when necessary, were scheduled based on EWT Line Project requirements;
- 6. Minimize travel to necessary business trips, coordinate with EWT Line Project team and attend meetings via conference call/Skype where available rather than in-person

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attendance;

- 7. Enbridge Inc. ("Enbridge") and NextEra Energy, Inc. ("NextEra") have comprehensive travel policies and agreements with travel providers to realize reduced airfare, accommodations and vehicle rental costs;
- 8. Travel and related expenses were limited to those planned and budgeted; and
- 9. Bidding of contracts and aggressive contract negotiations.

In addition to the overall organization processes, each discipline reviewed its tasks and took the following steps during the development period:

- 1. Engineering, design, and procurement:
  - Most engineering services during development were contracted through competitive sourcing and under fixed priced contracts and not on an hourly rate basis;
  - b. Internal engineering resources, other than project manager and project engineer, were rigorously engaged in on an as needed basis; and
  - c. Variances were a result of timing of expenses rather than increase of costs, so upcoming expenses were forecasted to ensure no overall cost overrun.
- 2. Environmental and regulatory:
  - a. Request for proposal was completed for the environmental assessment (EA) balance of work after the low spend period;
  - b. RFPs were completed for (a) the permitting phase scope of services, and (b) the archaeological work; and
  - c. NextBridge worked with its consultants to find efficiencies where possible.
- 3. Land rights:
  - a. Limit and monitor the specific land employees working on project to reduce # of personnel charging to the project.
- 4. First Nation and Métis:
  - a. Individual First Nation and Métis meetings were grouped together to be efficient with time and travel expenses; and
  - b. Used internal labour to minimize consultants.
- 5. Other consultation:
  - a. A half time contract position was re-worked with another contractor, where cost saving was realized through a new agreement through an employee agency for the same staff member;
  - b. Website hosting was internalized (within Enbridge) and therefore, it eliminated hosting, updating and domain costs;
  - c. Format and timing of open houses was modified to compress the time in the field

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.10 Page 3 of 3

and avoid straddling weekends, which reduced airfare and accommodation costs;

- d. Security costs were reduced after the first rounds of open houses by eliminating some security measures based on results of this open house;
- e. When permitted by Ministry of Environment and Climate Change, laptops were loaded with EA documentation for review at public viewing locations to reduce significant printing and shipping costs associated with EA documentation; and
- f. Some stakeholder relations' roles on the EWT Line Project have been eliminated based on attrition and not backfilled.
- 6. Regulatory:
  - Regulatory analyst transitioned to non-EWT Line project work in early 2015, and was not replaced until leave to construct application preparation resumed in 2016;
  - b. Legal regulatory work was completed internally as much as possible to minimize external legal counsel costs; and
  - c. RFP for modelling consultant was completed under a fixed fee arrangement.
- 7. Project management:
  - a. NextBridge currently shares office space with one of the project partners at no charge to NextBridge.

## **TAB 5**



March 14, 2018

#### VIA COURIER, RESS and EMAIL

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

Dear Ms. Walli:

#### Re: Upper Canada Transmission, Inc. ("UTC" or "NextBridge") Ontario Energy Board ("OEB" or "Board") File EB-2017-0182/EB-2017-0194 New East-West Tie Line Project NextBridge Response to Board Procedural Order No. 2

On March 1, 2018, the OEB issued Procedural Order No. 2 in EB-2017-0182. In that order, the OEB concluded, among other things, that a more complete record on costs is needed to assess the prudency of the development costs and the reasonableness of the construction costs. On this basis, the OEB directed NextBridge to file the evidence it believes to be necessary to support the development and construction costs for the Project by March 14, 2018. NextBridge hereby submits the following additional evidence:

- Exhibit B, Tab 15, Schedule 1 plus Attachment titled "Detailed Description of Construction Costs" related to the reasonableness of NextBridge's construction costs; and
- Exhibit B, Tab 16, Schedule 1 plus Attachments titled "Development Costs" related to the prudence of NextBridge's development costs.

Also through Procedural Order No. 2, the Board offered NextBridge the opportunity to file a revised confidentiality request, and further directed NextBridge to file on or before March 14, 2018 a detailed explanation of specific reasons why the proposed confidential information should be treated as confidential and why public disclosure of that information would be detrimental. NextBridge has submitted under separate cover a letter describing the materials for which NextBridge continues to seek confidential treatment in accordance with the Board's *Practice Direction on Confidential Filings* and providing a detailed explanation of specific reasons why the proposed confidential information should be treated as confidential and why public disclosure of that information should be treated as confidential and why public disclosure of that information would be treated as confidential and why public disclosure of that information should be treated as confidential and why public disclosure of that information should be treated as confidential and why public disclosure of that information should be treated as confidential and why public disclosure of that information would be treated as confidential and why public disclosure of that information would be detrimental.



That submission also provides updated NextBridge responses to Board Staff Interrogatory #7 and CCC Interrogatory #8.

Yours truly,

(Original Signed)

Krista Hughes Senior Legal Counsel Enbridge Employee Services Canada Inc.

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#### **DEVELOPMENT COSTS**

#### 2 Development Costs Incurred

1

3 Between August 7, 2013 and July 31, 2017 (the "Extended Development Period"),

4 NextBridge incurred \$40.2 million developing the East West Tie Line Project to the point

5 of being in a position to file a leave to construct application. While NextBridge invested

6 significant staff hours of internal time and associated resources and incurred substantial

7 external services costs to prepare its application for designation and participate in the

8 Board's designation process, those costs have not been included in the development

9 costs for the East West Tie Line Project ("EWT Line Project").

#### 10 Some Development Costs Already Determined to be Prudent and Reasonable

Of the \$40.2 million in development costs incurred during the Extended Development 11 Period, \$22.4 million (nominal dollars)<sup>1</sup> have already been approved for recovery by the 12 Board. NextBridge was selected as the designated transmitter for the development 13 phase of the EWT Line Project in the Board's EB-2011-0140 Phase 2 Decision and 14 Order issued on August 7, 2013 (the "Phase 2 Decision"). In accordance with the 15 Board's Phase 1 Decision and Order issued on July 12, 2012 in the same proceeding 16 (the "Phase 1 Decision"), the selection of a transmitter for designation indicates, first, 17 that the Board has found the transmitter's development costs to be reasonable and, 18 second, that the development costs are approved for recovery.<sup>2</sup> The Phase 2 Decision 19 concluded that the development costs budgeted by NextBridge are reasonable and it 20

confirmed that NextBridge will be able to recover the costs of project development, up to

 <sup>&</sup>lt;sup>1</sup> \$22,187,022 in 2012\$- see Phase 2 Decision at p.41, escalated in accordance with NextBridge's EB-2011-0140 Response to Board Interrogatory 26 to all Applicants, at Attachment 1 (the "Board-Approved Costs").
 <sup>2</sup> Phase 1 Decision, at page 17.

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- 1 the budgeted amount, even if the final assessment of need indicates that the EWT Line
- 2 Project is no longer required.<sup>3</sup>
- 3 Development Activities and Corresponding Costs
- 4 At a high level, the development work completed during the Extended Development
- 5 Period included:
- Engaging with landowners and land interest holders, negotiating option
  agreements, obtaining consent and access for various purposes;
  Engaging with stakeholders, hosting open houses and numerous meetings with
  representatives of municipalities along the route of the proposed transmission
  line and government agencies;
  Developing and obtaining Ministerial approval for terms of reference for
  environmental assessment ("EA");
  Completing field study activity, socio-economic data collection and alternatives
- Completing field study activity, socio-economic data collection and alternatives
   assessment related to the project and completing analysis and preparation of an
   environmental assessment;
- Completing detailed engineering of a family of lattice tower structures and testing
   of such structures;
- Completing detailed engineering and design of the transmission line and
   foundations;
- Collecting laser identification detection and ranging ("LiDAR") and survey data,
- 21 designing an access and construction plan and engaging a general contractor to
- 22 oversee construction of the project once appropriate authorizations are in place;
- Extensive engagement, consultation and negotiation of capacity funding
   agreements with 18 First Nations and Métis communities identified by the Ontario
- 25 Ministry of Energy as potentially impacted by the EWT Line Project; and

<sup>&</sup>lt;sup>3</sup> Phase 2 Decision, at pages 41-42.

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- Negotiating participation arrangements in the EWT Line Project with several First
   Nations and Métis communities.
- 3 Details related to the budgeted costs incurred and activities completed in developing the
- 4 EWT Line Project between August 7, 2013 and July 31, 2017 are outlined on an
- 5 individual work stream basis in Attachments 1 through 9 to this Exhibit at Exhibit B, Tab
- 6 16, Schedule 1, Attachments 1 through 9. Specifically, the discipline addressed within
- 7 each attachment is as follows:

Discipline/Work Stream	Attachment
Engineering, Design and Procurement Activity	Attachment 1
Permitting and Licensing	Attachment 2
Environmental and Regulatory Approvals	Attachment 3
Land Rights	Attachment 4
First Nations and Métis Consultation	Attachment 5
Other Consultation	Attachment 6
Regulatory (legal support, rate case and LTC filings)	Attachment 7
Interconnection Studies	Attachment 8
Project Management	Attachment 9

- 8
- 9 In addition, costs were incurred in the Extended Development Period related to activities
- 10 that were identified at designation as an integral component of development activity but
- 11 for which no cost was estimated. Specifically, at the time of designation NextBridge
- 12 was not in a position to estimate costs associated with First Nation and Métis
- 13 participation and land acquisition until further engagement had been initiated with
- 14 communities.<sup>4</sup>
- 15 Details related to First Nation and Métis land acquisition and First Nations and Métis
- 16 participation costs incurred and activities completed through July 31, 2017 are outlined
- in Attachment 10 to this Exhibit at Exhibit B, Tab 16, Schedule 1, Attachment 10.

<sup>&</sup>lt;sup>4</sup> Upper Canada Transmission, Inc. operating as NextBridge Infrastructure Application for Designation to Develop the East-West Tie Line dated January 4, 2013 (EB-2011-0140), at pages 46 and 116; Upper Canada Transmission, Inc. Response to Board Interrogatory 26 to all Applicants, at Attachment 1.

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Finally, carrying charges on all development expenditures and costs related to
NextBridge's participation in an appeal of the designation proceeding Phase 2 Decision
by Ojibways of Pic River (Heron Bay First Nation), now Biigtigong Nishnaabeg, were
incurred during the Extended Development Period and are included in the Extended
Development Period Costs.

6 Attachment 11 to this Exhibit at Exhibit B, Tab 16, Schedule 1, Attachment 11

7 consolidates the Extended Development Period Costs, both budgeted and unbudgeted

8 as described above, to match the format in NextBridge's reports to the Ontario Energy

9 Board.

#### 10 Prudence and Reasonableness of Development Costs

11 1. A Prudent Approach to Controlling Costs

As outlined in NextBridge's response to Board Staff Interrogatory #23 at 12 Exhibit I.B.NextBridge.STAFF.23, NextBridge implemented a robust cost management 13 strategy and control measures during the development phase of the EWT Line Project. 14 This involved management of day-to-day expenditures at the Lead project manager 15 level, with regular reporting to the Project Director and to the Operations Committee that 16 closely monitored any variance from the estimated EWT Line Project budget. Starting in 17 October 2013, budgeted cost information was presented in the regular OEB project 18 19 reporting materials at first on a monthly basis, and then on a quarterly basis starting January 2015. During the entire development phase of the project, when the internal 20 21 financial reporting was completed as part of either the OEB monthly report or quarterly report, a variance analysis was completed by the project management office for each 22 23 discipline and variances (i.e., under or over spend in the month) were asked to be explained. 24

25

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#### 1 2. Cost Recording and Prudent Resource Use

2 As described above, Attachments 1 through 10 to this Exhibit at Exhibit B, Tab 16, Schedule 1, Attachments 1 to 10 detail the total budgeted and unbudgeted amounts 3 recorded by each of the respective disciplines throughout the Extended Development 4 Period. When NextBridge was designated to complete development work for the 5 EWT Line Project in 2013, NextBridge used the work breakdown structure ("WBS") 6 project system to establish a cost recording framework, which is consistent with 7 NextEra's project management system. The WBS project system is used to plan, 8 9 execute, track and account for projects as part of NextBridge's business system. Examples of codes that were established by NextBridge to capture EWT Line Project 10 development costs include internal labour and related employee expenses within each 11 discipline. Additional codes were established where applicable for third party activity, 12 external counsel services, and other matters and/or cost categories relevant to a 13 specific discipline. 14

With respect to the internal labour and related employee expense codes, these codes 15 16 represent time charges from NextBridge partner entity staff that were seconded to the EWT Line Project and working specifically on EWT Line Project development activities 17 during the Extended Development Period. Over the 48-month period, there existed 18 about 7,700 of potential working hours available (40 hours / week times 48 weeks per 19 20 year for 4 years) per full-time staff member. With respect to the Land Rights discipline, the amount of internal labour charged (approximately \$0.5 million) by the land team 21 represents about 0.4 of a fulltime employee working on the EWT Line Project. With 22 respect to Regulatory (legal support, rate case and LTC filings), the amount of internal 23 labour charged (approximately \$1.1 million) represents about 0.75 of a fulltime 24 25 employee over this 48-month period. By accessing partner entity staff on a variable, flexible basis and only as needed, NextBridge was able to retain access to highly skilled 26 and knowledgeable staff without the requirement of compensating such staff at full time 27

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levels. NextBridge diversified the use of partner entity employees and used them as
 required by the project schedule and to save on labour costs.

3 Regarding third party activity-related costs, these represented costs that NextBridge

4 incurred from outside parties that supported the EWT Line Project team in order to

5 execute specific development activities. These costs were prudently managed and, as

6 outlined in NextBridge's response to SEC Interrogatory #8 at

7 Exhibit I.B.NextBridge.SEC.8, the majority of these costs were competitively procured.

8 3. A Prudent Response to Extension of the Development Phase

9 Not all of the development costs incurred by NextBridge were initially expected to form

10 part of the development phase of the EWT Line Project. At the time of designation,

11 NextBridge anticipated incurring \$22.2 million<sup>5</sup> over an 18 month development period to

complete activities sufficient to file a Leave to Construct application for the EWT Line

13 Project.

14 In response to new information and changing circumstances, the most significant of

<sup>15</sup> which was the Ontario Power Authority's<sup>6</sup> September 2014 recommendation to extend

the in-service date from 2018 to 2020<sup>7</sup>, NextBridge adapted development activity to suit

17 the changing circumstances and timelines.

18 The establishment of a new in-service date for the EWT Line Project of December 2020

19 ultimately worked to add 30 months to the development phase of the EWT Line Project,

20 extending the development period from 18 months to a total of 48 months.

<sup>&</sup>lt;sup>5</sup> In 2012\$.

<sup>&</sup>lt;sup>6</sup> The Ontario Power Authority is now the Independent Electricity System Operator and is referred to as either the "OPA" or the "IESO", as appropriate, in this evidence.

<sup>&</sup>lt;sup>7</sup> OPA letter to Board dated September 30, 2014.

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Having knowledge of the important changes in circumstances, in particular the near
tripling of the development period, NextBridge carefully considered the conservation
and best use of development dollars going forward.

NextBridge started by assessing the work required to be completed in response to the
changed circumstances. That assessment identified the need to: (a) adjust scheduling
to ensure work was not completed prematurely but would allow, among various other
considerations, that construction of the EWT Line Project with a route through
Pukaskwa National Park would be possible should authorization to study be allowed;
(b) identify new tasks to be completed and existing tasks to be extended and/or delayed

in response to the changing circumstances; and (c) undertake re-budgeting activity to

11 understand the corresponding costs associated with the altered and additional

12 development work required.

Through various means, NextBridge revisited all development activities and assessed 13 the characteristics of those activities to inform priorities, categorizing activities within 14 each workstream. Activities that had either not yet been initiated or that could be 15 16 delayed without incurring additional development costs or compromising project progression were delayed. Examples here include decisions not to undertake 17 environmental field study activity in the 2015 study season and temporary 18 demobilization of land agents in the field. Staff activity was also reduced within most 19 20 disciplines.

Activities already underway that could be put on hold without significant overall
additional expenditure were frozen. One example of this type of activity was
preparation of the LTC application. In the fall of 2014, NextBridge had already initiated
preparation of the LTC application, initially scheduled for submission in January 2015.
With confirmation of delay to the in-service date for the EWT Line Project, NextBridge
concluded that it would be more cost-effective to cease preparation of the LTC

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1 application and resume at a later date instead of continuing to update and revise the application throughout the extended development period. In contrast, as the draft route 2 Alternatives Assessment requested to be completed by the Ministry of Environment and 3 Climate Change ("MOECC") was near completion. NextBridge determined that 4 5 finalization and submission of the draft Alternatives Assessment to MOECC and the Ministry of Natural Resources and Forestry was warranted to ensure additional costs 6 7 were not incurred to stop and resume the activity. Completion of the draft Alternatives Assessment also served the added purpose of retaining some EWT Line Project 8 9 momentum with regulator involvement with the project. Activities that were already committed, for example tower design and testing and other 10

contractual obligations for which NextBridge was responsible, were continued in order
 to ensure additional costs were not incurred either to complete the already scheduled
 activity or in the form of penalties. Financial management activities and ongoing
 reporting in accordance with licence conditions were included in this category.

Finally, NextBridge also identified existing or new activities that were considered to be critical to proceed with so as to preserve the Project's good standing and best-position the EWT Line Project to be able to resume full development quickly and effectively as circumstances continued to evolve.

One example of this kind of critical activity relates to Pukaskwa National Park ("the 19 20 Park"). In response to the OPA letter, NextBridge identified the need for and devoted substantial effort towards a satisfactory resolution of the Park access issue, and 21 undertook additional activity in order to explore the possibility of a route through the 22 Park, or at least access to the Park to study a route, in response to OPA's 23 recommendation. These activities included: preparing correspondence and holding 24 meetings with Ontario government representatives; meeting with federal government 25 representatives; engaging with Aboriginal communities and facilitating Aboriginal 26

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community correspondence and engagement with federal and provincial government
representatives; engaging with various stakeholders regarding Park access; and further
investigating data collection processes and permit application processes and timelines.
While ultimately unsuccessful, NextBridge acted promptly in response to the OPA's
letter and diligently pursued permission to study a route through the Park in accordance
with the OPA's recommendation until such time as it was evident that access to the
Park for the purpose of studying a route through the Park would not be allowed.

In further example, in relation to land activities, NextBridge saw the opportunity to gain 8 some benefits from the extension of the development period by prudently taking 9 advantage of additional time available to deal with land acquisition. Certain private land 10 optioning and related activity to obtain consent from Crown disposition and interest 11 holders ("Land Optioning") that initially was going to be pursued in the construction 12 phase was pulled forward into the development phase and started in 2016. Generally 13 speaking, additional time for Land Optioning negotiations results in a higher percentage 14 of optioned landowners and interest holders, and a corresponding reduction in the 15 number of expropriations required. This activity served to increase Land Optioning 16 costs within the development phase, however overall costs related to Land Optioning 17 activity did not increase, and in fact, the increased amount of Land Optioning work 18 completed in the Extended Development Period defining the route and negotiating with 19 landowners is predicted to reduce the extent of costly expropriation processes. 20 NextBridge has secured option agreements from 74% of private landowners and 21 consent of 18% of Crown interest holders. 22

Once development activities were identified and categorized, NextBridge considered the
appropriate level of work to sustain the EWT Line Project over the Extended
Development Period without jeopardizing the benefit of the work completed to date.
From the beginning, NextBridge committed to and successfully established proactive
public communication and consultation programs and built and maintained respectful

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1 and productive relationships with landowners, municipalities and communities engaged in, and affected by, the EWT Line Project. On this basis, NextBridge concluded that 2 3 additional open houses, related municipal engagement and maintenance of a continued EWT Line Project presence was important throughout the Extended Development 4 Period. All channels of communication with stakeholders were maintained (web site, 5 email and project hotline), and consistent (albeit less frequent) updates were provided 6 7 to stakeholders and landowners over the period of reduced activity. Similarly, Indigenous engagement activities were continued on a less frequent basis. Because of 8 9 the strong foundation that NextBridge had built to that point, NextBridge was able to scale back this activity significantly in the late 2014 and 2015 period without 10 compromising Project relationships. 11

As a result of the measures taken, NextBridge was able to reduce the amount spent 12 during the delay period by executing cost management practices in developing a new 13 budget for this period. The new budget for the delay period focused on the identified 14 committed and critical tasks. This methodology was implemented to allow low spend 15 while keeping the EWT Line Project's ability to ramp up its development effort when 16 required to do so. Leads were asked to develop their budgets from the bottoms up for 17 this period concentrating on the committed and critical tasks. The adopted lower spend 18 levels were critical to keeping the costs low during the extended development phase of 19 the project. NextBridge successfully transitioned from an average monthly spend of 20 approximately \$1.4 million per month in the fall of 2014 to a low spend of \$240,000 in 21 March of 2015. NextBridge maintained this reduced spend level through 2015 and into 22 23 early 2016, successfully stretching the original \$22.4 million of Board approved costs through until the fall of 2016. Attached as Attachment 12 to this Exhibit at Exhibit B, 24 25 Tab 16, Schedule 1, Attachment 12 is a graph showing the monthly EWT Line Project spend over the Extended Development Period. 26

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- 1 This is in addition to the competitive tendering activity NextBridge undertook in relation to the major components of the Project and the more general and systemic cost 2 management and control measures that NextBridge undertook upon designation and 3 throughout the Extended Development Period to ensure that development activity 4 undertaken and corresponding costs were prudently managed and incurred over the 5 Extended Development Period. Please refer to NextBridge's Response to Board Staff 6 Interrogatory #23 (a), found at Exhibit I.B.NextBridge.STAFF.23 for a description of day-7 to-day cost management and control measures used by NextBridge during the 8 9 development phase of the project. In summary, NextBridge rigorously and systematically considered elements required to 10
- 11 ensure the EWT Line Project development continued as necessary to ensure success
- of the project and in accordance with feedback received and in light of changing
- 13 circumstances, and limited expenditures as possible to those reasonably required to
- 14 achieve the end result in an efficient and effective manner.

Extended Development Period Costs - Engineering, Design and Procurement Activity March 14, 2018 NextBridge Infrastructure LP

	Category of Activity	Description	Cost
(1)	Internal labour and employee expenses	<ul> <li>Engineering-related activities to progress development of the EWT Line Project, including: <ul> <li>(a) Team lead meetings,</li> <li>(b) Team lead calls,</li> <li>(c) Attend open houses,</li> <li>(c) Attend open houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report,</li> <li>(f) Complete financial requirements, including budgets, assisting in monthly financial reporting,</li> <li>(g) Team scheduling calls and discussions,</li> <li>(h) Consultant/Vendor management, including RFP and procurement process,</li> <li>(h) Consultant/Vendor management, including RFP and procurement process,</li> <li>(i) Tavel expenses for EWT Line Project meeting,</li> <li>(i) Travel expension in relation to other work stream project development activity</li> <li>(i) Scope development for all engineering and contrations ruleids reporting access plan, weather studies, grounding studies, preliminary desktop and field geotechnical among others.</li> <li>(m) Oversight, review and vetting of all the EWT Line Project development engineering and contration and access plan, weather studies, preliminary desktop and field geotechnical among others.</li> <li>(m) Oversight, review and vetting of all the EWT Line Project development engineering and contration and construction work and studies preliminary desktop and field geotechnical among others.</li> </ul> </li> <li>(m) Oversight, review and vetting of all the EWT Line Project development engineering and construction and scients in condination and withers.</li> <li>(m) Tower prototy etsing coordination and withers into access including meetings and field work during development engineering and construction protect development engineering and construction on transmission line crossings packages including the terminary testing of the environ of transmission line crossings packages including meetings and fisc</li></ul>	2,271,851
(2)	Transmission line design	<ul> <li>(a) Complete design package from Engineer of Record,</li> <li>(b) Tower testing participation (Engineer of Record),</li> <li>(c) Engineering due diligence on "Through the park route", and</li> <li>(d) Transmission Line crossing details (engineering &amp; drawings).</li> </ul>	2,287,924
(3)	Foundation Design	(a) Complete preliminary foundation design by Foundation engineering consultant, and (b) Foundation design revision from Geotechnical study results.	105,750
(4)	Structure Design and Testing	<ul> <li>(a) Tower supplier engineering design and testing contract,</li> <li>(b) Tower re-design and testing, and</li> <li>(c) Tower prototype fabrication and testing QA/QC.</li> </ul>	1,985,607

	NextBridge Infrastructure LP Extended Development Period Cost March 14, 2018	s - Engineering, Design and Procurement Activity	
	Category of Activity	Description	Cost
(5)	Land Survey and LiDAR	<ul> <li>(a) LiDAR collection,</li> <li>(b) Land survey,</li> <li>(c) Provincial survey data purchase, and</li> <li>(d) Road inventory.</li> </ul>	1,611,416
(9)	Geotech	<ul><li>(a) Geotech survey activity, and</li><li>(b) Helicopter access geotech borings.</li></ul>	969,958
(2)	Third Party Engineering	<ul><li>(a) Tower design software (PLS CADD), and</li><li>(b) Structure design engineering consultant.</li></ul>	356,786
(8)	Studies Contract	<ul> <li>(a) Weather study,</li> <li>(b) Pipeline mitigation study,</li> <li>(c) Grounding studies,</li> <li>(d) Telecom design,</li> <li>(e) Hydro One Networks Inc. crossing design, and</li> <li>(f) Preliminary construction access plan.</li> </ul>	171,352
(6)	Miscellaneous Engineering & Construction	<ul> <li>(a) Legal support for contracts,</li> <li>(b) Permitting due diligence,</li> <li>(c) Tower delivery logistic reconnaissance,</li> <li>(d) Aboriginal participation negotiation support and facilitation, and</li> <li>(e) Support for open house, regulatory training, community events, advisory boards.</li> </ul>	480,111
(10)	Project delay	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials.	22,708
		TOTAL	10,263,464

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Category of Activity	Description	Cost
External Consultant Services	External consultant assisting in permits and applications	72,027
Project delay	Providing consulting support related to project extension-related matters.	12,754
	TOTAL	84,781

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	March 14, 2018		
(1)	Category of Activity Internal labour and employee expenses	<ul> <li>Description Environment-related activities to progress development of the EWT Line Project, including: <ul> <li>(a) Team lead meetings,</li> <li>(b) Team lead meetings,</li> <li>(b) Team lead read calls,</li> <li>(c) Attend open houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Prepare leave to construct application,</li> <li>(f) Managed and participated in the development and consultation of the Draft and Final Terms of Reference (ToR),</li> <li>(f) Managed, development and consultation with regulators, stakeholders, including open houses, of the draft and final environmental assessment;</li> <li>(f) Managed the development and consultation with regulators, stakeholders, including open houses, of the draft and final environmental assessment;</li> <li>(f) Managed the development and consultation with regulators, stakeholders, including open houses, of the draft and final environmental assessment;</li> <li>(g) Participation in the access and construction footprint change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in note review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route change process,</li> <li>(h) Participation in route review and route c</li></ul></li></ul>	Cost 1,140,210
(2)	Environmental Surveys and Studies	<ul> <li>(g) Team scheduling calls and discussions,</li> <li>(h) Consultant/Vendor management, including RFP and procurement process,</li> <li>(i) FUT Line Project reporting including REP milestone tracking and content for monthly and quarterly reporting,</li> <li>(i) Ongoing advice and support in relation to other vorks stream project development activity,</li> <li>(k) Travel expenses for EVT Line Project meetings, including First Nation and Métis community meetings, and</li> <li>(j) Ongoing advice and submitted to the EVT Line Project including entry into database.</li> <li>(j) Manage comments submitted to the EVT Line Project including:</li> <li>(a) Geology and solls,</li> <li>(b) Watercourse crossings (fish and fish habitat),</li> <li>(c) Surface and groundwater,</li> <li>(d) Vegetation and wetlands,</li> <li>(e) Wildlife including Species at Risk,</li> <li>(f) Acoustic environment,</li> <li>(h) Acoustic environment,</li> <li>(h) Acoustic environment,</li> </ul>	2,888,777
		<ul> <li>(i) Archaeological assessments, stage 1, 2 and 3,</li> <li>(j) Nest Sweeps and Amphibian mitigation,</li> <li>(i) Nest Sweeps and Amphibian mitigation,</li> <li>(i) Preparation of Alternative Assessment, Socio-Economic Assessment and EA Reports,</li> <li>(i) Cultural Heritage assessment,</li> <li>(ii) Human Health assessment,</li> <li>(ii) Visula assessment,</li> <li>(i) Visula assessment,</li> <li>(i) Sternal stelling support, and</li> <li>(i) Indigenous engagement with surveys,</li> <li>(i) Indigenous and alternative based for controver for for other how's</li> </ul>	

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	NextBridge Infrastructure LP Extended Development Period Cost March 14, 2018	s - Environmental and Regulatory Approvals	
	Category of Activity	Description	Cost
(3)	Regulatory Applications	<ul> <li>(a) Draft EA, including: <ul> <li>(b) Draft EA, including:</li> <li>(c) Final EA, incommetion collected above was inputted into the Environmental assessment document,</li> <li>(b) Draft EA comment responses (information request round #1),</li> <li>(c) Final EA,</li> <li>(d) Environmental Permit Support, including: <ul> <li>(i) Infrastructure Date in Environmental Site Assessment (EA) and Class EA,</li> <li>(i) Infrastructure Date in Environmental Site Assessment (EA) and Class EA,</li> <li>(i) Ministry of Natural Resources and Forestry work permits, including: <ul> <li>(a) Amendments to Land Use Plans,</li> <li>(b) Overall benefit permit,</li> <li>(c) I Lakebead Regional Conservation Authority permits, including:</li> <li>(v) Lakebead Regional Conservation Authority termits, including;</li> <li>(v) Lakebead Regional Conservation Authority termits, including;</li> <li>(vi) Engagement with Department of Fisheres and Oceans Ganada, and</li> <li>(vi) Engagement with Department of Fisheres and Ceanada, and</li> <li>(vi) Engagement with Department of Fisheres and Ceanada, and</li> <li>(vi) Engagement and Ulmate Change Canada permits, and</li> <li>(vi) Engagement and Ulmate Change Canada permits, and</li> </ul> </li> </ul></li></ul></li></ul>	2,175,843
(4)	Environmental Protection and Compensation Plans	(a) Development of the Construction Environmental Protection Plan, and (b) Alignment Sheets and Mapping.	114,978
(5)	Consultation Support	<ul> <li>(a) Meetings for archaeological assessments and permitting,</li> <li>(b) Attend open Houses, and</li> <li>(c) Meetings with regulators and stakeholders to go over comments and responses on the EA documents.</li> </ul>	231,637
(9)	External Project Management Services	<ul> <li>(a) External meetings,</li> <li>(b) Consultant meetings,</li> <li>(c) Monthly reports,</li> <li>(d) Accruals/Budget and Schedule tracking, and</li> <li>(e) Strategic advice/Adhoc requests.</li> </ul>	1,093,415
(2)	Project del ay	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials, and (b) Consultant time working with communities on project delay consultation.	90,356
(8)	Pukask wa Park	(a) Working with interested parties to consult and work with Parks Canada on potential for going through Pukaskwa Park.	82,464
		TOTAL	7,817,680

NextBridge Infrastructure LP Extended Development Period Costs - Land Rights March 14, 2018

Cost	495,938 and iment st
Description	<ul> <li>Land-related activities to progress development of the EWT Line Project, including:</li> <li>(a) Team lead rank;</li> <li>(b) Team lead calk;</li> <li>(c) Atterning goen houses, public meetings, and other stakeholder meetings including gregulator generics, municipalities, other untilities,</li> <li>(c) Arenard and management, including RFP and procurement process;</li> <li>(c) Complete financial requirements, including RFP and procurement process;</li> <li>(c) Event and value repenses for EWT Line Project meetings;</li> <li>(c) The Amodeling cals and discussions;</li> <li>(c) Even scheduling cals and discussion;</li> <li>(c) Even scheduling cals and scheduling regulation regeration;</li> <li>(c) Even scheduling cals and the Draft and File II and Scheduling regulation program including talk cance, other Project communication tools (update letters, or poster to the land caquistion network stream project development activity, file and gram in support of EWT Line Project development and file II and Scheduling cals and file II and Scheduling cals and file II and Scheduling cals and for the tactivity and scheduling c</li></ul>
Category of Activity	1) Internal labour and employee expenses

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NextBridge Infrastructure LP Extended Development Period Costs - Land Rights March 14, 2018

Cost	4,826,371	tario 81,801	347,246	49,176	5,800,532
Description	<ul> <li>(a) Initial Benchmark Market Valuation,</li> <li>(b) Review of Benchmark Market Valuation,</li> <li>(c) Individual appraisals,</li> <li>(c) Individual appraisals,</li> <li>(d) Land acquisition and permitting for the EWT Line Project including: <ul> <li>(i) Negotiation and acquisition support,</li> <li>(ii) Planning and permitting support,</li> <li>(iii) Planning and permitting support,</li> <li>(iv) Administration support,</li> <li>(iv) Sketch and map production,</li> <li>(vii) Sketch and map production,</li> <li>(vii) Sketch and map production,</li> <li>(i) Sketch and map production,</li> <li>(i) Structase of parcel fabric for initial EWT Line Project line list, and</li> <li>(j) Furchase of parcel fabric for initial EWT Line Project line list, and</li> </ul> </li> </ul>	Legal support and advice regarding land acquisition and permitting requirements on private and public land in On including: (a) Agreement drafting and finalization, (b) Land title updating and review, (c) Agreement registration, and (d) Limited participation in stakeholder meetings.	<ul> <li>(a) Option payments to property owners in accordance with compensation principles,</li> <li>(b) Review payments to property owners in accordance with compensation principles, and</li> <li>(c) Survey access payment to property owners.</li> </ul>	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials, and (b) Consultant time working with land owners on project delay consultation.	TOTAL
Category of Activity	External Consultant Services	External Counsel Services	Land Owners Payments	Project delay	
	(2)	(3)	(4)	(5)	

Filed: 2018-03-14 EB-2017-0182 Exhibit B Tab 16 Schedule 1 Attachment 4 Page 2 of 2 NextBridge Infrastructure LP Extended Development Period Costs - First Nations and Métis Consultation March 14, 2018

(1)	Category of Activity Internal labour and employee expenses	Description First Nations and Métis consultation - related activities to progress development of the EWT Line Project, induding:	<b>Cost</b> 505,007
		<ul> <li>(a) Team lead meetings,</li> <li>(b) Team lead calls,</li> <li>(c) Attend oppen houses,</li> <li>(c) Attend oppen houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report,</li> <li>(f) Complete financial requirements, including budgets, assisting in monthly financial reporting,</li> <li>(g) Team scheduling calls and discussions,</li> <li>(i) EWT Line Project reporting including RFP and procurement process,</li> <li>(i) EWT Line Project reporting including RFP and procurement process,</li> <li>(i) Travel expenses for EWT Line Project meetings, including First Nation and Métis community meetings,</li> <li>(i) Orgoing advice and support in relation to other work stream project development activity,</li> <li>(k) Travel expenses for EWT Line Project meetings, including First Nation and Métis community meetings,</li> <li>(i) Orgoing advice and stendance at Indigenous community meetings,</li> <li>(i) Coordination and attendance at Indigenous leadership meetings to present EWT Line Project updates and discuss future activities,</li> <li>(i) Coordination and thendance at Indigenous stendership meetings to present EWT Line Project updates and discuss future activities,</li> <li>(i) Input to and review of the Draft and Final Terms of Reference (TOR), and</li> <li>(j) Input to and review of the Atternatives Assessment.</li> </ul>	
(2)	Capacity Funding to Communities	(a) Funding provided to 18 communities for engagement related to delegated Duty to Consult.	1,330,172
(3)	External Legal Counsel	(a) Costs of negotiating Capacity Funding Agreements, and (b) Providing advice on Indigenous legal matters related to consultation.	402,148
(4)	Aboriginal Advisory Board	(a) Aboriginal Advisory Board expenses, and (b) Meeting costs.	14,805
(5)	Project delay	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials, and (b) Consultant time working with communities on project delay consultation.	12,339
(9)	Pukaskwa Park	(a) Working with communities to consult and work with Parks Canada on potential for going through Pukaskwa Park.	7,815
(2)	Third party	<ul> <li>(a) External consultants arranging meetings and daily interactions with 18 First Nation and Métis communities, and</li> <li>(b) Environmental assessment support for communities from environmental consultant.</li> </ul>	981,715

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3,254,002

TOTAL

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	Cost 758,854			108,835	719,326	1,587,015
NextBridge Infrastructure LP Extended Development Period Costs - Other Consultation March 14, 2018	Category of Activity Description Internal labour and employee expenses Stakeholder consultation-related activities to progress development of the EWT Line Project, including: (a) Team lead meetings, (b) Team lead ralks (b) Team lead ralks (c) Team lead ranks (c) Tea	<ul> <li>(c) Coordinating and attend open houses,</li> <li>(c) Coordinating and attend open houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report and EA notifications,</li> <li>(f) Complete financial requirements, including budgets, assisting in monthly financial reporting,</li> <li>(g) Team scheduling calls and discussions,</li> <li>(h) Consultant/Vendor management, including RFP and procurement process,</li> <li>(h) Consultant/Vendor management, including RFP and procurement for monthly and quarterly reporting,</li> <li>(h) Team scheduling calls including OEB milestone tracking and content for monthly and quarterly reporting,</li> <li>(i) EWT Line Project meditors,</li> <li>(i) Tavel expenses for EWVT Line Project mediting.</li> <li>(i) Compile mailing lists and coordinating EWT Line Project mailings,</li> <li>(i) Compile mailing lists and coordinating EWT Line Project mailings,</li> <li>(ii) Compile mailing lists and coordinating the EWT Line Project mailings,</li> </ul>	entry into database and distribution to leads for a response, (n) Website building and maintenance, (o) Preparation of EWT Line Project newsletters and update letters, (p) Meetings with community representatives, (q) Input to and review of the Draft and Final Terms of Reference (ToR), and (r) Input to and review of the Alternatives Assessment.	<ul> <li>Project delay Specific activities to address extension of development period, including:         <ul> <li>(a) Internal time to prepare project delay filing materials,</li> <li>(b) Consultant time working with communities on project delay consultation,</li> <li>(c) Notification to project mailing list of project delay, and</li> <li>(d) Additional stakeholder engagement and monitoring of comments due to delay.</li> </ul> </li> </ul>	) External Consultant Services and       (a) Open House support including newspaper advertising, mailing of notices, security, venue rentals, catering, satellite phones, travel and accommodation,         Supplies       (b) Draft and Final Terms of Reference and EA submission notification support including purchase of space in papers, formatting, and French translation,         (c) Stakeholder database establishment and maintenance, including license and data entry,         (d) Website management and updating,         (e) Printing of EWT Line Project newsletters, handouts, open house panels, business cards, notices and letters,         (f) Mail coordination, including mailing and courter costs,         (f) Mail coordination, including mailing and courter costs,         (f) Laptops for the purposes of viewing the draft EA review at public viewing locations, and         (h) Laptops for the purposes of viewing the draft EA review at public viewing locations, and	TOTAL
	(1			2	Ξ)	

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	Cost 1.153.202		306,766	60,495	6,380	346,655	1,873,499
	Description Regulatory-related activities to progress development of the EWT Line Project, including:	<ul> <li>(a) Team lead meetings,</li> <li>(b) Team lead calls,</li> <li>(c) Attend open houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report,</li> <li>(f) Complete financial requirements, including budgets, assisting in monthly financial reporting,</li> <li>(g) Team scheduling calls and discussions,</li> <li>(h) Consultant/Vendor management, including RFP and procurement process,</li> <li>(h) Ture Project reporting including OEB milestone tracking and content for monthly and quarterly reporting,</li> <li>(i) EWT Line Project meetings,</li> <li>(i) Travel expenses for EWT Line Project meetings,</li> <li>(i) Ongoing advice and support in relation to other work stream project development activity (EA preparation and review, licence reporting, route selection, stakeholder engagement, scheduling (m) Engagement with regulators and stakeholders (OEB, IESO, HONI, PBR consultation), and</li> <li>(i) Input to and review of the Alternatives Assessment.</li> </ul>	(a) Providing legal advice and support on regulatory matters.	(a) Research, transmission ratemaker model development and regulatory support services.	(a) Costs reimbursed to stakeholders related to participation in NextBridge's Rate Methodology Stakeholder Consultation session held on September 10, 2014.	Specific activities to address extension of development period, including: (a) Internal time to undertake rescheduling and rebudgeting activity and prepare and support proposals for regulatory approval, and (b) External counsel services to provide legal advice and support related to project extension-related matters.	TOTAL
March 14, 2018	Category of Activity Internal labour and employee expenses		External Counsel Services	External Consultant Services	Stakeholder costs	Project delay	
	(1)		(2)	(3)	(4)	(5)	

Extended Development Period Costs - Regulatory (legal support, rate case and LTC filings)

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Extended Development Period Costs - Interconnection Studies

NextBridge Infrastructure LP

NextBridge Infrastructure LP Extended Development Period Costs - Project Management March 14, 2018

	Category of Activity	Description	Cost
(1)	Internal labour and employee expenses	<ul> <li>Overall project management including task/schedule management, internal/external reporting including Ontario Energy Board reports and requests, management communication and directives, overall cost management including team lead variance discussions, back office functions including accounting, financial reporting, accounts payable, vendor management/supply chain, cash management, tax, audit management, regulatory support, and financial modeling, in addition to: <ul> <li>(a) Team lead meetings,</li> <li>(b) Team lead calls,</li> <li>(c) Attend poen houses,</li> <li>(d) Prepare leave to construct application,</li> <li>(e) Input to and review of the Draft and Final Environmental Assessment Report,</li> <li>(g) Team estading calls,</li> <li>(h) Complete financial requirements, including budgets, assisting in monthly financial reporting,</li> <li>(g) Team estaduling calls and discussions,</li> <li>(h) Consultant/Vendor management, including Dudgets, assisting in monthly and quarterly reporting.</li> <li>(g) Teave expenses for EWT Line Project meetings,</li> <li>(h) Consultant/Vendor management, including Other work stream project development activity, and</li> <li>(h) Onsultant/Vendor management, including the work stream project development activity, and</li> <li>(h) Organing advice and support in relation to other work stream project development activity, and</li> </ul> </li> </ul>	3,370,265
(2)	Toronto office expense	(a) Rent for the EWT Line Project Toronto office.	249,977
(3)	Safety Review	(a) Internal labour to review and develop safety plan.	5,843
(4)	External GIS consultant	(a) External GIS consultant supporting the EWT Line Project team members.	9,420
(5)	Project delay	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials, and (b) Providing support related to project extension-related matters.	285,879
(9)	Pukaskwa Park	(a) Working with communities to consult and work with Parks Canada on potential for going through Pukaskwa Park.	1,803
(2)	External Consultant Services and Supplies	<ul> <li>(a) External project management consulting supporting task/schedule management, internal/external reporting including Ontario Energy Board reports and requests, overall cost management including team lead variance discussions, assist with back office functions including accounting, financial reporting, accounts payable, vendor management/supply chain, cash management, tax, audit management, regulatory support, and financial modeling,</li> <li>(b) Office supplies,</li> <li>(c) Office administrative support,</li> <li>(d) IT support, and</li> <li>(e) Annual external financial and tax reporting.</li> </ul>	1,043,597

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4,966,784

TOTAL

1,116,541 1,163,612 593,874 518,144 16,862 16,862 Cost 23,216 Cost Extended Development Period Costs - First Nations and Métis Land Acquisition and First Nations and Métis (a) External consultants engagement with Pays Plat & Michipicoten representatives related to (a) Funding provided to communities in support of economic participation negotiations, and (a) Costs for setting up environmental monitoring program for field work - Indigenous and (b) Indigenous environmental monitoring activity for environmental assessment field work. (b) Travel expenses to attend EWT Line Project meetings, including First Nation and Métis (b) Providing legal advice and support related to negotiation of economic participation (a) Internal legal, project management, engineering and finance staff labor costs for arrangements with First Nations and Métis community representatives. environmental consultant labour costs, meeting space for training, and Specific activities to address extension of development period, including: (a) Costs of negotiating Capacity Funding Agreements, and (a) Internal time to prepare project delay filing materials. (b) Travel expenses for meetings. community meeting. negotiations, and reserve crossings. Description Description TOTAL NextBridge Infrastructure LP FIRST NATION AND MÉTIS LAND ACQUISITION Internal labour and employee expenses FIRST NATION AND MÉTIS PARTICIPATION Capacity Funding to Communities **External Consultant Services** Category of Activity Category of Activity March 14, 2018 External Legal Counsel Participation Project delay Third party (1) (1) (2) (3) (4 (2)

3,415,388

TOTAL
### NextBridge Infrastructure LP Extended Development Period Costs March 14, 2018

Cost Category	Board-Approved Costs (1)	Anticipated Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Actual Extended Development Period Incremental Costs (in nominal \$) (2)	Total Extended Development Period Costs (in nominal \$)
	(A)		(B)	(A + B)
Engineering, Design and Procurement Activity	10,553,290	240,000	(289,826)	10,263,464
Permitting and Licensing	47,320	30,000	37,461	84,781
Environmental and Regulatory Approvals	3,592,680	4,890,000	4,225,000	7,817,680
Land Rights	1,991,000	2,580,000	3,809,532	5,800,532
First Nations and Métis Consultation	1,724,000	3,750,000	1,530,002	3,254,002
Other Consultation	496,000	2,020,000	1,091,015	1,587,015
Regulatory (legal support, rate case and LTC filings)	985,000	1,510,000	888,499	1,873,499
Interconnection Studies	179,000	60,000	(95,141)	83,859
Project Management (3)	1,300,000	3,330,000	3,666,784	4,966,784
Contingency (4)	1,529,710	1,960,000	(1,529,710)	0
SUBTOTALS - BUDGETED	22,398,000	20,370,000	13,333,616	35,731,616
First Nation and Métis Land Acquisition First Nation and Métis			16,862	16,862
Participation			3,415,388	3,415,388
Pic River Appeal Costs			230,163	230,163
Carrying Costs			855,474	855,474
SUBTOTALS - UNBUDGETED	0	0	4,517,886	4,517,886
TOTALS	22,398,000	20,370,000	17,851,501	40,249,501

### NOTES:

(1) Ontario Energy Board EB-2011-0140 East-West Tie Line Designation Phase 2 Decision and Order issued on August 7, 2013 escalated in accordance with Upper Canada Transmission, Inc. Response to Board Interrogatory 26 to all Applicants ("NextBridge Response to IR 26") (rounded to the nearest 000s).

(2) "Actual" refers to actual costs plus estimated accruals at July 31, 2017.

(3) Costs not attributable to a specific workstream have been captured within Project Management.

(4) Contingency of \$1,319,136 and escalation of \$211,062 as per NextBridge Response to IR 26.

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### **TAB 6**

## (Ref: Exhibit B, Tab 16, Schedule 1, Attachment 11, NextBridge's Updated Evidence, March 14, 2018) APPROVED VS ACTUAL DEVELOPMENT COSTS

	COSTS \$	ACTUAL COSTS \$	VARIANCE	VARIANCE
<u> ΠΕΛΓΕΙ ΟΡΜΕΝΙΈ Α</u> ΩΤΙΛΙΤΥ	OEB approved at	Aug-2013 to July-	Ş	% of approved
	designation	2017	B-A	C
	А	В		
Engineering Design and Procurement	10,553,290	10,263,464.00	-289826.00	-2.75
Permitting and Licensing	47,320	84,781	37461.00	79.17
Environmental and Regulatory Approvals	3,592,680	7,817,680.00	4225000.00	117.60
Land Rights	1,991,000	5,800,532	3809532.00	191.34
First Nations and Metis Consultation	1,724,000	3,254,002	1530002.00	88.75
Other Consultation	496,000	1,587,015	1091015.00	219.96
Regulatory (legal support, rate case and LTC filings)	985,000	1,873,499	888499.00	90.20
Interconneciton Studies	179,000	83,859	-95141.00	-53.15
Project Management	1,300,000	4,966,784	3666784.00	282.06
TOTAL	20,868,290	35,731,616.00	14863326.00	71.22

### **TAB 7**

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### UNDERTAKING JT1.7

### UNDERTAKING

TC TR 1, page 26

To provide a comparison of original milestones to actual, and associated costs.

### **RESPONSE**

The left side of the attached table captures the original East West Tie Line Project development milestones approved by the Ontario Energy Board ("OEB") in its September 26, 2013 Decision and Order Regarding Reporting by Designated Transmitter in EB-2011-0140 ("September 2013 Reporting Decision"), along with their completion status as of January 31, 2015, which is the approximate close of the original 18 month development period. Budgeted development costs for the original 18 month period are also provided by workstream.

On the right side of the attached table are the Extended Development Period milestones as approved by the OEB in its November 19, 2015 Decision and Order Regarding Application for Approval of Schedule and Costs related to the Development of the East-West Tie Transmission Line in EB-2015-0126, as amended ("November 2015 Schedule and Costs Decision"). The milestone status for the Extended Development Period milestones is also provided as at July 31, 2017, as well as actual development costs as at July 31, 2017 by workstream.

	September 2013 Reporting Decision Approved Milestones	Status (1)	Budget (2)		November 2015 Schedule and Costs Decision Approved Milestones	Status (3)	Actuals (4)
	Engineering Milestones		\$10,732,292		Engineering		\$10,347,322
Ľ	1 Initiate engineering	Completed		A (formerly 1)	Initiate engineering	Completed	
	2 Sign contract for engineering	Completed		B (formerly 2)	Sign contract for engineering	Completed	
Ľ	3 Finalize design criteria for conductor and structure	Completed		C (formerly 3)	Finalize design criteria for conductor and structure	Completed	
Ľ	4 Complete conductor optimization study	Completed		D (formerly 4)	Complete conductor optimization study	Completed	
	5 File request for a System Impact Assessment (SIA) with	Completed			File request for a System Impact Assessment (SIA) with the IESO	Completed	
	the IESO			E (formerly 5)			
	6 Status report on progress toward finalization of	Completed			Status report on progress toward finalization of structure choice	Completed	
	structure choice			F (formerly 6)			
	7 Obtain senior management approval of the structure	Completed			Obtain senior management approval of the structure	Completed	
	configuration proposal			G (formerly 7)	configuration proposal		
	8 Complete aerial surveys	Completed		H (formerly 8)	Complete aerial surveys	Completed	
	9 Receive final SIA from the IESO	Completed		_	Complete Preliminary Foundation Design	Completed	
				Г	Complete Engineering "Issued-for-bid" Design Package	Completed	
					File request for updated System Impact Assessment (SIA) as	No longer	
					required	applicable as per	
						EWT Line Project	
						October 24, 2016	
				×		Report	
					File request for updated Connection Impact Assessment (CIA) as	No longer	
					required	applicable as per	
						EWT Line Project	
						January 23, 2017	
				_		Report	
				M	Receive final SIA from the IESO	Completed	
				z	Receive final CIA from HONI	Completed	

	September 2013 Reporting Decision Approved Milestones	Status (1)	Budget (2)		November 2015 Schedule and Costs Decision Approved Milestones	Status (3)	Actuals (4)
	Route Selection, Land/ROW Acquisition and Community/Municipal Consultation Milestones		1,991,000		Route Selection, Land/ROW Acquisition and Community/Municipal Consultation		7,387,547
<del>,</del>	) Prepare list of landowners along the ROW	Completed		O (formerly 10)	Prepare list of landowners along the ROW	Completed	
1	1 Complete design of Landowner, Community and	Completed		D (formorly 11)	Complete design of Landowner, Community and Municipal	Completed	
				L (IUIIICII) TT			
н Н	2 Commence negotiations or discussions with all landowners and permitting agencies	completed		Q (formerly 12)	Commence negotiations or discussions with all landowners and permitting agencies	Completed	
1	3 Finalize proposed route and obtain senior management approval	Completed		R (formerly 13)	Finalize proposed route and obtain senior management approval	Completed	
L					Confirmation of authorization to study in Pukaskwa National	Completed	
				S	Park		
				Т	Update Landowner, Community and Municipal Consultation Plan	Completed	
				n	Issue RFP for Timber Valuation	Completed	
					Establish Community Advisory Board(s) as required	Exclusively Park	
						Study related and	
						no longer	
				~		applicable	
				M	Initiate land optioning program	Completed	
				>	Substantial completion of distribution of option agreements	Completed	
				<			
					Finalize preferred route and obtain senior management approval	Completed	
				۲	(update to Milestone R)		
				Z	Substantial completion of signing of option agreements	Delayed	
				AA	Crown Land Disposition Application filed	Delayed	
				BB	Notify landowners of LTC application filing	Completed	

	September 2013 Reporting Decision Approved Milestones	Status (1)	Budget (2)		November 2015 Schedule and Costs Decision Approved Milestones	Status (3)	Actuals (4)
	Aboriginal Engagement, Consultation and Participation Milestones		2,220,001		Aboriginal Engagement, Consultation and Participation		3,254,002
14	Send introductory correspondence to aboriginal communities	Completed		CC (formerly 14)	Send introductory correspondence to aboriginal communities	Completed	
13	Initial meeting with Ministry of Energy regarding the MOU for delegation	Completed		DD (formerly 15)	Initial meeting with Ministry of Energy regarding the MOU for delegation	Completed	
16	Complete initial/introductory contact with all laboriginal communities identified by the Ministry of Energy	Completed		EE (formerly 16)	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	Completed	
11	Sign MOU with Ministry of Energy regarding the delegation	Completed		FF (formerly 17)	Sign MOU with Ministry of Energy regarding the delegation	Completed	
18	Complete design of First Nations and Métis Participation Plan with community input	Completed		GG (formerly 18)	Complete design of First Nations and Métis Participation Plan with community input	Completed	
16	Complete design of First Nations and Métis Consultation Plan with community input	Completed		HH (formerly 19)	Complete design of First Nations and Métis Consultation Plan with community input	Completed	
				=	Establish Aboriginal Community Advisory Board(s)	Completed	
				ſſ	Develop plan for Aboriginal Training and Employment	Completed	
				×	Prepare Pukaskwa Park specific Aboriginal consultation plan as required	Exclusively Park Study related and no longer applicable	
1		-	-				
	September 2013 Reporting Decision Approved Milestones	Status (1)	Budget (2)		November 2015 Schedule and Costs Decision Approved Milestones	Status (3)	Actuals (4)
1	Environmental Assessment (Provincial) Milestones		3,640,000		Environmental Assessment (Provincial)		7,902,462
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks	Completed		LL (formerly 20)	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	Completed	
21	Issue notice of draft Terms of Reference (ToR) available for review	Completed		MM (formerly 21)	Issue notice of draft Terms of Reference (ToR) available for review	Completed	
23	File Environmental Assessment ToR Initiate wildlife, aquatics and early season vegetation	Completed Completed		NN (formerly 22) OO (formerly 23)	File Environmental Assessment ToR Initiate wildlife, aquatics and early season vegetation	Completed Completed	
20	assessments Annroval of Environmental Accessment ToR	Completed		DD (formerly 24)	assessments Annroval of Environmental Assessment ToR	Completed	
52	Complete Environmental Assessment Consultation Report	Delayed		QQ	Field Studies Resumed	Completed	
26	Submit Environmental Assessment to Ministry of Environment	Delayed		RR	Submit Draft Environmental Assessment (EA) Report for MOECC Review	Completed	
				SS	Submit Draft EA Report for Public Comment	Completed	
				E	Complete Consultation Summary for the EA Submission	Completed	
				nn	Submit Final EA to MOECC	Completed	

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September 2013 Reporting Decision	Status (1)	Budget (2)		November 2015 Schedule and Costs Decision	Status (3)	Actuals (4)
Approved Milestones		1-1		Approved Milestones		(+) connect
Leave to Construct Milestones	Delayed	985,000		Regulatory		1,873,499
			N	IESO 2015 Needs Assessment update	Completed	
			WM	IESO 2016 Needs Assessment update	No longer	
					applicable per	
					EWT Line Project	
					January 23, 2017	
					Report	
			XX	IESO Confirmation of Need	No longer	
					applicable per	
					EWT Line Project	
					January 23, 2017	
					Report	
27 Submit Leave to Construct (LTC) application			YY (formerly 27)	Submit LTC application	Completed	
Project Management		1,300,000		Project Management		4,966,784
Contingency		1,529,708		Contingency		0
TOTAL		\$22,398,001				\$35,731,616
Footnotes:						
(1) - Status of the milestones at January 31, 2015, , which is	s approximately th	e original end date	for the 18-month dev	elopment period.		
(2) - Budget development costs at designationincurred by v	vorkstream at Sep	tember 2013.				
(3) - Status of the milestones at July 31, 2017, which is date	e that the leave to	construct applicati	on was filed.			
(4) - Actual development costs incurred at July 31, 2017, wh	hich is date that th	he leave to constru	ct application was fileo	д.		

Filed: 2018-06-20, EB-2017-0182/EB-2017-0194, Exhibit JT1.7, Attachment, Page 4 of 4

### **TAB 8**

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.12 Page 1 of 4 Plus Attachments

### UNDERTAKING JT1.12

### UNDERTAKING

### TC TR 1, page 53

(1) to update the table at Staff 16 part a to break down the \$2 million cost by category; (2) to explain increases beyond 5 percent; (3) to provide actual and budget for January 2018 to April 2018; (4) to provide any documentation around the variance analysis.

### RESPONSE

### <u>Parts 1& 2</u>

The table prepared in response to Board Staff Interrogatory #16(a), found at Exhibit I.B.NextBridge.STAFF.16, has been updated below to include the corresponding budgeted amounts by category with respect to the \$2.0 million budgeted cost (rounded to the nearest million) that was provided in response to Board Staff Interrogatory #16(c), as well as variance information:

	August	1 to Decer	nber 31, 2	017
	Budget in \$000	Actuals in \$000	Varian again in \$000s	ce Budget st Actual %
Engineering, Design & Procurement	\$ 1,545	\$473	\$1,072	69%
Materials & Equipment	-	-		-
Permitting & Licensing	-	-		-
Environmental and Regulatory	32	1,663	(1,631)	-5109%
Land Rights	58	837	(779)	-1334%
First Nation and Métis Participation	18	491	(473)	-2627%
First Nation and Metis Consultation	32	486	(454)	-1402%
Other Consultation	6	37	(31)	-497%
Site Clearing and Preparation	-	-		-
Construction	-	-		-
Site Remediation	11	-	11	100%
IDC	-	249	(249)	-100%

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.12 Page 2 of 4 Plus Attachments

	August	1 to Decer	nber 31, 2	017
	Budget	Actuals	Varian again	ce Budget st Actual
	in \$000	in \$000	in \$000s	%
Contingency	2	-	2	100%
Regulatory	13	251	(238)	-1791%
Project Management	12	433	(421)	-3510%
Interconnection Studies	0	4	(4)	100%
Total Construction Cost	\$1,729	\$4,924	(3,195)	

All disciplines had an increase beyond 5% (as compared to budget) in the period of August 1 to December 31, 2017 except for Engineering, Design & Procurement. Overall, there was an increase in spend over most disciplines due to the unanticipated filing of an Amendment to the Environmental Assessment ("EA") and another party filing a competing Leave to Construct. Also, the budget during this period was based on a cash flow analysis completed in the spring of 2017 for the purposes of calculating IDC, and not indicative of potential discipline spend. During the fall of 2017, the team leads underwent an in depth review to evaluate more realistic monthly budget forecasts based on timing of expected activities and related costs.

Any permanent differences noted in a particular discipline that exist at this time are not currently anticipated to result in a total construction budget permanent difference when the EWT Line Project is completed and goes into service.

### Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.12 Page 3 of 4 Plus Attachments

		January 1	to April 30,	2018
	Budget	Actuals	Variance E	Budget against Actual
	in \$000s	in \$000s	in \$000s	%
Engineering, Design &	3,845	5,488	(1,643)	-43%
Procurement				
Materials & Equipment	-	-	-	-
Permitting & Licensing	-	-	-	-
Environmental and Regulatory	360	1,235	(875)	-243%
Land Rights	828	689	139	17%
First Nation and Métis	530	326	204	38%
Participation				
First Nation and Métis	1,126	595	531	47%
Consultation				
Other Consultation	306	97	209	68%
Site Clearing and Preparation	-	-	-	-
Construction	-	-	-	-
Site Remediation	-	-	-	-
IDC	337	263	74	22%
Regulatory	681	464	217	32%
Project Management	442	938	(497)	-112%
Interconnection Studies	-	-	-	-
Contingency	-	-	-	-
Total Construction Cost	8,455	10,096	(1,641)	

### <u>Part 3</u>

After the team lead in depth review, the budget was revised to reflect the specific project work plan and the variances were much lower and comparable to the budget. There are three disciplines where there was a variance in excess of 5% (as compared to budget) in the period of January 1 to April 30, 2018; Engineering, Design and Procurement, Environmental and Regulatory, and Project Management. Explanations for these variances are below.

Any permanent differences noted in a particular discipline that exist at this time are not currently anticipated to result in a total construction budget permanent difference when the EWT Line Project is completed and goes into service.

**Engineering, Design and Procurement** - The preliminary forecast curve assumed major construction expenses to be incurred after LTC approval. This monthly variation on the spend

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.12 Page 4 of 4 Plus Attachments

curve is only due to timing of some expenses incurred earlier to support a construction ramp up of November 2018. This variation is not indicative of project cost increases. It is expected that over the next few months the monthly variation will be "trending positive."

**Environmental and Regulatory** - Preparation of amended EA based on feedback and discussions with the Ministry of Environment and Climate Change ("MOECC"). This includes staff and consultant time for follow-up meetings with the MOECC, Ministry of Natural Resources and Forestry, other Ontario government bodies, Indigenous communities and other stakeholders regarding the amended EA.

**Project Management** - Result of (a) costs incurred with respect to the Hydro One Networks Inc. Lake Superior Link Leave to Construct ("LTC") application that was not budgeted as part of the NextBridge EWT Line Project costs; and (b) unplanned external technical support for mapping to support such items as crossing applications.

### Part 4

Attached to this undertaking are the variance analysis slides from the NextBridge Board of Directors presentations for the periods of August 1 to December 31, 2017 and January 1 to April 30, 2018. In cases where there were no significant variances in the month, a report was not made to the Board of Directors. Variances were reported to the Board in:

- August 2017 (Attachment 1)
- November 2017 (Attachment 2)
- December 2017 (Attachment 3)
- April 2018 (Attachment 4)

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- Variances
- Environment
- completed before July 2017 (based on the May 2015 plan) and Delay in submitting the final EA, this work was planned to be at this time Arch 2 was to be 1/2 way completed in July 2017
- getting into the field, which pushed back the timing of the work Delay in getting access, which resulted in being delayed in to a later month
- Increase in costs associated with the actual work that was completed on the final EA

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- Variances
- Stakeholder relations
- A full program was assumed for each month and therefore, variance is timing at this time.
- Environment
- Therefore, timing and November/December actuals will likely Golder change orders have not been approved/processed. catch-up when the change order is approved/processed. I
- Land
- Timing issue relating to surveying schedule

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- <u>Variances none</u>
- Changes to purchase orders mean delayed billing for Environment and Land
- Capital Call January 24
- Approach for 2018 capital calls
- Projected spend versus average

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Variance Analysis

- E&C all timing differences expected that Valard would be ramping up its work, which has not been pushed out.
- Environment permanent differences due to amended EA that was unplanned at time of LTC budget preparation.
- Land mainly timing differences with small dollar permanent (unplanned) work that is not expected to increase overall land budget.
- Stakeholder Relations timing differences (for both internal and external costs) re: change in timing of the open house from winter to fall 2018.
  - Regulatory timing differences (for both internal and external costs) re: change in timing of technical conference/LTC process.
- GIS support, McCarthy and Sussex, netted against (positive) coding error in Project Management – mainly permanent differences re: planner, external January.

### **TAB 9**

### REDACTED PUBLIC



### ONTARIO ENERGY BOARD

FILE NO.: EB-2017-0182 EB-2017-0194 Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure) and Hydro One Networks Inc.

VOLUME: Technical Conference

DATE: May 7, 2018

EB-2017-0182 EB-2017-0194

### THE ONTARIO ENERGY BOARD

Application for leave to construct an electricity transmission line between Thunder Bay and Wawa, Ontario

- and -

Application to upgrade existing transmission station facilities in the Districts of Thunder Bay and Algoma, Ontario

> Hearing held at 2300 Yonge Street, 25th Floor, Toronto, Ontario, on Monday, May 7, 2018, commencing at 9:43 a.m.

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REDACTED - PUBLIC

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TECHNICAL CONFERENCE

1 MR. MURRAY: The second part of my question is -- so I 2 understand you're going to provide me with what was 3 expected to be completed at the end of the 18 months. 4 Ultimately, the development period was much longer; I think 5 around 48 months total. I might be off plus or minus a 6 couple months.

But at the end of that kind of period when you filed in July 2017, can you tell me where you were in terms of those original milestones? Had you completed all the original milestones that were in the original 18-month period, or were some still outstanding? Is that something you can provide?

MS. TIDMARSH: For clarity, I think one of the things that we would do then is in our filing that we did in May 2015, where we outlined all the activities we would be doing before leave to construct, as well as our OEB milestones and all the activities, we would compare that to what was completed when we filed our leave to construct. Is that acceptable?

20 MR. MURRAY: What I really want to know is I want to 21 kind of make sure that we -- I don't want to end up with 22 what I call an apples-to-mangoes situation; I want an 23 apples-to-apples.

So there was an original set of milestones that were based upon the 18 months and 22.4 million. What I sort of want to be able to compare that against is how much of those -- which of those milestones were actually completed at the end of the 48 months.

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1 I'll give you an example. In some cases, for example, 2 you may have gone beyond milestones. So you may have as 3 part of your original development budget phase, for example, said we're going to complete 15 percent of the 4 5 land acquisitions by the end of 18 months. Perhaps by the 6 end of 48 months, it was 75 percent, so you've actually 7 gone above and beyond what was originally contemplated in the milestone. 8

9 What I sort of want is I want to know what was the 10 original target, where you ultimately ended up, and then 11 sort of the difference. Is that something you can provide? 12 MS. TIDMARSH: Yes, we can provide that.

MR. MURRAY: Once again, going back to my example, to the extent there's a difference -- and this isn't just for land use, but for everything, but I think the land use is a good example.

17 So to the extent, for example, you anticipated 50 18 percent of the land purchases and you got 75 percent, if 19 you can provide kind of an estimate of the costs associated 20 with those extra 25 percent, that would be helpful. Is 21 that something that can also be included?

MS. TIDMARSH: Yes. In some cases -- I'm sorry, I hesitate because in some cases some of the activities flow through a project, and so they don't start and stop at certain times.

So for example, the land acquisition that you use, the costing over the spread of so many months to reach 75 percent means that we were still doing activities. We

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never stopped and started the activities, so it's hard to
 put a finite amount of time. But we can attempt do that.
 MS. CRNOJACKI: That would be JT1.7.

4 UNDERTAKING NO. JT1.7: TO PROVIDE A COMPARISON OF
5 ORIGINAL MILESTONES TO ACTUAL, AND ASSOCIATED COSTS.
6 MR. MURRAY: If I can ask to go to Exhibit B, tab 16,
7 schedule 1? We are once again still on the additional
8 evidence that was filed.

9 If I could ask we go to page 5 of 11, and scroll down 10 just a little bit -- perfect.

Now, in this section, you talk about the prudency of the costs. If I can take you to the second paragraph, you talk in particular about internal labour that was used as part of the NextBridge project. And there's reference to, I think, two internal employees were seconded to the NextBridge project, one in land rights and one in legal.

And the question I have is were these the only two internal or partner-affiliated employees that were seconded or working on the project?

MS. TIDMARSH: So I think for clarity, what I would say is that our partner organizations, each one of us deploys labour at different rates. So for example, a lot of team leads work on more than one type of project.

So your question about were they seconded, were they the only two that were seconded, I would say yes, subject to check, those were the only two that were seconded through the project.

28

MR. MURRAY: Perhaps to clarify my question, I wasn't

26

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### **TAB 10**

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.9 Page 1 of 1 Plus Attachments

### UNDERTAKING JT1.9

### UNDERTAKING

TC TR 1, page 32

To provide copies of the reports from the lead level to the project managers about cost variances.

### RESPONSE

The process for reporting cost variances to project management begins with the preparation of monthly project financial information from the Project Management Office, which is then circulated to the team leads for their review. Where a material variance from budget arises in relation to a work stream, the relevant team lead is requested to provide an explanation. The variances, including team lead explanations for the variances, are summarized as part of the Board of Directors materials. Attached are variance materials provided to the Board of Directors in the following years:

- 2015 (Attachment 1)
- 2016 (Attachment 2)
- 2017 (Attachment 3)
- 2018 (Attachment 4)

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# Revised format for tracking financials – Actuals vs Budget, plus Balance of Project

•

									TOTAL PROJECT	- ESTIMATE	
	Actuals at July 31, Au 2015 project to-	gust Estimates A	ugust Actuals	August variance \$ better/positive -	PTD Actuals	Balance of Low E Spend Committed	salance of Project Forecast	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent of Total
	date ("PTD")			(worse/negative)		(bridge costs post July 31 to re-start)		forecast)		(worse/negative)	Budget
Cost Category											
Budgetted											
Engineering, Design and Procurement Activity	7,270,211	129,000	99,620	29,380	7,369,830	200,000	4,761,059	12,330,889	12,322,998	(7,891)	59.8%
Permitting and Licensing	84,781	ı	ı		84,781		ı	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	3,557,470	89,000	14,208	74,792	3,571,678		4,911,000	8,482,678	8,482,680	2	42.1%
Land Acquisition (Excludes Aboriginal)	1,578,854	000'6	10,860	(1,860)	1,589,713		2,991,000	4,580,713	4,571,000	(9,713)	34.7%
First Nation and Metis Consultation	1,593,084	55,000	51,836	3,164	1,644,920	515,000	3,330,000	5,489,920	5,474,000	(15,920)	30.0%
Other Consultation	868,468	37,000	4,901	32,099	873,370		1,663,000	2,536,370	2,516,000	(20,370)	34.4%
Regulatory	1,144,689	12,000	24,403	(12,403)	1,169,092	452,500	945,500	2,567,092	2,495,000	(72,092)	45.5%
Interconnection Studies	83,878	,	ı		83,878		60,000	143,878	239,000	95,122	58.3%
Project Management	2,388,456	77,000	191,577	(114,577)	2,580,033		2,854,582	5,434,615	4,630,000	(804,615)	47.5%
Contingency and Escalation (Eng, Design & Procurement)							1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgetted	18,569,891	408,000	397,404	10,596	18,967,296	1,167,500	23,476,141	43,610,937	42,768,000	(842,937)	43.5%
Unbudgetted											
First Nation and Metis Land Acquisition	10,908	ı	,		10,908		21,815				
First Nation and Metis Participation	1,977,435	353,000	(37,056)	390,056	1,940,379		3,917,814				

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43,610,937

28,234,740

21,335,810

385,166

375,834

20,959,976

4,758,599 358,643

460,326

230,163 187,064 2,368,514

> (15,485) 374,570

> (21,570) 15,485

> > 353,000 761,000

230,163 171,579 2,390,085

Other Costs Not Included In Above Categories

Taxes and Duties Total Unbudgetted

Carrying Charges

Grand Total



Financial Update – Key Variance Drivers	
<ul> <li>Most disciplines were under estimate in August due to pushing</li> </ul>	bu
activities until we have funding certainty from the OEB; this can not continue past September	can
<ul> <li>Primary August variance was PMO:</li> </ul>	
<ul> <li>2015 audit accrual true up, \$10k</li> </ul>	
<ul> <li>NEE labour methodology updated in 2015, \$95k</li> </ul>	
<ul> <li>\$50k overhead loader (incentives, corporate overhead, general offic expenses) – 2 months charged in August</li> </ul>	fice
<ul> <li>\$45k common cost allocation (2x year true-up)</li> </ul>	
<ul> <li>DRM Consulting – revising allocation to a flat monthly charge, \$5</li> </ul>	\$5k
<ul> <li>Travel costs higher than budgeted, \$5k</li> </ul>	
<ul> <li>We are reviewing the PMO budget vs actuals in-detail for YTD</li> </ul>	Δ
results – findings presented at October Board meeting	
NEXTBRIDGE Confidential and Attorney – Client Privilege Work Product	t 4

September
Update –
Financial

## Continuing to use a reduced forecast of 95% for the Team Leads •

01	% Spenthol	Tot	1582/		100%	2°	17	<b>Q</b>	<b>٢</b>	×4:	5 <b>911</b> %	xẫn	â	46.6%	J	1.9	, <i>I</i>	Α
r estimate	Variance \$	better/positive -	(worse/negative)	583,940	(7,461,	1,093,838	146,292	175,715	91,448	(16,904,	98,122	(714,311,	2	1,450,681				
TOTAL PROJECT	Budget - May	2015	I	12,322,998	77,320	8,482,680	4,571,000	5,474,000	2,516,000	2,495,000	239,000	4,630,000	1,960,002	42,768,000				
	Total Forecast	(actuals +	fore cast)	11,739,058	84,781	7,388,842	4,424,708	5,298,285	2,424,552	2,511,904	140,878	5,344,311	1,960,000	41,317,319				
	alance of Project	Forecast @95%		4,313,006	ı	3,802,000	2,820,450	3,617,500	1,542,850	1,337,725	57,000	2,622,853	1,960,000	22,073,384				
	PTD Actuals B			7,426,052	84,781	3,586,842	1,604,258	1,680,785	881,702	1,174,179	83,878	2,721,458		19,243,935				
	September variance \$	better/positive -	(worse/negative)	353,779		93,836	6,455	25,134	28,668	7,913		(52,425)		463,361				
	September	Actuals		56,221	ı	15,164	14,545	35,866	8,332	5,087	,	141,425		276,639				
	September	Estimates		410,000	,	109,000	21,000	61,000	37,000	13,000		89,000		740,000				
	Actuals at August	31, 2015 project	to-date ("PTD")	7,369,830	84,781	3,571,678	1,589,713	1,644,920	873,370	1,169,092	83,878	2,580,033		18,967,296				
			Cost Category	Engineering, Design and Procurement Activity	Permitting and Licensing	Environmental and Regulatory Approvals	Land Acquisition (Excludes Aboriginal)	First Nation and Metis Consultation	Other Consultation	Regulatory	Interconnecti on Studies	Project Management	Conti ngency	Total Budgeted				

### NOTE: Will be reforecast every 6 months by the Team Leads, start TBD 43,757,982 22,073,384 21,684,598 744,211 348,789 1,093,000 21,335,810

202,726

2,440,663

1,996,867 230,163

230,163

1,996,867

296,512

56,488

353,000

10,908 1,940,379 230,163 202,726

(15,661)

15,661

,

187,064

Other Costs Not Included In Above Categories

Carrying Charges Taxes and Duties

First Nation and Metis Land Acquisition First Nation and Metis Participation 2,440,663

280,851

72,149

353,000

2,368,514

**Total Unbudgeted** 

**Grand Total** 

10,908

10,908

ш	-inancial Uρ	odate – Key Variance Drivers
•	Prior month fin distributed on t the same week	ancial results are typically finalized and he 4 <sup>th</sup> business day of the new month – usually t as the Board of Directors meeting
•	Most discipline pushing activiti ramp-up activit	s were under Budget in September due to es until we have funding certainty from the OEB; ies for most disciplines started October 1
•	Primary Septer - Both Septer the start of th	mber variance was PMO: ber and October office rent was paid in September at ie new lease (net of ENB re-charge) - \$5k
	<ul> <li>On-going iss using annual month (\$34k</li> </ul>	ue of not properly capturing the loader rates with salaries - combined impact is approximately \$45k/ for salaries, \$8k for foreign exchange rate)
NEX	XTBRIDGE INFRASTRUCTURE	Confidential and Attorney – Client Privilege Work Product 6

<b>October</b>
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October spend increased slightly with the resumption of Env and E&C work;

								( III		
								TOTAL PROJECT	r estimate	
Cost Category	Actuals at September 30, 2015 project to- date ("PTD")	October Estimates	October Actuals	October variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ 9 better/positive - (worse/negative)	% Spen Tot Budg
Engi neering, Design and Procurement Activity	7,426,052	471,000	208,069	262,931	7,634,120	3,842,006	11,476,126	12,322,998	846,872	9
Permitting and Licensing	84,781	,	·		84,781		84,781	77,320	(7,461)	100
Environmental and Regulatory Approvals	3,586,842	102,000	112,726	(10,726)	3,699,567	3,700,000	7,399,567	8,482,680	1,083,113	20
Land Acquisition (Excludes Aboriginal)	1,604,258	22,000	18,941	3,059	1,623,199	2,798,450	4,421,649	4,571,000	149,351	Э́С
First Nation and Metis Consultation	1,680,785	155,000	49,808	105,192	1,730,593	3,462,500	5,193,093	5,474,000	280,907	ŝ
Other Consultation	881,702	39,000	1,819	37,181	883,521	1,503,850	2,387,371	2,516,000	128,629	3
Regul a tory	1,174,179	66,000	5,122	60,878	1,179,301	1,271,725	2,451,026	2,495,000	43,974	48
Interconnection Studies	83,878				83,878	57,000	140,878	239,000	98,122	5
Project Management	2,721,458	106,000	102,459	3,541	2,823,917	2,516,853	5,340,770	4,630,000	(710,770)	50
Contingency						1,960,000	1,960,000	1,960,002	2	
Total Budgeted	19,243,935	961,000	498,943	462,057	19,742,878	21,112,384	40,855,262	42,768,000	1,912,738	46
										-,
First Nation and Metis Land Acquisition	10,908				10,908		10,908			
First Nation and Metis Participation	1,996,867	353,000	12,957	340,043	2,009,824		2,009,824			
Other Costs Not Included In Above Categories	230,163	ı	ı		230,163		230,163			• •
Carrying Charges	202,726		15,831	(15,831)	218,557		218,557			,
Taxes and Duties										g
Total Unbudgeted	2,440,663	353,000	28,788	324,212	2,469,451		2,469,451			,-

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Confidential and Attorney – Client Privilege Work Product 3

43,324,713

21,112,384

22,212,329

786,269

527,731

1,314,000

21,684,598

**Grand Total** 

NEXTBRIDGE

LL_	inancial Update – Key Variance Drivers
•	No significant variances for the month of October
٠	Actual expenses continue to be under Budget based on delay
•	E&C and Environmental increased in October as planned (geotechnical work and environmental vendor RFP)
٠	Environmental, Land, Regulatory and Aboriginal should
	before the next Open House

November	
Update – N	
Financial	

November spend increased slightly with the conclusion of E&C and ENV work: current \$2,3M halance should last 3-5 more months (Feh. Anr)

Filed: 2018-06-01

		u valal							_	, EB-2
								TOTAL PROJECT	T ESTIMATE	20 <sup>,</sup>
	Actuals at October 31, 2015	November Estimates	November Actuals	November variance \$ better/positive -	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent of Total
Cost Category	project to-date ("PTD")			(worse/negative)			forecast)		(worse/negative)	1582/EE
Engineering, Design and Procurement Activity	7,634,120	325,000	123,110	201,890	7,757,230	3,517,006	11,274,236	12,322,998	1,048,762	8% 8%
Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	1000
Environmental and Regulatory Approvals	3,699,567	95,000	25,428	69,572	3,724,995	3,605,000	7,329,995	8,482,680	1,152,685	50.8%
Land Acquisition (Excludes Aboriginal)	1,623,199	21,000	29,901	(8,901)	1,653,100	2,777,450	4,430,550	4,571,000	140,450	D₩
First Nation and Metis Consultation	1,730,593	147,000	29,887	117,113	1,760,480	3,315,500	5,075,980	5,474,000	398,020	%∠ 2 <b>4</b> .
Other Consultation	883,521	37,000	11,373	25,627	894,894	1,466,850	2,361,744	2,516,000	154,256	%6 <b>Ц</b>
Regul a tory	1,179,301	66,000	(5,753)	71,753	1,173,548	1,205,725	2,379,273	2,495,000	115,727	₩.3%
Interconnection Studies	83,878	·	ı		83,878	57,000	140,878	239,000	98,122	i <b>bi</b> t
Project Management	2,823,917	89,000	103,518	(14,518)	2,927,435	2,427,853	5,355,288	4,630,000	(725,288)	<b>84</b> 7%
Contingency			1		1	1,960,000	1,960,000	1,960,002	2	% P
Total Budgeted	19,742,878	780,000	317,464	462,536	20,060,342	20,332,384	40,392,726	42,768,000	2,375,274	40.7%
										Attachme
First Nation and Metis Land Acquisition	10,908		'		10,908		10,908			nt
First Nation and Metis Participation	2,009,824	353,000	113,704	239,296	2,123,528	·	2,123,528			1,
Other Costs Not Included In Above Categories	230,163	I	ı	ı	230,163	I	230,163			Pa
Carrying Charges	218,557		16,094	(16,094)	234,651	·	234,651			age
Taxes and Duties				ı						e 7

## Confidential and Attorney – Client Privilege Work Product <u>3</u>

7 of 8

2,599,250

2,599,250

223,202

129,798

353,000

2,469,451

**Total Unbudgeted** 

**Grand Total** 

42,991,975

20,332,384

22,659,591

685,738

447,262

1,133,000

22,212,329

**NEXTBRIDGE** 

**NFRASTRUCTURE** 

- Actual expenses continue to be under Budget based on the delay of full ramp up work, except for
- Land ramp-up activities with CanAcre to re-engage with its team and support geotechnical work
- PMO's internal labour charges were higher than budget (as previously noted) I
- Regulatory was negative due to low spend and a labour true-up
- December will reflect current month plus the remaining November's Environmental accruals were understated November accruals
- increase in January supporting the route refinement work Environmental, Land, Regulatory and Aboriginal should before the next Open House

Financial Update – January

January spend was inline with recent months at about \$400 k; current \$1.6 MM balance should last through the end of March

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								TOTAL PROJECT	r estimate	,
	Actuals at December 31,	January Estimates	January Actuals	January variance \$ better/positive -	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent of Total
Cost Category	2015 project to- date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
Engi neering, Design and Procurement Activity	7,850,146	149,000	179,464	(30,464)	8,029,610	3,193,006	11,222,616	12,322,998	1,100,382	71.5%
Permitting and Licensing	84,781	ı	·		84,781	ı	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	3,791,932	157,000	8,106	148,894	3,800,038	3,311,000	7,111,038	8,482,680	1,371,642	53.4%
Land Acquisition (Excludes Aboriginal)	1,634,725	134,000	20,129	113,871	1,654,854	2,622,450	4,277,304	4,571,000	293,696	38.7%
First Nation and Metis Consultation	1,801,683	155,000	34,528	120,472	1,836,211	3,013,500	4,849,711	5,474,000	624,289	37.9%
Other Consultation	905,769	39,000	28,027	10,973	933,795	1,390,850	2,324,645	2,516,000	191,355	40.2%
Regulatory	1,191,180	65,000	20,683	44,317	1,211,863	1,076,725	2,288,588	2,495,000	206,412	53.0%
Interconnection Studies	83,878	ı	ı		83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	3,073,365	106,000	97,451	8,549	3,170,816	2,232,853	5,403,669	4,630,000	(773,669)	58.7%
Contingency		-				1,960,000	1,960,000	1,960,002	2	%0.0
Total Budgeted	20,417,459	805,000	388,388	416,612	20,805,847	18,857,384	39,663,231	42,768,000	3,104,769	52.5%
										,-

First Nation and Metis Land Acquisition	10,908	·	ı		10,908	·	10,908	
First Nation and Metis Participation	2,155,079	353,000	3,625	349,375	2,158,704	ı	2,158,704	
Other Costs Not Included In Above Categories	230,163				230,163		230,163	
Carryi ng Charges	288,468	ı	24,275	(24,275)	312,743	I	312,743	
Taxes and Duties		ı						
Total Unbudgeted	2,684,617	353,000	27,900	325,100	2,712,517		2,712,517	
Grand Total	23,102,076	1,158,000	416,288	741,712	23,518,365	18,857,384	42,375,749	

### NEXTBRIDGE

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194, Exhibit JT1.9, Attachment 2, Page 1 of 22
- All disciplines were under budget, with the exception of E&C by \$30 k; E&C remains under budget Project-to-Date
- T-Line, Foundation Design and Geotech expenses posted in January, but were budgeted in previous months
- All leads, including E&C, have been running below budget in recent months
- Next capital call is scheduled to be discussed on April 13<sup>th</sup> with funding due on April 27<sup>th</sup>; estimated \$5.0 MM





Financial Update – February

### February budgeted spend was inline with recent months at about \$400k; current TOTAL PROJECT ESTIMATE \$1.2 MM balance should last through the end of April

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	Actuals at January 31, 2016 project to-date ("PTD")	February Estimates	February Feb Actuals be (w	uary variance \$ tter/positive - orse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Engineering, Design and Procurement Activity	8,029,610	149,000	133,972 15,028		8,163,582	3,044,006	11,207,588	12,322,998	1,115,410	72.8%
Permitting and Licensing	84,781		ı	ı	84,781	ı	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	3,800,038	174,000	87,502 86,498		3,887,540	3,137,000	7,024,540	8,482,680	1,458,140	55.3%
Land Acquisition (Excludes Aboriginal)	1,654,854	135,000	7,296	127,704	1,662,151	2,487,450	4,149,601	4,571,000	421,399	40.1%
First Nation and Metis Consultation	1,836,211	155,000	28,845	126,155	1,865,056	2,858,500	4,723,556	5,474,000	750,444	39.5%
Other Consultation	933,795	40,000	18,016 21,984		951,811	1,350,850	2,302,661	2,516,000	213,339	41.3%
Regulatory	1,211,863	63,000	19,752 43,248		1,231,615	1,013,725	2,245,340	2,495,000	249,660	54.9%
Interconnection Studies	83,878	ı	I		83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	3,170,816	89,000	86,444 2,556		3,257,260	2,143,853	5,401,113	4,630,000	(771,113)	60.3%
Contingency		'				1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	20,805,847	805,000	381,826	423,174	21,187,673	18,052,384	39,240,058	42,768,000	3,527,942	54.0%

		2 Work Product
2,869,568	42,109,625	rivilege
•   	18,052,384	Client P
2,869,568	24,057,241	orney – (
195,950	619,123	al and Att
157,050	538,877	fidenti
353,000	1,158,000	Cont
2,712,517	23,518,365	щ
		<b>U</b>

10,908

10,908 2,290,960 230,163 337,537

220,743

132,257

353,000

Other Costs Not Included In Above Categories

**Total Unbudgeted** 

Carrying Charges Taxes and Duties **Grand Total** 

First Nation and Metis Land Acquisition First Nation and Metis Participation

10,908 2,158,704 230,163 312,743

24,794 (24,794)

2,290,960 230,163 337,537



### Filed: 2018-06-01, EB-2017-0182/EB-2017-0194, Exhibit JT1.9, Attachment 2, Page 3 of 22

- All disciplines were under budget in February
- processed in Feb 2016, which clears the labour accrual and Enbridge's actual invoices for Oct, Nov, and Dec 2015 were adjusts for any differences
- January labour for Land was over accrued; the reversal posted in February resulting in no Land labour expense
- All leads have been running below budget in recent months
- Next capital call is scheduled to be discussed on April 13<sup>th</sup> with funding due on April 27<sup>th</sup>; estimated \$5.0 MM
- Currently excludes 'below the line' costs
- Any adjustments (not expected to be significant) will be accounted for in the August capital call

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## March spend was reflective of increased activities with land, environmental, stakeholder and E&C; should reach \$22.4 MM this month

								TOTAL PROJECT	L ESTIMATE	
	Actuals at February 29, 2016 project to- date ("PTD")	March Estimates	March Actuals	February variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent o Total Budget
ngineering, Design and Procurement Activity	8,163,582	149,000	148,047	953	8,311,629	2,895,006	11,206,635	12,322,998	1,116,363	74.2
ermitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0
invironmental and Regulatory Approvals	3,887,540	214,000	209,040	4,960	4,096,579	2,923,000	7,019,579	8,482,680	1,463,101	58.4
and Acquisition (Excludes Aboriginal)	1,662,151	153,000	119,355	33,645	1,781,506	2,334,450	4,115,956	4,571,000	455,044	43.3
irst Nation and Metis Consultation	1,865,056	149,000	61,290	87,710	1,926,346	2,709,500	4,635,846	5,474,000	838,154	41.6
Other Consultation	951,811	147,000	43,807	103,193	995,618	1,203,850	2,199,468	2,516,000	316,532	45.3
Regulatory	1,231,615	64,000	8,384	55,616	1,239,998	949,725	2,189,723	2,495,000	305,277	56.6
nterconnection Studies	83,878		ı		83,878	57,000	140,878	239,000	98,122	59.5
Project Management	3,257,260	89,000	104,421	(15,421)	3,361,681	2,054,853	5,416,534	4,630,000	(786,534)	62.1
Contingency						1,960,000	1,960,000	1,960,002	2	0.0
Total Budgeted	21,187,673	965,000	694,344	270,656	21,882,017	17,087,384	38,969,401	42,768,000	3,798,599	56.2
										,

First Nation and Metis Land Acquisition	10,908	њ. - к	ı		10,908	ı	10,908
First Nation and Metis Participation	2,290,960	353,000	65,504	287,496	2,356,465		2,356,465
Other Costs Not Included In Above Categories	230,163				230,163		230,163
Carrying Charges	337,537		25,280	(25,280)	362,817		362,817
Taxes and Duties							
Total Unbudgeted	2,869,568	353,000	90,784	262,216	2,960,352		2,960,352
Grand Total	24,057,241	1,318,000	785,128	532,872	24,842,369	17,087,384	41,929,753

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- All disciplines were under budget for March with the exception of the previously noted PMO
- Although under for Jan and Feb, PMO was over in March
- PMO budget was calculated as a total and flat-lined for each month
- The next capital call funding is due April 27<sup>th</sup>
- Total due \$5 MM
- NEE \$2.5 MM
- BOR / ENB \$1.25 MM
- Currently excludes 'below the line' costs
- Any adjustments (not expected to be significant) would be accounted for in the August capital call

## Financial Update – April

April spend was approximately \$600 k bringing the Budgeted spend to \$22.5 MM 

Actuals at March April Estir 31, 2016 project Cost Category to-date ("PTD")							I U I AL PRUJEL	I ESTIMATE	
	Estimates A	pril Actuals	April variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Engineering, Design and Procurement Activity 8,311,629 14:	149,000	65,005	83,995	8,376,634	2,746,006	11,122,640	12,322,998	1,200,358	75.3%
Permitting and Licensing 84,781	ы. . (			84,781		84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals 4,096,579 28	280,000	110,809	169,191	4,207,388	2,643,000	6,850,388	8,482,680	1,632,292	61.4%
Land Acquisition (Excludes Aboriginal) 1,781,506 19	192,000	247,860	(55,860)	2,029,367	2,142,450	4,171,817	4,571,000	399,183	48.6%
First Nation and Metis Consultation 14:	149,000	33,472	115,528	1,959,818	2,560,500	4,520,318	5,474,000	953,682	43.4%
Other Consultation 995,618 14	148,000	41,370	106,630	1,036,988	1,055,850	2,092,838	2,516,000	423,162	49.5%
Regulatory 1,239,998 1-	14,000	19,328	(5,328)	1,259,326	935,725	2,195,051	2,495,000	299,949	57.4%
Interconnection Studies 83,878		ı		83,878	57,000	140,878	239,000	98,122	59.5%
Project Management 3,361,681 10	106,000	80,073	25,927	3,441,754	1,948,853	5,390,607	4,630,000	(760,607)	63.8%
Contingency -		ı			1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted 21,882,017 1,03	1,038,000	597,917	440,083	22,479,935	16,049,384	38,529,319	42,768,000	4,238,681	58.3%

388,464 41,634,436 10,908 2,475,582 230,163 3,105,117 16,049,384 10,908 230,163 388,464 2,475,582 3,105,117 25,585,052 (25,648)208,235 648,317 233,882 25,648 742,683 119,118 144,766 6 353,000 353,000 1,391,000 2,356,465 362,817 10,908 230,163 24,842,369 2,960,352 Other Costs Not Included In Above Categories First Nation and Metis Land Acquisition First Nation and Metis Participation **Total Unbudgeted** Taxes and Duties Carrying Charges Grand Total

### Filed: 2018-06-01 EB-2017-0182/EB-2017-0194, Exhibit JT1.9, Attachment 2, Page 7 of 22

Confidential and Attorney – Client Privilege Work Product 12

- All disciplines were under budget for April with the exception of Land and Regulatory
- Land variance
- Timber Valuation occurred in April 2016 instead of planned timing of February to April 2017
- CanACRE being utilized more because of additional parcel count and GIS support for the construction access plan
- Regulatory variance
- Acceleration of the submission of the LTC caused work to start in April 2016 instead of April 2017
- Capital call was successfully funded on April 27<sup>th</sup>

Financial Update – May

### May spend was just under \$500 k, bringing the total Budgeted spend to just under \$23 MM •

										•
								TOTAL PROJECT	T ESTIMATE	., _
	Actuals at April 30, 2016 project	May Estimates	May Actuals	May variance \$ better/positive -	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent d
Cost Category	to-date ("PTD")			(worse/negative)		,	forecast)		(worse/negative)	Budget
Engineering, Design and Procurement Activity	8,376,634	149,000	154,544	(5,544)	8,531,178	2,597,006	11,128,184	12,322,998	1,194,814	76.7
Permitting and Licensing	84,781		,		84,781		84,781	77,320	(7,461)	100.0
Environmental and Regulatory Approvals	4,207,388	236,000	86,948	149,052	4,294,336	2,407,000	6,701,336	8,482,680	1,781,344	64.1
Land Acquisition (Excludes Aboriginal)	2,029,367	188,000	132,741	55,259	2,162,107	1,954,450	4,116,557	4,571,000	454,443	52.5
First Nation and Metis Consultation	1,959,818	156,000	8,916	147,085	1,968,733	2,404,500	4,373,233	5,474,000	1,100,767	45.0
Other Consultation	1,036,988	38,000	17,015	20,985	1,054,003	1,017,850	2,071,853	2,516,000	444,147	50.9
Regulatory	1,259,326	12,000	21,425	(9,425)	1,280,752	923,725	2,204,477	2,495,000	290,524	58.1
Interconnecti on Studi es	83,878	ı			83,878	57,000	140,878	239,000	98,122	59.5
Project Management	3,441,754	89,000	74,438	14,562	3,516,192	1,859,853	5,376,045	4,630,000	(746,045)	65.4
Contingency						1,960,000	1,960,000	1,960,002	2	0.0
Total Budgeted	22,479,935	868,000	496,026	371,974	22,975,960	15,181,384	38,157,344	42,768,000	4,610,656	60.2

First Nation and Metis Land Acquisition	10,908	·	ı	·	10,908		10,908	
First Nation and Metis Participation	2,475,582	353,000	99,773	253,227	2,575,355	ı	2,575,355	
Other Costs Not Included In Above Categories	230,163	ı			230,163		230,163	
Carrying Charges	388,464	·	25,985	(25,985)	414,449		414,449	
Taxes and Duties								
Total Unbudgeted	3,105,117	353,000	125,757	227,243	3,230,875		3,230,875	
Grand Total	25,585,052	1,221,000	621,783	599,217	26,206,835	15,181,384	41,388,219	

# Confidential and Attorney – Client Privilege Work Product 10

NEXTBRIDGE

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- All disciplines were under budget for May, with the exception of Engineering and Regulatory (slight overages)
  - Engineering
- Additional T-line design and land survey/LIDAR work was pulled forward
- Somewhat offset by actual costs related to E&C studies (i.e. soil testing, HONI crossing studies, legal contract support, etc.) not incurred in May
  - Regulatory
- Acceleration of the submission of the LTC caused work to start in April 2016 instead of April 2017, which has continued (and will continue) for balance of the year I

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### June spend was approximately \$700k, bringing the budgeted total to \$23.6 MM •

								TOTAL PROJECT	- ESTIMATE	
Cost Category	Actuals at May 31, 2016 project to-date ("PTD")	May Estimates	May Actuals	May variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Engineering, Design and Procurement Activity	8,531,178	149,000	122,060	26,940	8,653,238	2,448,006	11,101,244	12,322,998	1,221,754	77.9%
Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	4,294,336	236,000	174,465	61,535	4,468,802	2,171,000	6,639,802	8,482,680	1,842,878	67.3%
Land Acquisition (Excludes Aboriginal)	2,162,107	187,000	170,212	16,788	2,332,319	1,767,450	4,099,769	4,571,000	471,231	56.9%
First Nations and Metis Consultation	1,968,733	156,000	40,787	115,213	2,009,520	2,248,500	4,258,020	5,474,000	1,215,980	47.2%
Other Consultation	1,054,003	38,000	13,464	24,536	1,067,467	979,850	2,047,317	2,516,000	468,683	52.1%
Regulatory	1,280,752	12,000	45,293	(33,293)	1,326,045	911,725	2,237,770	2,495,000	257,230	59.3%
Interconnection Studies	83,878				83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	3,516,192	89,000	155,086	(66,086)	3,671,279	1,770,853	5,442,132	4,630,000	(812,132)	67.5%
Contingency						1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	22,975,960	867,000	721,368	145,632	23,697,328	14,314,384	38,011,712	42,768,000	4,756,288	62.3%

First Nations and Metis Land Acquisition	10,908	ı	·	,	10,908	ı	10,908	
First Nations and Metis Participation	2,575,355	353,000	26,699	326,301	2,602,054	,	2,602,054	
Other Costs Not Included In Above Categories	230,163	,	,		230,163		230,163	
Carrying Charges	414,449		26,429	(26,429)	440,878	ı	440,878	
Taxes and Duties								
Total Unbudgeted	3,230,875	353,000	53,128	299,872	3,284,002		3,284,002	
Grand Total	26,206,835	1,220,000	774,495	445,505	26,981,331	14,314,384	41,295,715	

# Confidential and Attorney – Client Privilege Work Product 13

NEXTBRIDGE

# Financial Update – Key Variance Drivers

- No unexpected variances
- Capital call for July has been postponed to September



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## July spend was approximately \$600k, bringing the budgeted total to \$24.3 MM •

								TOTAL PROJECT	r estimate	-00-
	Actuals at June	July Estimates	July Actuals	July variance \$	PTD Actuals	Balance of Project	Total Forecast	Budget - May	Variance \$	% Spent of C
	30, 2016 project			better/positive -		Forecast @95%	(actuals +	2015	better/positive -	Total <u>T</u>
	to-date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
Engineering, Design and Procurement Activity	8,653,238	149,000	115,240	33,760	8,768,478	2,299,006	11,067,484	12,322,998	1,255,514	79.2%
Permitting and Licensing	84,781	ı	ı		84,781	,	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	4,468,802	215,000	144,761	70,239	4,613,563	1,956,000	6,569,563	8,482,680	1,913,117	70.2%
Land Acquisition (Excludes Aboriginal)	2,332,319	187,000	181,859	5,141	2,514,178	1,580,450	4,094,628	4,571,000	476,372	61.4%
First Nations and Métis Consultation	2,009,520	148,000	17,649	130,351	2,027,169	2,100,500	4,127,669	5,474,000	1,346,331	49.1%
Other Consultation	1,067,467	39,000	17,432	21,568	1,084,899	940,850	2,025,749	2,516,000	490,251	53.6%
Regulatory	1,326,045	13,000	29,061	(16,061)	1,355,106	898,725	2,253,831	2,495,000	241,169	60.1% <sup>+</sup>
Interconnection Studies	83,878				83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	3,671,279	106,000	92,787	13,213	3,764,065	1,664,853	5,428,918	4,630,000	(798,918)	19.3%
Contingency		·				1,960,000	1,960,000	1,960,002	2	_%0.0
Total Budgeted	23,697,328	857,000	598,789	258,211	24,296,118	13,457,384	37,753,502	42,768,000	5,014,498	64.4% <sup>G</sup>
										Allachn

230,163 468,136 12,633 2,622,350 3,333,282 41,086,783 13,457,384 12,633 468,136 27,629,399 2,622,350 230,163 3,333,282 (1, 725)(27,258) 332,704 303,721 561,931 20,296 27,258 1,725 648,069 49,279 353,000 353,000 1,210,000 10,908 440,878 2,602,054 230,163 26,981,331 3,284,002 Other Costs Not Included In Above Categories First Nations and Métis Land Acqui sition First Nations and Métis Participation **Total Unbudgeted** Carrying Charges Taxes and Duties Grand Total

No unexpected variances





Financial Update – August

August spend was just under \$700k, bringing the budgeted total to approximately \$25 MM; and the total spend to \$28.5 MM .

										J1,
								TOTAL PROJECT	T ESTIMATE	
	Actuals at July 31, 2016 project to-	August Estimates	August Actuals	August variance \$ better/positive -	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent & Total
Cost Category	date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
Engineering, Design and Procurement Activity	8,768,478	149,000	93,001	55,999	8,861,479	2,150,006	11,011,485	12,322,998	1,311,513	80.5
Permitting and Licensing	84,781		ı		84,781	ı	84,781	77,320	(7,461)	100.02
Environmental and Regulatory Approvals	4,613,563	214,000	171,027	42,973	4,784,590	1,742,000	6,526,590	8,482,680	1,956,090	73.38
Land Acquisition (Excludes Aboriginal)	2,514,178	183,000	210,984	(27,984)	2,725,162	1,397,450	4,122,612	4,571,000	448,388	66.1
First Nations and Métis Consultation	2,027,169	148,000	17,144	130,856	2,044,312	1,952,500	3,996,812	5,474,000	1,477,188	51.15
Other Consul tation	1,084,899	38,000	28,261	9,739	1,113,160	902,850	2,016,010	2,516,000	499,990	55.2
Regulatory	1,355,106	12,000	21,036	(9;036)	1,376,142	886,725	2,262,867	2,495,000	232,133	60.8
Interconnection Studies	83,878				83,878	57,000	140,878	239,000	98,122	59.5 <u>8</u>
Project Management	3,764,065	89,000	145,998	(56,998)	3,910,063	1,575,853	5,485,916	4,630,000	(855,916)	71.33
Conti ngency		ı	ı		·	1,960,000	1,960,000	1,960,002	2	0.0
Total Budgeted	24,296,118	833,000	687,450	145,550	24,983,568	12,624,384	37,607,952	42,768,000	5,160,048	66.43
										511L Z,
										Fay
First Nations and Métis Land Acquisition	12.633	ı	1.225	(1.225)	13.858	ı	13.858			5.01

496,045 2,783,430 230,163 3,523,496 41,131,447 12,624,384 496,045 2,783,430 230,163 3,523,496 28,507,063 191,920 (27,909) 162,786 308,336 27,909 161,080 190,214 877,664 353,000 353,000 1,186,000 468,136 2,622,350 230,163 3,333,282 27,629,399 Other Costs Not Included In Above Categories First Nations and Métis Participation Total Unbudgeted Carrying Charges Taxes and Duties **Grand Total** 

### NEXTBRIDGE

Confidential and Attorney – Client Privilege Work Product 10

### Filed: 2018-06-01, EB 2917-0182/EB 2817-8199, Exhibit T 199, Attached the 12, Page 15 of 22

- PMO was the main variance for the month
- Budget of \$74k / month
- Previous months were under budget
- Jan Aug average \$76k / month
- Minor increase in costs related to embedded Enbridge employee



Financial Update – September

September spend was just over \$1 M, bringing the budgeted total to just over \$26 M; and the total spend to \$29.6 M

										-0
								TOTAL PROJEC	T ESTIMATE	
	Actuals at August 31.2016 project	September Estimates	September Actuals	September variance \$ better/positive -	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals +	Budget - May 2015	Variance \$ better/positive -	% Spent of N
Cost Category	to-date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
Engineering, Design and Procurement Activity	8,861,479	149,000	171,066	(22,066)	9,032,544	2,001,006	11,033,550	12,322,998	1,289,448	81.9%
Permitting and Licensing	84,781	ı	I	I	84,781	,	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	4,784,590	235,000	335,953	(100,953)	5,120,543	1,507,000	6,627,543	8,482,680	1,855,137	77.3%
Land Acquisition (Excludes Aboriginal)	2,725,162	201,000	261,138	(60,138)	2,986,301	1,196,450	4,182,751	4,571,000	388,249	71.4%
First Nations and Métis Consultation	2,044,312	156,000	32,472	123,528	2,076,785	1,796,500	3,873,285	5,474,000	1,600,715	23.6%
Other Consultation	1,113,160	144,000	50,979	93,021	1,164,139	758,850	1,922,989	2,516,000	593,011	60.5%
Regul a tory	1,376,142	12,000	47,772	(35,772)	1,423,913	874,725	2,298,638	2,495,000	196,362	61.9%
Interconnection Studies	83,878	ı	I	I	83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	3,910,063	89,000	124,447	(35,447)	4,034,511	1,486,853	5,521,364	4,630,000	(891,364)	73.1%
Contingency			-			1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	24,983,568	986,000	1,023,827	(37,827)	26,007,395	11,638,384	37,645,779	42,768,000	5,122,221	69.1%
										nen

13,858 524,346 2,914,814 230,163 3,683,181 41,328,960 11,638,384 230,163 524,346 13,858 2,914,814 29,690,576 3,683,181 (28,301) 221,616 193,315 155,488 28,301 131,384 159,685 1,183,512 353,000 353,000 1,339,000 13,858 496,045 2,783,430 230,163 3,523,496 28,507,063 Other Costs Not Included In Above Categories First Nations and Métis Land Acquisition First Nations and Métis Participation **Total Unbudgeted** Taxes and Duties **Grand Total** Carrying Charges

### Filed: 2018-06-01. EB-2017-0182/EB-2017-0194, Exhibit JT1.9, Attachment 2, Page 17 of 22

Confidential and Attorney – Client Privilege Work Product 10

- Engineering driven by Loon Lake revision
- Land surveying & LIDAR
- Geotech
- not budgeted for this month and significantly more than prior month Environment – big spend was in regulatory applications, which was
- In addition, over \$600 k in Golder Change Orders issued in last 60 days
- Land aggressive land acquisition with CanACRE as compared to prior months and budget
  - Regulatory spending time on the EA (applicable to all disciplines) plus continued LTC prep
- Quarterly Capital Call scheduled for October 26 has been postponed

Financial Update – October

## October spend was close to \$700 k, bringing the total budgeted spend to \$26.7 MM

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Actuals at totalOctoberCotoberSeptember variance \$PTD ActualsDelater (positive - total set (Positive - Total)Total ForecastBudget - MayVariance \$% September - total205 perember 30, 205 perember 30, date ("PTD")EstimatesActualsbetter/positive - (worse/negative)Forecast @95%Total ForecastBudget - MayVariance \$% September - totalTotal205 perember 30, 205 per markEstimatesActualsbetter/positive - (worse/negative)Forecast @95%(actuals + 1822,0062015(worse/negative)Budget - (worse/negative)8 addetnemoting besign and Procurement Activity9,332,54390,6689,909,8761,852,0061,922,2821,322,3981,360,1168 addetnemoting ad uccersing8,4731,261,00058,33290,6588,473,0005,523,1381,261,0005,44,1381,746,101,000sintrommental and Acquusition (Excludes Aporiginal)2,955,803,245,599,55,861,933,5085,474,0007,87,7007,87,7007,87,700sintrommental and Acquusition (Excludes Aporiginal)2,957,8581,533,5085,474,0001,633,9427,737,74580,725sintrommental and Acquusition (Excludes Aporiginal)2,957,8581,557,861,933,5785,474,0007,87,7007,87,7007,87,7007,87,700sintrommental and Acquusition (Excludes Aporiginal)2,957,8581,450,001,45,7666,67,7288,67,7007,87,7007,87,7007,87,700 <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>TOTAL PROJEC</th> <th><b>L ESTIMATE</b></th> <th>J-01,</th>									TOTAL PROJEC	<b>L ESTIMATE</b>	J-01,
September 30, and for the september 30, cost category         September 30, date ("PTD")         Extinates (worse/negative)         Actuals, better/positive- indice         Cost category         Catuals, for cast)         2015         Better/positive- (worse/negative)         Total           2016         date ("PTD")         add ("PTD")         (worse/negative)         (worse/negative)         for cast)         (for cast) <td< th=""><th></th><th>Actuals at</th><th>October</th><th>October</th><th>September variance \$</th><th>PTD Actuals</th><th>Balance of Project</th><th>Total Fore cast</th><th>Budget - May</th><th>Variance \$</th><th>% Spent e</th></td<>		Actuals at	October	October	September variance \$	PTD Actuals	Balance of Project	Total Fore cast	Budget - May	Variance \$	% Spent e
2016 project to- Cost Category         2016 project to- date ("PTD")         (worse/negative)         (worse/negative)         for cast)         (morse/negative)         Budget           Cost Category         date ("PTD")         All amounts are in Canadian dollars)         (morse/negative)         (morse/negative)         [morse/negative]         [morse/n		September 30,	Estimates	Actuals	better/positive -		Forecast @95%	(actuals +	2015	better/positive -	Total 7
All amounts are in Canadian dollars)         All amounts are in Canadian dollars)           ingineering Design and Procurement Activity         9,032,544         149,000         58,332         90,668         9,090,876         1,852,006         10,942,882         1,380,116         83.3           ermitting and Licensing         84,781         77,320         (7,461)         1000           invironmental and Regulatory Approvals         5,120,543         246,000         162,595         83,405         5,283,138         1,261,000         6,544,138         8,482,680         1,938,542         80.7           and Acquisition (Excludes Aboriginal)         2,986,301         201,000         268,258         (6,7258)         3,254,559         995,450         4,571,000         320,991         76.6           and Acquisition (Excludes Aboriginal)         2,96,301         201,000         268,258         (6,7258)         3,254,559         995,450         4,571,000         320,991         76.6           irist Nations and Métis Consultation         2,076,785         157,000         148,774         38,256         1,193,374         613,850         1,402,758         517,000         708,776         66,67           other Consultation         1,462,767         86,725         2,333,492         2,495,000         171,508	Cost Category	2016 project to- date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
inglineering, Design and Procurement Activity9,032,544149,00058,33290,6689,090,8761,852,00610,942,88212,322,9981,380,11683.3ermitting and Licensing84,78184,78177,320(7,461)100.0ermitting and Licensing84,781-84,78177,320(7,461)100.0ermitting and Licensing5,120,543246,000162,59583,4055,283,1381,261,0006,544,1388,482,6801,938,54280.7and Acquisition (Excludes Aboriginal)2,986,301201,000268,258(67,258)3,254,559995,4504,571,000320,99176.6and Acquisition (Excludes Aboriginal)2,986,301219,70018,77438,2262,195,5581,539,5003,835,0585,474,0001,538,94257.7other Consultation1,164,139145,00029,235115,7661,193,374613,8501,807,2242,516,000708,77666.6Regulatory1,423,91314,00038,854(24,854)1,462,767860,7252,333,4922,495,000171,50863.0retronnection Studies83,8785,710038,3675,427,3071,462,767860,7252,333,4922,455,000708,77666.6retronnection Studies83,8785,71001,967,7022,495,000171,50863.0retronnection Studies83,8785,773071,462,767860,7252,333,4922,495,000708,73674.6retron					Allamoun	ts are in Canadian do	ollars)				02/1
ermitting and Licensing $84,781$ $ 84,781$ $7,320$ $(7,461)$ $100.0$ remitting and Licensing $5,120,543$ $246,000$ $162,595$ $83,405$ $5,283,138$ $1,261,000$ $6,54,138$ $8,482,680$ $1,938,542$ $80.7$ and Acquisition (Excludes Aboriginal) $2,986,301$ $201,000$ $162,595$ $83,405$ $5,283,138$ $1,261,000$ $6,544,138$ $8,482,680$ $1,938,542$ $80.7$ and Acquisition (Excludes Aboriginal) $2,986,301$ $201,000$ $168,726$ $83,405$ $5,283,138$ $1,250,009$ $4,571,000$ $320,991$ $76.6$ rist Nations and Métic Consultation $2,076,785$ $157,000$ $118,774$ $38,226$ $2,195,500$ $4,571,000$ $1,638,942$ $57.7$ Other Consultation $1,164,139$ $145,000$ $29,235$ $115,766$ $1,193,374$ $613,350$ $3,835,058$ $5,474,000$ $174,508$ $65.6$ Other Consultation $1,164,139$ $14,6,000$ $29,235$ $115,766$ $1,462,767$ $860,725$ $2,335,058$ $5,474,000$ $174,568$ $5,774,000$ $174,588$ $532,65,000$ $738,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728$ $595,728,728$ $595,729$ $716,798$ $716,728$ $595,729$ $716,728$ $716,728$ $716,728$ $716,728$ $716,728$ <	ingineering, Design and Procurement Activity	9,032,544	149,000	58,332	90,668	9,090,876	1,852,006	10,942,882	12,322,998	1,380,116	83.10
invironmental and Regulatory Approvals5,120,543246,000162,59583,4055,283,1381,261,0006,544,1388,482,6801,938,54280.1and Acquisition (Excludes Aboriginal)2,986,301201,000268,258(67,258)3,254,559995,4504,571,000320,99176.6and Acquisition (Excludes Aboriginal)2,986,301201,000268,258(67,258)3,254,559995,4504,571,000320,99176.6if st Nations and Métis Consultation1,164,139145,000118,77438,2262,195,5581,630,7282,516,000708,77666.6Other Consultation1,164,139145,00029,235115,7661,193,374613,8501,807,2242,516,000708,77666.6Regulatory1,423,91314,00038,854(24,854)1,462,767860,7252,333,4922,495,000171,50863.0Regulatory1,423,91314,00038,854(24,854)1,462,767860,7252,333,4922,495,000171,50863.0Regulatory83,87883,8785,273,0722,495,000171,50863.0Reconnection Studies83,87883,8785,473,070140,8782,395,00098,12274.6Reconnection Studies83,8781,403,4874.63,000171,50874.6Reconnection Studies<	Permitting and Licensing	84,781	,			84,781		84,781	77,320	(7,461)	100.001
and Acquisition (Excludes Aboriginal) $2,986,301$ $201,000$ $268,258$ $(67,258)$ $3,254,559$ $995,450$ $4,571,000$ $320,991$ $76.6$ irst Nations and Métis Consultation $2,076,785$ $157,000$ $118,774$ $38,226$ $2,195,558$ $1,639,500$ $3,835,058$ $5,474,000$ $1,638,942$ $57.2$ ther Consultation $1,164,139$ $145,000$ $29,235$ $115,766$ $1,193,374$ $613,850$ $1,807,224$ $2,516,000$ $708,776$ $66.0$ tegulatory $1,423,913$ $14,000$ $38,854$ $(24,854)$ $1,462,767$ $86,0725$ $2,333,492$ $2,495,000$ $171,508$ $63.0$ retronnection Studies $83,878$ $  83,878$ $5,7000$ $140,878$ $239,000$ $98,122$ $59.5$ retronnection Studies $4,034,511$ $106,000$ $11,944$ $94,056$ $4,046,454$ $1,380,853$ $5,427,307$ $4,630,000$ $79,7307$ $74.6$ retronnection Studies $            -$ retronnection Studies $                                         -$	invironmental and Regulatory Approvals	5,120,543	246,000	162,595	83,405	5,283,138	1,261,000	6,544,138	8,482,680	1,938,542	80.7
irst Nations and Métis Consultation $2,076,785$ $157,000$ $118,774$ $38,226$ $2,195,558$ $1,63,500$ $3,835,058$ $5,474,000$ $1,638,942$ $57.2$ ther Consultation $1,164,139$ $145,000$ $29,235$ $115,766$ $1,193,374$ $613,850$ $1,807,224$ $2,516,000$ $708,776$ $66.0$ ther Consultation $1,423,913$ $14,000$ $38,854$ $(24,854)$ $1,462,767$ $860,725$ $2,323,492$ $2,495,000$ $171,508$ $63.0$ ther consultation $1,423,913$ $14,000$ $38,854$ $(24,854)$ $1,462,767$ $860,725$ $2,323,492$ $2,495,000$ $171,508$ $63.0$ ther connection Studies $83,878$ $5,7000$ $140,878$ $239,000$ $98,122$ $59.5$ ther connection Studies $4,034,511$ $106,000$ $11,944$ $94,056$ $4,046,454$ $1,380,853$ $5,427,307$ $4,630,000$ $79,7307$ $74.6$ to indigency $      1,960,000$ $1,960,0002$ $2$ $23$ to total Budgeted $26,007,395$ $1,018,000$ $687,991$ $33,009$ $26,695,386$ $10,62,036$ $2,7307$ $4,630,000$ $5,452,230$ $71.5$	and Acquisition (Excludes Aboriginal)	2,986,301	201,000	268,258	(67,258)	3,254,559	995,450	4,250,009	4,571,000	320,991	76.6
Other Consultation       1,164,139       145,000       29,235       115,766       1,193,374       613,850       1,807,224       2,516,000       708,776       66.0         regulatory       1,423,913       14,000       38,854       (24,854)       1,462,767       860,725       2,323,492       2,495,000       171,508       63.0         retronnection Studies       83,878       -       -       86,725       2,323,492       2,39,000       98,122       59.5         orioject Management       4,034,511       106,000       11,944       94,056       4,046,454       1,380,853       5,427,307       4,630,000       (797,307)       74.6         oriningency       -       -       -       -       1,960,000       1,960,000       (797,307)       74.6         oritingency       -       -       -       -       -       1,960,000       1,960,000       (797,307)       74.6         contingency       -       -       -       -       -       1,960,000       1,960,000       74.6       0.0         oritigency       -       -       -       -       -       1,960,000       1,960,000       74.6       0.0         orintigency       -       - <t< td=""><td>irst Nations and Métis Consultation</td><td>2,076,785</td><td>157,000</td><td>118,774</td><td>38,226</td><td>2,195,558</td><td>1,639,500</td><td>3,835,058</td><td>5,474,000</td><td>1,638,942</td><td>57.3</td></t<>	irst Nations and Métis Consultation	2,076,785	157,000	118,774	38,226	2,195,558	1,639,500	3,835,058	5,474,000	1,638,942	57.3
Regulatory         1,423,913         14,000         38,854         (24,854)         1,462,767         860,725         2,323,492         2,495,000         171,508         63.0           nite connection Studies         83,878         57,000         140,878         239,000         98,122         59.5           roject Management         4,034,511         106,000         11,944         94,056         4,046,454         1,380,853         5,427,307         4,630,000         (797,307)         74.6           contingency         -         -         -         1,960,000         1,960,000         (797,307)         74.6           Total Budgeted         26,007,395         1,018,000         687,991         330,009         26,695,386         1,062,000         1,960,000         5,427,230         71.5	Other Consultation	1,164,139	145,000	29,235	115,766	1,193,374	613,850	1,807,224	2,516,000	708,776	66.Q
Interconnection Studies         83,878         57,000         140,878         239,000         98,122         59.5           *roject Management         4,034,511         106,000         11,944         94,056         4,046,454         1,380,853         5,427,307         4,630,000         (797,307)         74.6         74.6           *roject Management         -         -         -         -         1,380,853         5,427,307         4,630,000         (797,307)         74.6         74.6           Contingency         -         -         -         -         1,960,000         1,960,000         20.0         74.6         0.0         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6         74.6	Regulatory	1,423,913	14,000	38,854	(24,854)	1,462,767	860,725	2,323,492	2,495,000	171,508	63.0
roject Management     4,034,511     106,000     11,944     94,056     4,046,454     1,380,853     5,427,307     4,630,000     (797,307)     74,6       Contingency     -     -     -     -     -     1,960,000     1,960,000     1,960,002     2     0.0       Total Budgeted     26,007,395     1,018,000     687,991     330,009     26,695,386     10,620,384     37,315,770     42,768,000     5,452,230     71.5	nterconnection Studies	83,878	ı		I	83,878	57,000	140,878	239,000	98,122	59.5
Contingency	Project Management	4,034,511	106,000	11,944	94,056	4,046,454	1,380,853	5,427,307	4,630,000	(797,307)	74.6
Total Budgeted 26,007,395 1,018,000 687,991 330,009 26,695,386 10,620,384 37,315,770 42,768,000 5,452,230 71.5	Contingency		-	-			1,960,000	1,960,000	1,960,002	2	0.0
	Total Budgeted	26,007,395	1,018,000	687,991	330,009	26,695,386	10,620,384	37,315,770	42,768,000	5,452,230	71.5
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553,359 3,011,187 230,163 3,808,270 41,124,041 13,562 10,620,384 553,359 230,163 13,562 3,011,187 3,808,270 30,503,657 (29,013) 256,628 227,910 296 557,919 (36) 96,372 29,013 125,090 813,081 353,000 353,000 1,371,000 524,346 13,858 2,914,814 230,163 3,683,181 29,690,576 Other Costs Not Included In Above Categories First Nations and Métis Land Acquisition First Nations and Métis Participation **Total Unbudgeted** Taxes and Duties **Grand Total** Carrying Charges



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- \$160 K of salary costs from NextEra were not captured in the October monthly close
  - Will be in November's report, likely pushing next month over budget
- Variances in land and regulatory continue as we advance the work compared to scheduled budget
- Quarterly Capital Call scheduled for December 1
- \$3.0 MM total
- \$1.5 MM NEE; \$750 K for ENB and BOR ea



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## November spend was over \$1MM, bringing the total budgeted spend to \$27.7 MM •

								TOTAL PROJECT	ESTIMATE	
	Actuals at October	November	November	November variance \$	PTD Actuals	Balance of Project	Total Forecast	Budget - May	Variance \$	% Spent of
Cost Category	ate ("PTD") date ("PTD")	confides	Actuals	worse/negative)		ruetast @33%	forecast)	CTOZ	worse/negative)	Budget
				All amoun	ts are in Canadian dol	lars)				
Engineering, Design and Procurement Activity	9,090,876	149,000	224,320	(75,320)	9,315,196	1,703,006	11,018,202	12,322,998	1,304,796	84.5%
Permitting and Licensing	84,781		,		84,781		84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	5,283,138	185,000	158,828	26,172	5,441,966	1,076,000	6,517,966	8,482,680	1,964,714	83.5%
Land Acquisition (Excludes Aboriginal)	3,254,559	163,000	324,113	(161,113)	3,578,672	832,450	4,411,122	4,571,000	159,878	81.1%
First Nations and Métis Consultation	2,195,558	149,000	1,845	147,155	2,197,403	1,490,500	3,687,903	5,474,000	1,786,097	59.6%
Other Consultation	1,193,374	53,000	60,832	(7,832)	1,254,206	560,850	1,815,056	2,516,000	700,944	69.1%
Regulatory	1,462,767	14,000	26,250	(12,250)	1,489,017	846,725	2,335,742	2,495,000	159,258	63.7%
Interconnection Studies	83,878				83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	4,046,454	89,000	244,836	(155,836)	4,291,290	1,291,853	5,583,143	4,630,000	(953,143)	76.9%
Contingency						1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	26,695,386	802,000	1,041,024	(239,024)	27,736,410	9,818,384	37,554,794	42,768,000	5,213,206	73.9%

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First Nations and Métis Land Acquisition	13,562	ı	3,300	(3,300)	16,862		16,862
First Nations and Métis Participation	3,011,187	353,000	42,289	310,711	3,053,475		3,053,475
Other Costs Not Included In Above Categories	230,163				230,163		230,163
Carrying Charges	553,359		29,887	(29,887)	583,246	,	583,246
Taxes and Duties		'					
Total Unbudgeted	3,808,270	353,000	75,476	277,524	3,883,747		3,883,747
Grand Total	30,503,657	1,155,000	<b>1,116,500</b>	38,500	31,620,156	9,818,384	41,438,541

## Confidential and Attorney – Client Privilege Work Product

NEXTBRIDGE

Financial Update – Key Variance Drivers

- \$160 K of salary costs from NextEra were not captured in the October monthly close
  - This is captured in November results
- Variances in land and regulatory continue as we advance the work compared to scheduled budget and work on the EA by these disciplines
- EA work also accounted for overages with Other Consultation (timing issues) and E&C
- Quarterly capital call completed December
- \$3.0 MM total
- \$1.5 MM NEE; \$750 K for ENB and BOR ea



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December spend was over \$1MM, bringing the total budgeted spend to \$28.7 MM •

								TOTAL BROIECT	ECTIMATE	ſ
	Actuals at	December	December	December variance \$	PTD Actuals	Balance of Project	<b>Total Forecast</b>	Budget - May	Variance \$	% Spent of
	November 30,	Estimates	Actuals	better/positive -		Forecast @95%	(actuals +	2015	better/positive -	Total
	2016 project to- date ("PTD")			(worse/negative)			forecast)		(worse/negative)	Budget
				All amoun	ts are in Canadian do	ilars)				
Engineering, Design and Procurement Activity	9,315,196	149,000	140,309	8,691	9,455,505	1,554,006	11,009,511	12,322,998	1,313,487	85.9%
Permitting and Licensing	84,781		ı		84,781		84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	5,441,966	150,000	113,763	36,237	5,555,729	926,000	6,481,729	8,482,680	2,000,951	85.7%
Land Acquisition (Excludes Aboriginal)	3,578,672	164,000	405,554	(241,554)	3,984,226	668,450	4,652,676	4,571,000	(81,676)	85.6%
First Nations and Métis Consultation	2,197,403	169,000	104,942	64,058	2,302,345	1,321,500	3,623,845	5,474,000	1,850,155	63.5%
Other Consultation	1,254,206	53,000	126,950	(73,950)	1,381,156	507,850	1,889,006	2,516,000	626,994	73.1%
Regulatory	1,489,017	12,000	35,258	(23,258)	1,524,275	834,725	2,359,000	2,495,000	136,000	64.6%
Interconnection Studies	83,878		ı		83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	4,291,290	89,000	84,492	4,508	4,375,782	1,202,853	5,578,635	4,630,000	(948,635)	78.4%
Contingency				1		1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	27,736,410	786,000	1,011,268	(225,268)	28,747,678	9,032,384	37,780,062	42,768,000	4,987,938	76.1%

41,651,397	3,871,335		614,089	230,163	3,010,221	16,862
9,032,384						
32,619,013	3,871,335	ı	614,089	230,163	3,010,221	16,862
140,144	365,412	I	(30,843)		396,255	
998,856	(12,412)		30,843		(43,255)	
1,139,000	353,000	,			353,000	
31,620,156	3,883,747	,	583,246	230,163	3,053,475	16,862

Grand Total

**Total Unbudgeted** 

Carrying Charges Taxes and Duties

Other Costs Not Included In Above Categories First Nations and Métis Land Acquisition First Nations and Métis Participation

NEXTBRIDGE

Filed: 2018-06-01, EB-2017-0182/EB-2017-0194, Exhibit JT1.9, Attachment 3, Page 1 of 20

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- Variances
- Regulatory
- Acceleration of LTC activities
- Actual costs for the EA review were higher than estimates
- NextEra oversight time that was charged and will be removed this month
- Land
- Acceleration of land program activities
- May 2015 budget as compared to 2016 actual work performed has expanded and as a result, the respective costs are higher
- Stakeholder Relations
- Shift in activities on a monthly basis
- Out of scope and budget EA costs

NEXTBRIDGE

Confidential and Attorney – Client Privilege Work Product 10

Financial Update – January

January spend was \$830K, bringing the total budgeted spend to \$29.5 MM

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	Actuals at December 31, 2016 project to-	January Estimates	January Actuals	January variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Cost Category	date ("PTD")				nts are in Canadian de	llare)				
Engineering, Design and Procurement Activity	9,455,505	149,000	55,920	93,080	9,511,425	1,405,006	10,916,431	12,322,998	1,406,567	87.1%
Permitting and Licensing	84,781		, 1		84,781	. 1	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	5,555,729	135,000	56,428	78,572	5,612,157	791,000	6,403,157	8,482,680	2,079,523	87.6%
Land Acquisition (Excludes Aboriginal)	3,984,226	136,000	374,616	(238,616)	4,358,842	532,450	4,891,292	4,571,000	(320,292)	89.1%
First Nations and Métis Consultation	2,302,345	176,000	127,673	48,327	2,430,018	1,145,500	3,575,518	5,474,000	1,898,482	68.0%
Other Consultation	1,381,156	55,000	122,816	(67,816)	1,503,971	452,850	1,956,821	2,516,000	559,179	76.9%
Regulatory	1,524,275	13,000	19,265	(6,265)	1,543,540	821,725	2,365,265	2,495,000	129,735	65.3%
Interconnection Studies	83,878			1	83,878	57,000	140,878	239,000	98,122	59.5%
Project Management	4,375,782	106,000	71,936	34,064	4,447,718	1,096,853	5,544,571	4,630,000	(914,571)	80.2%
Contingency		1	1			1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	28,747,678	770,000	828,653	(58,653)	29,576,331	8,262,384	37,838,715	42,768,000	4,929,285	78.2%
First Nations and Métis Land Acquisition	16,862				16,862		16,862			
First Nations and Métis Participation	3,010,221	353,000	108,390	244,610	3,118,611		3,118,611			
Other Costs Not Included In Above Categories	230,163				230,163	•	230,163			
Carrying Charges	614,089		31,897	(31,897)	645,987		645,987			
Taxes and Duties						1	1			
Total Unbudgeted	3,871,335	353,000	140,288	212,712	4,011,622		4,011,622			
Grand Total	32.619.013	1.123.000	968.941	154.059	33,587,954	8.262.384	41,850,338			



Drivers
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- Key V
Update
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- Variances
- Regulatory
- Originally projected January 2017 as supporting on-going development only
- LTC has been pulled forward
- Spending in line with the estimated expenditure for the Q3 2017 time period of the old budget
- Land
- Continue as we advance the work compared to scheduled budget
  - Stakeholder Relations
- Original budget was averaged out monthly
- Open House work in January

### NEXTBRIDGE

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									TOTAL PROJEC	CT ESTIMATE	
	Cost Category	Actuals at January 31, 2017 project to-date ("PTD")	February Estimates	February Actuals	February variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Budgeted					Allamour	nts are in Canadian d	ollars)				
P-2156-001	Engineering, Design and Procurement Activity	9,511,425	149,000	121,187	27,813	9,632,611	1,256,006	10,888,617	12,322,998	1,434,381	88.5%
P-2156-002	Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0%
P-2156-003	Environmental and Regulatory Approvals	5,612,157	63,000	65,841	(2,841)	5,677,998	728,000	6,405,998	8,482,680	2,076,682	88.6%
P-2156-004	Land Acquisition (Excludes Aboriginal)	4,358,842	188,000	210,816	(22,816)	4,569,658	344,450	4,914,108	4,571,000	(343,108)	93.0%
P-2156-005	First Nations and Métis Consultation	2,430,018	176,000	46,153	129,847	2,476,171	969,500	3,445,671	5,474,000	2,028,329	71.9%
P-2156-006	Other Consultation	1,503,971	53,000	36,663	16,337	1,540,635	399,850	1,940,485	2,516,000	575,515	79.4%
P-2156-007	Regulatory	1,543,540	12,000	70,470	(58,470)	1,614,010	809,725	2,423,735	2,495,000	71,265	66.6%
P-2156-008	Interconnection Studies	83,878		(19)	19	83,859	57,000	140,859	239,000	98,141	59.5%
P-2156-009	Project Management	4,447,718	151,000	80,078	70,922	4,527,796	945,853	5,473,649	4,630,000	(843,649)	82.7%
	Contingency	•	1			1	1,960,000	1,960,000	1,960,002	2	0.0%
	Total Budgeted	29,576,331	792,000	631,188	160,812	30,207,519	7,470,384	37,677,903	42,768,000	5,090,097	80.2%
Unbudgeted											
P-2156-011	First Nations and Métis Land Acquisition	16,862				16,862		16,862			
P-2156-012	First Nations and Métis Participation	3,118,611	353,000	13,990	339,010	3,132,601	•	3,132,601			
P-2156-013	Other Costs Not Included In Above Categories	230,163			•	230,163		230,163			
P-2156-014	Carrying Charges	645,987		32,713	(32,713)	678,699	•	678,699			
	Taxes and Duties					,					
	Total Unbudgeted	4,011,622	353,000	46,703	306,297	4,058,325	,	4,058,325			
	Grand Total	33,587,954	1,145,000	677,891	467,109	34,265,845	7,470,384	41,736,229			



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- Variances
- Regulatory
- LTC has been pulled forward
- Regulatory participated (2 people) in the open house, which was never contemplated in previous budget •
- Land
- Continue as we advance the work compared to scheduled budget
  - Scope changes
- GIS work and added land agent to complete work given a shortened timeline

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								TOTAL PROJEC	T ESTIMATE	
Cost Category	Actuals at February 28, 2017 project to- date ("PTD")	March Estimates	March Actuals	March variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
				Allamour	its are in Canadian do	llars)				
Engineering, Design and Procurement Activity	9,632,611	149,000	171,578	(22,578)	9,804,189	1,107,006	10,911,195	12,322,998	1,411,803	89.9%
Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	5,677,998	59,000	97,023	(38,023)	5,775,021	669,000	6,444,021	8,482,680	2,038,659	89.6%
Land Acquisition (Excludes Aboriginal)	4,569,658	188,000	252,937	(64,937)	4,822,595	156,450	4,979,045	4,571,000	(408,045)	96.9%
First Nations and Métis Consultation	2,476,171	169,000	255,923	(86,923)	2,732,094	800,500	3,532,594	5,474,000	1,941,406	77.3%
Other Consultation	1,540,635	53,000	(82,894)	135,894	1,457,740	346,850	1,804,590	2,516,000	711,410	80.8%
Regulatory	1,614,010	22,000	44,479	(22,479)	1,658,489	787,725	2,446,214	2,495,000	48,786	67.8%
Interconnection Studies	83,859				83,859	57,000	140,859	239,000	98,141	59.5%
Project Management	4,527,796	151,000	123,745	27,255	4,651,541	794,853	5,446,394	4,630,000	(816,394)	85.4%
Contingency						1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	30,207,519	791,000	862,791	(71,791)	31,070,310	6,679,384	37,749,694	42,768,000	5,018,306	82.3%
First Nations and Métis Land Acquisition	16,862				16,862		16,862			
First Nations and Métis Participation	3,132,601	353,000	28,365	324,635	3,160,967		3,160,967			
Other Costs Not Included In Above Categories	230,163				230,163		230,163			
Carrying Charges	678,699		33,705	(33,705)	712,405	•	712,405			
Taxes and Duties		ı					I			
Total Unbudgeted	4,058,325	353,000	62,070	290,930	4,120,396		4,120,396			
Grand Total	34,265,845	1,144,000	924,861	219,139	35,190,706	6,679,384	41,870,090			

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- Variances
- Land
- Continue as we advance the work compared to scheduled budget
- Scope changes
- GIS work and added land agent to complete work given a shortened timeline
- Environment and E&C
- Continued work on the Environmental Assessment and LTC
- Regulatory
- As previously noted, the LTC submission has been pulled forward by 7 months
- Stakeholder
- Bookkeeping matter is being reviewed



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### April spend was \$1M, bringing the total budgeted spend to \$32 MM •

Anticipation         April actuals         April actual actu									TOTAL PROJEC	T ESTIMATE	
International conditional conditicona conditional conditional conditional conditional condi	Cost Category	Actuals at March 31, 2017 project to-date ("PTD")	April Estimates	April Actuals	April variance \$ better/positive - (worse/negative)	PTD Actuals	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Budget
Registioner for the problement and the probleme					Allamour	its are in Canadian d	ollars)				
remitting and Lensing.         51731         61731         61731         7120         7120         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132         7132	Engineering, Design and Procurement Activity	9,804,189	149,000	120,992	28,008	9,925,181	958,006	10,883,187	12,322,998	1,439,811	91.2%
Invincionental and Regulatory Appronds         5,75,021         61,000         15,163         635,164         6,82,060         6,559,184         6,82,060         6,22,346         6,37,060         1,23,465         0,373           Retrainion (retraines Anorginal)         2,32,356         1,32,463         2,33,358         1,33,358         1,32,346         1,32,346         1,32,346         1,32,346         1,32,346         1,32,346         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,358         1,33,35	Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0%
	Environmental and Regulatory Approvals	5,775,021	61,000	176,163	(115,163)	5,951,184	608,000	6,559,184	8,482,680	1,923,496	90.7%
Introduction         273.094         166.00         235.84         (85.84)         296.973         632.500         368.470         5.47.000         1.85.522         2.35           Other Consultation         1,477,40         3,40         1,467,72         2,495.00         1,467,72         2,495.00         75.418         8.43           Regulation         1,658,82         2,30         2,20         1,467,72         2,495.00         75.418         8.43           Regulation         1,658,82         2,100         85.34         1,467,72         2,495.00         75.418         8.43           Regulation         1,658,82         2,100         85.34         1,467,72         2,395.00         98,141         95.5           Regulation         31,073         7,37         8.26         2,310.00         1,40,35         2,396.00         98,41         95.5           Contrigency         31,073         7,37         8.266.00         1,40,35         2,310.00         98,41         95.5           Contrigency         31,073         7,37         9         2,960.00         9,41         95.5           Contrigency         31,040         1,40,35         2,140.00         1,40,35         2,140.00         1,41         95.5	Land Acquisition (Excludes Aboriginal)	4,822,595	172,000	291,160	(119,160)	5,113,755	(15,550)	5,098,205	4,571,000	(527,205)	100.3%
Other consultation         1,457,40         5,400         9,991         4,4004         1,457,35         1,765,85         2,516,000         755,418         8,343           Regulatory         1,55,443         2,002         7,023         2,495         2,495         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         6,433         8,334         6,433         8,334         8,334         6,433         8,334         8,334         6,433         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334         8,334	First Nations and Métis Consultation	2,732,094	168,000	253,884	(85,884)	2,985,978	632,500	3,618,478	5,474,000	1,855,522	82.5%
Regulatory         168.489         2.300         7.2072         (130.561         7.64,725         2.495,000         (286)         6.483           Interconnection Studies         8.3839         -         -         8.3839         57,000         2.495,000         95,141         5956           Interconnection Studies         4.651,49         0.633         4.73,749         8.3359         57,000         95,141         5956           Interconnection Studies         4.651,41         1.660,000         1.610,000         1.60,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,000         1.610,010         1.610,010 <td< td=""><td>Other Consultation</td><td>1,457,740</td><td>54,000</td><td>9,991</td><td>44,009</td><td>1,467,732</td><td>292,850</td><td>1,760,582</td><td>2,516,000</td><td>755,418</td><td>83.4%</td></td<>	Other Consultation	1,457,740	54,000	9,991	44,009	1,467,732	292,850	1,760,582	2,516,000	755,418	83.4%
	Regulatory	1,658,489	23,000	72,072	(49,072)	1,730,561	764,725	2,495,286	2,495,000	(286)	69.4%
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Interconnection Studies	83,859			•	83,859	57,000	140,859	239,000	98,141	59.5%
Continency         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         1,060,000         <	Project Management	4,651,541	168,000	85,937	82,063	4,737,478	626,853	5,364,331	4,630,000	(734,331)	88.3%
	Contingency					1	1,960,000	1,960,000	1,960,002	2	0.0%
First Nations and Metits Land Acquisition         16,862         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·         ·<	Total Budgeted	31,070,310	795,000	1,010,199	(215,199)	32,080,509	5,884,384	37,964,893	42,768,000	4,803,107	84.5%
First Nations and Métis Land Acquisition       16,862       -       -       -       16,862       -       16,862         First Nations and Métis Land Acquisition       3,160,967       333,000       11,369       341,631       3,172,335       -       16,862         First Nations and Métis Participation       3,160,967       333,000       11,369       341,631       3,172,335       -       3,172,335         Other Costs Not Included In Above Categories       230,163       -       230,163       -       230,163       -       -       230,163       -       -       -       -       -       -       -       230,163       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -											
First Nations and Métic Participation $3.160,967$ $353,000$ $11,369$ $341,631$ $3,172,335$ $5,172,335$ $5,172,335$ $5,172,335$ Other Costs Not Included In Move Categories $230,163$ $ 230,163$ $ 230,163$ $                                                                                  -$	First Nations and Métis Land Acquisition	16,862		1		16,862		16,862			
Other Costs Not Included In Above Categories       230,163 $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$	First Nations and Métis Participation	3,160,967	353,000	11,369	341,631	3,172,335		3,172,335			
Carrying Charges       712,405       34,736       34,736       747,141       747,141       1       1         Taxes and Duties             1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1 <td>Other Costs Not Included In Above Categories</td> <td>230,163</td> <td></td> <td>•</td> <td></td> <td>230,163</td> <td>•</td> <td>230,163</td> <td></td> <td></td> <td></td>	Other Costs Not Included In Above Categories	230,163		•		230,163	•	230,163			
Taxes and Duties       Taxes and Duties <thtaxes and="" duties<="" th=""> <tht< td=""><td>Carrying Charges</td><td>712,405</td><td></td><td>34,736</td><td>(34,736)</td><td>747,141</td><td></td><td>747,141</td><td></td><td></td><td></td></tht<></thtaxes>	Carrying Charges	712,405		34,736	(34,736)	747,141		747,141			
Total Unbudgeted     4,120,396     353,000     46,105     306,895     4,166,501     -     4,166,501       Foral Unbudgeted     35,190,706     1,148,000     1,056,304     91,697     36,247,010     5,884,384     42,131,394	Taxes and Duties		-	-	-			-			
Grand Total 35,190,706 1,148,000 1,056,304 91,697 36,247,010 5,884,384 42,131,394	Total Unbudgeted	4,120,396	353,000	46,105	306,895	4,166,501		4,166,501			
	Grand Total	35,190,706	1,148,000	1,056,304	91,697	36,247,010	5,884,384	42,131,394			

# VILEGED AND CONFIDENTIAL – PREPARED IN ANTICIPATION OF LITIGATION

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- Variances
- Land
- Continue as we advance the work compared to scheduled budget
- Scope changes
- GIS work and added land agent to complete work given a shortened timeline
- Environment and E&C
- Continued work on the Environmental Assessment and LTC
- Regulatory
- As previously noted, the LTC submission has been pulled forward by 7 months
- Aboriginal
- Capacity funding payments coming in for increased consultation activity for the Environmental Assessment

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### May spend was \$ 965K, bringing the total budgeted spend to \$33 MM •

								TOTAL PROJEC	T ESTIMATE	
	Actuals at April	May Estimates	May Actuals	May variance \$ hetter/nositive -	PTD Actuals	Balance of Project	Total Fore cast	Budget - May 2015	Variance \$ hetter/nositive -	% Spent of Total
Cost Category	to-date ("PTD")			(worse/negative)			fore cast)		(worse/negative)	Forecast
				Allamon	nts are in Canadian de	ollars)				
Engineering, Design and Procurement Activity	9,925,181	149,000	211,933	(62,933)	10,137,114	809,006	10,946,120	12,322,998	1,376,878	92.6%
Permitting and Licensing	84,781				84,781	•	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	5,951,184	373,000	289,700	83,300	6,240,884	235,000	6,475,884	8,482,680	2,006,796	96.4%
Land Acquisition (Excludes Aboriginal)	5,113,755	103,000	204,440	(101,440)	5,318,195	(118,550)	5,199,645	4,571,000	(628,645)	102.3%
First Nations and Métis Consultation	2,985,978	175,000	51,491	123,509	3,037,469	457,500	3,494,969	5,474,000	1,979,031	86.9%
Other Consultation	1,467,732	37,000	12,553	24,447	1,480,284	255,850	1,736,134	2,516,000	779,866	85.3%
Regulatory	1,730,561	87,000	84,404	2,596	1,814,965	677,725	2,492,690	2,495,000	2,310	72.8%
Interconnection Studies	83,859				83,859	57,000	140,859	239,000	98,141	59.5%
Project Management	4,737,478	151,000	110,755	40,245	4,848,233	475,853	5,324,086	4,630,000	(694,086)	91.1%
Contingency				•	•	1,960,000	1,960,000	1,960,002	2	0.0%
Total Budgeted	32,080,509	1,075,000	965,276	109,724	33,045,785	4,809,384	37,855,169	42,768,000	4,912,831	87.3%
First Nations and Métis Land Acquisition	16,862				16,862	•	16,862			
First Nations and Métis Participation	3,172,335	353,000	101,885	251,115	3,274,220	•	3,274,220			
Other Costs Not Included In Above Categories	230,163				230,163	•	230,163			
Carrying Charges	747,141		35,291	(35,291)	782,432		782,432			
Taxes and Duties					•					
Total Unbudgeted	4,166,501	353,000	137,176	215,824	4,303,676	•	4,303,676			
Grand Total	36,247,010	1,428,000	1,102,451	325,549	37,349,461	4,809,384	42,158,845			



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- Variances
- Land
- Acquisition continues and additional field survey requirements are being provided that require access outside of planned acquisition
- Engineering and Construction
- Additional internal resource hours on LTC cost and managing Issue for Bids documents
- Additional External consultants hours on refreshing IFB documents (B&M, Tulloch, Kleinfelder)

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### June spend was \$1.8 MM, bringing the total budgeted spend to \$34.8 MM •

Additional functional									TOTAL PROJEC	T ESTIMATE	
International distribution         All anomentare in considiration dollors:         All anomentare in considiration dollors:         Index or considered dol	Cost Category	Actuals at May 31, 2017 project to-date ("PTD")	June Estimates	June Actuals	June variance \$ better/positive - (worse/negative)	PTD actuals at June 30, 2017	Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Forecast
Englimeting Designant froutine ment Activity         U13714         13900         7320         1446.506         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13 <td></td> <td></td> <td></td> <td></td> <td>Allamou</td> <td>nts are in Canadian do</td> <td>llars)</td> <td></td> <td></td> <td></td> <td></td>					Allamou	nts are in Canadian do	llars)				
mining and regulation (pictorial and hegulation yappore)         84281         0.10         (7.45)         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10         0.10	Engineering, Design and Procurement Activity	10,137,114	149,000	79,372	69,628	10,216,486	660,006	10,876,492	12,322,998	1,446,506	93.9%
Invincental and Regulatory Approals         (5,24)(84)         (3,25)(80)         (3,25)(80)         (3,25)(80)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,45)(30)         (3,46)(30)         (3,46)(30)         (3,46)(30)	Permitting and Licensing	84,781				84,781		84,781	77,320	(7,461)	100.0%
and Acquisition (Fedudes Aborigian)         5318.195         10500         657.960         657.960         557.960         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         577.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000         777.000	Environmental and Regulatory Approvals	6,240,884	235,000	840,014	(605,014)	7,080,898	•	7,080,898	8,482,680	1,401,782	100.0%
InterNational models consultation         303746         155,000         54,07         54,000         54,44,000         2073956         51,000         2073956         51,000         2073956         51,000         2073956         51,000         2073956         51,000         2073956         51,000         203956         51,000         203956         51,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203956         21,000         203,000         36,141         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203         203	Land Acquisition (Excludes Aboriginal)	5,318,195	105,000	657,960	(552,960)	5,976,155	•	5,976,155	4,571,000	(1,405,155)	100.0%
Other consultation         1,480.284         40,000         31,485         1,511,761         1,217,615         1,217,615         2,216,000         783,81         8           Regutation         81,455         7.000         31,485         32.00         44,900         1,447,900         2,455,000         47,100         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300         7,300	First Nations and Métis Consultation	3,037,469	155,000	54,077	100,923	3,091,546	302,500	3,394,046	5,474,000	2,079,954	91.1%
Regulatory         181406         77,000         32,210         32,10         32,10         2,47,900         2,47,900         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100         7,100 <td>Other Consultation</td> <td>1,480,284</td> <td>40,000</td> <td>31,485</td> <td>8,515</td> <td>1,511,769</td> <td>215,850</td> <td>1,727,619</td> <td>2,516,000</td> <td>788,381</td> <td>87.5%</td>	Other Consultation	1,480,284	40,000	31,485	8,515	1,511,769	215,850	1,727,619	2,516,000	788,381	87.5%
Interometion Studies         83,859         57,000         14,0,859         23,000         98,141         53           Projert Management         4,443,233         89,000         5,37,00         5,24,202         4,50,000         98,141         53           Projert Management         33,045,785         89,000         1,54,323         89,000         1,54,323         9,040,323         5,29,292         4,50,000         98,141         53           Total Budgeted         33,045,785         850,000         1,54,323         904,323         9,48,293         4,32,66,000         1,66,002         1,66,002         1,66,002         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,000         1,96,910         1,96,191	Regulatory	1,814,965	77,000	32,210	44,790	1,847,175	600,725	2,447,900	2,495,000	47,100	75.5%
Project Management         4,84,233         89,000         59,206         59,206         89,000         59,206         664,323         92,34,322         453,000         664,323         92,           Contingency         -         -         -         -         -         -         1960,000         1,950,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000         1960,000	Interconnection Studies	83,859				83,859	57,000	140,859	239,000	98,141	59.5%
	Project Management	4,848,233	89,000	59,206	29,794	4,907,439	386,853	5,294,292	4,630,000	(664,292)	92.7%
	Contingency		ı				1,960,000	1,960,000	1,960,002	2	0.0%
	Total Budgeted	33,045,785	850,000	1,754,323	(904,323)	34,800,108	4,182,934	38,983,042	42,768,000	3,784,958	89.3%
First Nations and Métits Land Acquisition         16,862         -         -         -         -         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         -         16,862         16,862         16,862         16,862         16,862         16,86											
First Nations and Métic Land Acquisition $16,862$ $                                                                                                     -$ <											
First Nations and Métis Participation $3,274,220$ $353,000$ $84,917$ $268,083$ $3,359,138$ $3,359,138$ $3,359,138$ $3,359,138$ Other Costs Not Included In Move Categories $230,163$ $= 2$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,163$ $= 230,1$	First Nations and Métis Land Acquisition	16,862				16,862		16,862			
	First Nations and Métis Participation	3,274,220	353,000	84,917	268,083	3,359,138		3,359,138			
Carrying Charges       782,432       36,079       36,079       818,510       818,510       818,510         Taxes and Duties       -       -       9       -       9       -       9       -       9       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -	Other Costs Not Included In Above Categories	230,163				230,163		230,163			
Taxes and Duties       Taxes and Duties <thtaxes and="" duties<="" th=""> <tht< td=""><td>Carrying Charges</td><td>782,432</td><td></td><td>36,079</td><td>(36,079)</td><td>818,510</td><td></td><td>818,510</td><td></td><td></td><td></td></tht<></thtaxes>	Carrying Charges	782,432		36,079	(36,079)	818,510		818,510			
Total Unbudgeted     4,303,676     353,000     120,996     232,004     4,424,672     -     4,424,672       for and Total     37,349,461     1,203,000     1,875,319     (672,319)     39,224,780     4,182,934     43,407,714	Taxes and Duties										
Grand Total 37,349,461 1,203,000 1,875,319 (672,319) 39,224,780 4,182,934 43,407,714	Total Unbudgeted	4,303,676	353,000	120,996	232,004	4,424,672		4,424,672			
	Grand Total	37,349,461	1,203,000	1,875,319	(672,319)	39,224,780	4,182,934	43,407,714			



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- Variances
- Land
- at this time compared to the May 2015 budget that established Originally the land acquisition program would be wrapping-up the baseline budget for the Development Period
- Development project-to-date actuals and will reduce the Each dollar spent pre-LTC filing will increase Land Construction Period Land budget
- \*Note this adjustment may need to be made for other disciplines
- Environment
- Has used up Development Period budget current spend is being absorbed by underspend in other disciplines

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July spend was \$1MM, bringing the total budgeted spend to \$35.7 MM

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								TOTAL PROJEC	T ESTIMATE	
	Actuals at June 30, 2017 project to-date ("PTD")	July Estimates	July Actuals	July variance \$ better/positive - (worse/negative)	PTD actuals at July 31, 2017	/ Balance of Project Forecast @95%	Total Forecast (actuals + forecast)	Budget - May 2015	Variance \$ better/positive - (worse/negative)	% Spent of Total Forecast
				Allamor	nts are in Canadian du	ollars)				
Engineering, Design and Procurement Activity	10,216,486	149,000	46,978	102,022	10,263,464		10,263,464	12,322,998	2,059,534	100.0%
Permitting and Licensing	84,781				84,781	•	84,781	77,320	(7,461)	100.0%
Environmental and Regulatory Approvals	7,080,898	369,000	736,782	(367,782)	7,817,680		7,817,680	8,482,680	665,000	100.0%
Land Acquisition (Excludes Aboriginal)	5,976,155	106,000	(175,623)	281,623	5,800,532		5,800,532	4,571,000	(1,229,532)	100.0%
First Nations and Métis Consultation	3,091,546	164,000	162,456	1,544	3,254,002		3,254,002	5,474,000	2,219,998	100.0%
Other Consultation	1,511,769	81,000	75,246	5,754	1,587,015		1,587,015	2,516,000	928,985	100.0%
Regula tory	1,847,175	83,000	26,324	56,676	1,873,499	•	1,873,499	2,495,000	621,501	100.0%
Interconnection Studies	83,859				83,859		83,859	239,000	155,141	100.0%
Project Management	4,907,439	106,000	59,345	46,655	4,966,784		4,966,784	4,630,000	(336,784)	100.0%
Contingency					-			1,960,002	1,960,002	
Total Budgeted	34,800,108	1,058,000	931,508	126,492	35,731,616	,	35,731,616	42,768,000	7,036,384	100.0%
First Nations and Métis Land Acquisition	16,862				16,862	-	16,862			
First Nations and Métis Participation	3,359,138	353,000	56,250	296,750	3,415,388		3,415,388			
Other Costs Not Included In Above Categories	230,163		•		230,163	•	230,163			
Carrying Charges	818,510		36,963	(36,963)	855,474		855,474			
Taxes and Duties			ı	•	•		'			
Total Unbudgeted	4,424,672	353,000	93,213	259,787	4,517,886	,	4,517,886	<u>.</u>		
Grand Total	39,224,780	1,411,000	1,024,721	386,279	40,249,501		40,249,501			


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- Variances
- Environment
- completed before July 2017 (based on the May 2015 plan) and Delay in submitting the final EA, this work was planned to be at this time Arch 2 was to be 1/2 way completed in July 2017
- getting into the field, which pushed back the timing of the work Delay in getting access, which resulted in being delayed in to a later month
- Increase in costs associated with the actual work that was completed on the final EA

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- October spend was \$500K, bringing the total budgeted spend to \$2.4 MM
  - November 24<sup>th</sup> Capital Call

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											TOTAL PROJECT	ESTIMATE			
	Development Actual at July 31, 2017	Construction Actual at October 1,2017	October Construction Estimates	October Construction Actual	October variance \$ better/positive - (worse/negative)	Project-to-date (PTD) Construction Actual at October	Balance of Project Forecast through in- service	Total Construction Forecast (Actual + forecast)	Development Actual - July 31, 2017	Total Development (Actual) + Construction	Development Actual - July 31, 2017	Construction Budget - July 2017	Total Development (Actual) + Construction	Construction Variance \$ better/positive - (worse/negative)	% Spent of Total forecast
Cost Category						31, 2017				(forecast)			(budget)		
						Allamoun	ts are in Canadian c	tollars)							
ingineering, Design and Procurement Activity	10,263,464	83,440	145,230	193,975	(48,745)	277,415	635,656,199	635,933,614	10,263,464	646,197,078	10,263,464	630,831,373	641,094,837	(5,102,241)	0.04%
ermitting and Licensing	84,781								84,781	84,781	84,781		84,781		i0//id#
invironmental and Regulatory Approvals	7,817,680	1,220,504	639,267	(298,898)	938,165	921,606	10,830,003	11,751,609	7,817,680	19,569,289	7,817,680	13,030,561	20,848,241	1,278,952	7.84%
and Acquisition (Excludes Aboriginal)	5,800,532	365,830	446,316	217,617	228,700	583,446	22,139,331	22,722,778	5,800,532	28,523,310	5,800,532	23,830,513	29,631,044	1,107,735	2.57%
irst Nations and Métis Consultation	3,254,002	215,760	710,000	191,762	518,238	407,522	11,081,000	11,488,522	3,254,002	14,742,524	3,254,002	13,211,000	16,465,002	1,722,478	3.55%
Other Consultation	1,587,015	98,604	38,358	(66,313)	104,671	32,291	2,363,108	2,395,399	1,587,015	3,982,414	1,587,015	2,530,194	4,117,209	134,795	1.35%
egulatory	1,873,499	39,127	33,958	49,023	(15,065)	88,150	5,324,402	5,412,552	1,873,499	7,286,051	1,873,499	5,405,078	7,278,577	(7,473)	1.63%
nterconnection Studies	83,859			4,350	(4,350)	4,350	•	4,350	83,859	88,209	83,859		83,859	(4,350)	100.00%
'roject Management	4,966,784	230,316	85,998	70,006	15,992	300,322	4,641,317	4,941,639	4,966,784	9,908,422	4,966,784	4,900,644	9,867,427	(40,995)	6.08%
irst Nations and Métis Land Acquisition	16,862			•			•	•	16,862	16,862	16,862		16,862		i0//\ID#
irst Nations and Métis Participation	3,415,388	106,025	470,000	108,066	361,934	214,091	4,090,000	4,304,091	3,415,388	7,719,479	3,415,388	5,500,000	8,915,388	1,195,909	4.97%
ILGP				,	•	,	1,500,000	1,500,000	,	1,500,000		1,500,000	1,500,000		0.00%
Other Costs NotIncludedIn Above Categories	230,163			•					230,163	230,163	230,163		230,163		i0//ID#
ite remediation			,				4,309,360	4,309,360		4,309,360		4,309,360	4,309,360		0.00%
ontingency							918,799	918,799		918,799		918,799	918,799	0	0.00%
arrying Charges	855,474	78,014	38,202	55,947	(17,745)	133,961	30,889,498	31,023,459	855,474	31,878,933	855,474	31,003,000	31,858,474	(20,459)	0.43%
Total Budgeted	40,249,501	2,437,619	2,607,330	525,535	2,081,795	2,963,154	733,743,017	736,706,171	40,249,501	776,955,673	40,249,501	736,970,522	777,220,024	264,351	0.40%



•	Variances
•	Stakeholder relations
	<ul> <li>A full program was assumed for each month and therefore, variance is timing at this time.</li> </ul>
•	Environment
	<ul> <li>Golder change orders have not been approved/processed.</li> <li>Therefore, timing and November/December actuals will likely catch-up when the change order is approved/processed.</li> </ul>
٠	Land
	<ul> <li>Timing issue relating to surveying schedule</li> </ul>

Financial Update

Financial Update – November

October spend was \$617K, bringing the total budgeted spend to \$2.9 MM •

Cost Category	Development Actual at July 31, 2017	Construction Phase Actual at October 1, 2017	November Construction Phase Estimates	November Construction Phase Actual	November variance \$ better/positive - (worse/negative)	Project-to-date (PTD) Construction Phase Actual at November 30, 2017	Project-to-date (PTD) Actual at November 30, 2017	Balance of Construction Phase Project Forecast through in- service
Allam	nounts are in Canadian de	ollars)						
ngineering, Design and Procurement Activity	10,263,464	277,415	147,920	84,721	63,199	362,136	10,625,599	635,508,279
ermitting and Licensing	84,781		ı				84,781	
invironmental and Regulatory Approvals	7,817,680	921,606	539,064	249,385	289,679	1,170,991	8,988,671	10,290,939
and Acquisition (Excludes Aboriginal)	5,800,532	583,446	477,316	32,621	444,696	616,067	6,416,599	21,730,351
irst Nations and Métis Consultation	3,254,002	407,522	710,000	21,122	688,878	428,644	3,682,646	10,371,000
Other Consultation	1,587,015	32,291	38,354	(1,746)	40,100	30,545	1,617,560	2,324,754
iegul atory	1,873,499	88,150	54,081	48,997	5,084	137,147	2,010,646	5,270,320
nterconnecti on Studi es	83,859	4,350		,		4,350	88,209	
roject Management	4,966,784	300,322	85,998	71,894	14,104	372,216	5,338,999	4,555,319
irst Nations and Métis Land Acquisition	16,862		I	ı			16,862	ı
irst Nations and Métis Participation	3,415,388	214,091	470,000	52,919	417,081	267,010	3,682,398	3,620,000
1.GP								1,500,000
other Costs Not Included In Above Categories	230,163			ı		ı	230,163	
ite remediation			1					4,309,360
contingency		ı		ı	ı	I	I	918,799
arrying Charges	855,474	133,961	38,202	56,901	(18,699)	190,862	1,046,336	30,851,296
Total Budgeted	40,249,501	2,963,154	2,560,935	616,813	1,944,122	3,579,967	43,829,469	731,250,418



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- <u>Variances none</u>
- Changes to purchase orders mean delayed billing for Environment and Land
- Capital Call January 24
- Approach for 2018 capital calls
- Projected spend versus average



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March spend was \$1.2M, bringing the total budgeted spend to \$9.1MM

Capital call on April 27 of \$7M

idge infrastructure LP	W	NTH: March 2018		PROJECT	TO DATE: March 31	, 2018	TOTAL PROJECT 1	TO DATE: August 2013	3 to March 2018
y dinancial summary 34, 2018	Actual	Plan	Variance \$ better/(worse)	Actual	Plan	Variance \$ better/(worse)	Plan - July 2017	Forecast (Actual + Forecast)	% spent of Forecast
Cost Category	¥	8	C=(B-A)	•		F= (E-D)	9	×	H/0 = 1
Construction & Materials	319,491	391,789	72,298	1,086,330	3,200,361	2,114,032	630,831,373	630,831,373	2110
Environmental and Regulatory Approvats, Permitting & She remediation	100,811	69,175	(31,636)	2,686,489	3,363,141	878,652	17,339,921	17,339,921	13,495
Land Acquisition (Excludes Aboriginal)	229,750	212,376	(17,374)	1,333,960	2,180,251	162,448	23,830,513	23,830,513	3.61
First Nations and Métis (consultation, participation, land acq & ALGP)	337,702	414,083	76,382	1,742,347	7,142,250	505'665'5	20,211,000	20,211,000	8.62
Other Consultation	22,681	967,67	53,078	121,489	466,445	344,956	2,530,194	2,530,194	4.80
Regulatory	212,855	232,629	39,773	636,497	782,360	126,062	5,405,078	5,405,078	12.13
Interconnection Studies	•	•	•	4,330	•	(4,330)	•	•	
Project Management	(47,939)	110,399	138,338	1,056,800	376,698	(680,102)	4,900,644	4,900,644	21.36
DC DC	62,482	49,104	(778,61)	432,078	337,219	(603,442)	31,003,000	31,003,000	1.39
Other (including non-E&C contingency)	•	•		•	•	•	918,799	918,799	0.00
Total Construction Phase	1,237,814	1,575,315	105'288	9,122,338	18,050,925	8,928,367	736,970,522	736,970,522	12
Development Phase [1]				40,249,501	40,210,000	(100,95)	40,210,000	40,249,501	100.001
TOTAL PROJECT COST				09371,840	58,260,925	380,688,8	777,180,522	777,220,024	101.24

ment Phase Actuals would be \$40,210,000 (exhibit 8, Tab 9, Schedule 1, Table 4), whereas the final amount was \$40,249,501. NOTE: (1) in the leave to construct application, NextBridge estimated that its July 31, 2017 Develop: /ILEGED AND CONFIDENTIAL – PREPARED IN ANTICIPATION OF LITIGATION

NEX/TBRIDGE

# Financial Update

Variance Analysis

- E&C all timing differences expected that Valard would be ramping up its work, which has not been pushed out.
- Environment permanent differences due to amended EA that was unplanned at time of LTC budget preparation.
- Land mainly timing differences with small dollar permanent (unplanned) work that is not expected to increase overall land budget.
- Stakeholder Relations timing differences (for both internal and external costs) re: change in timing of the open house from winter to fall 2018.
  - Regulatory timing differences (for both internal and external costs) re: change in timing of technical conference/LTC process.
- GIS support, McCarthy and Sussex, netted against (positive) coding error in Project Management – mainly permanent differences re: planner, external January.

# **TAB 11**

Filed: 2018-01-25 EB-2017-0182 Exhibit I.B.NextBridge.STAFF.22 Page 1 of 2

# STAFF INTERROGATORY #22

#### **INTERROGATORY**

Ref: Evidence EB-2017-0182 Exhibit B, Tab 9, Schedule 1, page 6-7

In its application, NextBridge sets out certain costs that were unbudgeted at designation including (i) First Nation and Métis Participation and Land Acquisition, (ii) interest during construction, and (iii) Pic River appeal.

Questions:

- a) How do these costs compare to costs for similar work on similar projects? Please provide relevant examples.
- b) How did NextBridge satisfy itself that the level of costs in each category of unbudgeted costs is reasonable?
- c) Please break down the total costs into the three categories described.

#### RESPONSE

a)

#### First Nation and Métis Participation

NextBridge followed policy direction from the Ontario government regarding First Nation and Métis participation in major transmission projects, which can be found in Ontario's 2013 Achieving Balance – Ontario's Long-term Energy Plan ("LTEP"). In addition to setting out consultation expectations for energy projects in Ontario, the LTEP identifies that Indigenous communities have an interest in sharing in the economic benefits from future transmission projects crossing through their traditional territories. The OEB's August 7, 2013 Decision and Order for the New EWT Line Project, at page 15 identified where the new transmission line crossed the traditional territories of Indigenous communities, and indicated that there would be a presumption that the proponent will explore economic participation opportunities. Since this was the first time that this recommendation was included in a designation, there are no comparable Ontario transmission line projects that provide a relevant example.

Filed: 2018-01-25 EB-2017-0182 Exhibit I.B.NextBridge.STAFF.22 Page 2 of 2

However, the Lower Mattagami hydro project provides an Ontario energy example. There is a partnership between the Moose Cree First Nation (25% "ownership") and Ontario Power Generation ("OPG") for a hydro dam of six new units on the Lower Mattagami River (438 MW). The total project budget was \$2.6 billion. Moose Cree businesses were awarded over \$300 million worth of sub-contracts since the project began, including catering, security, surveying, electrical work, road construction and transportation. At peak construction, 1,800 people worked on the project including over 250 First Nation and Métis workers (14%). This project was financed through an equity contribution by both OPG and its partner, the Moose Cree First Nation, and through borrowing from lending institutions. To NextBridge's knowledge, the costs of Indigenous participation are not publicly available.

#### Interest During Construction

The interest during construction is based on the timing and magnitude of the project's cash expenditures, and reflects the OEB-prescribed interest rate; therefore, the interest during construction is the same for all projects with a similar cash expenditure profile.

#### Pic River Appeal

In September 2013, the Ojibways of Pic River (Heron Bay First 9 Nation), now Biigtigong Nishnaabeg, filed a Notice of Appeal of the Board's decision in EB-2011-0140 in the Ontario Divisional Court. The appeal was ordered abandoned in April 2014 on a without costs basis. Costs incurred by NextBridge in the procedural steps respecting the appeal would be comparable to other regulatory and appellate legal fees.

b) NextBridge used commercial experience to determine that unbudgeted costs were reasonable.

c) A breakdown of the costs related to each of the three categories is provided below.

Unbudgeted at Designation	\$42.6M
First Nation and Métis Participation	\$10.4M
Pic River Appeal	\$ 0.2M
Interest During Construction	\$31.9M

# **TAB 12**

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.2 Page 1 of 2 Plus Attachment

#### UNDERTAKING JT1.2

#### UNDERTAKING

TC TR 1, page 20

To provide costs for the Pic River appeal, and at what stage the appeal was abandoned.

#### **RESPONSE**

The total costs related to the Ojibways of Pic River First Nation ("Pic River") appeal of the Ontario Energy Board's (OEB) EB-2011-0140 designation decision were \$230,159.94, and are broken down as follows:

- 1. External legal fees and disbursements \$218,788.38, plus
- 2. Internal labour charges \$11,371.56.

The relief claimed by Pic River in the Notice of Appeal was that the decision be set aside, that the matter be remitted back to the OEB for reconsideration with directions, or in the alternative that the Court declare that the OEB make a decision about which applicant is entitled to recovery of development costs at the conclusion of the Leave to Construct proceeding. Over 30 parties were named as Respondents in Appeal.

In response to a motion by the Respondent OEB for an order providing for the participation of certain named Respondents as Intervenors in the appeal, setting the schedule for the perfection and other proceedings leading to the hearing of the appeal, and for related relief, on October 29, 2013 the Court issued an order outlining (among other things) the procedural steps to be completed in relation to the appeal (the "Order"). A copy of the Order is attached for the convenience of the Board.

The costs incurred by NextBridge as a Respondent relate to NextBridge's participation in the appeal proceeding in accordance with the procedural steps outlined in the Order, including the following:

- Engagement and correspondence with other named respondents and the applicant in relation to the OEB motion and all other steps in the proceeding;
- Consideration of evidence (and the submissions of other parties related to evidence) required for the appeal;
- Research, preparation and distribution of NextBridge written argument (Factum) which was served and filed in February 2014 on the appeal;
- Review and consideration of Factums served and filed by other parties to the

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.2 Page 2 of 2 Plus Attachment

appeal; and

• Preparation for oral argument in the appeal.

The appeal was scheduled to be heard on Wednesday April 2, 2014 and Thursday April 3, 2014. The Ontario Divisional Court, however, ordered the appeal abandoned on April 2, 2014.

Filed: 2018-06-01, EB-2017-0182/EB-2017-0194, Exhibit JT1.2, Attachment, Page 1 of 5



-5-

SCHEDULE "A"

Court File No. 408/13

ONTARIO SUPERIOR COURT OF JUSTICE (DIVISIONAL COURT)

THE HONOURABLE MADAY JUSTICE HIMEC ) DAY OF OCTOBER, 2013

BETWEEN:

#### OJIBWAYS OF PIC RIVER FIRST NATION

Appellant

- and -

THE ONTARIO ENERGY BOARD; THE ATTORNEY GENERAL OF ONTARIO; ALTALINK ONTARIO LP; CANADIAN NIAGARA POWER INC.; EWT LP; ICCON/TPT; RES CANADA TRANSMISSION LP; UPPER CANADA TRANSMISSION INC.; ASSOCIATION OF MAJOR POWER CONSUMERS OF ONTARIO: BAYNICHE CONSERVANCY; BUILDING OWNERS AND MANAGERS ASSOCIATION TORONTO; CANADIAN MANUFACTURERS & EXPORTERS; CITY OF THUNDER BAY AND NORTHWESTERN ONTARIO ASSOCIATED CHAMBERS OF COMMERCE AND NORTHWESTERN ONTARIO MUNICIPAL ASSOCIATION ENERGY TASK FORCE; CONSUMERS COUNCIL OF CANADA; ENBRIDGE INC.; ENERGY PROBE RESEARCH FOUNDATION; GREAT LAKES POWER TRANSMISSION EWT LP; GREAT LAKES POWER TRANSMISSION LP; HYDRO ONE INC.; HYDRO ONE NETWORKS INC.; INDEPENDENT ELECTRICITY SYSTEM OPERATOR: LAKE SUPERIOR-ACTION-RESEARCH CONSERVATION; MÉTIS NATION OF ONTARIO; NISHNAWBE-ASKI NATION; NORTHWATCH; ONTARIO POWER AUTHORITY; POWER WORKERS' UNION; SCHOOL ENERGY COALITION; THE CORPORATION OF THE MUNICIPALITY OF WAWA and ROD TAYLOR

Respondents

#### **ORDER**

THIS MOTION, made by the Respondent, the Ontario Energy Board, with the consent of the Appellant and all other participating parties, for an order providing for the participation of -6-

certain named Respondents as Intervenors in this appeal, setting the schedule for the perfection and other proceedings leading to the hearing of this appeal, and for related relief, was read this day at Toronto.

ON READING the Notice of Motion, the Amended Amended Notice of Appeal, the correspondence, and the Consent filed:

1. THIS COURT ORDERS that service of all further documents relating to this Appeal on the named Respondents, Altalink Ontario LP; Canadian Niagara Power Inc.; Association of Major Power Consumers of Ontario; Bayniche Conservancy; Building Owners and Managers Association Toronto; Canadian Manufacturers & Exporters; City of Thunder Bay and Northwestern Ontario Associated Chambers of Commerce and Northwestern Ontario Municipal Association Energy Task Force; Consumers Council of Canada; Enbridge Inc.; Energy Probe Research Foundation; Great Lakes Power Transmission EWT LP; Great Lakes Power Transmission LP; Hydro One Inc.; Hydro One Networks Inc.; Independent Electricity System Operator; Lake Superior-Action-Research Conservation; Nishnawbe-Aski Nation; Northwatch; The Corporation of The Municipality of Wawa and Rod Taylor, be and it is hereby dispensed with.

2. THIS COURT ORDERS that the named Respondents, (i) the Attorney General of Ontario (for the Minister of Energy), (ii) EWT LP, (iii) Iccon/TPT (properly identified as Iccon Transmission Inc. and TransCanada Power Transmission (Ontario) LP), (iv) RES Canada Transmission LP, (v) Métis Nation of Ontario, (vi) Ontario Power Authority, (vii) Power Workers' Union, and (viii) School Energy Coalition, shall, if they wish to do so, participate in this Appeal from and after the date of this Order as Intervenors, and not as Respondents, on the following terms:

- (a) they shall neither seek costs nor be subject to an order for costs in respect of their participation in this Appeal;
- (b) they shall each be permitted to prepare and file in this Appeal a singleFactum, not more than fifteen (15) pages in length; and

(c) they shall each be permitted to present oral argument at the hearing of this Appeal not to exceed fifteen (15) minutes in length, unless otherwise ordered by the panel of this Court that hears the Appeal.

3. THIS COURT ORDERS that the Appellant shall, on or before November 29, 2013, file an Amended Certificate Respecting Evidence setting out only the portions of the evidence that, in the Appellant's opinion, are required for this Appeal.

4. The Respondents, the Ontario Energy Board and Upper Canada Transmission Inc., and any of the Intervenors referred to in paragraph 2 of this Order who wish to do so may, on or before December 13, 2013, file a Certificate Respecting Evidence setting out any additions to the evidence set out in the Appellant's Amended Certificate Respecting Evidence, that in their opinion are required for this Appeal,

5. THIS COURT ORDERS that the time for perfecting this Appeal be, and it is hereby extended to, January 13, 2014.

6. THIS COURT ORDERS that the Factum of any Intervenor referred to in paragraph 2 of this Order who wishes to support this Appeal shall be served and filed on or before January 27, 2014.

7. THIS COURT ORDERS that the Factum of the Ontario Energy Board and of Upper Canada Transmission Inc. shall be served and filed on or before February 17, 2014.

8. THIS COURT ORDERS that the Factum of any Intervenor referred to in paragraph 2 of this Order who does not wish to support the position of the Appellant in this Appeal shall be served and filed on or before March 3, 2014.

9. THIS COURT ORDERS that this Appeal shall be heard on April 2 and 3, 2014, or such other date as may be fixed by the Registrar with the consent of counsel for the Appellant, and counsel for the Respondents, the Ontario Energy Board and Upper Canada Transmission Inc., and counsel for all participating Intervenors referred to in paragraph 2 of this Order.

Filed: 2018-06-01, EB-2017-0182/EB-2017-0194, Exhibit JT1.2, Attachment, Page 4 of 5

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Court File No: 408/13	ONTARIO SUPERIOR COURT OF JUSTICE Proceeding commenced at Toronto	ORDER	Stockwoods LLP Barristers TD North Tower 77 King Street West, Suite 4130 P.O. Box 140, Toronto Dominion Centre Toronto, Ontario M5K 1H1 Philip Tunley LSUC#: 26402J Justin Safayeni LSUC#: 58427U Tel: 416-593-7200 Fax: 416-593-9345 Lawyers for the Respondent, Ontario Energy Board Served by Email:
jibways of Pic River First Nation and Ontario Energy Board Appellant and Respondent			

# **TAB 13**

Filed: 2018-01-25 EB-2017-0182 Exhibit I.B.NextBridge.STAFF.23 Page 1 of 2

#### STAFF INTERROGATORY #23

#### **INTERROGATORY**

Ref: Evidence EB-2017-0182, Exhibit B, Tab 9

#### Questions:

- a) Please describe the cost management and control measures used by NextBridge during the development phase of the project.
- b) Please quantify the development costs avoided through these cost control measures.
- c) Is NextBridge proposing to use the same cost management strategy during the construction phase of the project?
- d) What refinements to the strategy are needed?

#### RESPONSE

a) The cost management and control measures used by NextBridge during the development phase of the East West Tie Line Project involved management of day-today expenditures at the Lead project managers level ("Lead level") with regular reporting to the Project Director and to the Operations Committee that closely monitored any variance from the estimated Project budget. Starting in October 2013, budgeted cost information was presented in the regular OEB Project reporting materials at first on a monthly basis, and then on a quarterly basis starting January 2015. During the entire development phase of the project, when the internal financial reporting was completed as part of either the OEB monthly report or quarterly report, a variance analysis was completed by the project management office ("PMO") for each discipline and variances (i.e., under or over spend in the month) were asked to be explained. On May 15, 2015, NextBridge brought forward an updated schedule and development phase budget as a result of the development period being extended by almost three years. As part of the re-evaluation of the updated scope of work and budget of costs for the extended development period, each workstream was required to complete a thorough review of the remaining scope of work, cost estimates from specific vendors and internal time estimates. The PMO consolidated this information

Filed: 2018-01-25 EB-2017-0182 Exhibit I.B.NextBridge.STAFF.23 Page 2 of 2

and completed reviews with each workstream. In the January 22, 2016 OEB report, NextBridge updated its Project Costs Status table to reflect the updated development phase budget. To summarize, the cost management and control measures included reporting and re-assessment, thereby reducing expenditures where the schedule allowed.

- b) One quantification of development costs avoided through cost control measures arose in reaction to the OPA's September 30, 2014 correspondence recommending a delay to the in-service date. NextBridge promptly took steps to conserve the Board-Approved Costs by slowing down development activity where possible and costeffective to do so, by minimizing expenses to the extent practicable and by shifting the focus of the development team towards rescheduling analysis and a re-budgeting exercise. NextBridge successfully transitioned from an average monthly spend of approximately \$1.4 million per month in the fall of 2014 to a low spend of \$240,000 in March of 2015.
- c) Yes, NextBridge is proposing to use the same cost management strategy during the construction phase, which will include the PMO being involved.
- d) Refinements to the cost management strategy during the construction phase will include the engineering and construction project controls department monitoring and overseeing all aspects of the general contractor contract and providing input and analysis to the PMO. On an annual basis, at a minimum, cash flow forecasting will be completed at the workstream level, which will include scope of work review to be completed to ensure that any timing or permanent differences in scope and costs are brought forward to the PMO and incorporated into Project decision-making.

# **TAB 14**

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.16 Page 1 of 3

#### UNDERTAKING JT1.16

#### UNDERTAKING

TC TR 1, page 66

To provide examples of experience in other provinces that NextBridge used to compare the cost for the indigenous participation.

#### RESPONSE

NextBridge draws on the contributions and experience of the affiliates from NextEra Energy Resources, LLC, Enbridge and OMERS in working with Indigenous communities across Canada. The cumulative effect is a significant knowledge base about, and experience with, Indigenous concerns and interests. Every project undertaken provides an opportunity to expand this knowledge and understanding.

NextBridge has been asked to provide examples of experience with Indigenous communities used to compare the cost for Indigenous participation. However, the costs of these initiatives remain commercially sensitive and confidential.

The following are examples of Indigenous community engagement success stories:

**Greenwich Wind Project (Enbridge):** In November of 2011, Enbridge and partner Renewable Energy Systems Canada (RES) completed construction of the 99 MW Greenwich Wind Energy Project, on Crown lands near Thunder Bay, Ontario, and began commercial operation. In May 2012, Enbridge acquired the remaining RES interest and is now the 100% owner of the project.

- Throughout the earlier regulatory process, two local First Nations, the Red Rock Indian Band and the Fort William First Nation, had been engaged, culminating in agreements that provide sustainable benefits flowing from the project to each of the First Nations;
- The project hired community members during construction in 2011, and First Nation members provided almost 7,500 hours of labour to the project during that year;
- As well, in 2011 Greenwich Wind contracted with a First Nation owned company to provide road maintenance services to the project in 2011 to 2012. These services were provided to the project on an ongoing basis by First Nation contractors;
- The Greenwich Limited Partnership had also concluded agreements with local Métis organizations in relation to the project. In 2011, the Project provided financial support to facilitate communication regarding the project between three local Métis Community

Filed: 2018-06-01 EB-2017-0182/EB-2017-0194 Exhibit JT1.16 Page 2 of 3

Councils and their members, and to support Métis community development, as deemed appropriate by each of the Community Councils;

• In addition, Greenwich LP agreed to completely restrict the use of chemical herbicide sprays in vegetation clearing activities during the operation of Project transmission line corridors, access roads, and turbine tower sites, in response to concerns expressed by the Métis Nation of Ontario.

**Alberta Clipper Pipeline Project (Enbridge):** The Enbridge Alberta Clipper Pipeline Project, undertaken between the years 2008 and 2010, is notable for its success in both training and employment of Indigenous people.

- Demonstrated ability to be flexible in consultation and negotiation with affected Indigenous groups using a variety of approaches and techniques, ultimately resulting in mutually beneficial outcomes;
- Improved and addressed issues and concerns raised and provided sustainable benefits to Indigenous communities. Agreements were negotiated providing training and making sure contractors fulfilled commitments to maximize Indigenous participation;
- Provided \$1 million worth of training for 100 Indigenous people. Employed 645 Indigenous people during construction, which accounted for 22% of the total construction workforce on the project and resulted in \$24 million of wages paid to Indigenous employees across Alberta, Saskatchewan, and Manitoba (inclusive of both Enbridge's own employees and the prime contractors' local work force);
- In 2008, awarded the Aboriginal Relations-Best Practice Award of Distinction from INAC and the Aboriginal Workforce Participation Initiation for its achievements in this area.

**Woodland Pipeline Project (Enbridge):** The Woodland Pipeline is a 140 km pipeline to transport blended bitumen between the Kearl oil sands project and an existing Cheecham Terminal which connects with existing pipeline transportation systems. The Cheecham Terminal is approximately 70 km South of Fort McMurray, Alberta.

 Between 2010 and 2011 the Woodland Pipeline team successfully executed over \$15 million worth of business with Indigenous companies. This level of engagement of Indigenous goods and service providers was the direct result of pro-active efforts in the identification and pre-qualification of new First Nation and Métis businesses in the region.

# Ontario Feed-in-Tariff Wind Projects (affiliates of NextEra Energy Resources, LLC):

Affiliates of NextEra Energy Resources, LLC ("NEER")have developed over 600 MW of renewable wind energy in South Western Ontario.

- Affiliates of NEER engaged with 14 First Nation and three Métis communities to support project development over the last six years;
- Affiliates of NEER staff undertook a well-defined engagement and consultation process attuned to the protocols and interests of each community;

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• Affiliates of NEER helped train and retained more than 50 Indigenous professionals to monitor its archeological and environmental assessment program and has committed to a substantial twenty year post-secondary scholarship/ bursary program for Indigenous students;

Affiliates of NEER entered into a number of capacity funding agreements, and 20 year benefits agreements with various First Nation communities in southern Ontario.

# **TAB 15**

Ontario Energy Board Commission de l'énergie de l'Ontario



# EB-2011-0140

**IN THE MATTER OF** sections 70 and 78 of the *Ontario Energy Board Act, 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

**BEFORE:** Cynthia Chaplin Presiding Member and Vice-Chair

> Emad Elsayed Member

Cathy Spoel Member

# **EAST-WEST TIE LINE DESIGNATION**

# PHASE 2 DECISION AND ORDER

August 7, 2013

# **DESIGNATION DECISION**

The Board has decided that the designated transmitter for the development phase of the proposed East-West Tie line is Upper Canada Transmission Inc. This selection is based on the submitted applications as well as the subsequent interrogatory answers and submissions.

# BACKGROUND

This decision is the result of a process initiated by the Ontario Energy Board to designate a transmission company to undertake development work for the proposed East-West Tie line. The Ontario Government published its Long Term Energy Plan in November of 2010. The Plan identified five priority transmission projects, one of which was the East-West Tie, an electricity transmission line running between Thunder Bay and Wawa, Ontario. On March 29, 2011, the Minister of Energy wrote to the Board to express the government's interest in the Board undertaking a designation process to select the most qualified and cost-effective transmitter to develop the East-West Tie line.

# **Origin of Designation**

The origin of the designation process is the Board's policy for transmission development. That policy was developed through a consultation process and culminated in the Board's report entitled *Board Policy: Framework for Transmission Development Plans.*<sup>1</sup> The report describes the issues considered through the consultation and the Board's conclusion that economic efficiency in transmission service is best pursued by introducing competition, and that providing greater certainty for cost recovery of development work would encourage participation in the competitive process. In describing the goals of the policy, the Board said:

The Board believes that this policy will:

allow transmitters to move ahead on development work in a timely manner;

<sup>&</sup>lt;sup>1</sup> EB-2010-0059 issued August 26, 2009. Phase 2 Decision and Order August 7, 2013

- encourage new entrants to transmission in Ontario bringing additional resources for project development; and
- support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers.

A transmission utility seeking to build a major transmission line applies to the Board under section 92 of the *Ontario Energy Board Act, 1998* ("the OEB Act") for leave to construct the line. Before bringing an application for leave to construct, the transmitter incurs costs to complete "development" work, which includes negotiating access and land rights, acquiring permits, conducting environmental assessment activities, consulting with affected communities, preparing line design and engineering studies, conducting economic feasibility studies, and obtaining a system impact assessment. The development phase ends with the filing of an application for leave to construct the line.

# **Board Authority to Implement Designation**

The Board does not have the jurisdiction or authority to procure transmission services, or the authority to enter into contracts with transmitters to build or operate transmission infrastructure. The Board premised its original policy on its authority under section 70(2.1) of the OEB Act to require the filing of plans for the expansion of the transmission system to accommodate the connection of renewable energy generation facilities. The East-West Tie line is not primarily needed for the connection of renewable energy generation facilities. However, the Board has broad licensing and rate making jurisdiction under sections 70, 74 and 78 of the OEB Act to prescribe conditions under which a transmitter engages in owning or operating a transmission system, to amend transmission licences, and to set transmission rates. Subsection 78(3.0.5) specifically provides the Board with authority to provide incentives to a transmitter for siting, design and construction of an expansion to the transmitter's transmission system. In this decision, the Board will make an order under the authority of these sections to give effect to its decision on designation.

# Implications of Designation

Designation does not carry with it an exclusive right to build the line or an exclusive right to apply for leave to construct the line. A transmitter may apply for leave to construct the East-West Tie line, designated or not. In designating a transmitter, the Board is providing an economic incentive: the designated transmitter will recover its development costs up to the budgeted amount (in the absence of fault on the part of the transmitter), even if the line is eventually found to be unnecessary. The designation may be rescinded and costs denied if the designated transmitter fails to meet the performance milestones for development or the reporting requirements imposed by the Board in this decision.

# Initiation of Designation for the East-West Tie Line Project

After receiving the Minister's letter, the Board sought and received from the Ontario Power Authority (the "OPA") a preliminary assessment of the need for the East-West Tie line, which provided planning justification to support the implementation of a designation process. The OPA indicated that the primary driver for the East-West Tie line is the need to ensure long-term system reliability in northwestern Ontario. The Board also received a feasibility study of options for meeting the transfer capability requirements for the line from the Independent Electricity System Operator (the "IESO").

A double circuit 230 kV electricity transmission line already exists between Thunder Bay transmission station ("TS") and Wawa TS. The East-West Tie line project involves the construction of a new transmission line which, in conjunction with the existing line, will increase capacity and reliability of electrical transmission between northeast and northwest Ontario. The length of the new line will be approximately 400 kilometres.

The specifications for the East-West Tie line project were defined as follows:

- A new line that, in conjunction with the existing line, will provide total eastbound and westbound capabilities in the East-West corridor in the order of 650 MW, while respecting all NERC (North American Electric Reliability Corporation), NPCC (Northeast Power Coordinating Council), and IESO reliability standards.
- Lifetime of at least 50 years.

- Target in-service date: 2017 (applicants were invited to propose alternate inservice dates).
- The East-West Tie line is to be built in 2 segments:
  - Wawa TS to Marathon TS; and
  - Marathon TS to Lakehead TS.
- The demarcation points of each segment are the first transmission line structures outside the fence of the Wawa TS, Marathon TS and Lakehead TS, but within 250 metres of that fence.
- The East-West Tie line segments will dead-end on the demarcation point structures with a mid-span opener for non-compensated lines.
- If the proposal involves series compensated AC line or DC lines, the East-West Tie line will include the protection system, associated communications, and line isolation breaker(s).

For the purposes of designation, the Board assumed that the new East-West Tie line between the demarcation points would be owned and operated by the designated transmitter once constructed, although this was not an absolute requirement.

The Board invited transmitters to register their interest in filing a plan for development of the line.

# Process Adopted by the Board for Designation

On February 2, 2012, the Board published notice in English, French, Cree and Ojibway that it was initiating a proceeding to designate an electricity transmitter to undertake the development work for the East-West Tie line, and invited intervention and public comment. The notice was published in the Globe and Mail, Ottawa Le Droit and seven newspapers in communities local to the existing line. The notice was also served on municipalities and First Nation and Métis communities in the area of the line. The Board received thirty-one requests for intervenor status, including the seven transmitters who had initially registered an interest in the project. The list of intervenors is attached as Appendix A to this decision. All materials on the record of the proceeding are available on the Board's website.

The Board used a two phase process to reach its designation decision. In Phase 1 of the East-West Tie designation process, the Board established criteria and filing requirements specific to the East-West Tie line project, considering the Minister's letter, the reports from the OPA and the IESO, and the submissions of all parties. The Board issued its Phase 1 decision on July 12, 2012. The Phase 1 decision is attached as Appendix B to this decision. The Phase 1 decision required transmitters seeking designation to file applications by January 4, 2013. The following six transmitters applied for designation:

- AltaLink Ontario LP ("AltaLink"): a wholly owned subsidiary of AltaLink Investments LP, which is wholly owned by SNC Lavalin Group Inc.
- Canadian Niagara Power Inc. ("CNPI"): owned by FortisOntario Inc., which is owned by Fortis Inc.
- EWT LP: a partnership of Hydro One Inc., Great Lakes Power Transmission EWT LP, and Bamkushwada LP.
- "Iccon/TPT": a joint application by Iccon Transmission Inc. (a wholly owned subsidiary of Isolux Infrastructure Netherlands B.V.), and TransCanada Power Transmission (Ontario) LP (a wholly owned subsidiary of TransCanada Corporation)
- RES Canada Transmission LP ("RES"): a partnership of Renewable Energy Systems Canada Inc., MEHC Transmission Canada Limited Partnership, and RES Canada Transmission GP Inc.
- Upper Canada Transmission Inc. ("UCT"): a partnership of NextEra Energy Canada (a wholly owned subsidiary of NextEra Energy Resources LLC), Enbridge Inc. and Borealis Infrastructure Management.

The Board adopted a written hearing process and tailored its process to suit the nature of the proceeding. The Board found in its Phase 1 decision that as the proceeding involved multiple competitive applicants and had some similarity to a procurement process, it called for specific procedures that respected fairness and efficiency in that context.

For example, while the Board invited parties to propose written interrogatories for the applicants to answer, the Board itself issued the interrogatories, having combined, edited and eliminated some interrogatories proposed by parties. The Board was of the

view that the applicants should be compared on the basis of the applications as filed, and attempted to avoid providing opportunities for applicants to fill any gaps in their applications. Parties were also invited to file written argument, with applicants filing an argument in chief, other parties filing responding arguments and applicants filing reply argument.

The Board convened an oral session in Thunder Bay to allow representatives of intervenors from communities local to the existing East-West Tie line to make oral presentations. The presentations were not sworn testimony, but oral commentary on matters concerning local interests. The oral session occurred on May 2 and 3, 2013, subsequent to the filing of argument in chief and prior to the receipt of arguments from non-applicant intervenors.

# **EVALUATION OF APPLICATIONS**

The record of this proceeding demonstrates that all applicants spent a significant level of effort and resources to prepare these applications and to respond to interrogatories. Given that this is the first such competitive process for a transmission project in Ontario, it is encouraging that there are qualified entities which are willing to commit resources to compete in this market.

There was a significant amount of information for the Board to assess in order to arrive at a final decision. The overriding principle in establishing and executing the evaluation methodology is that it be fair and equitable and result in an outcome that serves the public interest. The evaluation was largely based on the applications as originally submitted. Information provided in response to interrogatories was used for clarification purposes, and not to enhance the original application. For example, the original applications included cost estimates for development, construction, and operation and maintenance phases of the project. In order to properly compare these estimates, the Board asked the applicants to break down these estimates into specific common components. The expectation was that the original bottom line cost estimates would not change, and if they did, then a full explanation would be provided to ensure that the answer did not represent an attempt to improve the proposal. The intervenor and applicant submissions assisted the Board in deciding how to apply the criteria and evaluate the applications. However, any new facts provided through submissions were given little weight.

## **Evaluation Methodology**

The evaluation was based on the decision criteria established in the Phase 1 Decision and Order. The headings of these criteria are provided below, and the information that was required of the applicants under each heading can be found in the Filing Requirements (Appendix A of the Phase 1 Decision and Order).

In its Phase 1 Decision and Order, the Board did not articulate an assessment methodology to be applied to the decision criteria, nor did it ascribe any relative importance to the decision criteria through a weighting system. The Board stated that it was unwilling to remove the discretion and flexibility it might need in evaluating the applications, and that it would exercise its judgment for each criterion, with the assistance of the evidence presented and the submissions received from all parties.

The Board has found no compelling reason to assign different weights to the decision criteria, and has therefore weighted them all equally at ten points each.

The criteria are:

- Organization
- First Nations and Métis participation
- Technical capability
- Financial capacity
- Proposed design
- Schedule; development and construction phases
- Cost; development, construction, operation and maintenance phases
- Landowner, municipal, and community consultation
- First Nations and Métis consultation

"Other Factors" was a criterion listed in the Phase 1 decision. Under that criterion, however, all applicants reiterated what they believe are strong features of their

proposals. Since these features have already been evaluated as part of the other criteria, the Other Factors criterion was not included in the evaluation.

For each of the criteria, the applications were reviewed and the proponents were ranked from 6 to 1, with 6 being the best. A score was assigned to each of the rankings with scores of 6, 5, 4, 3, 2, and 1 corresponding to the respective rankings. Given the qualitative nature of the ranking, if two or more applications were judged to rank equally in a certain criterion, they were given the same ranking with a corresponding average score (e.g. if two applicants were ranked at 5, they were each given a score of 4.5). The applicant's score for each criterion was then multiplied by ten. The process was repeated for each decision criterion and the scores added to determine the total score for each application. The application with the highest overall score was determined to be the most qualified applicant for designation.

## **EVALUATION RESULTS**

## **Background Information**

Background information was requested from the applicants in the Filing Requirements. All applicants provided the requested information and the Board has no substantive concerns with the information provided.

The Board also invited applicants to indicate whether they would be willing to be "runner up". The runner up would have the right of first refusal to undertake the project development work if the designated transmitter fails to fulfill its obligations. AltaLink confirmed that it would be willing to be runner up without qualification. CNPI, Iccon/TPT, and RES also confirmed but with some conditions attached, while UCT and EWT LP stated that they would not be willing to be runner up. As indicated in the Phase 1 Decision and Order, an applicant's willingness to be runner up had no influence on the assessment of the application.

In the following sections, the results of applying the methodology described above are summarized for each of the decision criteria, and the resulting ranking of the six applications for the particular criterion is provided.

# Organization

The applicants were required to provide, among other things, a project organizational plan, a chart illustrating the organizational structure, identification of the project management team with resumés for key management personnel, and an overview of the applicant's experience with similar projects.

Subsequently, by interrogatories in Procedural Order No. 6, issued March 4, 2013, the applicants were asked to provide the following information regarding organization:

- Proposed organizational charts for the various project phases (development, construction, operation and maintenance) showing the various functions, including those listed in section 4.1 of the Filing Requirements, as well as the reporting structure.
- The names of members of the proposed management team (including the project manager / lead) and technical team who would be leading each function.
- Confirmation as to whether the project manager / lead will be dedicated to this project, and a description of this person's experience in managing similar projects.
- The specific proposed project / operation and maintenance role for each member of the "key technical team personnel" provided in response to section 4.2 of the Filing Requirements. (This item is evaluated under Technical Capability.)

In evaluating the applications in the area of Organization, the Board ranked applicants by considering the following factors:

- Clarity of the organizational structure for the various project phases and inclusion of all key project functions.
- Clarity as to who is accountable for the overall management of the project.
- Clarity as to the governance structure and lines of accountability, including the role of any third parties.
- Quality of the overall organization and the strength of the supporting structure.
- The relevance and extent of the experience of the proposed project manager and the management team in terms of size, type and complexity of projects.
• Experience in managing similar large projects.

The more of these characteristics which a proponent demonstrated through its application, the higher the Board ranked the proponent. Below, the Board sets out the proponents in ranked order for Organization and provides a brief discussion of the main characteristics of each application.

### UCT (6)

UCT provided a project organizational structure with clearly defined accountabilities for all major areas of work, which would be used for all three phases of the project to ensure a seamless transition. The overall project management accountability and associated oversight structure were well defined. The structure consists of a Management Team with a Project Director having an overall accountability for the project, supported by an Operations Committee and an Aboriginal Advisory Board, all reporting to the Board of Directors. The proposed Project Director has significant experience with the transmission business and associated projects. UCT confirmed that the Project Director will be dedicated to the project. Names and resumés were provided for each of the positions in the chart which showed a strong combination of technical and managerial experience. UCT indicated that it would mostly use in-house resources seconded to it from partner organizations, supplemented by third-party contractors as required. UCT also proposed that, once in the operations phase, it will have an operation and maintenance contract with NextEra and that the Project Director will be replaced by a President of NextBridge Infrastructure to reflect the change in the nature of the role. UCT provided a description of its significant experience with relevant projects involving many aspects that are similar to this project, both in and outside Ontario.

## AltaLink (5)

AltaLink provided two charts including all the key functions; one for the project (development and construction) and one for operations and maintenance with a description of the roles and accountabilities of proposed key management positions. Although the overall project management accountability was well defined, the oversight structure above the project lead was not clear. The proposed project lead has

significant project experience with transmission and other infrastructure projects in Canada and abroad. Names as well as a brief description of experience were provided for those leading the functions shown in the project chart, which showed strong technical and managerial experience. AltaLink confirmed that the project lead will be dedicated to this project and will be responsible for project delivery from development to in-service. AltaLink provided a detailed overview of its extensive experience with specific similar projects, mostly in Alberta. AltaLink also indicated that project planning and development as well as engineering, procurement and construction management services will be provided by SNC Lavalin, Altalink's owner.

## EWT LP (4)

EWT LP provided two charts; one for the development phase and one for the construction phase of the project, including the key functions. In both charts, the project management function is split between two individuals; a Project Manager reporting to a Project Director who has three Special Advisors representing the three partners (Hydro One Inc., Great Lakes Power Transmission EWT LP ("GLPT-EWT"), and Bamkushwada LP ("BLP")). The distinction between these two roles in terms of the overall project management accountability is not clear. The charts showed the Project Director reporting to EWT LP, but the nature of this reporting (i.e. oversight) was also not clear. Names and resumés were provided only for those leading the functions shown in the project development chart. No names or detailed functions were provided for the construction phase. While the proposed Project Director and Project Manager appear to have extensive operational experience in transmission and other related areas, it is not apparent that they have significant experience in managing major projects first hand. EWT LP confirmed that the Project Manager will be dedicated to the project for the development phase only, while the Project Director will continue to the construction phase. EWT LP proposed that GLPT-EWT will be responsible for managing the development and construction phases of the project on EWT LP's behalf supported by a number of contractors. EWT LP did not provide an operations and maintenance organizational chart and contemplated that the ongoing operation of the facilities will be outsourced to Hydro One Networks Inc. ("HONI"). EWT LP provided an overview of its experience with similar projects which shows extensive experience in the development and construction of large transmission projects in Ontario.

# RES (3)

One project organization chart was provided for the project development phase with a project management team representing the key project functions and led by a Project Manager. No charts were provided for the construction or the operation and maintenance phases. The oversight structure above the Project Manager was not clear. Although the proposed project management team appears to have significant relevant experience, RES was non-committal in terms of assigning the key personnel to the project and stated that it will "use its reasonable efforts" to ensure they remain involved. However, in its answer to interrogatory #2, RES confirmed that the Project Manager will be dedicated to the project chart which showed significant relevant experience. RES also indicated that it will use a "qualified owner's engineer" to augment its design review effort. RES provided an overview of its extensive relevant experience with similar projects. RES did not provide information for the operation and maintenance phase stating that a plan will be prepared during the project development phase.

## **CNPI (2)**

The organizational chart provided initially by CNPI was not a functional chart, but rather a chart of participating organizations. Three charts were provided in answer to interrogatory #1 for the various phases which included key functions. The lead for all three phases (development, construction, operation and maintenance) is provided by an Executive Lead, managing the project on Fortis Inc.'s ("Fortis") behalf, and supported by a number of Fortis personnel as well as Aboriginal advisors. The structure and associated accountabilities below the Executive Lead for the development and construction phases of the project are not clear (i.e. the distinctive role of a Project Manager reporting to an Executive Sponsor, reporting to the Executive Lead). CNPI confirmed that the Executive Lead will be dedicated to the development and completion of the project. A list of proposed management team members was provided with names and resumés but without their specific project function. A long list of "key technical team personnel" was provided which included internal as well as third-party consultants; however, it was not clear to what degree they will all be involved in this project. CNPI also provided an overview of its relevant experience with several transmission projects, mostly involving Fortis.

## Iccon/TPT (1)

Iccon/TPT initially proposed that a management committee will govern the general partnership, with the day-to-day management of the partnership provided by a management team reporting to the management committee. The organizational chart provided initially by Iccon/TPT was not a functional chart, but a chart of participating organizations. In its answer to interrogatory #1, Iccon/TPT provided one chart for the development and construction phases of the project showing a General Manager reporting to the management committee with three functions reporting to the General Manager (a Project Director, Legal/Environment/Regulatory, and Controller/Finance). No further detail was provided beyond that level, which hampered the Board in its assessment of the proposed organization's effectiveness. Iccon/TPT did not provide an organizational chart for the operation and maintenance phase of the project. Iccon/TPT proposed that the preliminary engineering, detailed engineering, procurement and construction (EPC) management will be contracted to Isolux Ingenieria, which is an EPC company owned by Isolux Corsan. Iccon/TPT confirmed that the proposed General Manager, who has significant relevant experience, will be dedicated to the project. A "preliminary" list of personnel to be considered for the management team was provided but with no commitment of which personnel would actually be on the team. Iccon/TPT also provided an overview of its relevant extensive experience with similar projects in Canada and globally.

### First Nation and Métis Participation

Applicants were required to describe their approach to First Nations and Métis participation in the project. They were asked to indicate whether or not arrangements have already been made and, in either case, to provide further details.

There is a distinction between this criterion (First Nations and Métis Participation) and the criterion addressed later in this decision (First Nations and Métis Consultation). The former arises from Ontario socio-economic policy and the latter is related to a constitutional obligation. Ontario's Long Term Energy Plan states: Where new transmission lines are proposed, Ontario is committed to meeting its duty to consult First Nations and Métis communities in respect of their aboriginal and treaty rights and accommodate where those rights have the potential to be adversely impacted. Ontario also recognizes that Aboriginal communities have an interest in economic benefits from future transmission projects crossing through their traditional territories and that the nature of this interest may vary between communities.

There are a number of ways in which First Nation and Métis communities could participate in transmission projects. Where a new transmission line crosses the traditional territories of aboriginal communities, Ontario will expect opportunities be explored to:

- Provide job training and skills upgrading to encourage employment on the transmission project development and construction.
- Further Aboriginal employment on the project.
- Enable Aboriginal participation in the procurement of supplies and contractor services.

Ontario will encourage transmission companies to enter into partnerships with aboriginal communities, where commercially feasible and where those communities have expressed interest.

In evaluating the applications in this area, the Board kept in mind the distinction between participation and consultation, and considered the following factors:

- Whether the existing arrangement or plan provides for equity participation by First Nations and Métis communities.
- The extent to which the existing arrangement or plan provides for other economic participation such as training, employment, procurement opportunities, etc. for all impacted communities.
- The degree of commitment to the plan.

The more that an application demonstrably provided opportunities for participation and was committed to that participation, the higher the Board ranked the proponent. Below,

the Board identifies the proponents in ranked order for this criterion and provides a brief discussion of the main characteristics of each application.

It should be noted that one of the key considerations in the ranking process was articulated in the Board's Phase 1 Decision and Order which stated:

The Board will not look more favourably upon First Nation and Métis participation that is already in place at the time of the application than upon a high quality plan for such participation, supported by experience in negotiating such agreements.

## AltaLink (6)

AltaLink indicated that it had contacted the18 First Nations and Métis communities identified by the Ministry of Energy as being potentially affected by the project (May 31, 2011 letter), and engaged Ishkonigam (Phil Fontaine) in preparing its participation plan. AltaLink proposed to offer up to 49% equity ownership of the project to affected First Nations and Métis communities, to be held by a single entity in a limited partnership. AltaLink indicated that if requested, it would assist participating First Nations and Métis communities in arranging financing for their equity through independent financial institutions; and if necessary, AltaLink would provide loans. In addition to equity partnership, AltaLink proposed economic participation such as employment, contracting, and training and development. Priority for those forms of economic participation would be given to affected communities. AltaLink believes that no directly or indirectly affected First Nation or Métis community should be excluded; however, its plan provides for different levels of participation depending on the nature of the impact resulting from the project.

# EWT LP (5)

One of EWT LP's partners is BLP which consists of six First Nations, all located within 40 km of the existing East-West line. In addition to having one-third equity in the partnership, BLP's participating First Nations will have priority for economic participation in areas such as employment, training, etc. However, according to EWT LP, other First Nations and Métis communities are not precluded from competing to provide goods and services that the participating First Nations may not be able to provide. While EWT LP's

plan is good for the six First Nation partners comprising BLP, there are more limited opportunities for other affected First Nations and Métis communities to participate in the various aspects of this project, and no opportunity for equity participation.

## CNPI (5)

CNPI has formed a joint venture with Lake Huron Anishinabek Transmission Company Inc. (LHATC). LHATC is made up of 21 First Nations, two of which are on the project's list of affected First Nations. CNPI proposed that LHATC, along with other interested First Nations, will have the right to acquire in aggregate up to 49% equity interest in the project. It was not clear to what extent, if any, CNPI expected the Métis communities to be equity participants. However, CNPI stated that it is prepared to work towards negotiations resulting in meaningful participation by the Métis communities in this project. If needed, CNPI indicated that loans from Fortis could be provided to facilitate participation. CNPI is also prepared to offer First Nations and Métis communities opportunities for employment, apprentice training, preferential consideration for Aboriginal businesses, and a Skill Builder Program. CNPI's economic participation offer goes well beyond the identified affected communities but does not specify what criteria would be used to determine who participates. This has the potential of causing confusion and delay.

## UCT (3)

As described in the Organization section of its application, UCT has created an Aboriginal Advisory Board to provide independent oversight in the areas of aboriginal participation and consultation. UCT indicated that it intends to offer negotiated participation in the project to the affected First Nations and Métis communities, including BLP; a partner of EWT LP. It has developed an initial set of approaches (e.g. preferred equity/limited partnership, common equity/limited partnership, lump sum payment, First Nations and Métis Adder) which it intends to explore with affected communities and other stakeholders and to finalize prior to submitting its leave to construct application. Some aspects of the proposals such as lump sum payments and an "adder" are not really in the nature of participation and may cause unanticipated costs for ratepayers. UCT's plan includes economic participation components such as employment, education and training, procurement and contracting, strategic community investment, and access to other supporting programs. UCT provided a participation plan and schedule for each stage of the project (prior to designation, development, construction, and operation), and indicated that priority for these opportunities will be given to affected communities.

# RES (3)

RES indicated that it invited the 18 First Nations and Métis communities identified by the Ministry of Energy in the project area to become involved in the development of its participation plan, and that some communities responded. RES provided a First Nations and Métis participation plan, which was supported by former Ontario Grand Chief John Beaucage, and indicated that it is prepared to offer as much as \$50 million investment opportunity to affected First Nations and Métis communities, provided that that investment does not exceed 20% equity in the project. As an alternative, RES offered to negotiate Impact Benefits Agreements with those communities, although this type of arrangement may cause unanticipated costs for ratepayers. RES also proposed economic participation by the affected communities in areas such as employment, training, procurement of supplies and services, etc.

## Iccon/TPT (1)

Iccon/TPT had initial communication with a number of affected First Nations and Métis communities (9 listed) in the spring of 2011. It provided an Aboriginal Engagement Plan which contained details in areas such as engagement process, capacity funding, Aboriginal working group, Traditional Ecological Knowledge, education and training, employment, contracting, and other areas. Iccon/TPT has not proposed equity participation at this time but indicated that, if selected, it would engage with affected communities as well as those who express an interest. Iccon/TPT described TransCanada's project experience and its role in leading the execution of its Aboriginal Engagement Plan. Iccon/TPT's participation plan is less well-defined than the other applicants' plans and does not distinguish sufficiently between participation and consultation.

## **Technical Capability**

To demonstrate their technical capability to plan, engineer, construct, operate and maintain the East-West Tie line, the applicants were required to provide details regarding their technical resources in various disciplines, resumés of key technical team personnel, a description of experience with relevant projects and activities, and other related information. It should be noted that there is some overlap in the contents of this section and Organization in the applications.

In evaluating the applications in the area of Technical Capability, the Board ranked applicants by considering the following factors:

- Strength of the applicant's internal technical capability. A strong and diverse internal technical capability is considered by the Board to be a desirable feature where the resources are specifically identified, committed, and readily available.
- Strength of the proposed technical team in relevant areas and the clarity of their project roles, including the role of any third-parties. Where the utilization of third-parties is proposed, it is advantageous to identify who they are and what their specific role is.
- Level of experience in similar projects and activities in terms of technical complexity, geography, regulatory process, etc.
- Evidence of solid internal business practices.
- Thoroughness of assessing the technical challenges associated with achieving the required capacity and reliability of the line and the proposed measures to address these challenges.

The more of these characteristics which a proponent demonstrated through its application, the higher the Board ranked the proponent. Below, the Board sets out the proponents in ranked order for Technical Capability and provides a brief discussion of the main characteristics of each application.

# UCT (6)

UCT provided details of its strong internal technical capability in the various project functions. For the most part, UCT is proposing to utilize internal resources in all phases

of the project, supported by third-party consultants as needed. UCT identified its proposed key technical team members, provided their detailed resumés and described their specific project roles. The proposed technical team demonstrates strong and diverse technical skills with significant relevant project experience. UCT also indicated that its partner NextEra will take the lead role in the operation and maintenance phase of the project. UCT provided information regarding its partners' experience with relevant projects and activities. It also provided many examples where its partners have been recognized by third parties for significant achievements in key business areas. It also described an internal approach to project management consistent with best practices, including work breakdown structure, risk management, and overall project controls. UCT identified what it perceives as potential technical challenges in this project and described its plan for addressing them.

### AltaLink (5)

As described under Organization, AltaLink indicated that project planning and development as well as engineering, procurement and construction management services will be provided by SNC Lavalin. Third party contractors are expected to be used in project construction. In addition, local contractors will be used for operation and maintenance under AltaLink's General Manager's direction. AltaLink provided details of its technical capability in the various project functions, mostly from SNC Lavalin, including names, role, and brief descriptions of experience for each of the proposed key technical team personnel. Although the resumés of the team members were not sufficiently detailed to assess the individuals' specific project experience, the proposed team demonstrates good collective relevant experience. Altalink also provided information regarding its (SNC Lavalin's) extensive experience with projects of similar complexity (e.g. in Alberta). It also provided examples of business practices (standards and management systems) in various project areas that it considers to be consistent with good utility practices. It provided a comprehensive list of what it perceives as potential technical challenges in this project and described its plan for addressing them.

## EWT LP (4)

EWT LP indicated that it plans to utilize third-party consultants and contractors for significant portions of the work in this project under EWT LP's management and

oversight (e.g. engineering, environmental assessment work, land rights acquisition, public engagement, procurement, and construction). It identified many of the consultants and contractors that it plans to utilize and described their areas of expertise. EWT LP also proposes to contract HONI to provide operating services, and may also outsource ongoing maintenance. A list of external technical team members was provided, but their specific project roles were not identified. Also, the internal list was primarily for its proposed management team (see Organization section) as opposed to the key technical team personnel. Information regarding its team's experience with relevant projects and activities was also provided. EWT LP also provided some examples of its partners' business practices in various areas that it considers to be consistent with good utility practices. EWT LP also identified some potential technical technical technical technical technical technical technical technical some potential technical some potential technical some potential technical some potential technical technical some potential technical some potential technical some potential technical technical technical technical some potential techni

## Iccon/TPT (3)

As described under Organization, Iccon/TPT proposed to contract the engineering, procurement, and construction management (EPC) functions of the project to Isolux Ingenieria, with some contribution from local sub-consultants, under the direction of its General Manager. It also plans to outsource operation and maintenance to one or two companies. Iccon/TPT provided a "preliminary" list of its technical team members, without identifying their specific project roles. A description of its extensive experience with large transmission projects was provided, but did not explain how this experience was relevant to this project in terms of the specific technical challenges. Iccon/TPT provided examples of business practices in various areas that it considers to be consistent with good utility practices. It also provided a short described its plan for addressing them.

## **CNPI (2)**

CNPI intends to use a mix of internal and external resources in this project. Among the functions to be contracted out partially or fully are engineering/design, construction, operation and maintenance, project management, environmental and regulatory approvals, and community and stakeholder relations. CNPI identified a list of key technical internal (Fortis) and external team personnel and described their areas of

expertise, but it was not clear what the specific project role would be for some of them. There also appeared to be some overlap in these roles between internal staff and external consultants. Also, some of the proposed technical team members seem to have limited direct experience with similar projects. CNPI described some of the relevant project experience of Fortis and its other partners, and provided detailed examples of Fortis's business practices in various areas that it considers to be consistent with good utility practices. CNPI also identified, in general terms, what it perceives as potential technical challenges in this project and described its plan for addressing them.

## RES (1)

RES intends to use a mix of internal and external resources in this project. Although RES indicated that the vast majority of the work will be done by external resources (approximately 80% of the development budget) with the internal team essentially limited to an oversight role, it was non-committal in terms of who it plans to use. It identified some of the potential external resources that it may utilize in the various project components and described their areas of expertise, but indicated that the actual determination of the specific external service providers will happen at the "appropriate time". RES is proposing that critical roles such as the owner's engineer and EPC contractor will be contracted using a competitive process. RES's significant experience with similar projects was described in detail.

### **Financial Capacity**

Information was required from the applicants to demonstrate that the applicants have the financial capability necessary to develop, construct, operate and maintain the line. The information included capital resources, credit ratings, financing plan, and experience in financing similar projects.

The Board concludes that all the applicants provided information to substantiate that they have solid financial backing and, therefore, financial capacity was not a distinguishing factor among the applicants. All applicants were given the same ranking.

## **Proposed Design**

The applicants were required to provide an overview of some of the characteristics of their proposed design to the extent known at the time of their applications. The Board, in the information it provided to potential applicants, identified a "Reference Option", which was based on the preferred option identified by the OPA and the reference case analyzed by the IESO. The applicants were required to indicate whether their plan for the line was based on the Reference Option, and if not, to describe the differences and to provide a feasibility study for their plan performed by the IESO, or performed to IESO standards. The applicants were also required to highlight the strengths of their plan in terms of innovation, reduction of ratepayer risk, lower cost, local benefits, and enhanced grid reliability.

In this evaluation, the Board will not make determinations on specific technical design issues. Making technical determinations at this point is premature since part of the project development process is to further investigate design options for the purpose of preparing a definitive proposal in the form of a leave to construct application. However, the Board notes the submissions of the IESO and the OPA regarding design, and will consider the adequacy of the design in meeting the need identified by the OPA at the time of the leave to construct proceeding.

Each applicant confirmed that its proposed design meets or exceeds existing reliability standards and the minimum technical requirements for the project, so these factors are not addressed in the following sections. In evaluating the applications in the area of Proposed Design, the Board ranked applicants by considering the following factors:

- Have any innovative alternatives or special design features been proposed, and how significant are their potential benefits?
- Have the proposed design and any alternatives been supported on a preliminary basis and is there an appropriate plan to assess the proposed design and alternatives during development?

The better the approach to these factors which a proponent demonstrated through its application, the higher the Board ranked the proponent. Below, the Board sets out the

proponents in ranked order for Proposed Design and provides a brief discussion of the main characteristics of each application.

## RES (6)

RES presented two design options: a Reference Design and a Preferred Design. The Preferred Design involves the use of single-circuit transmission line with a combination of single-circuit tubular steel H-Frame structures and single-circuit steel-lattice structures. RES provided a comprehensive comparison of the two designs and indicated that, compared to the Reference Design, the Preferred Design would have superior electrical attributes, lower construction cost (about \$80 million), and shorter construction schedule . RES also suggested that a staged installation of transfer capacity with the Recommended Design could result in a significant cost reduction to the ratepayers (approximately \$62.5 million). Two feasibility studies, prepared by the IESO for the Reference Design and Preferred Design, were provided.

## UCT (6)

UCT evaluated a number of different technology, routing, and structural options. Its Recommended Plan is based on the Reference Option with one major exception which is the use of Guyed-Y towers instead of self-supported steel-lattice towers. UCT stated that the Guyed-Y towers have better lightning performance, a smaller footprint, and a potential cost saving of about \$33 million relative to the conventional self-supported steel-lattice towers. The IESO confirmed that the recommended structural change will not impact the existing Reference Plan feasibility study and that a new feasibility study is not required at this time. UCT indicated that Guyed-Y towers are used in several locations in British Columbia, Manitoba, and Quebec. Although these installations are for single-circuit designs, UCT indicated that the double-circuit application has been well researched and will be subject to further testing during the development phase. UCT also provided a consultant's assessment of, among other things, the proposed use of Guyed-Y structures for its Recommended Plan.

# EWT LP (4)

EWT LP's proposed design is based on the Reference Option with one exception (40m right-of-way instead of 50m). It also presented three alternative designs; a modified double-circuit reference based design, a single-circuit design, and a single-circuit design with guyed cross-rope suspension type structures. EWT LP has not assessed these alternatives, but indicated that it plans, early in the development phase, to test the key assumptions underlying the Reference-based design and undertake the studies necessary to determine whether a different design can be adopted at a lower cost. EWT LP estimated that these alternative designs have the potential of reducing the project's capital cost by \$47 million to \$116 million.

### AltaLink (3)

Altalink's plan proposed to use the Reference Option, but with some features aimed at reducing the project cost and environmental footprint. One of the main features to be considered is the use of a mix of H-Frame wood pole structures (2 single-circuit structures) in place of double-circuit steel-lattice towers along various parts of the right-of-way. This feature was presented to the IESO and it agreed that no new feasibility study is required. Other features suggested by AltaLink included the use of screw pile foundations for steel-lattice towers (used throughout Alberta according to AltaLink), off-site assembly yards, helicopter erection techniques, sequencing of construction work, and alternatives for cost recovery. AltaLink's plan was not specific, however, in terms of how some of these concepts (e.g. H-Frames) will be assessed.

## Iccon/TPT (2)

Iccon/TPT's plan is based on the Reference Option. Iccon/TPT identified a number of possible innovative measures to be explored during the development phase including the design and testing of a new tower family specifically engineered for this project, the use of different materials, reducing the number of "dead ends", and designing lattice towers that span above the tree tops. Iccon/TPT presented limited supporting information or analysis for these proposals.

# **CNPI** (1)

CNPI's plan is based on the Reference Option. CNPI has not identified any proposed design innovations or cost reduction measures.

### Schedule

The applicants were required to provide an overall project execution chart showing major milestones for both the development and construction phases of the project. They were also asked to provide detailed schedules for both phases with estimated completion dates, as well as the proposed consequences for failure to meet key milestone dates. In addition, they were required to provide a description of major risks associated with meeting these schedules, and their plan to mitigate these risks. Evidence of past schedule performance in similar projects, as well as any proposed innovative practices to meet or accelerate the project development and construction were also requested. For proper comparison of dates and durations, the duration of the development phase of the project is defined as the period from the designation decision to the leave to construct application. It should be noted that the applicants were not ranked higher or lower based on their proposed project durations. The proposed construction phase schedules are only indicative at this stage and do not constitute a commitment on the part of the applicants. As for the development phase schedules, there is no specific benchmark as to what an appropriate duration may be. However, the Board notes that for the more aggressive schedules, the applicants would still be required to complete all the necessary work for purposes of completing the Environmental Assessment and leave to construct processes (including consultation) in an appropriate manner and would be at risk for any additional costs which result from schedule delays.

In evaluating the applications for the criterion of Schedule, the Board considered the following factors:

- Level of detail and clarity of the project execution chart and schedules.
- Demonstrated ability to identify the major risks impacting these schedules and a description of how these risks will be mitigated.
- The planned approach to achieving the proposed completion dates.

- Level of commitment to the proposed schedules, proposed reporting requirements, and proposed consequences for failure to meet key milestones.
- Past schedule performance for similar projects. It should be noted that the applicants were asked in interrogatory #32 to provide more specific information about past schedule performance for large transmission projects (greater than 100 km in length) over the past 10 years. This information is factored into the following evaluation. The Board's assessment of past schedule performance was qualitative in nature considering the fact that there were variations among the applicants in terms of when the project schedules were established and the reasons for the variances.

The Board's ranking was based on how well the proponents demonstrated the above characteristics. Below, the Board sets out the proponents in ranked order for Schedule and provides a brief discussion of the main characteristics of each application.

# UCT (6)

UCT provided a clear, detailed schedule for both phases of the project with key milestones. Its proposed completion date for the development phase is October 2014, assuming designation by May 2013 (i.e. duration of approximately 18 months). The proposed in-service date is December 2017. UCT explained that its proposed overall schedule (development and construction) can be accomplished using parallel work streams and other measures. A comprehensive list of what UCT considers to be major schedule risks and mitigating measures was provided. UCT proposed a monthly progress reporting process. Although UCT did not propose specific consequences for failure to meet major milestones, it did suggest a process for notifying the Board of potential milestone delays and mitigating measures before they occur. UCT provided a description of past performance in a number of projects which showed very good schedule performance as most of the cited projects were completed on or ahead of schedule.

# EWT LP (5)

EWT LP provided a high level schedule for the overall project and a more detailed schedule for the development phase with key milestones. Its proposed completion date

for the development phase is March 2016, assuming designation by August 2013 (i.e. duration of approximately 32 months). The proposed in-service date is November 2018. A comprehensive list of what EWT LP considers to be major schedule risks and mitigating measures was provided. EWT LP proposed a bi-annual progress reporting process which is likely insufficient. It also proposed possible ultimate consequences for failure to meet major milestones in the development phase which would only be warranted for the "most egregious failures". EWT LP provided a description of past performance in a number of projects which showed average schedule performance.

## Iccon/TPT (4)

Iccon/TPT provided a high level schedule for both the development and construction phases as well as a more detailed schedule for the development phase. Its proposed completion date for the development phase is February 2015, assuming designation by July 2013 (i.e. duration of approximately 18 months). Iccon/TPT indicated that its relatively short development schedule is achievable subject to meeting certain milestones for items which are beyond its control such as regulatory approvals. The proposed in-service date is October 2018. A detailed list (risk register) of what Iccon/TPT considers to be major schedule risks and mitigating measures was provided for the overall project. Iccon/TPT did not provide any detail about progress reporting or potential consequences for missing major schedule milestones. Iccon/TPT provided a description of past performance in a number of projects showing schedule performance by quarter. Iccon/TPT in its answer to interrogatory #32 provided additional information for major transmission projects which showed average schedule performance.

## AltaLink (3)

AltaLink provided a high level schedule for both the development and construction phases as well as a more detailed schedule for the development phase. Its proposed completion date for the development phase is June 2014, assuming designation by April 2013 (i.e. duration of approximately 14 months). The proposed in-service date is November 2018. AltaLink's proposed development schedule seems to be on the optimistic side which, according to AltaLink, is achievable given what it described as a significant amount of "pre-development work" completed before submitting its application. A short list of what AltaLink considers to be major schedule risks and mitigating measures was provided for the overall project. AltaLink proposed a bimonthly progress reporting process but did not provide details about potential consequences for missing major schedule milestones. AltaLink provided a description of past schedule performance in a number of projects which did not show good performance. In the original application, AltaLink stated that, for projects completed in 2010, it came within one month of the estimated preliminary in-service date 20% of the time. For the four projects listed in response to interrogatory #32, two are in the construction stage and are on schedule and the other two are significantly (11 to 26 months) behind schedule.

## **CNPI (2)**

CNPI provided a high level schedule for the construction phase of the project as well a more detailed table for the development phase with key milestones. Its proposed completion date for the development phase is May 2015, assuming designation by April 2013 (i.e. duration of approximately 25 months). The proposed in-service date is December 2019. A list of what CNPI considers to be major schedule risks and mitigating measures was provided. CNPI proposed a quarterly progress reporting process with a limited level of detail which is likely insufficient. It also proposed potential consequences for missing major milestones involving extreme cases of negligence. CNPI also mentioned that a bonus/penalty scheme for contractors could be considered during the construction phase. CNPI initially provided a description of past schedule performance in a number of projects which showed good performance. However, the additional information provided by CNPI in response to interrogatory #32 showed average schedule performance.

# RES (1)

RES provided a high level schedule for both the development and construction phases as well as a more detailed schedule for the development phase. Its proposed completion date for the development phase is June 2015, assuming designation by June 2013 (i.e. duration of approximately 25 months). The proposed in-service date is December 2018. A list of what RES considers to be major schedule risks and mitigating measures was provided for the overall project. RES proposed various progress reporting intervals and detail level (weekly, monthly, and quarterly). RES also provided a description of past schedule performance in a number of projects which did not show good performance. Three projects were listed in response to interrogatory #32, all of which were significantly late (12 to 32 months).

### Cost

The applicants were required to provide estimated costs for the development, construction, and operation and maintenance phases of the project. Further details were required for development costs including a cost breakdown, assumptions used, expenditure schedule, as well as risk assessment, mitigation and allocation. The construction cost estimate could be expressed as a range. The applicants were also required to provide information regarding risk and mitigation measures for the construction phase, information on cost performance for past projects, and proposals for how construction cost risk could be allocated between ratepayers and the applicant. For the operation and maintenance phase, the applicants were required to provide their estimated average annual cost, which could also be expressed as a range.

In order to facilitate cost comparison among applicants, they were asked in an interrogatory to provide the three cost estimates (development, construction, and operation and maintenance) broken down in certain common components, and to be expressed in 2012 dollars. This was intended to assist the Board in comparing the cost estimates on an equivalent basis, particularly the development phase budget. They were also required to provide more specific information about past cost performance for large transmission projects (greater than 100 km in length) over the past 10 years.

By designating one of the applicants, the Board will be approving the development costs, up to the budgeted amount, for recovery. The School Energy Coalition submitted that there is insufficient information for the Board to determine that the development costs are just and reasonable. The Board does not agree. The Board has had the benefit of six competitive proposals to undertake development work. In the Board's opinion, the competitive process drives the applicants to be efficient and diligent in the preparation of their proposals. With the exception of Iccon/TPT, the development cost proposals ranged from \$18.2 million to \$24.0 million which is relatively narrow given the overall size of the project. Therefore, the Board finds that the development costs for the

designated transmitter are reasonable, and will be recoverable subject to certain conditions.

In evaluating the applications in the area of Cost, the Board ranked applicants by considering the following factors:

### **Development Cost**

- Rank order of the cost estimate.
- Clarity and completeness of the cost estimate.
- Thoroughness of the risk assessment and mitigation strategy.
- Any proposal for allocation of the development cost risk which could benefit ratepayers.

### **Construction Cost**

- Clarity and completeness of the cost estimate.
- Thoroughness of the risk assessment and mitigation strategy.
- Any proposal for allocation of the construction cost risk which could benefit ratepayers.
- Past cost performance for similar projects.

### **Operation and Maintenance Cost**

• Clarity and completeness of the cost estimate.

The Board's ranking was based on how thoroughly the proponents demonstrated the above characteristics. Below, the Board sets out the proponents in ranked order for Cost and provides a brief discussion of the main characteristics of each application.

Unless stated otherwise, all cost estimates presented in this section are in 2012 dollars. The cost estimates are provided below to the nearest \$0.1 million for the development cost, \$1 million for the construction cost, and \$0.1 million for the operation and maintenance cost.

# AltaLink (6)

AltaLink's development cost estimate is \$18.2 million (the lowest among the applicants). Its construction cost estimate is \$454 million and its estimated annual operation and maintenance cost is \$1.7 million. AltaLink did not provide an expenditure schedule for the development cost. It provided a combined risk list and mitigation measures for the project's cost and schedule. AltaLink suggested two alternatives for dealing with development cost variances; the first is to seek recovery of incurred cost subject to prudence review, and the second is a risk/reward model where variances of up to 10% are shared 50/50, and variances above or below 10% are subject to prudence review. It also presented three alternatives for construction cost recovery; a traditional cost of service model, a negotiated target price with 50/50 risk/reward sharing up to a predetermined cap (e.g. 10%) with costs in excess of the cap subject to prudence review, and a lump sum fixed price. AltaLink provided a general description of past performance in a number of projects, but the level of granularity was insufficient to make a definitive assessment (i.e. AltaLink indicated that the collective cost performance of 112 projects was within 10% of the total estimate but did not provide specific individual project information).

## UCT (6)

UCT's development cost estimate is \$22.2 million (third lowest among the applicants) which is the same for the Reference Plan and Recommended Plan. Its construction cost estimate is \$409 million for the Reference Plan and \$378 million for the Recommended Plan. Its estimated annual operation and maintenance cost is \$4.4 million. UCT provided an expenditure schedule for the development costs as well as a detailed description of associated risks and mitigating measures. UCT proposed that the project's development phase be treated as a cost of service case whereby any expenditure in excess of the approved budget would be recoverable, subject to a prudence review. UCT's construction cost estimate is the mid-point of anticipated range of costs. The only cost difference between the Reference Plan and the Recommended Plan is the use of Guyed-Y steel-lattice towers instead of self-supported steel-lattice towers. UCT presented a detailed description of the risks associated with the construction phase and its plan to mitigate these risks. 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. UCT provided a description of past performance in a number of projects which showed average cost performance.

## RES (4)

RES's development cost estimate is \$21.4 million which is essentially the same for the Reference Design and the Preferred Design (second lowest among the applicants). As stated in its application, its construction cost estimate is \$472 million (\$2013) for the Reference Option / Preliminary Preferred Route and \$392 million (\$2013 according to its application and \$2012 according to its response to interrogatory #26) for the Preferred Design / Preliminary Preferred Route. However, the submission from HONI suggested that the amounts estimated for the cost of work necessary at HONI's stations was not developed in consultation with HONI. RES' estimated annual operation and maintenance cost is \$2.2 million for the Preferred Design and \$2.8 million for the Reference Design (the latter not included in the original application). RES provided an expenditure schedule for the development cost as well as a description of associated risks and mitigating measures. RES stated in its application that it is prepared to offer a firm development and construction price of \$413 million (\$2013) for the preferred design / preferred route option or \$494 million (\$2013) for the reference design / preferred route option, based on an incentive bonus / penalty methodology. RES presented a description of the risks associated with the construction phase and its plan to mitigate these risks. RES also provided a description of past performance in a number of projects which showed average cost performance.

# EWT LP (3)

In EWT LP's application, the development cost estimate was \$22.1 million and the construction cost estimate was \$427 million for the double circuit option. It was not clear whether these cost estimates were escalated or not. EWT LP indicated in its application that the accuracy of it estimates is  $\pm 8\%$  and  $\pm 22\%$  for the development and construction costs, respectively. In response to interrogatory #26, EWT LP increased its development cost estimate to \$23.7 million in \$2012 (third highest among the applicants) and also increased the construction cost estimate for the double circuit option to \$490 million in \$2012. It also provided a construction cost estimate for the

single circuit option (\$350 million in \$2012), but the submission from HONI suggested that the amounts estimated for the cost of work necessary at HONI's stations was not developed in consultation with HONI. EWT LP's estimated annual operation and maintenance cost is \$7.1 million. EWT LP explained in its application that this estimate includes \$1.9 million for "Administration and General" which, if excluded with its share of the contingency, would bring their estimate down to \$4.9 million/year. EWT LP provided an expenditure schedule for the development cost as well as a detailed description of associated risks and mitigating measures. EWT LP did not propose any risk sharing arrangements with benefits for ratepayers. EWT LP also presented a detailed description of the risks associated with the construction phase and its plan to mitigate these risks. EWT LP provided a description of past performance in a number of projects which showed below average cost performance.

## **CNPI (2)**

CNPI's development cost estimate is \$24.0 million (second highest among the applicants) and its construction cost estimate is \$527 million. In its application, CNPI's estimated annual operation and maintenance cost was approximately \$1.0 million, but was increased to \$1.7 million in response to interrogatory #26 to account for administration and regulatory costs that CNPI indicated were not included in the initial estimate. CNPI provided an expenditure schedule for the development cost as well as a brief description of associated risks and mitigating measures. CNPI did not propose any risk sharing arrangements with benefits for ratepayers. CNPI presented a brief description of the risks associated with the construction phase and its plan to mitigate these risks. CNPI provided a description of past performance in a number of Fortis projects which showed average cost performance.

## Iccon/TPT (1)

In Iccon/TPT's application, the estimated development cost was \$45.5 million (highest among the applicants). It was not clear in the application whether this cost estimate was escalated or not. This estimate was reduced by Iccon/TPT in response to interrogatory #26 to \$30.7 million. Iccon/TPT explained that, in addition to de-escalation, the difference is due to the fact that the earlier estimate included post leave to construct activities. Iccon/TPT's construction cost estimate is \$487 million and its

estimated annual operation and maintenance cost is \$4.9 million. Iccon/TPT provided an expenditure schedule for the development cost as well as a combined risk register for both the development and construction phases. For development costs, Iccon/TPT did not propose any risk sharing arrangements with benefits for ratepayers. To reduce construction cost risk, Iccon/TPT intends to enter into a fixed fee EPC contract with Isolux Ingenieria. Iccon/TPT provided a description of past performance in a number of projects which showed average cost performance.

### Landowner, Municipal, and Community Consultation

The applicants were required to demonstrate their ability to conduct successful consultations with landowners, municipalities and local communities, and to provide a consultation plan including potential significant issues and mitigating measures. Additional details such as an overview of land rights acquisition activities and a description of any proposed route, or plan for identifying a route, were also requested.

In evaluating the applications in this area, the Board ranked applicants by considering the following factors:

- Clarity of the consultation plan, including methodology and schedule.
- The breadth and scope of potential significant stakeholder issues identified and the suitability of proposed mitigating measures.
- Adequacy of the description of the line route (or alternatives) and demonstrated appreciation of challenges involved in the route(s).

The more of these characteristics which a proponent demonstrated through its application, the higher the Board ranked the proponent. Below, the Board sets out the proponents in ranked order for this criterion and provides a brief discussion of the main characteristics of each application.

## EWT LP (6)

EWT LP provided a comprehensive consultation plan as part of the description of its proposed environmental assessment process, which included a description of key elements and a list of stakeholders. The plan conveyed a clear picture as to how

consultations would be conducted and how the communities would be approached. Details regarding land use rights acquisition approach by category, potential issues and proposed mitigation were provided. For the purposes of the application, EWT LP assumed a route adjacent to the existing line but indicated that the final route will be based on consultation with landowners, municipalities and communities. A detailed study of potential routes was provided where potential route options were identified and described, including the evaluation criteria, process, and a proposed schedule for route selection.

## RES (5)

RES provided a consultation plan that included a schedule, issue identification and resolution strategy. The plan provided for the formation of a Municipal Advisory Group, if appropriate. RES provided an overview of the required land use rights and a two-phase plan for acquiring these rights (pre and post leave to construct). A detailed land valuation and acquisition plan was provided. Potential significant issues and mitigating measures were also identified. RES identified a preliminary preferred route and stated that some route refinements may be required as a result of stakeholder consultation.

# UCT (5)

UCT provided a consultation plan which included a list of stakeholders, consultation activities and schedule. UCT also provided a mitigation strategy to deal with significant issues. It also provided a land acquisition plan which included methodology for various types of land rights as well as an approach to compensation and mitigation. One of the mitigating measures is to identify three route variances to the proposed route as contingencies. UCT identified a 3-stage approach to route determination; conceptual (already completed), preliminary, and final.

## AltaLink (3)

A consultation plan was provided as part of AltaLink's draft environmental assessment terms of reference, including methods and schedules. AltaLink provided a list of required land use rights for the various project phases and a plan to obtain these rights, including compensation principles. Some issues associated with obtaining these rights were identified and a plan to address them was provided based on AltaLink's experience in Alberta. Altalink's plans were generic in nature rather than specific to this project. AltaLink identified a proposed route and some of the environmental constraints associated with it, subject to detailed design, environmental assessment, and stakeholder input.

# **CNPI (2)**

A brief consultation plan was provided for the different project phases, including potential issues and mitigation. CNPI provided a brief description of the various categories of right-of-way and land use rights and its plan for obtaining these rights. A short list of potential issues associated with land acquisition and permitting was provided and mitigating measures proposed. Although the proposed route has been identified, CNPI is prepared to consider an alternate route.

# Iccon/TPT (1)

A description of the proposed consultation plan was provided which was generic and brief. Iccon/TPT provided an overview of the required land use rights in the various project phases and a plan for acquiring these rights. A brief description of associated risks and mitigating measures was also provided. Iccon/TPT has not identified a planned route for the line at this time, but has conducted a routing analysis and identified several potential routing corridors. A methodology and decision criteria were described which will be used to evaluate these routing options during the development of the terms of reference for the environmental assessment.

### First Nations and Métis Consultation

The duty to consult, as described in the Supreme Court decision *Haida Nation* v. *British Columbia (Minister of Forests)*<sup>2</sup>, arises where the Crown has knowledge, real or constructive, of the potential existence of Aboriginal right or title and contemplates conduct that might adversely affect it. In some cases, the duty to consult may lead to a duty to accommodate. The precise extent of the duty to consult and, possibly, accommodate will vary depending on the facts of each situation. The Crown can

delegate certain aspects of consultation to a project proponent. The Deputy Minister of Energy issued a letter on November 26, 2012 stating the Ministry's expectation that the designated transmitter will enter into a Memorandum of Understanding with the Ministry that will set out the respective roles and responsibilities of the Crown and the transmitter in consultation. None of the applicants objected to this requirement.

The applicants were required to demonstrate their ability to conduct successful First Nation and Métis consultations and to provide a consultation plan including a list of affected First Nations and Métis communities. They were also required to describe their engagement approach as well as potential significant issues and mitigating measures.

In evaluating the applications in this area, the Board ranked proponents by considering the following factors:

- Clarity and comprehensiveness of the proposed consultation plan, including methodology and schedule.
- Identification of potential significant issues and proposed mitigating measures.
- Relevant successful past experience.

The Board's ranking is based on how well the proponents demonstrated the above characteristics. Below, the Board sets out the proponents in ranked order for this criterion and provides a brief discussion of the main characteristics of each application.

## UCT (6)

UCT provided a comprehensive consultation plan for all project phases (pre-designation to operation). A record of actual communication (letters, phone calls) with the 18 affected communities was provided as well as a list of potential key issues and proposed mitigation. UCT referenced NextEra's First Nations and Métis Relationship Policy and Enbridge's Aboriginal and Native American Policy as the basis for its plan. UCT described existing relationships with a number of First Nations and Métis communities who would be engaged as part of this project. UCT also described its relevant past experience with a number of projects involving the engagement, consultation and economic participation of First Nations and Métis communities.

# EWT LP (5)

EWT LP provided a comprehensive consultation and communication plan and stated that it will commence consultation upon designation. A comprehensive list of expected issues was provided and mitigating measures were suggested. Relevant past experience with consultation activities was described which involved EWT LP's partners and consultants. EWT LP indicated that the consultation process would be facilitated by BLP. Having some of the affected First Nations lead the consultation process with other affected First Nations and Métis communities on behalf of the owners may give rise to fairness concerns which would need to be addressed.

### AltaLink (5)

Altalink provided a preliminary consultation plan including steps and milestones and indicated that the final plan will be developed and agreed to jointly with each of the communities. It also provided a plan for the Traditional Ecological Knowledge and Traditional Land Use studies for the project. AltaLink indicated that all 18 affected communities were contacted in 2012, and that it met with 12 of them (excluding the 6 involved with BLP). A short list of potential issues was provided as well as a general description of possible mitigation. AltaLink described its longstanding relationship and engagement approach with the Aboriginal communities in Alberta as well as SNC Lavalin's experience in Ontario and Manitoba.

## RES (3)

RES provided a detailed but generic consultation plan and identified potentially affected First Nations and Métis communities which included the previously identified 18 communities plus others. RES contacted all 18 plus one more, met with three of them and received correspondence from two others. RES identified a short list of potential issues and a plan to deal with these issues. RES described its experience with similar consultation in a number of projects in Canada and the U.S.A.

# lccon/TPT (2)

Iccon/TPT provided a general engagement plan as well as a record of actual communication with some of the affected First Nations and Métis communities. A list of potential significant issues and a preliminary plan to address them were also provided. Iccon/TPT indicated that it plans to contract with TransCanada's Aboriginal and Stakeholder Engagement Group to lead its First Nations and Métis Consultation process in this project. Iccon/TPT's plan was less comprehensive than plans filed by other applicants and, as mentioned earlier, does not effectively distinguish between participation and consultation.

## **CNPI** (1)

CNPI indicated that some contacts have been made with affected communities (the 2 involved in LHATC plus 6 others), but that all 18 affected communities will be included in the consultation process. CNPI stated that an Aboriginal Consultation and Engagement Plan will be developed at the start of the environmental assessment process. The application included only a very high level summary consultation plan identifying some potential issues and possible generic mitigating measures. The plan lacked the detail contained in the plans of other applicants. Relevant recent experience was described with some Fortis projects and other related activities.

### CONCLUSION

Based on the evaluation methodology described earlier, and the ranking given to each applicant for the various decision criteria, the Board has determined the total score and the resulting overall ranking of the applicants, as shown below. Note that the maximum possible score is 540:

- 1. UCT (455)
- 2. EWT LP (385)
- 3. AltaLink (385)
- 4. RES (280)
- 5. CNPI (200)
- 6. Iccon/TPT (185)

Therefore, the Board has decided that the designated transmitter for the development phase of the proposed East-West Tie line is UCT. UCT either ranked first or was tied for first in 7 of the 9 decision criteria. AltaLink and EWT LP are tied. EWT LP stated that it is not willing to be named runner-up, and the Board names AltaLink as the runner-up.

The Board finds that the development costs budgeted by UCT of \$22,187,022 (in \$2012) are reasonable. 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.

The licence of UCT will be amended to have an effective date and to include special conditions regarding reporting to the Board. The Board notes that per Section 3.1.1. of the Reporting and Record-keeping Requirements, UCT will be required to report balances in the deferral account to the Board on a quarterly basis.

UCT proposed certain milestones at page 100 of its application, and at page 59 of its argument in chief indicated that the milestones proposed by Board staff at page 4 of its Phase 2 submission were directionally appropriate. The Board requires UCT to prepare a revised schedule of development milestones including those from its application, as well as the milestones proposed by Board staff. In addition, UCT shall include proposed milestones related to: the development and finalization of its First Nations and Métis participation plan; progress on landowner, municipal and community consultation; progress on First Nations and Métis consultation; and progress towards finalization of structure engineering work and final choice of structure design. If any of these milestones are, for UCT's development plan, impractical or not demonstrative of progress, UCT may omit or rephrase the milestone and provide an explanation for the proposed change.

As part of the schedule of milestones, UCT must also indicate what filing, form or other document could be offered as proof of completion of the milestone if the Board so required. For example, UCT proposed the milestone "Substantial Land / Right-of-Way Rights Acquired". What could be filed with the Board if the Board called upon UCT to

demonstrate successful completion of that milestone? The schedule of milestones should be provided in the following format:

Milestone	Proof of Completion	Target Date

A consequence of this designation decision is that, if it meets its obligations, UCT will be able to recover the costs of project development (up to the budgeted amount) from transmission ratepayers, even if the final assessment of need indicates that the line is no longer required. The Board therefore believes that it is important to limit the risk to ratepayers from unnecessary development work. The Board recognizes that the OPA reaffirmed the continuing need for the East-West Tie line in its Phase 2 submission, but also notes that the OPA offered to provide a more detailed need assessment after the designation decision. The Board will require the OPA to file a schedule for the production of an early detailed need update (for example, 60 days from the date of this decision) and a further need update at the approximate mid-point of the development work. The Board recognizes that a final need assessment will also form part of the leave to construct application. The OPA's proposed schedule should be developed in consultation with UCT to co-ordinate with the development schedule.

#### The Board therefore orders that:

- 1. The licence of UCT is amended to have an effective date of August 7, 2013, with a term of 20 years.
- 2. The following special conditions will be included in the licence:
  - a) UCT shall report to the Board on a monthly basis, beginning no more than 60 days from the date of this decision and ending when a leave to construct application is filed for the East-West Tie line, on the following matters:
    - i. Overall project progress: An executive summary of work progress, cost and schedule status, and any emerging issues/risks and proposed mitigation.
    - ii. Cost: Actual cost and cost variance relative to the original project budget, as well as an updated budget forecast projected

out to a leave to construct application. A description of the reasons for any projected variances and mitigating measures should be provided. The report must also indicate the percentage of budgeted development costs spent as at the time of the report.

- iii. Schedule: The milestones completed and the status of milestones in-progress. For milestones that are overdue or delayed, the reasons for the delay, the magnitude and impact of the delay on the broader development schedule and cost, and any mitigating steps that have or will be taken to complete the task.
- iv. 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 risk or issue.
- b) UCT shall advise the Board immediately of any change to its governance, or any change in its financial status, that adversely affects or is likely to adversely affect the completion of the East-West Tie line.
- 3. UCT shall, within 21 days of the date of this decision, file for review and approval of the Board a revised development schedule, identifying milestones, proposed proofs of completion and target completion dates as described above. The time span for the activities in the schedule must be consistent with the schedule filed in UCT's application, taking into account the actual date of this decision.
- 4. A deferral account is established for UCT in which the actual costs of development of the East-West Tie line are to be recorded, from the date of this decision up to the filing of a leave to construct application, or such other time as the Board may order. The account shall include sub-accounts for the development activities listed in Attachment 1 to UCT's response to interrogatory 26 in this proceeding.
- 5. UCT shall, within 21 days of the date of this decision, file for review and approval of the Board a draft accounting order for the account and sub-accounts described

in paragraph 4, with detailed descriptions of the account and sub-accounts and how they will be used.

#### The Board further orders that:

1. The OPA shall, within 21 days of the date of this decision, file with the Board a schedule for the production of an early detailed need update and a further need update at the approximate mid-point of development work, as described above.

#### The Board further orders that:

- 1. The cost awards to eligible intervenors and the Board's own costs will be recovered from licensed transmitters whose revenue requirements are presently recovered through the Ontario Uniform Transmission Rate (and the costs will be apportioned among the transmitters based on their respective transmission revenues).
- Eligible parties shall submit their cost claims for Phase 2 of the designation proceeding by August 28, 2013. A copy of the cost claim must be filed with the Board and one copy is to be served on each of Canadian Niagara Power Inc., Five Nations Energy Inc., Great Lakes Power Transmission LP and Hydro One Networks Inc.
- 3. Canadian Niagara Power Inc., First Nations Energy Inc., Great Lakes Power Transmission LP and Hydro One Networks Inc. will have until September 16, 2013 to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the party against whose claim the objection is being made.

4. The party whose cost claim was objected to will have until September 25, 2013 to make a reply submission as to why its cost claim should be allowed. A copy of the submission must be filed with the Board and one copy must be served on the party who objected to the claim.

DATED at Toronto, August 7, 2013 ONTARIO ENERGY BOARD

#### Original signed by

Kirsten Walli Board Secretary

### APPENDIX A

#### TO BOARD DECISION AND ORDER

#### EAST-WEST TIE LINE DESIGNATION - PHASE 2

#### BOARD FILE NO.: EB-2011-0140

DATED August 7, 2013

LIST OF INTERVENORS
#### EAST-WEST TIE LINE DESIGNATION - PHASE 2

#### BOARD FILE NO.: EB-2011-0140

#### DATED August 07, 2013

#### LIST OF INTERVENORS

#### **REGISTERED TRANSMITTERS:**

AltaLink Ontario, LP Canadian Niagara Power Inc. EWT LP Iccon Transmission, Inc. RES Canada Transmission LP TransCanada Power Transmission (Ontario) L.P. Upper Canada Transmission, Inc.

Please note: Each of Iccon Transmission Inc. and TransCanada Power Transmission (Ontario) L.P. acted as intervenors in Phase 1 of the proceeding, but filed a joint application in Phase 2.

#### **OTHER INTERVENORS:**

Association of Major Power Consumers in Ontario

BayNiche Conservancy

Building Owners and Managers Association Toronto

Canadian Manufacturers and Exporters

City of Thunder Bay and Northwestern Ontario Associated Chambers of Commerce and Northwestern Ontario Municipal Association Energy Task Force

#### EAST-WEST TIE LINE DESIGNATION - PHASE 2 EB-2011-0140 LIST OF INTERVENORS

Consumers Council of Canada

Enbridge Inc.

Energy Probe Research Foundation

Great Lakes Power Transmission EWT LP

Great Lakes Power Transmission LP

Hydro One Inc.

Hydro One Networks Inc.

Independent Electricity System Operator

Lake Superior Action-Research-Conservation

Métis Nation of Ontario

Municipality of Wawa and the Algoma Coalition

National Chief's Office on Behalf of the Assembly of First Nations

Nishnawbe-Aski Nation

Northwatch

Ojibways of Pic River First Nation

Ontario Power Authority

Power Workers' Union

School Energy Coalition

Mr. Rod Taylor

#### APPENDIX B

#### TO BOARD DECISION AND ORDER

#### EAST-WEST TIE LINE DESIGNATION - PHASE 2

#### BOARD FILE NO.: EB-2011-0140

DATED August 7, 2013

PHASE 1 DECISION AND ORDER

Ontario Energy Board Commission de l'énergie de l'Ontario



EB-2011-0140

**IN THE MATTER OF** sections 70 and 78 of the *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

BEFORE: Cynthia Chaplin Presiding Member and Vice-Chair

> Cathy Spoel Member

#### PHASE 1 DECISION AND ORDER

July 12, 2012

#### INTRODUCTION

On February 2, 2012, the Ontario Energy Board issued notice that it was initiating a proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie line. The Board assigned File No. EB-2011-0140 to the designation proceeding. Seven transmitters registered their interest in the designation process.

The Board developed the Framework for Transmission Project Development (EB-2010-0059) (the "Policy") as a way to encourage the timely development of electric transmission construction in Ontario. A number of transmission projects were expected to be identified by the Ontario Power Authority ("OPA") through an Economic Connection Test or an Integrated Power System Plan to accommodate the connection of renewable generation. The designation process outlined in the Policy has, nevertheless, been adopted by the Board in this proceeding for a single bulk transmission line that was identified in the Minister's Long Term Energy Plan to address reliability issues. The East-West Tie line will run between Thunder Bay and Wawa, and connect to the bulk transmission system in Northern Ontario at transformer stations owned by Hydro One Networks Inc. ("HONI").

This designation proceeding represents an evolving process as the Board applies the Policy for the first time. The Board has adopted a two phase process for the designation proceeding. In Phase 1, which is the subject of this decision and order, the Board establishes specifics for the proceeding including decision criteria, filing requirements, obligations and consequences arising on designation, the hearing process for Phase 2 and the schedule for the filing of applications for designation.

In Phase 2, the registered transmitters will have an opportunity to file their applications for designation, and the Board intends to select one of them as the designated transmitter through a hearing process. The Board notes that this proceeding is voluntary on the part of the registered transmitters and intends that this Phase 1 decision and order will assist them in deciding whether to make an application for designation in Phase 2. The Board will not, at this stage, compel any transmitter to file a plan for the line.

It is important to remind participants of the limited scope of this process, which is the selection of a designated transmitter to do development work for the East-West Tie line. The final determination of the need for the line will be considered in a subsequent leave to construct proceeding. In general, environmental matters are not within the mandate of the Board and the necessary environmental assessment will be conducted in another forum.

#### THE PROCEEDING

On February 2, 2012, the Board issued a Notice of Proceeding for this designation proceeding. On March 9, 2012, the Board issued Procedural Order No. 1, granting intervenor status to the seven transmitters registered in this proceeding, namely: AltaLink Ontario, L.P. ("AltaLink"); Canadian Niagara Power Inc. ("CNPI"); EWT L.P.; Iccon Transmission Inc. ("Iccon"); RES Canada Transmission L.P. ("RES"); TransCanada Power Transmission (Ontario) L.P ("TPT"); and Upper Canada Transmission, Inc. ("UCT").

The Board's Decision on Intervention and Cost Award Eligibility, dated March 30, 2012, and the Board's Procedural Order No.2, dated April 16, 2012, granted intervenor status to 24 parties (or, in some instances, groups of parties) and cost award eligibility for the proceeding to nine of those parties. The matter of costs is discussed in further detail at the end of this decision.

Procedural Order No. 2 included the Board-approved issues list for Phase 1. On June 14, 2012, the Board issued its Phase 1 Partial Decision and Order to deal specifically with issue 19 of the issues list. This decision ordered HONI and Great Lakes Power Transmission LP ("GLPT") to file with the Board, and provide to other parties, certain documents in their possession which may be relevant to the development of the East-West Tie line. This decision addresses the other issues identified for Phase 1 of the proceeding.

#### **BOARD FINDINGS ON THE ISSUES**

The Board's primary objective in this proceeding is to select the most qualified transmission company to develop, and to bring a leave to construct application for, the East-West Tie line. The Board recognizes that the key to achieving this objective is the establishment of an efficient and transparent competitive process that avoids bestowing any unfair advantage upon a particular applicant or group of applicants. The Board's view is that competition is best served by creating an open, fair and cost-efficient proceeding that encourages multiple qualified proponents to participate. The Board has considered each of the issues in this light.

#### Decision Criteria: Issues 1 – 4

# Issue 1. What additions, deletions or changes, if any, should be made to the general decision criteria listed by the Board in its policy Framework for Transmission Project Development Plans (EB-2010-0059)?

For the reasons given under issues 1 to 4, the Board's criteria for this designation process are:

- Organization
- First Nation and Métis participation
- Technical capability
- Financial capacity
- Proposed Design for the East-West Tie line
- Schedule
- Costs
- Landowner, municipal and community consultation
- First Nation and Métis consultation
- Other factors

#### **Original criteria**

There was general support among the parties for the retention of the original criteria from the Policy. The Board agrees that these original criteria remain valid for the East-West Tie line project, and will retain the following criteria in their original form: organization, technical capability, financial capacity, schedule, costs, and other factors. The criterion "landowner and other consultations" will be subdivided, as described below.

Several parties suggested that the Board provide guidance as to the way in which it would asses the criteria "cost" and "other factors". Regarding cost, the Board acknowledges, as several parties observed, that one of the purposes of the development work itself will be the estimation of construction and operation and maintenance costs, and that therefore applicants for designation will likely not be in a position to provide an accurate estimate of construction and operating and maintenance costs at the time of their application. Nevertheless, the Board finds that it must consider

all costs in assessing the merits of the various applications. Providing benefit to ratepayers through economic efficiency is a core objective in the Board's Policy, and the reasonableness of the total costs of the project will be a critical component in achieving that objective. The Board will therefore require that parties include in their applications an estimate of all costs, including those related to: preparation of an application for designation; development; construction; and operation and maintenance of the line.

However, in recognition of the uncertainty inherent in estimating costs of construction and operation and maintenance of the line, the Board will accept these estimates expressed as a range. All the transmitters who have registered their interest in the East-West Tie line project have, or have access to, experience in the construction of major infrastructure projects, and the Board expects that they will be able to create a reasonable estimated range for these costs, and provide justification for the cost estimates and width of the range. The Board will also require applicants to provide evidence of their plan to manage the costs of construction and operation and maintenance, and of their track record in estimating construction costs and keeping to those estimates.

Applicants should also describe any proposals they have regarding the recovery of the various categories of costs from ratepayers. For example, the Board notes TPT's submission that no applicant, including the designated transmitter, should be able to recover the costs of participating in the designation process. While this is not the Board's ruling (see issue 14 below), the Board invites any applicant to distinguish itself by proposals that reduce costs or risks for ratepayers for any category of cost.

The Board will retain the criterion "other factors", but will not specify at this time what factors or evidence will be considered under this criterion. This criterion offers applicants the opportunity to bring forward any distinguishing feature of their application that is not addressed in the other criteria. The Board acknowledges that this criterion is open-ended. However, all potential applicants are in the same position and have the same opportunity to provide evidence under this criterion. Experienced transmitters, such as those who have registered their interest in this proceeding, may bring forward useful information that the Board cannot anticipate at this stage in the proceeding.

#### Additional criteria, other than First Nation and Métis issues

The submissions of parties contained several proposals for additional criteria. The Board will not add a specific additional criterion relating to facilitating competition and new entrants. The facilitation of competition and the encouragement of new entrants to transmission in the province was part of the context for the Board's Policy, and are being recognized by the initiation of this designation process. Any applicant who wishes to bring evidence of any advantage to Ontario ratepayers of the designation of a new entrant for this project is invited to do so as part of the "other factors" criterion.

The Board finds that there is no need to create additional criteria related to the provision of socio-economic benefits, the ability to mitigate environmental impacts, regulatory expertise, or location-specific experience. Each of these issues will be considered to some degree under the criteria "technical capability" and "organization". The Board notes that mitigation of environmental and socio-economic impacts is considered as part of the Environmental Assessment process. The Board will not require evidence of an applicant's ability to mitigate these impacts, but will require evidence of the applicant's ability to successfully complete regulatory processes similar to Ontario's Environmental Assessment process.

With respect to regulatory expertise, the Board will require evidence under the criterion "technical capability" of an applicant's ability to successfully complete the regulatory processes necessary for the construction and operation of the line.

The Board will not necessarily favour experience in Ontario over experience in other jurisdictions. It is important that the designated transmitter be fully capable of constructing and operating an electricity transmission line that meets the needs identified by the OPA and the Independent Electricity System Operator ("IESO") in the location proposed in the transmitter's plan. However, the experience necessary to achieve this capability may have been gained in other jurisdictions. The Board invites applicants to bring evidence of their experience and to demonstrate its relevance to the East-West Tie line project.

The Board finds that three additional criteria are appropriate to address the specific circumstances of this designation process. The Board will add the new criterion "Proposed Design for the East-West Tie Line". In creating this additional criterion, the Board has particularly considered the submissions of Board staff, the IESO, RES, the

Power Workers Union ("PWU") and EWT LP. The evidence to be filed to satisfy this criterion is largely that listed in section 5 of Board staff's proposed filing requirements presently titled "Plan Overview". The criterion is intended to be assessed as pass/fail in respect of whether the applicant's plan for the line meets the targeted transfer capability while satisfying all applicable reliability standards. However, the other evidence to be filed under this criterion by each applicant will be compared against the plans of the other applicants to assess the relative strengths of the proposed designs. An applicant may demonstrate under this criterion the ways in which its technical design for the line provides advantages to the transmission system, local communities or transmission ratepayers, or demonstrates advantageous innovation, or in some way exceeds the minimum requirements while remaining cost effective.

The Board will divide the original criterion "landowner and other consultations" into two criteria: "landowner, municipal and community consultation" and "First Nation and Métis consultation". The delineation of "landowner, municipal and community consultation" from the more general original criterion is intended to make explicit the need for consultation with municipalities and communities located along the transmission line corridor.

- Issue 2. Should the Board add the criterion of First Nations and Métis participation? If yes, how will that criterion be assessed?
- Issue 3. Should the Board add the criterion of the ability to carry out the procedural aspects of First Nations and Métis consultation? If yes, how will that criterion be assessed?

## Issue 4. What is the effect of the Minister's letter to the Board dated March 29, 2011 on the above two questions?

The Board finds that the Minister's letter is not a directive within the meaning of the *Ontario Energy Board Act, 1998.* However, the letter is an expression of the government's interest in promoting First Nations and Métis participation in energy projects, and is consistent with government policy as articulated in the Long Term Energy Plan.

The Board will create the criterion "First Nation and Métis participation" and, as indicated in the previous section, divide the original criterion "Landowner and other consultations" into two criteria: "landowner, municipal and community consultation" and "First Nation and Métis consultation". The Board recognizes that First Nation and Métis consultation is unique in being a constitutional obligation on the Crown, certain aspects of which may be delegated to the designated transmitter. Applicants will be required to demonstrate their ability to conduct successful consultations with First Nation and Métis communities, as may be delegated by the Crown, by providing a plan for such consultations, and evidence of their experience in conducting such consultations.

The Board will not look more favourably upon First Nation and Métis participation that is already in place at the time of application than upon a high quality plan for such participation, supported by experience in negotiating such arrangements. "Participation" can mean many things, and the Board will not restrict its consideration to any particular type of participation. Applicants are invited to demonstrate the advantages of whatever type and level of First Nation and Métis participation they have in place, or are proposing to secure.

The Board notes the proposal of the Ojibways of Pic River First Nation ("PRFN") that the First Nation and Métis participation criterion be categorized, weighted, and scored by the impacted relevant communities. The Board will not adopt this methodology for assessing the criterion, which could amount to an improper delegation of its decision making power. The Board will evaluate this criterion through the public hearing process, and the various intervenors representing First Nation and Métis interests, along with the other parties, can seek input from their constituencies and bring that information forward for the Board's consideration in the hearing.

#### Use of the Decision Criteria: Issues 5 and 6

Issue 5: Should the Board assign relative importance to the decision criteria through rankings, groupings or weightings? If yes, what should those rankings, groupings or weightings be?

### Issue 6: Should the Board articulate an assessment methodology to apply to the decision criteria? If yes, what should this methodology be?

The Board will not, at this time, articulate an assessment methodology to be applied to the decision criteria, nor will it ascribe any relative importance to the decision criteria through a weighting system. The Board appreciates the points made in the submissions from some parties that assigning weights or rankings to the criteria would assist applicants in focusing their applications towards factors that the Board considers important. However, the Board is unwilling to remove the discretion and flexibility it may need in evaluating the applications for designation. The Board will exercise its judgment for each criterion, with the assistance of the evidence presented and the submissions received from all parties.

The Board notes that in providing decision criteria and filing requirements, it has provided some guidance to potential applicants, and that all applicants face the same challenge in designing their proposals around these criteria and filing requirements. All the decision criteria are important, and the Board is unwilling to restrict its ability to give full consideration to each criterion before it is informed by the content of the applications for designation.

#### Filing Requirements: Issues 7 and 8

## Issue 7. What additions, deletions or changes should be made to the Filing Requirements (G-2010-0059)?

As part of its Policy, the Board issued its "Filing Requirements: Transmission Project Development Plans" (G2010-0059) dated August 26, 2010. Board staff proposed revisions to the original filing requirements to take into account the specific circumstances of the East-West Tie line. These revised filing requirements were attached as Appendix A to Board staff's April 24, 2012 submission. Most parties agreed with the reorganization of the filing requirements proposed by Board staff, but had specific suggestions for additions, deletions or changes.

The approved filing requirements for the East-West Tie line designation process are attached as Appendix A to this decision. The filing requirements have been modified from Board staff's proposed filing requirements to reflect the Board's findings in this Phase 1 decision. Certain issues raised by parties, and not otherwise addressed in this decision, are discussed below.

#### **Background Information**

AltaLink submitted that an additional requirement should be added to require each applicant to file a statement from a senior officer that the applicant is not in a position of an actual or perceived conflict of interest. The Board finds that this requirement is

unnecessary at this time. The Board, in issues 20 - 22 in this decision, addresses issues arising from the participation of entities related to incumbents. The Board can address this issue further through Phase 2 in the event additional concerns are identified.

#### **Technical Capability**

AltaLink and Iccon submitted that references to experience in Ontario and experience involving similar terrain, climate and other environmental conditions should be excluded from the filing requirements. EWT LP submitted that experience in Ontario and in similar terrain, climate and other environmental conditions is important when assessing a transmitter's technical experience.

As mentioned under issue 1 in this decision, the Board finds that it is appropriate for applicants to document their experience, wherever gained, and to demonstrate the relevance of that experience to the East-West Tie line project.

The Board will not, as urged by TPT, change the wording in the filing requirements to refer only to "linear infrastructure", but recognizes that such experience may be relevant to the construction and operation of the East-West Tie line.

The Board will require evidence of consistency with good utility practice in the areas of safety, environmental compliance, and regulatory compliance.

#### **Financial Capacity**

School Energy Coalition ("SEC") recommended the addition of a requirement for information on the current credit rating of the applicant and its parent company. The Board has adopted this proposal.

#### Plan Overview (now Proposed Design)

Some parties submitted that the requirements listed in Section 5.1 of Board staff's proposed filing requirements are too detailed for the designation applications since providing this information would require development work which should not be part of the designation process. EWT LP suggested that these requirements should be determined by the designated transmitter once designated and that only a description of

the development activities planned to determine these requirements should be included in the designation application.

The Board is of the view that the filing requirements should require the applicant transmitters to provide sufficient detail to allow the Board to carry out a meaningful, thorough and accurate assessment of the applicant transmitters and their proposed plans. However, the Board also recognizes the time, effort and cost associated with preparation of detailed designation applications. If an applicant is unable to provide certain information, then it can provide a description of the methodology it will use to develop the information. The Board has made the list under this section (now 6.1) optional rather than mandatory, and provided the option of describing the method and criteria for the determination of these parameters.

Board staff noted that section 2.1.5 of the Board's Minimum Technical Requirements requires that "all proposed design assumptions" be provided by the applicant. Board staff recommended that the need to provide "all proposed design assumptions" be excluded from the designation application because this information will not be available to the applicants before development work for the line is well underway.

The Board agrees with Board staff that it would be premature to expect the applicants to be able to provide this information prior to having done at least some development work, and will not include a requirement for "all" design assumptions in the filing requirements. As a general rule, the Board agrees with UCT and PWU that if the filing requirements require detail which is impossible or impractical to obtain, the applicant should respond to the best of its ability and identify the factors that prevent a full response or require deviation from the filing requirements. The Board also acknowledges, as submitted by RES, that plans will evolve during the development phase.

The Board will adopt the proposal of the OPA (supported by SEC) for a requirement to outline how a proposed plan leads to a lower cost solution than other alternatives while meeting the project requirements. The Board is not, at this stage, asking applicants to compare their plans to those of other applicants, but to other options for the East-West Tie line that could reasonably be considered to satisfy the need for the line.

#### Schedule

EWT LP suggested that section 6.3 of Board staff's proposed filing requirements related to information regarding the construction phase of the project should be eliminated since this would require environmental assessment work and consultation which will not have been done at the time of filing the applications. Some parties suggested that specific milestone dates should be removed.

The Board is of the view that the requirements in section 6.3 will be helpful to the Board in assessing the merits of the applicants' proposed plans and that they should remain in the filing requirements. The Board is not seeking a commitment, but information to assist it in understanding the applicant's overall strategy for completion of the project. The Board recognizes that the construction schedule will change as a result of the more detailed development work to be carried out by the designated transmitter.

#### Costs

Board staff's revisions to the original filing requirements propose a number of additions including, among other things, amounts already spent for preparation of an application, major risks that could cause the applicant to exceed its development budget, strategy to mitigate risks, threshold of materiality for prudence review of cost overruns and evidence of the applicant's past success in completing similar transmission line projects.

The Board finds that it is reasonable to simplify the development cost breakdown by grouping some categories of cost. The Board is of the view that, while development cost estimates will be considered, the magnitude of development costs will be small in comparison to the total costs of the East-West Tie project. Consequently, an applicant's demonstrated ability to manage complex projects and control all costs is more important for the selection of a designated transmitter than the estimate of development costs.

Also, the Board concludes that the applicants are not required to propose a threshold of materiality for prudence review if cost overruns occur for the costs of development. Instead, the Board will ask parties to address this matter in their submissions in Phase 2.

#### Consultation

The Board determined under issue 1 that there will be a separate criterion for First Nation and Métis consultation, and the filing requirements have been modified accordingly. The Board has adopted most of the wording for this section proposed by the Métis Nation of Ontario ("MNO").

Several parties submitted that the information regarding routing in staff's proposed section 8.3 should not be required as this information will be unreliable until environmental assessment work has been done. The Board will permit applicants to file routing information at the level of detail they believe is appropriate, and will be assisted by such description as the applicant can provide regarding the route or routes it is considering.

#### Issue 8: May applicants submit, in addition or in the alternative to plans for the entire East-West Tie Line, plans for separate segments of the East-West Tie Line?

The Board will not permit applicants to submit plans for separate segments of the East-West Tie line. The Board recognizes that the proposed line could possibly be considered two segments, one from Wawa to Marathon and one from Marathon to Thunder Bay. However, the need identified by the OPA and the IESO cannot be satisfied by one of these two segments alone, and the project is best considered as a single unit. The Board agrees with those parties that submitted that attempting to consider separate applications for the two line segments would add cost and complexity to the designation process, require extensive co-ordination between the two selected transmitters, and could create additional risk for ratepayers and confusion for communities that are to be consulted. However, the Board would consider a joint venture or joint application from two or more parties who together propose to complete the entire East-West Tie line. Such a joint application would have to include a clear acceptance of risks and obligations by each party for the completion of the entire project. **Obligations and Milestones: Issues 9 – 12** 

- Issue 9: What reporting obligations should be imposed on the designated transmitter (subject matter and timing)? When should these obligations be determined? When should they be imposed?
- Issue 10: What performance obligations should be imposed on the designated transmitter? When should these obligations be determined? When should they be imposed?
- Issue 11: What are the performance milestones that the designated transmitter should be required to meet: for both the development period and for the construction period? When should these milestones be determined? When should they be imposed?
- Issue 12: What should the consequences be of failure to meet these obligations and milestones? When should these consequences be determined? When should they be imposed?

The Board will not impose a "performance obligation" in the sense of a performance bond or other financial instrument on the designated transmitter. Those parties who chose to address this issue in their submissions largely agreed with Board staff that a financial performance obligation was not necessary. The Board accepts the submission of EWT LP that the regulatory risk of cost disallowance is a deterrent to a voluntary failure to perform. The Board also agrees with SEC that the Board has the authority to impose conditions through amendments to the designated transmitter's licence if nonfinancial obligations are necessary.

The Board agrees with Board staff and other parties that it will be necessary to impose performance milestones and reporting obligations on the designated transmitter. The objectives of the milestones and reporting are:

- to ensure that the designated transmitter is moving forward with the work on the East-West Tie line in a timely manner;
- to facilitate early identification of circumstances which may undermine this ability to move forward; and

• to maintain transparency, as the costs of development work are intended to be recovered from ratepayers.

The Board will require, through its filing requirements, applicants for designation to propose performance milestones and reporting obligations that accomplish these objectives. The Board is reluctant to pre-determine the milestones and reporting that the successful applicant must accept, and expects that the experience in major project management that the applicants will bring to the designation process will be of assistance to the Board in setting appropriate conditions.

The proposed milestones and reporting obligations should apply to both the development phase and construction phase of the project, although the Board accepts that the milestones and reporting for the construction phase will be reconsidered and finalized during the Board's consideration of the leave to construct application. The Board will consider construction milestones and reporting only as indicative, and does not intend to impose those obligations at the time of designation.

Potential applicants for designation and other parties should note that the Board is not limited to imposing on a designated transmitter only those performance milestones and reporting obligations that the transmitter proposed in its application. All parties may choose to make submissions concerning the appropriate milestones that should be imposed on any transmitter that may be selected for designation. The Board will not impose novel conditions without providing designation applicants the opportunity to address the appropriateness of such conditions. The Board will establish the reporting requirements and performance milestones through an amendment to the designated transmitter's licence.

The Board finds that is it premature to determine in this Phase 1 decision the consequences for failure to meet the required performance milestones and performance obligations. Applicants for designation must include in their applications their proposals regarding the consequences of failure to meet their proposed performance milestones and reporting obligations.

The Board's policy indicates that the loss of designation and the inability to recover development costs are two potential consequences of failure. The Board is of the view that the severity of the consequences should be proportional to the severity of the

breach, and take into account the designated transmitter's mitigation efforts. In determining how to address any failure the Board will consider:

- the nature and severity of the failure
- the specific circumstances related to the failure
- the consequences of the failure
- the designated transmitter's proposal to address the failure

The Board notes SEC's submission that if a designated transmitter does not bring forth a leave to construct application, it must relinquish ownership of all information and intellectual property that it created or acquired during the development phase. AltaLink and others argued in response that to require delivery of all such information and intellectual property would be punitive, confiscatory and contrary to the public interest. The Board will not determine this issue at this time. However, if failure of the project occurs, and development costs are to be recovered from ratepayers, the Board may wish to consider whether information gathered and even design work completed at ratepayer expense must be made available to a substitute transmitter.

#### Runner up

Board staff, in its submission, asked parties to comment on the issue of whether one or more "runners-up" for designation should be selected by the Board. Some of the registered transmitters were not in favour of the Board selecting a runner-up, in part because keeping capital and human resources on hold awaiting potential failure of the designated transmitter would not be practical. However, several parties mentioned the potential efficiency to be gained, as if the original designee failed, no new designation process would be required to continue work on the project.

The Board will invite applicants for designation to indicate whether they are willing to be named as a runner-up. If the designated transmitter fails to fulfill its obligations and the line is still needed, the Board could offer the development opportunity to the runner-up. The runner-up would not be under an obligation to take on the project, but would have right of first refusal to undertake the work. Applicants that indicate their willingness to be named runner-up should also provide in their application any conditions that they believe are necessary to enable them to take on this role. The Board will not consider willingness to take on the runner-up role in its selection of the primary designated transmitter. This is a choice for applicants, not a requirement.

#### Consequences of Designation: Issues 13 – 16

## Issue 13: On what basis and when does the Board determine the prudence of budgeted development costs?

The Board agrees with the general tenor of parties' submissions that the time to review the budgeted development costs put forward in applications for designation is during Phase 2 of this designation proceeding. The level of development costs, which are expected to be recovered from ratepayers, will be a factor in the Board's selection of a designated transmitter. In this light, the Board does not foresee a circumstance, as suggested by SEC, in which it would adjust the amount of development costs proposed by a transmitter at the time the Board designates that transmitter.

The level of development costs is only one aspect of the proposal put forward by a transmitter. The Board does not intend to adjust this part of the proposal any more than it would adjust the proposed organization, design, financing or any other aspect. Unlike an application for rates or approval of a facility, this proceeding concerns itself with choosing from among several competing proposals. The Board will compare these proposals to each other and will determine which proposal is best overall. It would be inappropriate and unfair to the applicants to expect any of them to adjust their applications once they have been filed.

This does not mean that the development costs proposed in applications for designation cannot be questioned. The Board will receive and consider interrogatories and submissions regarding the level of these budgeted costs during Phase 2 and will take that evidence into account in assessing the applications. The selection of a transmitter for designation will indicate that the Board has found the development costs to be reasonable as part of an overall development plan. This selection will also establish that the development costs are approved for recovery. The Board will not select a transmitter for designation if it cannot find that the development costs are reasonable. However, applicants should be aware that costs in excess of budgeted costs that are put forward for recovery from ratepayers will be subject to a prudence review, which would include consideration of the reasons for the overage.

# Issue 14: Should the designated transmitter be permitted to recover its prudently incurred costs associated with preparing its application for designation? If yes, what accounting mechanism(s) are required to allow for such recovery?

The Board finds that the designated transmitter will be permitted to recover from ratepayers its prudently incurred costs associated with preparing its application for designation, with one restriction. Cost recovery will be restricted to costs incurred on or after the date that the Board gave notice of the proceeding, February 2, 2012. This date represents the beginning of the proceeding and therefore is a date after which the designated transmitter could reasonably expect to recover its costs.

Applicant transmitters should identify the costs already incurred to prepare an application, as well as an estimate of the costs required to complete the designation proceeding, as part of their budgeted development costs. The Board will establish a deferral account for the designated transmitter in which the budgeted development costs, including amounts incurred after February 2, 1012 for the preparation of the application for designation, will be recorded for future recovery. As noted earlier in this decision, an applicant transmitter can choose not to seek recovery of all its costs, as a way to reduce the costs of its proposal to ratepayers.

## Issue 15: To what extent will the designated transmitter be held to the content of its application for designation?

The Board will be choosing a designated transmitter based on the plans that applicants for designation file. Therefore, the Board will generally expect the designated transmitter to conform to its filed application, as it formed the basis for designation. However, the Board understands that there is a need for some flexibility, as the plan for the line will evolve as development work takes place.

The Board has discussed in the previous section of this decision the need for performance milestones and reporting obligations, and the expectation that these will be adhered to. Any development costs in excess of budgeted costs may not be recovered from ratepayers, and will be subject to a prudence review if recovery is sought. The leave to construct proceeding will provide an opportunity for the Board to assess the reasonableness of any deviations from other aspects of the designated transmitter's

plan, and the Board may choose to deny the leave to construct application or impose special conditions on its approval if warranted.

Particular concern was expressed by some parties regarding commitment to construction costs, First Nation and Métis participation, and First Nation and Métis consultation. The Board recognizes that these three areas in particular may be subject to modification to accommodate new information, and changing needs and circumstances. Nevertheless, in the leave to construct proceeding, the Board will compare the actual performance of the designated transmitter in these areas to the evidence filed in its designation application to assess the reasonableness of any deviations from the application.

## Issue 16: What costs will a designated transmitter be entitled to recover in the event that the project does not move forward to a successful application for leave to construct?

On the issue of cost recovery after a failure to obtain an order for leave to construct the line, the Board agrees with Board staff and other parties that the reason for failure will be an important consideration in determining what costs, if any, are to be recovered from ratepayers. Generally, if the project does not move forward due to factors outside the designated transmitter's control, the designated transmitter should be able to recover the budgeted development costs spent and reasonable wind-up costs. If failure occurs due to factors within the designated transmitter's control, neither recovery nor automatic denial is certain. The Board will review the circumstances of the failure to determine a fair level of cost recovery. The Board acknowledges that it may not be possible to attribute failure to a single cause, and the sources of failure may be both internal and external to the designated transmitter. It is not possible to decide on the level of cost recovery in the abstract at this time, as the specific circumstances of the failure will need to be considered.

#### Process: Issues 17 – 23

#### Issue 17: The Board has stated its intention to proceed by way of a written hearing and has received objections to a written hearing. What should the process be for the phase of the hearing in which a designated transmitter is selected (phase 2)?

The Board will continue to proceed for the present by way of written hearing, and adopt the procedural steps proposed by Board staff (and largely supported by the registered transmitters). The Board is master of its own process, within the limits set by the *Ontario Energy Board Act, 1998* and the *Statutory Powers Procedure Act.* In the interests of fairness to all applicants and of keeping the costs of the designation proceeding within reasonable limits, the Board will exercise considerable control over the process. The Board's primary aim in Phase 2 is to obtain a good record upon which to make a decision on designation. The Board will ensure, as it does in all its hearings, that the process is open, transparent and fair.

The Board notes the concern of parties over the suggestion by Board staff that interrogatories be funneled through the Board, and that "culling and editing" may occur before the Board sends the interrogatories to the applicants. The Board will require all parties to send their interrogatories to the Board, and the Board panel (not Board staff) reserves the right to combine and edit interrogatories for matters such as relevance, duplication and excessive demands upon the applicants. The primary purpose of the interrogatory process is to create a good record for the Board to assist it in making a determination in this designation proceeding. The fact that this proceeding involves multiple competitive applicants and has elements similar to a procurement process that are absent from most Board proceedings calls for specific procedural approaches that respect fairness and efficiency.

Some parties suggested that an oral hearing is necessary to ensure full participation from non-applicant intervenors, particularly First Nation and Métis intervenors, and intervenors from northern communities. The Board will evaluate the need for an oral component to this proceeding, including the scope and location of any oral component, as the hearing proceeds.

The Board will not adopt the proposal of the PWU to remove intervenor status from the registered transmitters. The Board expects to receive useful information and submissions from all intervenors.

#### Issue 18: Should the Board clarify the roles of the Board's expert advisor, the IESO, the OPA, Hydro One Networks Inc. and Great Lakes Power Transmission LP in the designation process? If yes, what should those roles be?

The Board agrees with the description of the roles of the IESO and the OPA provided in their respective submissions. The Board panel will not receive information from either of these participants privately, and requires that any advice they have to offer be provided on the record of the hearing. The Board expects that the OPA and the IESO will remain neutral as between applicants. Consistent with the reply submissions from the OPA and the IESO, the Board does not anticipate that the participation of these entities in this proceeding will be affected by Bill 75, which contemplates their merger.

The Board panel will communicate with Board staff both on and off the record. The panel will be vigilant to ensure that Board staff continues to remain neutral as between other parties in the proceeding, and provides any new information or any opinion on the record so that other parties may respond to it. The Board will not receive any advice off the record from the Board's expert advisor, and expects any information from this expert to be placed on the record by Board staff.

HONI and GLPT must remain neutral as between applicants. The Board expects that the primary role of these transmitters will be to respond to reasonable requests for information. The Board would also appreciate receiving comment from these transmitters on any technical matters, or matters affecting existing infrastructure, as they see fit, through submissions in Phase 2 of the proceeding.

#### Issue 19: What information should Hydro One Networks Inc. and Great Lakes Power Transmission be required to disclose?

The Board ruled on this issue in the Phase 1 Partial Decision and Order, dated June 14, 2012.

- *Issue 20.* Are any special conditions required regarding the participation in the designation process of any or all registered transmitters?
- Issue 21. Are the protocols put in place by Hydro One Networks Inc. and Great Lakes Power Transmission LP, and described in response to the Board's letter of December 22, 2011, adequate, and if not, should the Board require modification of the protocols?
- Issue 22. Given that EWT LP shares a common parent with Great Lakes Power Transmission LP and Hydro One Networks Inc., should the relationship between EWT LP and each of Great Lakes Power

#### Transmission LP and Hydro One Networks Inc. be governed by the Board's regulatory requirements (in particular the Affiliate Relationships Code) that pertain to the relationship between licensed transmission utilities and their energy service provider affiliates?

Board staff did not suggest any particular measures to address the concerns raised by issues 20 through 22, but asked that parties requesting such measures "explain the harm they are seeking to prevent, how the proposed condition or measure mitigates that harm without causing other harm, and whether the proposed condition or measure should apply to all similar participants in the interest of fairness."

EWT LP submitted that all designation applicants should be prohibited from working together or coordinating the preparation of plans or strategies and, moreover, that any party found to be coordinating or communicating with other designation applicants with respect to their designation plans or designation strategy be disqualified. In their reply submissions, a number of the other parties disagreed and, instead, suggested that a prohibition of co-operative submissions or co-development agreements was not only unwarranted but potentially counter-productive.

As discussed in the Board's findings on issue 8, the Board will not prohibit co-operation or co-ordination between the prospective applicants, whether among themselves or with other parties. As there may be potential for certain parties to demonstrate that their cooperation and co-ordination of efforts will be to the advantage of ratepayers, the Board will not impose conditions to preclude this. However, the nature and extent of any cooperation or co-ordination must be disclosed in the application(s).

A number of the parties submitted that there should be special conditions placed specifically on EWT LP, generally in furtherance of the Board's objective for a fair process. In particular, these applicants point to a perceived informational advantage of EWT LP given its relationship with HONI and GLPT, and submit that such advantage should be negated by preventing the sharing of employees between them, or by precluding EWT LP from participating altogether. Several of the parties submitted that EWT LP's relationship with HONI and GLPT should be governed by the Board's Affiliate Relationships Code for Electricity Distributors and Transmitters ("ARC"). As well, a number of these parties suggested that the protocols put in place by HONI and GLPT are insufficient to address data management and data access for shared employees, and they proposed various remedies, including modifications to the protocols.

EWT LP argued that the current protocols are adequate, and that they have effectively served to ensure that no information from HONI and GLPT was or will be provided to EWT LP that was or will not also be provided to all proponents. EWT LP also submitted that it is neither an affiliate of HONI nor GLPT; that the activities of EWT LP are not analogous to the activities of energy service providers; that EWT LP is comprised of three arm's length partners each of whom is unable to control EWT LP; and that, ultimately, the circumstances for which the ARC was developed do not apply to their circumstances.

The Board acknowledges the arguments of EWT LP that neither transmission development nor participation in the designation process is an activity controlled by the ARC and that no affiliate relationship exists between EWT LP and either of GLPT or HONI. The Board also appreciates the point made by PWU that, as the licenses currently stand, the ARC would not apply to many of the proponents.

In the Board's view, while the ARC does not apply to the relationship between EWT LP and each of HONI and GLPT, the types of harm that the ARC seeks to prevent in the context of affiliate relationships can also exist in other contexts. The Board notes that almost all of the parties to this proceeding have referred to HONI and GLPT as the "incumbents". While it is true that each of them (as well as CNPI) are transmission utilities operating in the Province of Ontario, the position of HONI is unique. HONI has information critical to the proposed East-West Tie line, as it owns the assets to which the East-West Tie line will connect and, under the Reference Option, the East-West Tie line will be located beside HONI's existing line and right of way. While GLPT, and to a lesser extent CNPI, may have some knowledge of similar terrain and the local transmission system, neither has the advantage of owning and operating an existing line in this specific area, or of determining the conditions and costing related to connection of the new line to the existing transmission system.

The Board believes that HONI and GLPT have been and will continue to be diligent in following the existing protocols. However, the Board is not satisfied that the protocols provide adequate protection against the inadvertent sharing or disclosure of information between HONI and EWT LP, if they continue to share employees in Phase 2 of this proceeding. While the Board is confident in the commitment of staff at HONI to not intentionally share information with one applicant that is not also shared with all other applicants, the legitimacy and integrity of this process requires that, going forward, there

be no opportunity during Phase 2 of this process for the disclosure or sharing (whether intentional or inadvertent) of any relevant information by HONI to EWT LP.

In order to avoid any real or perceived informational advantage, the Board will require that EWT LP make arrangements to ensure that no individual will be performing work concurrently for HONI and EWT LP during Phase 2 of this proceeding. This condition will be effective as of fifteen days from the date of issuance of this decision until the close of the record in Phase 2 of this proceeding.

Employees engaged by EWT LP must be placed in the position where they cannot inadvertently acquire advantageous information from employees currently employed by HONI, and, therefore, the work location of EWT LP must also be physically separated from the HONI offices until the record is closed in Phase 2 of this proceeding. This means, at a minimum, that HONI and EWT LP must not share a computer system or other data management system, and must occupy separate premises.

EWT LP's continued participation as an intervenor and as a registered transmitter is dependent on compliance with these conditions, as well as its role in adhering to the protocols established by HONI and GLPT.

Except for this ruling requiring a separation of employees and premises between EWT LP and HONI, the Board will not impose regulatory conditions governing the relationship between EWT LP and each of HONI and GLPT. However, the Board reminds both HONI and GLPT that careful separation of costs attributable to EWT LP's creation and participation in the designation process must be maintained.

## Issue 23: What should be the required date for filing an application for designation?

The Board has considered the various timelines, and reasons for those timelines, proposed in the submissions on this issue. The Board finds that it will require applications for designation to be filed no later than January 4, 2013. This filing date should allow sufficient time for the preparation of applications, and is consistent with the period of six months which many transmitters proposed. The Board is of the view that this relatively generous timeline is appropriate because this is the first designation proceeding for transmission in Ontario, and all parties may need time to resolve matters related to the provision of information and the preparation of plans.

#### THE BOARD ORDERS THAT:

- 1. The Board adopts the filing requirements attached as Appendix A to this decision for the purpose of applications for designation to undertake development work for the East-West Tie line.
- 2. EWT LP must make arrangements so as to ensure that no individual will be performing work concurrently for HONI and EWT LP during Phase 2 of this designation proceeding, and the work location of EWT LP must also be physically separated from the HONI offices as described in this decision. This condition will be effective as of fifteen days from the date of issuance of this decision until the close of the record in Phase 2 of this proceeding. EWT LP must provide confirmation to the Board that this condition has been implemented, within 21 days of the date of this decision.
- 3. A licensed transmitter seeking designation to undertake development work for the East-West Tie line must file its application for designation no later than January 4, 2013.

#### Cost Claims for Phase 1 of the Proceeding

On March 30, 2012, the Board issued its Decision on Intervention and Cost Award Eligibility. Procedural Order No. 2 issued on April 16, 2012 also, to some extent, dealt with the issues of interventions and cost award eligibility. As a result of these orders, certain parties have been ruled eligible to apply for cost awards in both phases of this designation proceeding and certain other parties have been ruled eligible to apply for limited cost awards relating to their attendance at an all party conference in Phase 1 of this designation proceeding.

In total, nine parties have been determined to be eligible to apply for cost awards in both phases of this designation proceeding. These parties will be referred to as the "eligible parties". They are:

 the coalition representing the City of Thunder Bay, Northwestern Ontario Associated Chambers of Commerce and Northwestern Ontario Municipal Association;

- the coalition representing the Municipality of Wawa and the Algoma Coalition;
- Consumers Council of Canada;
- MNO;
- National Chief's Office on Behalf of the Assembly of First Nations;
- Nishnawbe-Aski Nation;
- Northwatch;
- PRFN; and
- SEC.

Each of the following parties has been granted eligibility for an award of costs up to a maximum of 12 hours if it attended the all party conference in Phase 1 of this proceeding on March 23, 2012:

- Association of Major Power Consumers in Ontario ("AMPCO");
- Building Owners and Managers Association Toronto ("BOMA");
- Canadian Manufacturers and Exporters ("CME"); and
- Energy Probe Research Foundation ("Energy Probe").

The cost awards to the eligible parties, the cost awards to AMPCO, BOMA, CME and Energy Probe, and the Board's own costs will be recovered from licensed transmitters whose revenue requirements are recovered through the Ontario Uniform Transmission Rate (and the costs will be apportioned between the transmitters based on their respective transmission revenues). These transmitters are:

- CNPI;
- Five Nations Energy Inc. ("FNEI");
- GLPT; and
- HONI.

A schedule for claiming cost awards for Phase 1 is provided in the Board's order below. A decision and order on cost awards will be issued after these steps have been completed. Furthermore, parties claiming cost awards are reminded that they must submit their cost claims in accordance with the Board's *Practice Direction on Cost Awards* and ensure that their claims are consistent with the Board's required forms and the Cost Awards Tariff.

#### THE BOARD FURTHER ORDERS THAT:

- 1. Eligible parties shall submit their cost claims for Phase 1 of the Designation Proceeding by **July 26, 2012**. A copy of the cost claim must be filed with the Board and one copy is to be served on each of CNPI, FNEI, GLPT and HONI.
- AMPCO, BOMA, CME and Energy Probe shall submit their cost claims up to a maximum of 12 hours if they attended the all party conference in Phase 1 of the Designation Proceeding on March 23, 2012 by July 26, 2012. A copy of the cost claim must be filed with the Board and one copy is to be served on each of CNPI, FNEI, GLPT and HONI.
- 3. CNPI, FNEI, GLPT and HONI will have until **August 2, 2012** to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the party against whose claim the objection is being made.
- 4. The party whose cost claim was objected to will have until **August 9, 2012** to make a reply submission as to why its cost claim should be allowed. A copy of the submission must be filed with the Board and one copy must be served on the party who objected to the claim.

All filings with the Board must quote the file number EB-2011-0140, and be made through the Board's web portal at <u>www.errr.ontarioenergyboard.ca</u>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the Board by 4:45 p.m. on the stated date. Parties should use the

document naming conventions and document submission standards outlined in the RESS Document Guideline found at <u>www.ontarioenergyboard.ca</u>. If the web portal is not available, parties may e-mail their documents to the attention of the Board Secretary at BoardSec@ontarioenergyboard.ca.

#### DATED at Toronto, July 12, 2012 ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli Board Secretary

#### **APPENDIX A**

To Phase 1 Decision and Order

East-West Tie Designation Process

**Filing Requirements for Designation Applications** 

Board File No: EB-2011-0140

#### FILING REQUIREMENTS

#### EAST-WEST TIE DESIGNATION APPLICATIONS

An application for designation will contain three main sections. Together, these sections of the application address the Board's decision criteria for the East-West Tie line designation process:

- (A) Evidence addressing the capability of the applicant to carry out the East-West Tie line project;
- (B) The applicant's Plan for the East-West Tie line; and
- (C) Other factors.

#### (A) CAPABILITY OF THE APPLICANT

#### 1. Background Information

The applicant must provide the following information:

- **1.1** the applicant's name;
- **1.2** the applicant's OEB transmission licence number;
- **1.3** any change in information provided as part of the transmitter's licence application;
- **1.4** confirmation that the applicant has not previously had a licence or permit revoked and is not currently under investigation by any regulatory body;
- **1.5** confirmation that the applicant is committed to the completion of the development work for the East-West Tie line, and to the filing of a leave to construct application for the line, to the best of its ability;
- **1.6** a statement from a senior officer that the application for designation is complete and accurate to the best of his/her information and belief;

- **1.7** an indication of whether the applicant is willing to be named as a runner up designated transmitter and a statement of any conditions necessary to this role.
- **1.8** a description of any co-ordination or co-operation with other parties that has contributed to this application.

#### 2. Organization

The applicant shall identify how, from an organizational perspective, it intends to undertake the East-West Tie line project. The applicant must file:

- **2.1** an overview of the organizational plan for undertaking the project, including:
  - any partnerships or contracting for significant work;
  - identification and description of the role of any third parties that are proposed to have a major role in the development, construction, operation or maintenance of the line; and
  - a chart to illustrate the organizational structure described.
- **2.2** identification of the specific management team for the project, with resumés for key management personnel.
- **2.3** an overview of the applicant's experience with:
  - the management of similar projects; and
  - regulatory processes and approvals related to similar projects.
- **2.4** an explanation of the relevance of the applicant's experience to the East-West Tie line project.

#### 3. First Nation and Métis Participation

The applicant must address its approach to First Nation and Métis participation in the East-West Tie line project. To that end, the applicant must file evidence of one of the following:

- **3.1** If arrangements for First Nation and Métis participation have been made, a description of:
  - the First Nation and Métis communities that will be participating in the project;
  - the nature of the participation (e.g. type of arrangement, timing of participation);
  - benefits to First Nation and Métis communities arising from the participation; and
  - whether participation opportunities are available for other First Nation and Métis communities in proximity to the line.
- **3.2** If arrangements for First Nation and Métis participation have not been made but are planned, a description of:
  - the plan for First Nation and Métis participation in the project, including the method and schedule for seeking participation;
  - the nature of the planned participation; and
  - the planned benefits to First Nation and Métis communities arising from the participation;
- **3.3** If no First Nation or Métis participation in the project is planned, detailed reasons for this choice.

#### 4. Technical Capability

The applicant must demonstrate that it has the technical capability to engineer, plan, construct, operate and maintain the line, based on experience with projects of equivalent nature, magnitude and complexity. To that end, the following must be filed:

**4.1** a discussion of the type of resources, including relevant capability (in-house personnel, contractors, other transmitters, etc.) that would be dedicated to each activity associated with developing, constructing, operating and maintaining the line, including:

- design;
- engineering;
- material and equipment procurement;
- licensing and permitting;
- completion of environmental assessment and other regulatory approvals;
- consultations, both with First Nation and Métis, and other communities;
- construction;
- operation and maintenance; and
- project management.
- 4.2 resumés for key technical team personnel;
- **4.3** A description of sample projects, and other evidence of experience in Ontario and/or other jurisdictions in developing, constructing and operating transmission lines or other infrastructure and why these projects and experience are relevant to the East-West Tie line project. The evidence should include a description of experience with:
  - the acquisition of land use rights from private landowners and the Crown;
  - the acquisition of necessary permits from government agencies;
  - obtaining environmental approvals similar to the environmental approvals that will be necessary for the East-West Tie line;
  - community consultation; and
  - completion of the procedural aspects of Crown consultation with First Nation and Métis communities.
- **4.4** Evidence that the applicant's business practices are consistent with good utility practices for the following:
  - design;
  - engineering;
  - material and equipment procurement;
  - right-of-way and other land use acquisitions;
- licensing and permitting;
- consultations, both with First Nation and Métis, and other communities
- construction;
- operation and maintenance;
- project management;
- safety;
- environmental compliance; and
- regulatory compliance
- **4.5** A description of:
  - the challenges involved in achieving the required capacity and reliability of the East-West Tie line, including challenges related to terrain and weather; and
  - the plan for addressing these challenges though the design and construction of the line (e.g. number and spacing of towers, planned resistance to failure).

## 5. Financial Capacity

The applicant must demonstrate that it has the financial capability necessary to develop, construct, operate and maintain the line. To that end, the applicant shall provide the following:

- **5.1** evidence that it has capital resources that are sufficient to develop, finance, construct, operate and maintain the line;
- **5.2** evidence of the current credit rating of the applicant, its parent or associated companies;
- **5.3** evidence that the financing, construction, operation, and maintenance of the line will not have a significant adverse effect on the applicant's creditworthiness or financial condition;
- **5.4** the applicant's financing plan, including:

- the estimated proportions of debt and equity; and
- the estimated cost of debt and equity, including:
  - the use of variable and fixed cost financing;
  - short-term and long-term maturities; and
  - a discussion of how the project might impact the applicant's cost of debt.
- **5.5** if the financing plan contemplates the need to raise additional debt or equity, evidence of the applicant's ability to access the debt and equity markets;
- **5.6** evidence of the applicant's ability to finance the project in the case of cost overruns, delay in completion of the project and other factors that may impact the financing plan;
- 5.7 evidence of the applicant's experience in financing similar projects;
- **5.8** the identification of any alternative mechanisms (e.g., rate treatment of construction work in progress) that the applicant is requesting or likely to request.<sup>1</sup>

## (B) PLAN FOR THE EAST-WEST TIE LINE

#### 6. Proposed Design

The applicant must provide an overview of its proposed design for the East-West Tie line including:

6.1 a summary description of how the Plan meets the specified requirements for the East-West Tie Line to the extent known at the time of the designation application. This could include the items listed below as well as any other relevant information the applicant may wish to provide. For items that are unknown, the applicant should describe the method and criteria for determination.

- length of the proposed transmission line;
- number of circuits;
- voltage class;
- load carrying capacity;
  - summer continuous rating (MVA)<sup>2</sup>; and
  - summer emergency rating (MVA)<sup>3</sup>;
- resulting total transfer capability for the East-West Tie line (MW);
- anticipated lifetime of the line;
- structures and conductors
  - number and average spacing of towers;
  - tower structure types (lattice, monopole, etc.) and composition (wood, steel, concrete, hybrid, etc.);
  - conductor size and type; and
  - protection against cascading failure and conductor galloping;
- design assumptions; and
- other relevant transmission facility characteristics.
- **6.2** confirmation that the line will interconnect with the existing transformer stations at Wawa and Lakehead, and an indication of whether the line will be switched at the Marathon transformer station.
- **6.3** a signed affidavit from an officer of the licensed transmitter to confirm:

<sup>&</sup>lt;sup>1</sup>See Report of the Board on The Regulatory Treatment of Infrastructure Investment in connection with the Rate-regulated Activities of Distributors and Transmitters in Ontario.

<sup>&</sup>lt;sup>2</sup> Based on an operating voltage of 240 kV, ambient temperature of 30°C and conductor temperature of 93°C

<sup>&</sup>lt;sup>3</sup> Based on an operating voltage of 240 kV, ambient temperature of 30°C and conductor temperature of 127 °C

- that the line will be designed to meet or exceed the existing NERC, NPCC and IESO reliability standards; and
- that the line will be designed to meet or exceed the Board's Minimum Technical Requirements; or documentation of where the applicant seeks to differ from the Minimum Technical Requirements and evidence as to the equivalence or superiority of the proposed alternative option.
- **6.4** an indication as to whether the Plan will be based on the Reference Option for the East-West Tie line. Where the Plan is not based on the Reference Option, the applicant must file:
  - a description of the main differences between the applicant's Plan and the Reference Option;
  - a description of the interconnection of the line with the relevant transformer stations; and
  - a Feasibility Study performed by the IESO, or performed to IESO requirements.
- 6.5 a brief description which highlights the strengths of the Plan, which may include:
  - any technological innovation proposed for the line;
  - reduction of ratepayer risk for the costs of development, construction, operation and maintenance;
  - how the plan satisfies the identified need for the line at a lower cost than other options;
  - local benefits (e.g. employment, partnerships); and
  - enhanced reliability for the transmission grid.
- **6.6** an indication as to whether the applicant's present intention is to own and operate the line once the line is in service.

#### 7. Schedule

The applicant must file, as part of its Plan:

- **7.1** a project execution chart showing major milestones for both line development and line construction phases of the project.
- 7.2 for the development phase of the project:
  - a detailed line development schedule identifying significant milestones that are part of the development phase of the project, and estimated dates for completing these milestones;
  - proposed reporting requirements for the development phase;
  - proposed consequences for failure to meet the required performance milestones and reporting requirements for the development phase;
  - a chart of the major risks to achievement of the line development schedule, indicating the likelihood of the item (e.g. not likely, somewhat likely, very likely) and the severity of its effects on the schedule (e.g. minor, moderate, major); and
  - a description of the applicant's strategy to mitigate or address the identified risks.
- 7.3 for the construction phase of the project:
  - a preliminary line construction schedule identifying significant milestones that are part of the construction phase of the project, and estimated dates for completing these milestones;
  - proposed reporting requirements for the construction phase;
  - proposed consequences for failure to meet the required performance milestones and reporting requirements for the construction phase;
  - proposed in-service date for the line (can be 2017 or another date);
  - a chart of the major risks to achievement of the construction schedule, indicating the likelihood of the item (e.g. not likely, somewhat likely, very

likely) and the severity of its effects on the schedule (e.g. minor, moderate, major); and

- a description of the applicant's strategy to mitigate or address the identified risks.
- **7.4** evidence of the applicant's past experience in completing similar transmission line or other infrastructure projects within planned time frames. Such evidence could include a comparison of the construction schedule filed with a regulator when seeking approval to proceed with a transmission line project and the actual completion dates of the milestones identified in the schedule.
- **7.5** any innovative practices that the applicant is proposing to use to ensure compliance with, or accelerate, the line development and line construction schedules.

## 8. Costs

As part of its Plan, the applicant must file a summary of the total costs associated with the Plan, divided into development costs, construction costs and operation and maintenance costs. In addition, the applicant must file:

- **8.1** the amount already spent for preparation of an application for designation, and an estimate of remaining costs to achieve designation.
- **8.2** the estimated total development costs of the line, broken down by the following categories of cost:
  - permitting, licensing, environmental assessment and other regulatory approvals
  - engineering and design
  - procurement of material and equipment;
  - costs of the acquisition of land use rights, First Nation and Métis participation, and consultations with landowners, municipalities, the public and First Nation and Métis communities;

- contingencies; and
- other significant expenditures.
- **8.3** the basis for and assumptions underlying the development cost estimates, and a description of how the applicant plans to manage the cost of development;
- **8.4** a schedule of development expenditures.
- **8.5** a chart of the major risks that could lead the applicant to exceed the line development budget, indicating the likelihood of the item (e.g. not likely, somewhat likely, very likely) and the severity of its effects on the budget (e.g. minor, moderate, major), and a description of the applicant's strategy to mitigate or address the identified risks.
- **8.6** a statement as to the allocation between the applicant and transmission ratepayers of risks relating to costs of development. For example:
  - if the costs of development are less than budgeted, does the applicant propose to recover only spent costs, or all budgeted costs (spent and unspent) or spent costs plus a portion of unspent cost (savings sharing)? and
  - if the costs of development exceed budgeted costs, does the applicant plan to seek recovery of the excess costs?
- **8.7** an estimated budget for the construction of the line. This budget and its elements may be expressed as a range. If a range is used, the applicant must provide an explanation for the width of the range;
- **8.8** if the Plan is not based on the Reference Option, evidence as to the difference in cost (positive or negative) of work required at the transformer stations to which the line connects, and at any other location identified by the IESO.
- **8.9** a list of the major risks that could lead the applicant to exceed the line construction budget, and the applicant's strategies to mitigate or address those risks.

- **8.10** evidence of the applicant's past experience in completing similar transmission line projects within planned construction budgets. Such evidence could include a comparison of the budget filed with a regulator when seeking approval to proceed with a transmission line project and the actual costs of the project.
- **8.11** a statement as to the allocation between the applicant and transmission ratepayers of the risks relating to construction costs;
- **8.12** the estimated average annual cost of operating and maintaining the line. This cost may be expressed as a range. If a range is used, the applicant must provide an explanation for the width of the range.

#### 9. Landowner, Municipal and Community Consultation

The applicant must demonstrate the ability to conduct successful consultations with landowners, municipalities and local communities. In addition, the designated transmitter will be required to satisfy environmental and other requirements that are outside the jurisdiction of the Board.

As part of its Plan, the applicant must file:

- **9.1** an overview of:
  - the rights-of-way and other land use rights, presented by category, that would need to be acquired for the purposes of the development, construction, operation and maintenance of the line;
  - the applicant's plan for obtaining those rights; and
  - a description of any significant issues anticipated in land acquisition or permitting and a plan to mitigate them.
- **9.2** a landowner, municipal and community consultation plan for the line, including:
  - identification of the categories of parties to be consulted;

- the applicant's plan for consultation for each party or category of party, including method and tentative schedule in relation to the overall project schedule; and
- A description of any significant issues anticipated in consultation and a plan to mitigate them.
- **9.3** If the applicant has identified a proposed route for the line, the applicant must file a general description of the planned route for the line and may include:
  - approximate right-of-way width;
  - approximate portion of the route that is:
    - adjacent to the existing corridor (%); or
    - along a new corridor (%):
  - a brief description of the environmental challenges posed by the proposed route; and
  - an estimate of ownership by category of lands along the proposed route:
    - Crown (federal or provincial) (%);
    - Private (%);
    - First Nation or Métis (%); and
    - Other (%).
- **9.4** If a proposed route for the line has not been identified, the applicant must file:
  - a list of alternative routes;
  - an explanation of the method and decision criteria for route analysis and selection; and
  - the planned schedule for route selection.

## **10.** First Nation and Métis Consultation

The applicant must demonstrate the ability to conduct successful consultations with First Nation and Métis communities, as may be delegated by the Crown.

As part of its Plan, the applicant must file:

**10.1** a proposed First Nation and Métis consultation plan, including:

- a list of First Nation and Métis communities that may have interests affected by the project;
- an approach for engaging with affected First Nations and Métis communities, along with rationale or other justification for such an approach;
- a description of any significant First Nation or Métis issues anticipated in consultation and a plan to address them;
- an overview of expected outcomes from the proposed consultation plan.
- **10.2** evidence of experience in undertaking procedural aspects of First Nations and Métis consultation in the development, construction or operation of transmission lines or other large construction projects. If applicable, previous engagement or existing relationships with the First Nation and Métis communities to be engaged.

## (C) OTHER FACTORS

The applicant should provide any other information that it considers relevant to its application for designation, for example, any distinguishing features of the application.

# **TAB 16**



Ontario Energy Board Commission de l'énergie de l'Ontario

# DECISION AND ORDER EB-2015-0216

## **UPPER CANADA TRANSMISSION INC.**

Application for Approval of Schedule and Costs related to the Development of the East-West Tie Transmission Line

BEFORE: Ken Quesnelle Presiding Member and Vice-Chair

> Christine Long Member

November 19, 2015

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## **1 INTRODUCTION AND SUMMARY**

This is the Decision of the Ontario Energy Board (OEB) in response to a request by Upper Canada Transmission Inc. (UCT) for approval to recover certain costs associated with its development of the East-West Tie project and to approve an updated development schedule.

In a decision dated August 7, 2013, the OEB designated UCT to develop the East-West Tie line. The designation gave UCT an economic incentive to develop the line. A development budget of \$22.4 million was approved to be recovered from ratepayers, even if the line was eventually not needed. In a further decision and order dated September 26, 2013, the OEB approved the development schedule filed by UCT which presumed that the line needed to be in service by the first half of 2018.

On September 30, 2014, the former Ontario Power Authority (OPA) wrote to the OEB recommending that the in-service date of 2018 be extended to 2020, and that the development schedule be reconsidered to recognize that the pace of mining and other infrastructure in Northwestern Ontario, which drove the need for the line, had slowed. The OEB directed UCT to work with the OPA to create revised development and reporting schedules.

UCT filed a request on May 15, 2015 that was updated on June 24, 2015, asking the OEB to approve a revised schedule for the development of the East-West Tie line consistent with a new in-service date of 2020 and development costs of \$20.37 million in addition to the approved development budget of \$22.4 million. UCT asked that the incremental development costs be approved on the same basis as the original development budget and that they be recovered even if the line is not needed.

The OEB denies the request for approval of the recovery of additional development costs. The OEB finds that the deferral account for the actual costs of development can continue to be used to record development costs incremental to the original approved budget for future review of the prudence and reasonableness of those costs.

## 2 BACKGROUND

The Ontario Government's Long Term Energy Plan of November 2010 identified five priority transmission projects, one of which was the reinforcement of the East-West Tie, an electricity transmission line running between Thunder Bay and Wawa, Ontario. On March 29, 2011, the Minister of Energy wrote to the OEB to express the government's interest in the OEB undertaking a designation process for selecting a transmitter to develop this line.

The OEB initiated the EB-2011-0140 proceeding as a competitive process to designate a transmitter for the East-West Tie project. The proceeding involved multiple competitive applicants. The transmitter that was eventually designated would receive an economic incentive to proceed with development of the transmission line: recovery of the costs to develop the line, up to the budgeted amount approved by the Board. The recovery of the budgeted development costs would be allowed even if the line was found to be unnecessary, provided that there was no fault on the part of the transmitter.

The August 2013 decision named UCT as the designated transmitter. The OEB found the development costs of \$22.4 million budgeted by UCT to be reasonable (Board-Approved costs). The August 2013 decision required UCT to report to the OEB on a monthly basis on the progress of the project. At the time of the decision, the presumed timing for filing a leave to construct application was early 2015.

In the OEB's September 2013 decision which approved the development schedule filed by UCT, the OEB also approved a Development Cost Deferral Account (DCDA) to be used by UCT to record the actual costs of development from the date of the August 2013 decision up to the date of filing of a leave to construct application. As part of its approval of the DCDA, the OEB approved the inclusion of sub-account (12) - a "contingency" account to allow the recording of engineering and design costs incurred in excess of the costs budgeted in UCT's designation application. The OEB also approved the inclusion of sub-account (13), an account to record costs incurred for development activities not identified in other sub-accounts. UCT was expected to file a proposal for the disposition of the DCDA at the time it applied for leave to construct the East-West Tie line.

As set out earlier, the former OPA wrote to the OEB on September 30, 2014 to recommend that the in-service date of 2018 be extended to 2020, and that the development schedule be reconsidered. The OPA also recommended that UCT consider a possible route through the Pukaskwa National Park and that the

environmental assessment and leave to construct applications be filed for approval sequentially, rather than in parallel.

In a letter dated October 29, 2014, the OEB directed UCT to work with the OPA to produce revised development and reporting schedules. The OEB required that a revised development schedule include, at a minimum: (a) the proposed in-service date for the line; (b) a revised development schedule, including past milestones achieved and future milestones with proposed completion dates; and (c) a proposal for the frequency of reporting to the OEB. UCT was also asked to consider the impact on costs of the revised development schedule.

In a letter dated December 19, 2014, UCT provided a new development schedule reflecting a proposed in-service date of December 2020, based on the OPA's most current information regarding need for the line. The schedule included both past milestones achieved and future milestones, with proposed completion dates, for development work on the project. UCT proposed a new target date of December 15, 2017 for filing a leave to construct application and stated that the establishment of a new target date for the leave to construct application would necessarily extend the development period for the East-West Tie project. UCT also proposed changing the frequency of reporting during the extended development period from monthly to quarterly as this would allow cost savings to be achieved without compromising transparency or timeliness of reporting.

UCT also stated that it would incur costs in excess of the Board-Approved Costs over the extended development period and said that it would seek approval for the recovery of these incremental costs.

On January 22, 2015 the OEB issued a decision which relieved UCT of the obligation to comply with three milestones in the existing schedule and reduced the frequency of reporting from monthly to quarterly. The OEB did not approve the development schedule due to the uncertainty of the routing of the East-West Tie line through the park. The OEB required the Independent Electricity System Operator (IESO)<sup>1</sup> to provide updates on the need for the East-West Tie on December 15 of 2015 and 2016, and at other times as required by the OEB.

The OEB also required UCT to answer several questions as part of its anticipated filing and to provide the following details if it intended to seek approval for recovery of development costs in addition to those included in the Board-Approved costs: (a) a

<sup>&</sup>lt;sup>1</sup> The OPA merged and amalgamated with the IESO on January 1, 2015 and is referred in this decision from this date on as the IESO.

breakdown of the incremental development costs by activity; (b) an explanation of the need for the incremental development costs; and (c) an indication of whether the incremental development costs were originally included in the budget for the construction phase of the project.

## **3 THE APPLICATION**

On May 15, 2015, UCT responded to the OEB's January 2015 decision with a filing that was later updated on June 24, 2015.

In the May 15, 2015 filing, UCT asked the OEB to approve:

- a) A revised schedule for the development of the East-West Tie line consistent with a new in-service date of 2020, which is supported by the IESO; and
- b) Development costs of \$23.2 million in addition to the Board-Approved costs of \$22.4 million.

On June 1, 2015, UCT was notified by Parks Canada that access to the Pukaskwa National Park would not be allowed. Based on this information, UCT ceased all efforts to pursue authorization to study the park and removed the Park Study costs, amounting to \$2.9 million from the development budget. As a result, UCT submitted an updated development schedule and additional development costs of \$20.37 million in a filing dated June 24, 2015.

UCT broke down the additional development costs into the following categories:

- 1) Extension costs activities to address the extension to the development period contemplated by the OPA's September 30, 2014 letter (\$8.80 million)
- Budget Variance/Scope Change costs activities that are either required as a result of project scope changes or that have increased materially in cost since the 2013 designation proceeding (\$8.61 million)
- 3) Phase Shift costs activities initially planned for one project phase that have now moved into another project phase (processes involving the environmental assessment and land matters that would have occurred during the leave to construct phase that are now in the development phase) (\$1.0 million)
- 4) Contingency costs (for known risks such as variability in land acquisition; funding for additional events and investments into local communities; studies related to species at risk; additional administrative and management costs and unknown risks allocated to each work stream) (\$1.96 million)

UCT requested that these additional costs be approved for recovery from ratepayers in the same manner and on the same basis as the Board-Approved costs.

On July 9, 2015, the OEB issued an Invitation to Comment inviting the IESO, AltaLink Ontario LP (the designated runner-up in the competitive process) and OEB staff to comment on the May 15 and June 24 filings by UCT. Each of these parties filed submissions in response. Submissions were also made by the School Energy Coalition (SEC) and the Algoma Coalition.

The IESO submission supported the East-West Tie project and the continuation of the development work, noting that the revised schedule is reflective of the IESO's most current information regarding the need for the East-West Tie project. AltaLink Ontario LP submitted that while it is reasonable that the in-service delay will result in some measure of increased costs, without a detailed examination of the work and expenditures to date, it is difficult to precisely estimate the extent of these increases.

OEB staff submitted that the original approved development budget was found to be a reasonable incentive for the East-West Tie project and that the OEB should not commit further ratepayer funds at this time to the development of the line. OEB staff submitted in the alternative that if the OEB were to find that development costs related to the delay of the in-service date should be recoverable on the same basis as the Board-Approved costs, then costs in two of the categories can reasonably be considered to be related to the in-service delay: Category 1, Extension costs (\$8.80 million) and Category 3, Phase Shift costs (\$1.0 million). However, OEB staff noted that none of the costs had been subjected to a competitive process or otherwise tested.

SEC argued that the OEB has failed to give proper notice to affected parties and that no order can be made approving the relief sought by UCT without a hearing. The Algoma Coalition supported SEC's position.

UCT originally requested in its May 15, 2015 filing that the extended development period costs be approved "in the same manner, and on the same basis" as the Board-Approved costs and that the OEB is empowered to make such an order under the same authority that it exercised in making its determinations with respect to the Board-Approved costs.

In its reply submission, UCT proposed that in order to avoid the time and expense of additional process, it would be prepared to accept a compromise solution, if the OEB were to approve recovery of \$9.80 million (being the total of Extension and Phase Shift costs). UCT considered that a lengthy process to consider the requests made in its filings could jeopardize the in-service date of the East-West Tie Project.

## **4 CONCLUSION AND DECISION**

## 4.1 Development Costs

The OEB denies the request for the recovery of additional development costs in the manner proposed by UCT. The OEB does not consider that any of the costs put forward by UCT as extended development period costs to be akin to the Board-Approved costs in such a way that would lead to an acceptance of them without further scrutiny of the prudence and reasonableness of these costs.

UCT argues that the costs should be approved in the same manner and on the same basis as the Board-Approved Costs. The manner in which the OEB approved the budgeted development costs cannot be replicated at this juncture. The OEB's process of establishing Decision Criteria in Phase One of the East-West Tie process and then undertaking a comparative analysis of submitted proposals by the applicants in Phase Two formed a comprehensive competitive process. The OEB relied on the business interests of those submitting proposals to determine the reasonableness of the cost levels. The anticipated costs that UCT has submitted are not defined within the same development cost elements as the original costs, nor are they subject to any competitive forces. In the OEB's view, prudence has not been determined in either the nature or the quantum of the costs.

At the time it applied for designation, UCT was aware of the limitations of the approval granted for recovery of development costs. The OEB, in its Phase 1 Decision and Order, stated that transmitters seeking designation should be aware that development costs in excess of budgeted, Board-Approved costs would not necessarily be recovered from ratepayers and would be subject to a prudence review, which will include consideration of the reasons for overages. The OEB also noted that the leave to construct proceeding would provide an opportunity for the OEB to assess the reasonableness of any deviations from the development budget and other aspects of the designated transmitter's plan. Based on this understanding, the applicants submitted their proposed budget for development costs as part of the Phase 2 designation process.

The OEB does not accept that development costs not anticipated as part of the original project premise are automatically afforded the same assurance of recovery as the originally budgeted development costs, absent any examination of the reasonableness of the costs and an evaluation of the expected assumption of normal business risks in determining what should be recovered from ratepayers.

The OEB remains of the view that the established parameters of the DCDA adequately facilitate the tracking of unanticipated costs for full review at a later date.

## 4.2 Development Schedule and Reporting

UCT proposed a new schedule for development work on the East-West Tie project in a letter to the OEB dated December 19, 2014. That schedule was updated in UCT's filings of May 15, 2015 and June 24, 2015. No person commenting on the application proposed any changes to the updated schedule. The IESO confirmed in its submission that the proposed development schedule aligns with the IESO's most current information with respect to the need for the line.

The OEB has reviewed the updated development schedule filed by UCT on June 24, 2015 and finds the proposed schedule acceptable. The OEB will require UCT to continue to report quarterly to the OEB, commencing on January 15, 2016.

## 5 ORDER

#### The Ontario Energy Board orders that:

- The Updated Extended Development Schedule filed by UCT on June 24, 2015 is approved and replaces the Revised Development Schedule attached at Appendix 1 to the September 2013 Order.
- 2. UCT is required to continue to report to the OEB quarterly on the matters as set out in the OEB's decision of January 22, 2015, commencing on January 15, 2016.

All filings to the OEB must quote file number EB-2015-0216 and be made electronically through the OEB's web portal at <u>www.pes.ontarioenergyboard.ca/eservice/</u> in searchable/unrestricted PDF format. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <u>www.ontarioenergyboard.ca/OEB/Industry</u>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

## ADDRESS

Ontario Energy Board P.O. Box 2319 2300 Yonge Street, 27th Floor Toronto ON M4P 1E4 Attention: Board Secretary E-mail: <u>boardsec@ontarioenergyboard.ca</u> Tel: 1-888-632-6273 (Toll free) Fax: 416-440-7656 DATED at Toronto, November 19, 2015

## **ONTARIO ENERGY BOARD**

Original Signed By

Kirsten Walli Board Secretary