

**Upper Canada Transmission Inc. (NextBridge)  
New East West-Tie Line Project**

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**VECC**

**COMPENDIUM**

**PANEL 1**

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**JULY 07, 2018**

**TAB 1**

## UNDERTAKING JT1.11

### UNDERTAKING

TC TR 1, page 37

To provide more detail for Staff IR 23 part d.

### RESPONSE

Upon reading the transcript, NextBridge has determined that the description of the undertaking JT1.11 does not reflect the intent of what was being requested. Based upon the discussion between Board counsel and NextBridge's witnesses at pages 33 to 37 of the transcript, NextBridge believes that the undertaking related to assessing the amount of detail contained in NextBridge's monthly and quarterly development phase internal reporting. If the degree of detail contained in the internal reports differed significantly from what NextBridge provides in its quarterly reports to the OEB, Board staff requested that the reports be provided.

NextBridge confirms that the degree of detail is consistent between NextBridge's periodic internal reporting and that included in the quarterly reports to the OEB.

To the extent that it is helpful, NextBridge provides the below further detail related to construction phase anticipated cost management strategies.

In regards to cost management strategy during the construction Phase, NextBridge manages scope, schedule, and costs as inter-related project disciplines. In other words, a change in any one of these disciplines will likely have an impact on one or both of the other disciplines depending on the magnitude of the change.

The cost management processes at NextBridge are currently transitioning from a Development phase to the Construction project phase as the costs and the rate of spend increases as the project nears commencement of construction. As a part of this transition, two Project Controls analysts will be assigned (one for cost and one for schedule) to provide contract administration services over the Construction contract prior to construction commencing and stay on until the Contractor has achieved final completion and final project construction accounting closed.

In addition, these analysts will also coordinate with the Project Director's office and the other team leads on a regular basis in support of monthly construction phase reporting to NextBridge's Board of Directors.

These monthly construction phase reports are a summary (1 to 2 pages) that cover key topics such as: scope, resource planning, costs, schedule, land access, permits, safety, etc. The format of these reports is subject to change although NextBridge expects the content to remain similar. The format is designed to not only capture a brief narrative of an aspect of the project, but indicates its current status and forecasted trends using a traffic light concept (green, yellow, red). Costs are reported at the total project level and the schedule in terms of the in-service date.

In addition to the monthly construction phase reporting, the NextBridge Engineering and Construction Management team, along with the cost and schedule Project Controls analysts, will manage the engineering and construction scope on a daily basis during construction using a Plan of the Day ("PoD"), inspections, and verifications of work in the field and regular comparison of the progress against the baseline plan. This daily effort to manage scope avoids scope creep and the Construction Management team looks for ways to further optimize engineering and related construction costs. This comparison of progress (actual vs. plan) is usually done through a number of commodity charts where each chart represents small areas of work, type of activity, deliveries of material, installation, etc. There are several other detailed project control requirements spelled out in the Contractor's agreement (See Exhibit C-2, provided in response to Board Staff Interrogatory #7, found at Exhibit I.B.NextBridge.STAFF.7), but, in practice, only the meaningful requirements that best fit a specific project are deployed at the discretion of the Construction Management team to best help them manage scope, monitor progress, and forecast near and long term cost and schedule performance against the project plan. Any remaining work by the other team leads will be incorporated into the scope, cost and schedule management in real time, as needed.

Given the form of construction contract, and direct control over the engineering design, NextBridge is in a position to best manage the scope, such that it can maintain cost control and schedule. This inter-relationship of the three disciplines can have other effects, for example, discovery of a reduced scope for anticipated area of concern that is not found to be as challenging as expected, and, therefore, a less costly and/or time consuming alternative can be deployed. The inverse is also true.

## PROJECT COSTS

### 1.0 Cost Estimate

The total estimated capital cost for the New EWT Line project, including overheads and interest during construction ("IDC"), is summarized as follows:

Table 1  
Total Project Cost Estimate  
(\$'000)

Development Cost <sup>1</sup>	\$40,210
Construction Cost <sup>2</sup>	736,971
Total Project Cost <sup>3</sup>	<u>\$777,181</u>

The following table sets forth the current construction cost estimate for the New EWT Line at in-service date.

Table 2  
Construction Cost Estimate  
(\$'000)

	<u>Cost Estimate</u>
Engineering, Design, and Procurement	\$19,342
Materials and Equipment	89,408
Permitting and Licensing (now included in Environmental and Regulatory Approvals)	0
Environmental and Regulatory Approvals	13,031
Land Rights (acquisitions or options), including consultation and negotiation with landowners	23,831
First Nation and Metis Participation	7,000
First Nation and Metis Consultation	13,211
Other Consultation (community & stakeholder)	2,530
Site Clearing and Preparation (including roads)	107,463
Construction	356,548
Site remediation	13,899
IDC	31,003
Contingency	49,399
Regulatory	5,405
Project Management	4,901
<b>Total Construction Cost<sup>2</sup> (including escalation)</b>	<b>\$ 736,971</b>

<sup>1</sup> Development cost – actual costs for the period August 7, 2013 to June 30, 2017, plus an estimate of development costs incurred in the month of July 2017.

<sup>2</sup> Construction cost – estimated costs for the period the day after the filing of the LTC and continuing to the New EWT Line in-service date.

<sup>3</sup> Estimated total dollars spent when the New EWT Line goes into service.

## UNDERTAKING JT1.25

### UNDERTAKING

TR 1, page 114

To provide sunk costs, assuming by the end of July 2018 under the scenario that the approval is not received.

### RESPONSE

The below table summarizes NextBridge's estimated sunk costs at the end of July, 2018 related to the East-West Tie Line Project.

	\$ (in 000s)
Development Phase costs (August 2013 through July 2017)	\$40,250
Post-Leave to Construct Application costs (August 2017 through July 2018)	
1. Actuals to April 30, 2018	\$15,020
2. Projected May to July 2018	\$8,500
<b>TOTAL</b>	<u><u>\$63,786</u></u>

In addition to the estimated costs identified in the above table, NextBridge anticipates that it would also incur various wind-up costs under a scenario that Leave to Construct approval for the East-West Tie Line Project is not received and that all work on the EWT project is terminated. Wind-up costs are expected to include such items as demobilization and close-out costs in the areas of engineering & construction ("E&C"), environment and land activity, financial reporting activity costs, and costs associated with an Ontario Energy Board application for recovery of outstanding EWT Line Project costs. NextBridge estimates that wind-up costs unrelated to the E&C work stream alone would be at minimum \$1.0 million, but could be significantly higher. NextBridge cannot estimate the termination exposure beyond the forecasted spend for the E&C activities because there are likely other termination costs that are usually negotiated with suppliers in large project cancellation scenarios based on the damages claimed. For example, although a cost or payment for service may not have been completed and claimed, it is likely that the supplier has incurred a cost of progress to date that they would seek recovery in the event of a termination such as the training and resource

building efforts in the communities. Therefore, NextBridge is not in a position to comprehensively estimate termination or all-inclusive wind-up costs at this time

UNDERTAKING JT1.20

UNDERTAKING

TC TR 1, page 97

To provide a cost estimate of the construction costs that Valard will incur up until the point of the expected date of the leave-to-construct decision.

RESPONSE

The estimated cost that would be incurred by Valard Construction LP under their engineering, procurement and construction agreement through the end of July 2018 (ie., the expected timing for approval of NextBridge's Leave-to-Construct application) is approximately \$7.1MM.



**TAB 2**

CCC INTERROGATORY #9

INTERROGATORY

Ex. B/T9/S1/p. 1

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

RESPONSE

The \$40.21MM value included at Exhibit B, Tab 9, Schedule 1, Table 1 as the development costs in the Leave to Construct application ("LTC") represented the actual amount spent from August 7, 2013 (designation) to June 30, 2017, plus an estimate of development costs to be incurred from July 1, 2017 through July 31, 2017 (LTC filing date).

Subsequent to filing of the LTC, NextBridge filed its quarterly report with the OEB showing the actual development cost spend through July 31, 2017 of \$40.25MM. The detail of this spend is below and also can be found at page 8 of the NextBridge East-West Tie Line Report submitted to the OEB on October 23, 2017.

**TABLE 1 PROJECT COSTS STATUS - EXTENDED DEVELOPMENT PERIOD (AUGUST 2013 THROUGH JULY 2017)**

	<b>Actual<sup>1</sup></b>	<b>Prior period project to date Actual</b>	<b>Extended Development Period Budget<sup>2</sup></b>	<b>Actual as % of Extended Development Period Budget</b>
Engineering, Design and Procurement Activity	10,263,464	10,216,486	10,793,292	95.1%
Permitting and Licensing	84,781	84,781	151,031	56.1%
Environmental and Regulatory Approvals	7,817,680	7,080,898	8,482,680	92.2%
Land Acquisition (Excludes Aboriginal)	5,800,532	5,976,155	4,571,000	126.9%
First Nation and Métis Consultation	3,254,002	3,091,546	5,474,000	59.4%
Other Consultation	1,587,015	1,511,770	3,042,554	52.2%
Regulatory	1,873,499	1,847,175	2,675,000	70.0%
Interconnection Studies	83,859	83,859	160,000	52.4%
Project Management	4,966,784	4,907,439	5,002,015	99.3%
Contingency and Escalation	-	-	2,416,429	0.0%
<b>Subtotals</b>	<b>35,731,616</b>	<b>31,800,109</b>	<b>42,768,001</b>	<b>83.5%<sup>3</sup></b>
First Nation and Métis Land Acquisition	16,862	16,862		
First Nation and Métis Participation	3,415,388	3,359,137		
Other Costs	1,085,637	1,048,672		
<b>Subtotals</b>	<b>4,517,887</b>	<b>4,424,671</b>		
<b>TOTALS</b>	<b>40,249,503</b>	<b>39,224,780</b>		

1 "Actual" refers to actual costs plus estimated accruals.

2 The original Development Phase budget amount of \$22,398,001 as approved by the Board in file EB-2011-0140 Phase 2 Decision and Order dated August 7, 2013 plus incremental development costs as submitted to the Board on May 15, 2015 and updated on June 24, 2015 of \$20,370,000. This does not include funds related to First Nation and Métis Land Acquisition and First Nation and Métis Participation and Other Costs.

3 Calculating Actual budgeted costs as a percentage of the original Development Period budget of \$22,398,001, the percentage would be 159.5%. NextBridge considers the calculation in the table to be a more informative and representative comparison as some recorded costs were incurred as a result of extended development period activity not contemplated in the original Development Period budget.

NextBridge proposes to include as the starting balance of the CWIP account both the development period costs of \$40.25MM and the amount spent between filing of the Leave

## **TAB 3**

UNDERTAKING JT1.13

UNDERTAKING

TC TR 1, page 55

To clarify and/or break down the increased development and construction costs in Staff IR 26 part b.

RESPONSE

In Board Staff IR #26 part b, found at I.B.NextBridge.STAFF.26, NextBridge quantifies the cost increases driven by the delay of the in-service date. The total cost of this delay is estimated to be \$70.5 million, of which \$13.4 million is attributable to the development phase and \$57.2 million is attributable to the construction phase.<sup>1</sup>

The project delay cost of \$57.2 million for the construction phase is estimated on a base cost of the total cost of the project, excluding the Development Costs and any Interest During Construction ("IDC" or "AFUDC"), resulting in an approximately adjusted base costs of \$706 million, then applying an annual escalation rate of 2.86% for 3 years (2017 to 2020).

The project delay cost of \$13.4 million for the development phase was determined as follows:

Actuals for the period August 2013 through June 2017 (excluding unbudgeted amounts)	\$34,800,108
Estimated expenditures for July 2017	\$954,805
Total Budgeted Development Phase costs	\$35,754,913
Designation development costs	\$22,398,084
Delta	<b>\$13,356,829</b>

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<sup>1</sup> The numbers do not total \$70.5 million exactly due to rounding.

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 prudence 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 would be detrimental.

DEVELOPMENT COSTS

Development Costs Incurred

Between August 7, 2013 and July 31, 2017 (the “Extended Development Period”), NextBridge incurred \$40.2 million developing the East West Tie Line Project to the point of being in a position to file a leave to construct application. While NextBridge invested significant staff hours of internal time and associated resources and incurred substantial external services costs to prepare its application for designation and participate in the Board’s designation process, those costs have not been included in the development costs for the East West Tie Line Project (“EWT Line Project”).

Some Development Costs Already Determined to be Prudent and Reasonable

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

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<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.

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)	<u>1,529,710</u>	<u>1,960,000</u>	<u>(1,529,710)</u>	<u>0</u>
SUBTOTALS - BUDGETED	22,398,000	20,370,000	13,333,616	35,731,616
First Nation and Métis Land Acquisition			16,862	16,862
First Nation and Métis Participation			3,415,388	3,415,388
Pic River Appeal Costs			230,163	230,163
Carrying Costs			<u>855,474</u>	<u>855,474</u>
SUBTOTALS - UNBUDGETED	0	0	4,517,886	4,517,886
TOTALS	<u><u>22,398,000</u></u>	<u><u>20,370,000</u></u>	<u><u>17,851,501</u></u>	<u><u>40,249,501</u></u>

**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.



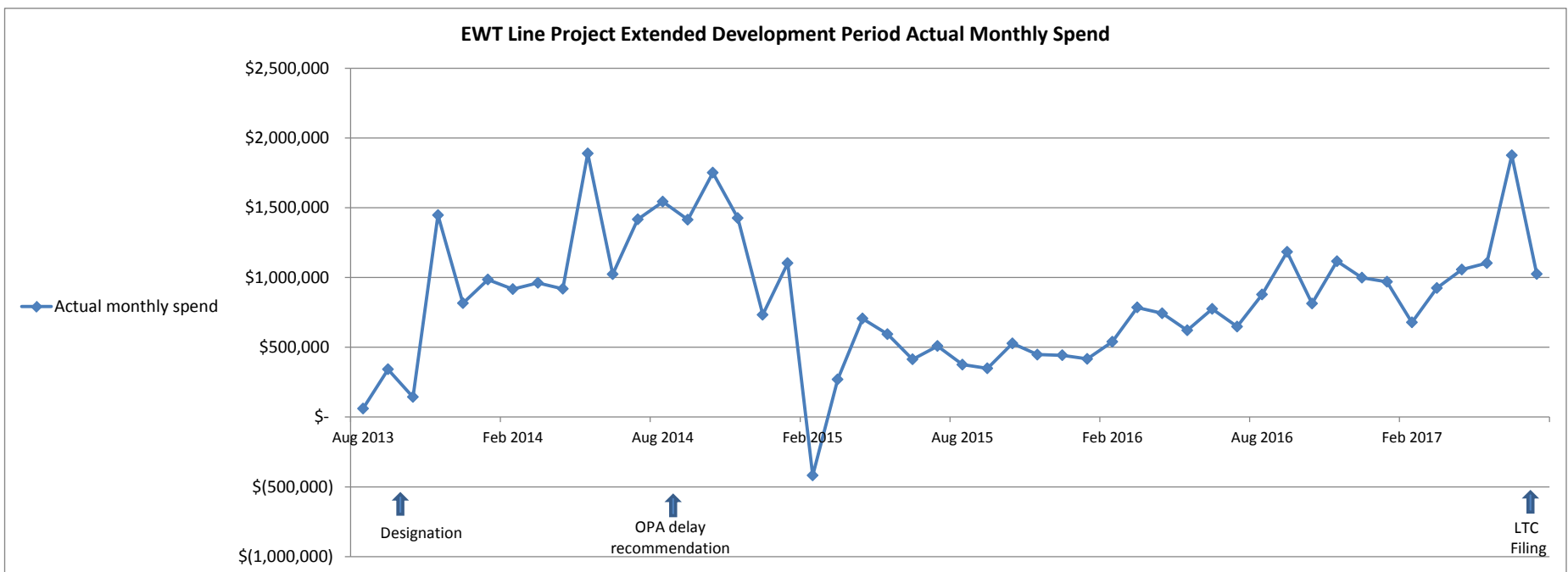
NextBridge Infrastructure LP  
Extended Development Period Costs - First Nations and Métis Land Acquisition and First Nations and Métis  
Participation  
March 14, 2018

FIRST NATION AND MÉTIS LAND ACQUISITION

Category of Activity	Description	Cost
(1) External Consultant Services	(a) External consultants engagement with Pays Plat & Michipicoten representatives related to reserve crossings.	16,862
	TOTAL	<u>16,862</u>

FIRST NATION AND MÉTIS PARTICIPATION

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	(a) Internal legal, project management, engineering and finance staff labor costs for negotiations, and (b) Travel expenses to attend EWT Line Project meetings, including First Nation and Métis community meeting.	593,874
(2) External Legal Counsel	(a) Costs of negotiating Capacity Funding Agreements, and (b) Providing legal advice and support related to negotiation of economic participation arrangements with First Nations and Métis community representatives.	1,116,541
(3) Capacity Funding to Communities	(a) Funding provided to communities in support of economic participation negotiations, and (b) Travel expenses for meetings.	1,163,612
(4) Project delay	Specific activities to address extension of development period, including: (a) Internal time to prepare project delay filing materials.	23,216
(5) Third party	(a) Costs for setting up environmental monitoring program for field work - Indigenous and environmental consultant labour costs, meeting space for training, and (b) Indigenous environmental monitoring activity for environmental assessment field work.	518,144
	TOTAL	<u>3,415,388</u>



**TAB 4**

September 22, 2014

**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**  
**Monthly Report - September 22, 2014**

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

Yours truly,

(Original Signed)

Tania Persad  
Senior Legal Counsel, Enbridge Gas Distribution Inc.

**Table 1: Budgeted Costs Status**

Cost Category Budgeted	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual <sup>1</sup>	% of total budget	Forecast	Budget <sup>2</sup>	Variance \$	Variance %
Engineering, Design and Procurement Activity	\$3,947,932	37.4%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	47,223	99.8%	47,320	47,320	-	0%
Environmental and Regulatory Approvals	2,390,005	66.5%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,294,044	65.0%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	889,388	51.6%	1,724,000	1,724,000	-	0%
Other Consultation	649,247	130.9%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	673,456	68.4%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	70,199	39.2%	100,000	179,000	79,000	44.1%
Project Management	1,204,067	92.6%	1,745,276	1,300,000	(445,726)	(34.3)%
Contingency (Engineering, Design and Procurement)	-	0%	456,429	1,529,708	1,073,279	70.1%
<b>Total</b>	<b>\$11,165,561</b>	<b>49.9%</b>	<b>\$22,398,001</b>	<b>\$22,398,001</b>	<b>-</b>	<b>0%</b>

<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.

October 22, 2014

**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  
Monthly Report - October 22, 2014**

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

Yours truly,

(Original Signed)

Tania Persad  
Senior Legal Counsel, Enbridge Gas Distribution Inc.

**Table 1: Budgeted Costs Status**

Cost Category	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual <sup>1</sup>	% of total budget	Forecast	Budget <sup>2</sup>	Variance \$	Variance %
<b>Budgeted</b>						
Engineering, Design and Procurement Activity	\$4,567,483	43.3%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	60,327	127.5%	121,031	47,320	(73,711)	(155.8)%
Environmental and Regulatory Approvals	2,666,920	74.2%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,388,855	69.8%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	956,214	55.5%	1,724,000	1,724,000	-	0%
Other Consultation	702,245	141.6%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	751,164	76.3%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	70,273	39.3%	100,000	179,000	79,000	44.1%
Project Management	1,296,981	99.8%	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%
<b>Total</b>	<b>\$12,460,462</b>	<b>55.6%</b>	<b>\$22,398,001</b>	<b>\$22,398,001</b>	<b>-</b>	<b>0%</b>

11. Additional Permitting and Licensing costs associated with identification and acquisition of approvals, permits, and licenses for the EWT Project was originally

<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.

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**

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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  
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Address: Brookfield Place, P.O. Box 754  
Suite 1800, 181 Bay Street  
Toronto, Ontario M5J 2T9  
Telephone: (416) 865-7742  
Email: [fcass@airdberlis.com](mailto:fcass@airdberlis.com)

Yours truly,

(Original Signed)

Krista Hughes  
Regulatory Counsel, Enbridge Pipelines Inc.

Enclosure



**Table 1: Budgeted Costs Status**

Cost Category	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual <sup>1</sup>	% of total budget	Forecast	Budget <sup>2</sup>	Variance \$	Variance %
<b>Budgeted</b>						
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%
<b>Total</b>	<b>\$15,972,949</b>	<b>71.3%</b>	<b>\$22,398,001</b>	<b>\$22,398,001</b>	<b>-</b>	<b>0%</b>

<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.

April 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 - April 22, 2015**

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

Yours truly,

(Original Signed)

Krista Hughes  
Senior Regulatory Counsel, Enbridge Pipelines Inc.

Enclosure

**Table 1: Budgeted Costs Status**

Cost Category	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual <sup>1</sup>	% of total budget	Forecast	Budget <sup>2</sup>	Variance \$	Variance %
<b>Budgeted</b>						
Engineering, Design and Procurement Activity	\$6,514,070	61.7%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	85,051	179.7%	121,031	47,320	(73,711)	(155.8)%
Environmental and Regulatory Approvals	3,514,096	97.8%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,553,366	78.0%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	1,376,526	79.8%	1,724,000	1,724,000	-	0%
Other Consultation	806,550	162.6%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	1,027,311	104.3%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	84,754	47.3%	100,000	179,000	79,000	44.1%
Project Management	1,815,076	139.6%	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%
<b>Total</b>	<b>\$16,776,800</b>	<b>74.9%</b>	<b>\$22,398,001</b>	<b>\$22,398,001</b>	<b>-</b>	<b>0%</b>

<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.

## **TAB 5**



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

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## **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

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**November 19, 2015**

### 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)
- 2) 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.