

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by Upper Canada Transmission, Inc. under section 92 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B) for an Order or Orders granting leave to construct a new double circuit 230 kV electricity transmission line between Thunder Bay and Wawa

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 92 of the 6 Act for an Order or Orders granting leave to upgrade existing transmission station facilities in the Districts of Thunder Bay and Algoma.

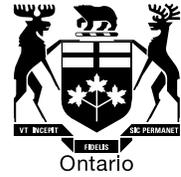
**COMPENDIUM OF THE SCHOOL ENERGY COALITION
(Nextbridge Development Costs)**

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Counsel for the School Energy Coalition



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

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.

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 pre-determined 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 its 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.

lcon/TPT (1)

In lcon/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 lcon/TPT in response to interrogatory #26 to \$30.7 million. lcon/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. lcon/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

Iccon/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).
2. 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.

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 (krista.hughes@enbridge.com, 403-718-3552) or Edith Chin (edith.chin@enbridge.com, 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
NextBridge Pukaskwa National Park Update**

On May 15, 2015, Upper Canada Transmission, Inc. (“UCT” or “NextBridge”) filed its response (the “May 15th 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 15th Filing.

The May 15th Filing consisted of a letter (the “May 15th Letter”) from NextBridge to the Board and five attachments, which were identified as Schedules A to E. In the May 15th 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 15th 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 15th Letter, removing the Park Study costs from the budget of costs for the Extended Development Period¹ reduces the Extended Development Period Incremental Costs² to \$20.3 million. NextBridge seeks approval of these Extended Development Period Incremental Costs on the basis set out in the May 15th 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 Board-approved 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 15th Filing.³ 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 15th Letter. We look forward to receiving the

¹ As defined at page 6 of the May 15th Letter.

² As defined at page 7 of the May 15th Letter.

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

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

	Milestone	Proof of Completion	Target Date	Achieved
O (formerly 10)	Prepare list of landowners along the ROW	Line list	10 Oct 2013	X
P (formerly 11)	Complete design of Landowner, Community and Municipal Consultation Plan	Consultation plan	1 Nov 2013	X
Q (formerly 12)	Commence negotiations or discussions with all landowners and permitting agencies	Confirming correspondence	25 Nov 2013	X
R (formerly 13)	Finalize proposed route and obtain senior management approval	Final route report	1 July 2014	X
S	Confirmation of authorization to study in Pukaskwa National Park	Confirming Correspondence	15 June 2015	X
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 Letter	15 Dec 2017	

Aboriginal Engagement, Consultation and Participation

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

Environmental Assessment (Provincial)

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

Regulatory

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

Extended Development 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
<u>Project Extension</u>								
	1) Update Stakeholder Relations Consultation Plan	Extended Development Period	No	N/A	No	10,000	To consider and revise Consultation Plan to address changed circumstances arising from extended development period.	No
	2) One additional round of open houses	Extended Development Period	No	N/A	No	310,000	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.	No
	3) Aboriginal capacity funding expenditures	Extended Development Period	No	N/A	No	1,260,000	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.	No
	4) Aboriginal consultation costs	Extended Development Period	No	N/A	No	1,510,000	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.	No
	5) Aboriginal Advisory Board	Extended Development Period	No	N/A	No	90,000	To facilitate ongoing Aboriginal Advisory Board meetings and honoraria for member participation throughout the extended development period.	No

Extended Development 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
	6) Additional performance-based ratemaking (PBR) consultation	Extended Development Period	No	N/A	No	30,000	To revisit, update and re-engage stakeholders and other interested parties regarding PBR matters during preparation of the LTC application.	No
	7) Stakeholder engagement program	Extended Development Period	No	N/A	No	300,000	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.	No
	8) Ramp-up of LTC preparation	Extended Development Period	No	N/A	No	60,000	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.	No
	9) Accounting back office, internal reporting and procurement support	Extended Development Period	No	N/A	No	300,000	To facilitate accounting, internal financial reporting, EWT Project decision documentation and procurement support throughout extended development period.	No
	10) Support functions for EWT Project development work from all work streams	Extended Development Period	No	N/A	No	1,290,000	Multi-disciplinary review of workstream activities in furtherance of EWT Project development to ensure consistency and alignment.	No
	11) EWT Project office salaries and overheads	Extended Development Period	No	N/A	No	1,700,000	To maintain office lease, utilities, salaries for Project Director, Project Manager and one administrative position and miscellaneous overhead throughout extended development period.	No

Extended Development 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
	12) Update System Impact Assessment (SIA) and Customer Impact Assessment (CIA)	Extended Development Period	No	N/A	No	60,000	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.	No
	13) Supplemental socio-economic assessment	Extended Development Period	No	N/A	No	170,000	Supplemental socio-economic data collection to ensure currency of information collected.	No
	14) Preparation of revised EWT Project schedule & budget	OPA Letter	No	N/A	In part	890,000	To revisit and revise project execution strategy, scope, schedule and budget to address extending the EWT Project in-service date to 2020.	No
	15) May 15, 2015 submission review costs	OPA Letter	No	N/A	No	310,000	To present revised schedule for approval and budget of costs for recovery before the OEB.	No
	16) Pursuit of authorization to study route through Pukaskwa National Park (Park)	OPA Letter	No	N/A	Yes	100,000	To prepare and implement a government relations strategy with the objective of gaining access to study a route through the Park.	No
	17) Proponent information tax returns	Extended Development Period	No	N/A	No	50,000	To fulfil Canada Revenue Agency tax reporting requirements for NextBridge Infrastructure LP over the extended development period.	No
	18) Annual audit of EWT Project financial statements	Extended Development Period	No	N/A	No	140,000	Annual audit of financial statements over the extended development period.	No
	19) OEB quarterly reporting	Extended Development Period	No	N/A	No	220,000	To fulfil transmitter licence reporting requirements over the extended development period.	No
PROJECT EXTENSION SUBTOTAL						8,800,000		

Extended Development 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
<u>Budget Variance/Scope Change</u>								
	20) Expanded alternatives assessment	Scope Change	No	N/A	No	110,000	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.	No
	21) Incremental field studies and access route assessment	Scope Change	No	N/A	No	2,210,000	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.	No
	22) Incremental environmental permits	Scope Change	No	N/A	No	410,000	Additional costs for environmental permitting acquisition and related activities for the incremental EA field work identified in 21) above.	No
	23) Establish incremental study area and required activities	Scope Change	No	N/A	No	120,000	To work with MNRF and other agencies to delineate incremental study area and corresponding additional assessment activities identified in 21) above.	No

Extended Development 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
24)	Incremental socio-economic assessment	Scope Change	No	N/A	No	170,000	To complete additional socioeconomic data collection related to expanded study area identified in 21) above.	No
25)	Capacity funding agreements	Budget Variance	No	N/A	No	480,000	Increased capacity funding support provided to Aboriginal communities to facilitate traditional knowledge data collection and consolidation.	No
26)	Archaeology Stage 2 study	Budget Variance	No	N/A	No	1,270,000	Additional costs to complete Stage 2 archaeological assessment in relation to a larger area than originally anticipated. This is partially due to better information regarding archaeological potential made	No
27)	Timber valuation	Budget Variance	No	N/A	No	210,000	Costs to assess timber values on Crown and private land to further land appraisals and land rights optioning.	No
28)	Engineering review	Budget Variance	No	N/A	No	250,000	To complete a review of EWT Project for the LTC application for the purpose of design validation, cost estimate validation and project readiness.	No
29)	Land title review activity	Budget Variance	No	N/A	No	170,000	Additional costs to purchase and review title and encumbrance documents in support of third party agreement negotiations, which are more extensive than anticipated.	No

Extended Development 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
	30) Legal support for land activity	Budget Variance	No	N/A	No	340,000	Costs related to legal support required to review and execute land agreements, particularly complex in relation to Crown disposition rights holders.	No
	31) Compliance tracking and safety coordination & monitoring	Budget Variance	No	N/A	No	110,000	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.	No
	32) Community investment	Budget Variance	No	N/A	No	40,000	Costs to support EWT Project area communities through funding and participation in events and activities.	No
	33) Data management/technical figure production	Budget Variance	No	N/A	No	50,000	Additional costs to collect, manage, interpret and prepare technical figures for the reports in support of the EA.	No
	34) Land access and optioning activities	Budget Variance	No	N/A	No	1,140,000	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.	No
	35) Market valuation	Budget Variance	No	N/A	No	30,000	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.	No
	36) External general legal support for review and negotiations of documents & Aboriginal capacity funding agreements	Budget Variance	No	N/A	No	170,000	Increased costs to address requests for tailored capacity funding agreements.	No

Extended Development 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	No	N/A	No	160,000	Additional costs to coordinate EWT Project Aboriginal traditional knowledge data collection, consolidation and reporting.	No
38)	Stakeholder relations activity	Budget Variance	No	N/A	No	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.	No
39)	Regulatory and accounting matters	Budget Variance	No	N/A	No	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.	No
40)	Support functions for EWT Project development work from all work streams	Budget Variance	No	N/A	No	680,000	Additional costs for coordinating project development activities, including additional labour to manage the EWT Project through the development phase.	No
BUDGET VARIANCE/SCOPE CHANGE SUBTOTAL						8,610,000		

Extended Development 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
<u>Phase Shift</u>								
	41) Environmental Assessment review participation	Filing EA in Advance of LTC.	Yes	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.	No	540,000	Costs to participate in EA review process scheduled to start in advance of the LTC filing.	Yes
	42) Incremental land optioning negotiations	Proactive measure to maximize extended development period so as to limit expropriation costs.	Yes	The 35 additional months offers a valuable opportunity to shift a component of land optioning and related activity into the development phase.	No	460,000	A portion of costs to acquire land options that were previously going to be pursued in the construction phase.	Yes
						1,000,000		
						1,960,000		
						20,370,000		

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.

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 (2)
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 (3)	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.

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

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	<p>Engineering-related activities to progress development of the EWT Line Project, including:</p> <ul style="list-style-type: none"> (a) Team lead meetings, (b) Team lead calls, (c) Attend open houses, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/Vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Travel expenses for EWT Line Project meetings, (k) Ongoing advice and support in relation to other work stream project development activity (l) Scope development for all engineering and construction studies required for project development including transmission line engineering, tower design, preliminary construction and access plan, weather studies, grounding studies, preliminary desktop and field geotechnical among others, (m) Oversight, review and vetting of all the EWT Line Project development engineering and construction work and studies report, (n) Tower prototype testing coordination and witnessing, (o) Preparation of transmission line crossings packages including meetings and discussion with Hydro One Networks Inc., (p) Input and review of Alternative Assessment, Draft and Final Terms of Reference, Environmental Protection Plan, and (q) Preparation of safety guidelines and safety coordination for all field work during development. 	2,271,851
(2) Transmission line design	<ul style="list-style-type: none"> (a) Complete design package from Engineer of Record, (b) Tower testing participation (Engineer of Record), (c) Engineering due diligence on "Through the park route", and (d) Transmission Line crossing details (engineering & drawings). 	2,287,924
(3) Foundation Design	<ul style="list-style-type: none"> (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 style="list-style-type: none"> (a) Tower supplier engineering design and testing contract, (b) Tower re-design and testing, and (c) Tower prototype fabrication and testing QA/QC. 	1,985,607

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

Category of Activity	Description	Cost
(5) Land Survey and LIDAR	(a) LIDAR collection, (b) Land survey, (c) Provincial survey data purchase, and (d) Road inventory.	1,611,416
(6) Geotech	(a) Geotech survey activity, and (b) Helicopter access geotech borings.	969,958
(7) Third Party Engineering	(a) Tower design software (PLS CADD), and (b) Structure design engineering consultant.	356,786
(8) Studies Contract	(a) Weather study, (b) Pipeline mitigation study, (c) Grounding studies, (d) Telecom design, (e) Hydro One Networks Inc. crossing design, and (f) Preliminary construction access plan.	171,352
(9) Miscellaneous Engineering & Construction	(a) Legal support for contracts, (b) Permitting due diligence, (c) Tower delivery logistic reconnaissance, (d) Aboriginal participation negotiation support and facilitation, and (e) Support for open house, regulatory training, community events, advisory boards.	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		<u>10,263,464</u>

NextBridge Infrastructure LP
 Extended Development Period Costs - Permitting and Licensing
 March 14, 2018

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

NextBridge Infrastructure LP
 Extended Development Period Costs - Environmental and Regulatory Approvals
 March 14, 2018

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	<p>Environment-related activities to progress development of the EWT Line Project, including:</p> <ul style="list-style-type: none"> (a) Team lead meetings; (b) Team lead calls; (c) Attend open houses; (d) Prepare leave to construct application; (e) Complete environmental assessment (EA). <ul style="list-style-type: none"> (i) Managed and participated in the development and consultation of the Draft and Final Terms of Reference (ToR) (ii) Managed, developed and participated in the consultation with regulators, stakeholders, including open houses, of the draft and final environmental assessments; (iii) Coordination and submission of draft comment responses; (iv) Managed the development and review of the Alternatives Assessment; (v) Participation in the access and construction footprint change process; (vi) Participation in route review and route change process; (vii) Coordination and management for field programs occurring in 2014, 2016, 2017 for geotechnical study, geomatics survey, environmental surveys and studies, and archaeological testing; (viii) Consultation with regulators, stakeholders, including open houses, regarding EA comments and methodology; (ix) Completion of record of consultation; (x) Managed the development of the Construction Environmental Protection Plan, Alignment Sheets and Mapping; <ul style="list-style-type: none"> (f) Complete financial requirements, including budgets, assisting in monthly financial reporting; (g) Team scheduling calls and discussions; (h) Consultant/Vendor management, including RFP and procurement process; (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting; (j) Ongoing advice and support in relation to other work stream project development activity; (k) Travel expenses for EWT Line Project meetings, including First Nation and Métis community meetings, and (l) Manage comments submitted to the EWT Line Project including entry into database. 	1,140,210
(2) Environmental Surveys and Studies	<p>Specific activities to complete Environmental Surveys and Studies, including:</p> <ul style="list-style-type: none"> (a) Geology and soils; (b) Watercourse crossings (fish and fish habitat); (c) Surface and groundwater; (d) Vegetation and wetlands; (e) Wildlife including Species at Risk; (f) Air Quality assessment; (g) Climate Change assessment; (h) Acoustic environment; (i) Archaeological assessments, stage 1, 2 and 3; (j) Nest Sweeps and Amphibian mitigation; (k) Preparation of Alternative Assessment, Socio-Economic Assessment and EA Reports; (l) Cultural Heritage assessment; (m) Human Health assessment; (n) Visual assessment; (o) Cumulative effects assessment; (p) Indigenous engagement with surveys; (q) External staffing support, and (r) Environmental Inspectors for Geotech work. 	2,888,777

NextBridge Infrastructure LP
 Extended Development Period Costs - Environmental and Regulatory Approvals
 March 14, 2018

Category of Activity	Description	Cost
(3) Regulatory Applications	(a) Draft EA, including: (i) All survey information collected above was inputted into the Environmental assessment document, (ii) Draft EA comment responses (information request round #1), (c) Final EA, (d) Environmental Permit Support, including: (i) Infrastructure Ontario Environmental Site Assessment (ESA) and Class EA, (ii) Ministry of Natural Resources and Forestry work permits, including: (a) Amendments to Land Use Plans, (b) Overall benefit permit, (iii) Ministry of Environment and Climate Change Permit to Take Water and Environment Compliance Approval, (iv) Lakehead Regional Conservation Authority permits, (v) Transport Canada self-assessment and authorizations, (vi) Engagement with Department of Fisheries and Oceans Canada, and (vii) Environment and Climate Change Canada permits, and (viii) Indigenous and Northern Affairs Canada.	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	(a) Meetings for archaeological assessments and permitting, (b) Attend open Houses, and (c) Meetings with regulators and stakeholders to go over comments and responses on the EA documents.	231,637
(6) External Project Management Services	(a) External meetings, (b) Consultant meetings, (c) Monthly reports, (d) Accruals/Budget and Schedule tracking, and (e) Strategic advice/Adhoc requests.	1,093,415
(7) 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.	90,356
(8) Pukaskwa Park	(a) Working with interested parties to consult and work with Parks Canada on potential for going through Pukaskwa Park.	82,464
TOTAL		<u>7,817,680</u>

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

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	<p>Land-related activities to progress development of the EWT Line Project, including:</p> <ul style="list-style-type: none"> (a) Team lead meetings, (b) Team lead calls, (c) Attending open houses, public meetings, and other stakeholder meetings including regulatory agencies, municipalities, other utilities, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/Vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Travel expenses for EWT Line Project meetings, (k) Designation application review including a review of scope, budget and commitments made with respect to the land acquisition program, (l) Ongoing advice and support in relation to other work stream project development activity, (m) Scope development for third party services specific to the land acquisition program including: <ul style="list-style-type: none"> (i) Land Contract, (ii) Appraisal Contract, (iii) Land Survey Contract, (iv) Timber Valuation Contract, (v) Aggregate and Mining Valuation Contract, (n) Supporting the drafting and development of Project communication tools (update letters, open house materials, land agent orientation), (o) Input to and review of the Draft and Final Terms of Reference (TOR), (p) Input to and review of the Alternatives Assessment, (q) Managing the land acquisition and permitting program in support of EWT Line Project development including: <ul style="list-style-type: none"> (i) Development of, and change management of the line list, (ii) Development and implementation of land compensation principles, (iii) Supporting the drafting and finalization of the forms of agreement for property owner land acquisition, (iv) Working with land contractor for the development and implementation of Crown interest compensation policies, (v) Developing standard templates for landowner documents, (vi) Coordination of access for field programs occurring in 2014, 2016, 2017 for geotechnical study, geomatics survey, environmental surveys and studies, and archaeological testing, (vii) Land agent orientation and option acquisition kick off, (viii) Establishment of issue resolution process for property owner and Crown interest holder acquisition, (ix) Participation in route review and route change process, (x) Oversight of access and construction footprint change process, (xi) Land permitting program kick off, and (xii) Third party crossing program kick off. 	495,938

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

Category of Activity	Description	Cost
(2) External Consultant Services	(a) Initial Benchmark Market Valuation, (b) Review of Benchmark Market Valuation, (c) Individual appraisals, (d) Land acquisition and permitting for the EWT Line Project including: (i) Negotiation and acquisition support, (ii) Field support, (iii) Planning and permitting support, (iv) Administration support, (v) Land legal support (vi) GIS support, including data management, (vii) Reporting, (viii) Open house attendance, (ix) Sketch and map production, (x) Visualization of EWT Line Project infrastructure in response as mitigation for landowner issue, (f) Purchase of parcel fabric for initial EWT Line Project line list, and (g) Timber valuation and assessment to determine compensation for merchantable timber.	4,826,371
(3) External Counsel Services	Legal support and advice regarding land acquisition and permitting requirements on private and public land in Ontario including: (a) Agreement drafting and finalization, (b) Land title updating and review, (c) Agreement registration, and (d) Limited participation in stakeholder meetings.	81,801
(4) Land Owners Payments	(a) Option payments to property owners in accordance with compensation principles, (b) Review payments to property owners in accordance with compensation principles, and (c) Survey access payment to property owners.	347,246
(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 land owners on project delay consultation.	49,176
TOTAL		<u>5,800,532</u>

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

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	First Nations and Métis consultation - related activities to progress development of the EWT Line Project, including: (a) Team lead meetings, (b) Team lead calls, (c) Attend open houses, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/Vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Ongoing advice and support in relation to other work stream project development activity, (k) Travel expenses for EWT Line Project meetings, including First Nation and Métis community meetings, (l) Negotiations of Capacity Funding Agreements and coordinating with internal and external legal counsel, (m) Coordination and attendance at Indigenous community meetings, (n) Coordination and attendance at Indigenous leadership meetings to present EWT Line Project updates and discuss future activities, (o) Input to and review of the Draft and Final Terms of Reference (ToR), and (p) Input to and review of the Alternatives Assessment.	505,007
(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
(6) Pukaskwa Park	(a) Working with communities to consult and work with Parks Canada on potential for going through Pukaskwa Park.	7,815
(7) Third party	(a) External consultants arranging meetings and daily interactions with 18 First Nation and Métis communities, and (b) Environmental assessment support for communities from environmental consultant.	981,715
TOTAL		<u>3,254,002</u>

NextBridge Infrastructure LP
 Extended Development Period Costs - Other Consultation
 March 14, 2018

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	Stakeholder consultation-related activities to progress development of the EWT Line Project, including: <ul style="list-style-type: none"> (a) Team lead meetings, (b) Team lead calls, (c) Coordinating and attend open houses, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report and EA notifications, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Travel expenses for EWT Line Project meetings, (k) Ongoing advice and support in relation to other work stream project development activity, (l) Compile mailing lists and coordinating EWT Line Project mailings, (m) Manage comments submitted through the EWT Line Project hotline, open houses and general enquires including 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. 	758,854
(2) Project delay	Specific activities to address extension of development period, including: <ul style="list-style-type: none"> (a) Internal time to prepare project delay filing materials, (b) Consultant time working with communities on project delay consultation, (c) Notification to project mailing list of project delay, and (d) Additional stakeholder engagement and monitoring of comments due to delay. 	108,835
(3) External Consultant Services and Supplies	<ul style="list-style-type: none"> (a) Open House support including newspaper advertising, mailing of notices, security, venue rentals, catering, satellite phones, travel and accommodation, (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 courier costs, (g) Consulting services to assist with Stakeholder Relations including office space and office supplies, (h) Laptops for the purposes of viewing the draft EA review at public viewing locations, and (i) Community investment and support contributions (including Thunder Bay Commerce of Chamber membership). 	719,326
TOTAL		<u>1,587,015</u>

NextBridge Infrastructure LP
 Extended Development Period Costs - Regulatory (legal support, rate case and LTC filings)
 March 14, 2018

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	Regulatory-related activities to progress development of the EWT Line Project, including: (a) Team lead meetings, (b) Team lead calls, (c) Attend open houses, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/Vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Travel expenses for EWT Line Project meetings, (k) Consider and prepare as needed other Ontario Energy Board applications (US GAAP, early access, cost recording), (l) 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 (n) Input to and review of the Alternatives Assessment.	1,153,202
(2) External Counsel Services	(a) Providing legal advice and support on regulatory matters.	306,766
(3) External Consultant Services	(a) Research, transmission ratemaker model development and regulatory support services.	60,495
(4) Stakeholder costs	(a) Costs reimbursed to stakeholders related to participation in NextBridge's Rate Methodology Stakeholder Consultation session held on September 10, 2014.	6,380
(5) Project delay	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.	346,655
TOTAL		<u>1,873,499</u>

NextBridge Infrastructure LP
 Extended Development Period Costs - Interconnection Studies
 March 14, 2018

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	(a) Team lead meetings, (b) Team lead calls, (c) Prepare leave to construct application, (d) Input to and review of the Draft Environmental Assessment Report, (e) Team scheduling calls and discussions, (f) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (g) Travel expenses for EWT Line Project meetings, and (h) Ongoing advice and support in relation to other work stream project development activity.	15,873
(2) External Services	(a) Independent Electricity System Operator - System Impact Assessment costs, and (b) Hydro One Networks Inc. - Customer Impact Assessment costs.	67,986
TOTAL		83,859

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

Category of Activity	Description	Cost
(1) Internal labour and employee expenses	<p>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:</p> <ul style="list-style-type: none"> (a) Team lead meetings, (b) Team lead calls, (c) Attend open houses, (d) Prepare leave to construct application, (e) Input to and review of the Draft and Final Environmental Assessment Report, (f) Complete financial requirements, including budgets, assisting in monthly financial reporting, (g) Team scheduling calls and discussions, (h) Consultant/vendor management, including RFP and procurement process, (i) EWT Line Project reporting including OEB milestone tracking and content for monthly and quarterly reporting, (j) Travel expenses for EWT Line Project meetings, (k) Ongoing advice and support in relation to other work stream project development activity, and (l) Operations & maintenance coordination and support, including resolving rights of way access matters. 	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	<p>Specific activities to address extension of development period, including:</p> <ul style="list-style-type: none"> (a) Internal time to prepare project delay filing materials, and (b) Providing support related to project extension-related matters. 	285,879
(6) Pukaskwa Park	(a) Working with communities to consult and work with Parks Canada on potential for going through Pukaskwa Park.	1,803
(7) External Consultant Services and Supplies	(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.	1,043,597
	<ul style="list-style-type: none"> (b) Office supplies, (c) Office administrative support, (d) IT support, and (e) Annual external financial and tax reporting. 	
TOTAL		<u>4,966,784</u>

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

<u>FIRST NATION AND MÉTIS LAND ACQUISITION</u>		
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>

<u>FIRST NATION AND MÉTIS PARTICIPATION</u>		
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>

STAFF INTERROGATORY #21

INTERROGATORY

Ref: EB-2011-0140, Letter from NextBridge to the OEB dated June 24, 2015, Schedule C.

Preamble:

In its letter to the OEB, NextBridge provided a breakdown of incremental Extended Development Period activities and corresponding costs in Schedule C.

Questions:

For each increase in development costs that is attributed to a “scope change” or “budget variance”, please provide the following information:

- Why was NextBridge unable to anticipate this additional expenditure at the time of its application for designation?
- What alternatives did NextBridge consider when the need for additional expenditure was proposed?
- Why was the additional expenditure the preferred alternative?

RESPONSE

In general, NextBridge was unable to anticipate the need for various additional expenditures prior to Designation without the benefit of field studies and discussions with Indigenous communities, regulators, and stakeholders.

Alternatives to budget expenditures were not generally assessed because the spend was deemed to be prudent to advance project development.

For each anticipated increase in development costs that is attributed to a “scope change” or “budget variance,” the attached table organizes and provides more detail on each of the three bulleted questions.

Activity Reference # from Revised Schedule C	Specific Activity	Category of Activity	Extended Development Period Incremental Cost	Rationale Why Unable to Anticipate at time of Application for Designation	Alternatives Assessed	Justification of Expenditure
20	Expanded alternatives assessment	Scope Change	\$110,000	Consultation with MNRF and MOECC revealed instructions to complete the assessment	None	Request of regulator
21	Incremental field studies and access route assessment	Scope Change	\$2,210,000	Consultation with MRF revealed increased requirements for information	None	Request of regulator
22	Incremental environmental permits	Scope Change	\$410,000	Related to incremental field work requested by MNRF	None	Request of regulator
23	Establish incremental study area and required activities	Scope Change	\$120,000	Related to incremental field work requested by MNRF	None	Request of regulator
24	Incremental socio-economic assessment	Scope Change	\$170,000	Related to incremental field work requested by MNRF	None	Request of regulator
25	Capacity funding agreements	Budget Variance	\$480,000	Discussions with Aboriginal communities revealed increased capacity funding support needed for consultation activities.	None	Need to meet delegated Crown Duty to Consult obligations
26	Archaeology Stage 2 study	Budget Variance	\$1,270,000	Better information regarding archaeological potential made available through Stage 1 archaeological study	None	Need to mitigate risk of archeological findings
27	Timber valuation	Budget Variance	\$210,000	Discussions with Crown and private land holders revealed increased need	None	Needed to further land appraisals and land rights optioning
28	Engineering review	Budget Variance	\$250,000		None	Design validation, cost estimate validation and project readiness was needed to further development
29	Land title review activity	Budget Variance	\$170,000	Support of third party agreement negotiations, which were more extensive than anticipated	None	Costs to purchase and review title and encumbrance documents were needed to ensure all landowners and encumbrance holders were included in line list
30	Legal support for land activity	Budget Variance	\$340,000	Agreements particularly complex after consulting and in relation to Crown disposition rights holders.	None	Legal support is a necessary part of land negotiations
31	Compliance tracking and safety coordination	Budget Variance	\$110,000	As part of designation, NextBridge was asked to track compliance with commitments	None	Request of regulator
32	Community Investment	Budget Variance	\$40,000	After discussions with stakeholders, the community investment budget was increased	None	Stakeholder and landowner support and knowledge of the project proponent is needed for regulatory processed (ex. Environmental Assessment)
33	Data management/technical figure production	Budget Variance	\$50,000	Needed to support the increased scope from MOECC and MNRF	None	Needed to support requests of regulator
34	Land access and optioning activities	Budget Variance	\$1,140,000	Land access was needed for early project development activities prior to landowner option agreements. Option agreements are offered when route is confirmed, access was not anticipated before route confirmation.	None	Access was needed to further develop and refine the route
35	Market valuation	Budget Variance	\$30,000	Intended to rely on sales data in the area, however very limited availability	None	Values were needed for land acquisition purposes
36	External general legal support for review and negotiations of documents & Aboriginal capacity funding agreements	Budget Variance	\$170,000	After discussions with Aboriginal communities the number of agreements was increased	None	Need to meet delegated Crown Duty to Consult obligations
37	Aboriginal consultation costs	Budget Variance	\$160,000	Discussions with Aboriginal communities revealed increased need for consultation activities.	None	Need to meet delegated Crown Duty to Consult obligations
38	Stakeholder relations activity	Budget Variance	\$350,000	Discussions with municipalities and stakeholders revealed increased interest in the project. More open houses were needed to address this	None	Stakeholder and landowner support and knowledge of the project proponent is needed for regulatory processed (ex. Environmental Assessment)
39	Regulatory and accounting matters	Budget Variance	\$140,000	Specific accounting practices not contemplated in advance of designation (authorization to use US GAAP accounting required), as well as addressing deferral account matters arising from the designation decision, PBR and other regulatory matters.	None	Not contemplated at designation
40	Support functions for EWT Project development work from all work streams	Budget Variance	\$680,000	Based on increased unanticipated scope, internal resources and support were not budgetted for	None	Scope increased to advance development activities, internal resources needed to support it
			\$8,610,000			

AOLP Response to Interrogatory Questions to all Applicants

Interrogatory #26

Please complete the following three tables to enhance cost comparability between applications. Applicants should provide the cost estimates based on their preferred option for the line. Where the preferred option is not the reference option, the tables should also be provided for the reference option.

In completing the tables, please assume the following:

- All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs.
- The development phase ends with the filing of a leave to construct application with the Board
- Taxes and duties should be excluded.

Response:

Development – The references to the AOLP Designation Application in the table below are to the line items in Table 8.2-1 of the Designation Application. Table 8.2-1 is reproduced following this table for ease of reference.

Development Activity	Estimated Cost	Reference in Filed Designation Application (from Table 8.2-1 of Designation Application, reproduced below)
Engineering, design, and procurement activity	\$9,410,000	Item 4 + Item 5 + Item 6 + Item 7 + Item 12*2/3
Materials and equipment	\$0	
Permitting and licensing	\$200,000	Item 12*1/3
Environmental and regulatory approvals	\$3,755,000	Item 2 + Item 3
Land rights (acquisition or options), including consultation and negotiation with landowners	\$505,000	Item 10*1/2
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	\$510,000	Participation element from Item 11
First Nation and Métis consultation	\$1,640,000	Balance of Item 11
Other consultation (community, stakeholder)	\$505,000	Item 10*1/2
IDC or AFUDC (if included in estimates)	\$0	
Contingency	\$1,652,500	Item 14
Other (explain in detail)	\$0	
Total	\$18,177,500	

Table 8.2-1 East-West Tie Line Development Cost Estimate

AOLP - EWT Development Cost Estimate		
Item	Description	Cost
1	Designation Application	\$0
2	Regulatory & Legal for Designation Hearing and LTC Preparation	\$425,000
3	Environmental Assessment (Provincial EA)	\$3,330,000
4	Project Management	\$1,580,000
5	Survey, LIDAR and GIS Services	\$1,900,000
6	Transmission Line Routing & Tower Spotting	\$3,990,000
7	Engineering & Design	\$1,540,000
8	Procure Material & Equipment	\$0
9	Land Acquisition	\$0
10	Public Consultation	\$1,010,000
11	First Nations & Métis Consultation and Participation	\$2,150,000
12	Owner's Costs	\$600,000
13	Sub-total	\$16,525,000
14	Contingency (10%)	\$1,652,500
15	Total	\$18,177,500

Table Notes

- (a) Cost based on 2012 dollars and an in-service date of November 2018.
- (b) Designation Application costs to January 4, 2013 are borne by AOLP.
- (c) Designation hearing costs will be recovered as part of development cost if AOLP designated.
- (d) In-service date can be advanced if some activities are performed prior to LTC approval:
 - procurement of long lead time materials; and
 - new tower family design, fabrication and testing.
- (e) No land acquisition prior to receipt of LTC approval.
- (f) Public consultation includes public, agency, municipal, landowner and other stakeholders.
- (g) First Nation and Métis consultation and participation costs:
 - AOLP is offering up to 49% equity participation at fair market value; and
 - brushing, surveying and construction must be performed at competitive rates.
- (h) Owner's costs for oversight of routing, environmental, project management and engineering.
- (i) Contingency at 10 percent.

Construction — The references to the AOLP Designation Application in the table below are to the line items in Table 8.7-1 of the Designation Application. Table 8.7-1 is reproduced following this table for ease of reference.

Construction Activity	Estimated Cost	Reference in filed Designation Application (from Table 8.7-1 of Designation Application, reproduced below)
Engineering, design, and procurement activity	\$12,403,200	Part of Item 1
Materials and equipment	\$125,059,200	Item 2
Permitting and licensing	\$200,000	Part of Item 1
Environmental and regulatory approvals	\$1,810,000	Part of Item 1
Land rights (acquisition or options), including consultation and negotiation with landowners	\$11,970,000	Part of item 1
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	\$1,000,000	Part of Item 1
First Nation and Métis consultation	\$720,000	Part of Item 1
Other consultation (community, stakeholder)	\$350,000	Part of Item 1
Site clearing and preparation	\$33,268,000	Item 3
Construction	\$261,497,600	Item 4 + item 5 + Item 6 + Part of Item 1
Site remediation	\$5,820,000	Item 3
IDC or AFUDC (if included in estimates)	\$0	
Contingency	\$0	
Other (explain in detail) e.g. CWIP	\$0	
Total	\$454,098,000	

Table 8.7-1 East-West Tie Line Construction Cost Estimate

AOLP - EWT Construction Cost Estimate		
Item	Description	Cost
1	Other Costs - Project Management, Construction Management, Construction Environmental Management Plan, Engineering & Design, Tower Family Design & Test, Geo-tech Investigation, Public consultation, First Nation and Métis Consultation and Participation, Land Acquisition, Regulatory and Owner's Costs	10%
2	Material Procurement	27%
3	Labour & Equipment - Clearing and Access	9%
4	Labour & Equipment - Foundations	23%
5	Labour & Equipment - Assembly and Erection	21%
6	Labour & Equipment - Stringing	10%
7	Sub-total	100%
8	Contingency (0%)	\$0
9	Total	\$425-550 million

Table Notes

- (a) Cost based on 2012 dollars and an in-service date of December 2018.
- (b) Cost does not include contingency, escalation or allowance for funds used during construction
- (c) In-service date can be advanced if some activities are performed prior to LTC approval:
 - procurement of long lead time materials; and
 - new tower family design, fabrication and testing.

Operation and Maintenance – The references to the AOLP Designation Application in the table below are to the line items in paragraphs 310-312, Section 8.12 of the Designation Application. Paragraphs 310-312, Section 8.12 are reproduced following this table for ease of reference.

Operations and Maintenance Activity	Estimated Cost	Reference in Filed Designation Application (from Section 8.12 of the Designation Application, reproduced below)
Major activities (please list, but cost estimate may be bundled)		
Operations	\$650,000	Section 8.12
Maintenance	\$780,000	Section 8.12
Administration and general costs related to O&M	\$270,000	Section 8.12
Regulatory costs	\$0	
Contingency	\$0	
Total	\$1,700,000	Section 8.12

Paragraphs 310-312, Section 8.12 of the Designation Application

310. AOLP expects the long-term operations and maintenance costs of the East-West Tie Line to be relatively small compared with construction costs. AOLP has estimated operations and maintenance costs to average approximately \$1.7 million (\$2012) per year. This estimate is based on extensive experience with similar facilities and excludes catastrophic events and customary capital maintenance expenditures. AOLP proposes to treat these costs in the typical regulated cost of service manner.
311. The estimated operations and maintenance expense in any given year is expected to range between \$1.0 (\$2012) and \$2.5 million (\$2012). This range is explained by the magnitude and timing of the cyclical right of way maintenance work which is expected to account for approximately 85% of annual maintenance expense and has been timed such that costs are spread over multiple years.
312. The estimate includes direct maintenance costs such as line inspections, hardware replacements and vegetation management, as well as indirect costs such as engineering support, supervision and an allocation of administration.

AOLP filed an estimated average annual cost of operating and maintaining the line of \$1.7 million and noted that in any given year, the cost is expected to range between \$1.0-2.5 million.

AOLP Response to Interrogatory Questions to all Applicants

Interrogatory #28

For each phase, please describe how the contingency amounts were determined.

Response:

Development

Contingency was calculated as ten percent of the total cost estimate.

Construction

Contingency was not included in AOLP's estimated construction budget. AOLP felt that expressing the budget as a range of costs was more appropriate than providing a point estimate plus contingency given the level of project information available at the time. As AOLP moves through the development stage and better defines and clarifies the risks involved in project execution, AOLP will develop a point estimate that includes contingency.

Operation and Maintenance

Contingency was not included in AOLP's estimated average annual operation and maintenance budget. AOLP felt that expressing the budget as a range of costs was more appropriate than providing a point estimate plus contingency given the level of project information available at the time. As AOLP moves through project execution and better defines requirements such as ongoing right-of-way maintenance and the operations agreement with HONI, we can develop an estimate of annual costs that includes contingency.

26. Please complete the following three tables to enhance cost comparability between applications. Applicants should provide the cost estimates based on their preferred option for the line. Where the preferred option is not the reference option, the tables should also be provided for the reference option.

In completing the tables, please assume the following:

- All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs.
- The development phase ends with the filing of a leave to construct application with the Board
- Taxes and duties should be excluded.

Response:

Please see completed tables below.

Development Activity	Estimated Cost	Reference in filed application¹
Engineering, design, and procurement activity	\$7,204,000	\$7,420,000
Materials and equipment		
Permitting and licensing		
Environmental and regulatory approvals	\$3,842,000	\$3,996,000
Land rights (acquisition or options), including consultation and negotiation with landowners	\$1,923,000	\$2,995,000
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	\$976,000	
First Nation and Métis consultation	\$1,923,000	\$5,760,000
Other consultation (community, stakeholder)	\$3,615,000	
IDC or AFUDC (if included in estimates)		
Contingency	\$2,179,000	\$2,257,000
Other (explain in detail)	\$2,307,000	\$960,000 \$1,440,000 \$2,400,000 ²
Total	\$23,969,000	\$24,828,000

Differences between the two columns are explained in Interrogatory #27.

¹ All of the listed costs appear on page 110 and Appendix X of CNPI's filed application.

² Represents the sum of Financing, Legal and Project Management costs in CNPI's application.

Construction Activity	Estimated Cost	Reference in filed application³
Engineering, design, and procurement activity	\$10,800,000	\$3,741,000 \$1,780,000 <u>\$6,400,000</u> \$11,921,000 ⁴
Materials and equipment (includes contingency)	\$181,050,000	\$80,000 \$935,000 \$27,570,000 \$136,748,000 \$8,474,000 <u>\$28,050,000</u> \$201,857,000 ⁵
Permitting and licensing	\$1,301,000	\$1,408,000
Environmental and regulatory approvals	\$2,960,000	\$3,204,000
Land rights (acquisition or options), including consultation and negotiation with landowners	\$16,304,000	\$18,752,000
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable) ⁶	\$681,000	
First Nation and Métis consultation	\$861,000	\$1,900,000
Other consultation (community, stakeholder)	\$861,000	
Site clearing and preparation	\$8,575,000	\$9,560,000

³ All of the listed costs appear on page 110 and Appendix X of CNPI's filed application.

⁴ Represents the sum of Final Engineering, LIDAR, and Subsurface in CNPI's application.

⁵ Represents the sum of the materials costs of Surveys, Roads, Foundations, Steel Structures, Structures Assemblies, and Conductor & Shield Wire in CNPI's application.

⁶ Certain non-recoverable indirect costs of participation have not been included. For example, assuming an equity loan is provided under a participation agreement, there would be an opportunity cost representing the difference between a return on equity and loan interest.

Construction Activity.....cont.	Estimated Cost...cont.	Reference in filed application... Cont.
Construction	\$148,698,000	\$802,000 \$10,605,000 \$41,910,000 \$80,100,000 \$24,030,000 <u>\$28,340,000</u> \$185,787,000 ⁷
Site remediation	\$17,584,000	
IDC or AFUDC (if included in estimates)	\$45,844,000	\$50,680,000
Contingency	\$80,153,000	\$86,660,000
Other (explain in detail) e.g. CWIP	\$11,089,000	\$3,600,000 <u>\$8,640,000</u> \$12,240,000 ⁸
Total	\$526,761,000	\$583,969,000

Operations and Maintenance Activity	Estimated Cost	Reference in filed application⁹
Major activities (please list, but cost estimate may be bundled)	\$974,000	\$974,000
Administration and general costs related to O&M	\$685,500	IRR #29
Regulatory costs	\$25,000	
Contingency		

⁷ Represents the sum of labour costs of Surveys, Roads, Foundations, Steel Structures, Structures Assemblies, and Conductor & Shield Wire.

⁸ Represents the sum of costs of Inspection and Project Management.

⁹ All the listed costs (other than Administration) appear on page 122 of CNPI's filed application.

28. For each phase, please describe how the contingency amounts were determined.

Response:

As noted in evidence on page 110 of CNPI's application, 20% contingency was added to the construction cost and 10% contingency was added to the development cost. Contingency has also been included in Materials and Equipment in respect of steel structures and conductor.

The contingency is based on standard utility practice being careful to not understate the cost, without pricing the project out of feasibility. Contingency within Materials and Equipment includes consideration of price risk associated with possible delays, commodity pricing risk, and testing. Less contingency is applicable to the design because the work is better defined and occurs in the next few years. Construction cost has multiple unknowns.

CNPI further states in the evidence on page 117 of CNPI's application that additional estimates prepared as engineering proceeds will be more accurate and will include less contingency.

ONTARIO ENERGY BOARD

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.

EB-2011-0140

EWT LP
Responses to Ontario Energy Board Interrogatories

March 28, 2013

1 **Interrogatory 26**

2 **Question**

3 **Please complete the following three tables to enhance cost comparability between**
 4 **applications. Applicants should provide the cost estimates based on their preferred**
 5 **option for the line. Where the preferred option is not the reference option, the tables**
 6 **should also be provided for the reference option.**

7 **In completing the tables, please assume the following:**

- 8 • **All figures should be stated in 2012 dollars, without escalation in labour,**
 9 **materials or other costs.**
- 10 • **The development phase ends with the filing of a leave to construct application**
 11 **with the Board.**
- 12 • **Taxes and duties should be excluded.**

13 **Response**

14 Development Costs

Development Activity	Estimated Cost	Reference in filed application
Engineering, design, and procurement activity	\$4.68m	Part B, Exh 8, App.8A
Materials and equipment	Zero	N/A
Permitting and licensing (excluding environmental and regulatory approvals)	\$0.56m	Part B, Exh 8, App.8A
Environmental and regulatory approvals	\$5.15m	Part B, Exh 8, App.8A
Land rights (acquisition or options), including consultation and negotiation with landowners	\$3.31m	Part B, Exh 8, App.8A
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	Zero	Included as cost in relevant activity
First Nation and Métis consultation	\$1.71m	Part B, Exh 8, App.8A
Other consultation (community, stakeholder)	\$2.43m	Part B, Exh 8, App.8A
IDC or AFUDC (if included in estimates)	\$1.6m	Part B, Exh 8, §8.2.1 p5, 111
Contingency	Zero	See note below
Other (explain in detail) Project Management including health, safety and environment; cost control, project administration	\$4.28m	Part B, Exh 8, App.8A
Total	\$23.72m	

15

16 Notes:

- 1 - The detailed breakdown of the costs tabled above is provided in detail in Part B, Exhibit
 2 8, section 8.2.1 and Appendix 8A.
 3 - Stakeholder costs relating to meetings with agency staff with respect to the environmental
 4 assessment e.g. Environmental Assessments Approval Branch, Department of Fisheries
 5 and Oceans etc. are included under the category ‘Environmental and Regulatory
 6 Approvals’
 7 - Stakeholder costs relating to meetings with agency staff from the IESO, the OPA, etc. are
 8 included under ‘Engineering, Design and Procurement Activities’ and ‘EWT Project
 9 Management’
 10 - All EWT LP internal costs including GLPT staff costs are included in ‘Other – Project
 11 Management’
 12 - The treatment of contingency is described in response to Interrogatory #28 for All
 13 Applicants.
 14

15 Construction Costs - Reference Design Option using double circuit steel lattice towers
 16 and 1192 Grackle conductor on the assumed reference route
 17
 18

Construction Activity	Estimated Cost	Reference in filed application
Engineering, design, and procurement activity	\$5m	Part B, Exhibit 8, Table 8.2, page 22
Materials and equipment	\$53m	Part B, Exhibit 6, Appendix 6A, Figure 1
Permitting and licensing	\$1m	Note 2
Environmental and regulatory approvals	\$6m	Part B, Exhibit 8, Table 8.2, page 22
Land rights (acquisition or options), including consultation and negotiation with landowners	\$4m	Note 3
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	\$0m	
First Nation and Métis consultation	\$1m	Note 2
Other consultation (community, stakeholder)	\$1m	Note 2
Site clearing and preparation	\$7m	Part B, Exhibit 6, Appendix 6A, Figure 1
Construction	\$282m	Part B, Exhibit 6, Appendix 6A, Figure 1
Site remediation	N/A	Note 1
IDC or AFUDC (if included in estimates)	\$28m	Part B, Exhibit 8, Table 8.2, page 22
Contingency	\$56m	Note 2
Other (explain in detail) - EWT Project Management including financing and legal	\$4m	Part B, Exhibit 8, Table 8.2, page 22
Other - Construction Management	\$42m	Part B, Exhibit 8, Table 8.2, page 22
Total	\$490m	

Notes:

1. Site remediation is included in Construction
2. Contingency is apportioned in the table above as follows: Permitting and Licensing (\$1m); Land Rights Acquisition (\$4m); First Nation & Métis Consultation (\$1m); Other Consultation (\$1m); Other Contingency (\$56m)
3. Land costs were estimated as follows. Note they should be similar for all transmitters because the cost of easements and land purchases, whether for private or Crown land, are all market based,.
 - In October 2012, Altus Group Inc. (“Altus”) reviewed the land use along the reference route for EWT LP and identified 156 separate land parcels.
 - Altus identified the FARES land use code for each land parcel e.g. #100 for residential land, to generate a land use profile
 - Altus also reviewed recent land transactions in each of the municipalities between Thunder Bay and Nipigon to determine the typical transaction price for private land
 - Based on the recent transactions, EWT LP assigned typical land prices for unimproved and improved lands (\$250 and \$1,000 per acre respectively)
 - Easements across private land were assumed at 75% of the market value with a further 5% for injurious affection. A review of aerial photography suggested that four properties may require buyout.
 - Land use rights across Crown land and Indian Reserves were appraised in accordance with the appropriate formula.
 - As a result, EWT LP provisionally estimates the cost of land rights to be a single lump-sum payment of \$850,000 plus an annual fee of approximately \$50,000. These costs exclude transaction costs.
 - Transaction costs (land agents, title searches and registrations, valuation, third party appraisal, negotiations with owners, EWT and landowner legal fees, surveys, drawings, administration, etc.) after the application for leave to construct is submitted are estimated at \$3.2 million.
4. All values subject to rounding

Construction Costs – ALT-B Single circuit cross-rop suspension (“CRS”) towers and twin 795 Drake conductor on the assumed reference route

Construction Activity	Estimated Cost	Reference in filed application
Engineering, design, and procurement activity	\$5m	Part B, Exhibit 8, Table 8.2, page 22
Materials and equipment	\$34m	Part B, Exhibit 6, Appendix 6A, Figure 2
Permitting and licensing	\$1m	Note 2
Environmental and regulatory approvals	\$7m	Part B, Exhibit 8, Table 8.2, page 22
Land rights (acquisition or options), including consultation and negotiation with landowners	\$4m	Note 2

Construction Activity	Estimated Cost	Reference in filed application
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	\$0m	
First Nation and Métis consultation	\$1m	Note 2
Other consultation (community, stakeholder)	\$1m	Note 2
Site clearing and preparation	\$10m	Part B, Exhibit 6, Appendix 6A, Figure 2
Construction	\$184m	Part B, Exhibit 6, Appendix 6A, Figure 2
Site remediation	N/A	Note 1
IDC or AFUDC (if included in estimates)	\$18m	Part B, Exhibit 8, Table 8.2, page 22
Contingency	\$40m	Note 2
Other (explain in detail) - EWT Project Management including financing and legal	\$4m	Part B, Exhibit 8, Table 8.2, page 22
Other - Construction Management	\$42m	Part B, Exhibit 8, Table 8.2, page 22
Total	\$350m	

Notes:

1. Site remediation is included in 'Construction'
2. Contingency has been apportioned in the table above as follows: Permitting and Licensing (\$1m); Land Rights Acquisition (\$4m); First Nation & Métis Consultation (\$1m); Other Consultation (\$1m); Other Contingency (\$40m)
3. All values subject to rounding

O&M Costs

Operations and Maintenance Activity	Estimated Cost (per annum)	Reference in filed application
Major activities (please list, but cost estimate may be bundled) - Operations - Maintenance	\$4.06m	Part B, Exhibit 8, section 8.12
Administration and general costs related to O&M	\$1.63m	Part B, Exhibit 8, section 8.12
Regulatory costs	\$0.25m	Part B, Exhibit 8, section 8.12
Contingency	\$1.19m	Part B, Exhibit 8, section 8.12
Total	\$7.12m	

See Part B, Exhibit 8, section 8.12 for a detailed estimate.

1 **Interrogatory 28**

2 **Request**

3 **For each phase, please describe how the contingency amounts were determined.**

4 **Response**

5 Contingency - Development Budget

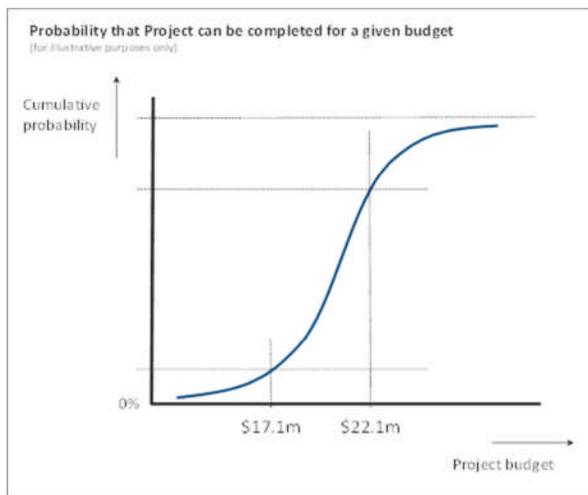
6
7 AACE International defines contingency as “An amount added to an estimate to allow for
8 items, conditions, or events for which the state, occurrence, or effect is uncertain and that
9 experience shows will likely result, in aggregate, in additional costs.”¹⁰ It includes major
10 scope changes, extraordinary events, amounts outside the defined scope of the Project,
11 escalation and currency effects.

12
13 As described in Part B, Exhibit 8, section 8.2.2, EWT LP has identified a reasonable
14 range of development outcomes and the associated costs, i.e. \$18.9m - \$22.1m, net of
15 AFUDC.

16
17 Rather than identify the minimum Project development cost (\$18.9m) and characterize
18 the incremental Project scope and associated expenditure (\$3.2m) as contingency,
19 EWT LP has instead identified the higher Project development cost (\$22.1m) in its
20 application. EWT LP believes that this is consistent with the nature of the designation
21 process, i.e. a regulatory hearing rather than a commercial procurement. EWT LP has
22 also calculated the accuracy of the total budget estimate (\pm \$1.8m) through a detailed line-
23 by-line risk assessment of the development budget. This number reflects the uncertainty
24 in EWT LP’s budget estimate.

25
26 The presentation of EWT LP’s development budget is best illustrated in Figure 8.2,
27 reproduced below (noting that \$17.1m = \$18.9m less \$1.8m).

¹⁰ AACE International (formerly American Association of Cost Engineers), "Cost Engineering Terminology", Recommended Practice 10S-90, rev. 2012.



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Contingency - Construction Budget

In the absence of a completed environmental assessment and the type of consultation necessary for a project of this nature, it is not possible to finalize the design, location or construction methodology for the new line.

EWT LP considers its construction cost estimate to be at the low end of ‘class 4’ as defined by AACE,¹¹ or a ‘Class D’ indicative estimate on the scale used by PWGSC.¹²

Based on the limited pre-development work EWT LP has already completed, its recent experience constructing transmission lines in Ontario, the advice of its owner’s engineer, Power Engineers Inc., and the input from two major North American construction companies, EWT LP has assumed construction contingency of \$63 million (which includes \$1 million permitting and licensing, \$4 million for land rights acquisition, \$1 million for Aboriginal consultation, \$1 million for consultation and \$56 million for other contingencies).

¹¹ AACE International, Recommended Practice No. 17R-97 COST ESTIMATE CLASSIFICATION SYSTEM TCM Framework: 7.3 – Cost Estimating and Budgeting, 2003.

¹² Public Works and Government Services Canada – see <http://www.tpsgc-pwgsc.gc.ca/biens-property/sngp-npms/bi-rp/conn-know/couts-cost/definition-eng.html>.

1 Contingency – Operations Budget

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Given that the final design and route of the line has not been determined and that the operations phase will not commence for at least five years, EWT LP has assumed a nominal 20% contingency in its operations budget estimate.

1 It would be premature to identify a preferred route at this stage. The Alternative A-Prime
2 route (which was the basis of the Applicant's analysis of schedule and costs) is 424 km in
3 length.

4 If after consultation by Icon/TPT, the final route exceeds 440 km, then the additional length
5 would materially alter the electrical parameters for the line. The targeted transfer capacity
6 could be maintained through the use of a shunt capacitor with a capacity greater than 125
7 MVAR and/or other reactive facilities such as series compensation or a static VAR
8 compensator.

9 **24. For transmitters proposing to use 230 kV class equipment, please indicate**
10 **whether the design you propose will be capable of continuous operation up to 250 kV**
11 **as required by the IESO's Market Rules.**

12 Icon/TPT confirms that its proposed design will be capable of continuous operation up to
13 250 kV as required by the IESO's Market Rules.

14 **25. Please describe any differences between the inputs that went into the**
15 **Feasibility Study on record and your proposed design.**

16 Icon/TPT's plan is consistent with the Reference Option. Icon/TPT is not aware of any
17 differences between the IESO's Feasibility Study and its proposed design.

18 **26. Please complete the following three tables to enhance cost comparability**
19 **between applications. Applicants should provide the cost estimates based on their**
20 **preferred option for the line. Where the preferred option is not the reference option,**
21 **the tables should also be provided for the reference option.**

- 22 • In completing the tables, please assume the following:
- 23 • All figures should be stated in 2012 dollars, without escalation in labour,
24 materials or other costs.
- 25 • The development phase ends with the filing of a leave to construct application
26 with the Board
- 27 • Taxes and duties should be excluded.

Development Activity	Estimated Cost	Reference in Application
Engineering, design, and procurement activity	5,370,000	Sections 4.1.2, 8.2, 8.3
Materials and equipment	—	
Permitting and licensing	300,000	Section 4.1.4, 8.2, 8.3
Environmental and regulatory approvals	4,250,000	Sections 4.1.4, Appendix 9/Section 9, 8.2, 8.3
Land rights (acquisition or options), including consultation and negotiation with landowners	1,857,000	Sections 4.1.5, 9.1, 8.2, 8.3
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	9,021,000	Sections 3, 10, 8.2, 8.3
First Nation and Métis consultation	11,028,000	Sections 3, 10, 8.2, 8.3
Other consultation (community, stakeholder)	800,000	Section 9.2, 8.2, 8.3
IDC or AFUDC (if included in estimates)	—	Not included
Contingency	4,140,000	Sections 8.2, 8.3, 8.5, Appendix D/Section 7
Other (A&G Costs)	8,775,000	Section 4.1.1, 8.2, 8.3
Total with Escalation	45,541,000	Section 8.2
Escalation	1,800,000	
Less Post-LTC Development Costs	12,996,000 ⁸	
Total w/o Escalation Pre-LTC Development Costs	30,745,000	

⁸ Calculated by prorating the estimated 2015 development expenditures of \$15,595,700 listed in section 8.4 of the Application assuming that Iccon/TPT files its leave to construct application on February 20, 2015 as projected in Appendix "B" to section 7 of Iccon/TPT Application.

Construction Activity	Estimated Cost	Reference in Application
Engineering, design, and procurement activity	11,770,000	Sections 4.1.2, 8.7, 8.9
Project Management	26,580,000	Sections 4.1.2, 4.1.3, 4.1.7, 8.7, 8.9
Materials and equipment	65,560,000	Sections 4.1.3, 8.7, 8.9
Permitting and licensing	—	
Environmental and regulatory approvals	2,000,000	Sections 4.1.4, 8.7, 8.9
Land rights (acquisition or options), including consultation and negotiation with landowners	10,700,000	Sections 4.1.5, 9.1, 8.7, 8.9
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	2,855,000	Sections 3, 10, 8.7, 8.9
First Nation and Métis consultation	3,129,000	Sections 3, 10, 8.7, 8.9
Other consultation (community, stakeholder)	—	
Site clearing and preparation	45,685,000	Sections 4.1.7, 8.7, 8.9
Construction	203,142,000	Sections 4.1.7, 8.7, 8.10
Site remediation	1,633,000	Sections 4.1.7, 8.7, 8.11
IDC	34,333,000	Section 8.7
EPC Contingency	33,018,000	Section 8.7, Appendix D/Section 7
Other		Section 8.7
Financing costs	16,320,000	
A&G Costs	16,166,000	
Non EPC Contingency	14,000,000	
Miscellaneous (Initial operating cash, reserve accounts, LC costs, etc.)	—	
Total w/o Escalation	486,891,000	

Construction Activity	Estimated Cost	Reference in Application
Escalation	37,210,000	
Total with Escalation	524,101,000	Section 8.7

Operations and Maintenance Activity	Estimated Cost	Reference in filed application
Major activities (please list, but cost estimate may be bundled)	1,877,500	Section 4.1.8, 8.12
Administration and general costs related to O&M	2,865,000	Section 4.1.8, 8.12
Regulatory costs	500,000	Section 4.1.8, 8.12
Contingency	257,500	Section 4.1.8, 8.12
TOTAL with Escalation	5,500,000	Section 8.13
Escalation	650,000	
Total w/o Escalation	4,850,000	

1 **27. a) Please confirm that while costs may be reaggreated into the specified**
 2 **categories, the amounts in the tables are consistent with the overall estimates filed in**
 3 **your application.**

4 **b) Please reconcile each of the development, construction and operation phase totals**
 5 **produced in the tables with the total costs for each of these phases put forward in**
 6 **your application. The reconciliation should describe and quantify each reconciling**
 7 **element.**

8 The amounts provided in response to Interrogatory A-26 are consistent with Iccon/TPT's
 9 Application with the exception of the total cost for construction (shown as "Construction:
 10 Total with Escalation") which has been reduced from \$526,348,000 to \$524,101,000. The

1 reduction results from the Board's direction that all figures be stated in 2012 dollars. This
2 direction reduced IDC which is attributable to escalation by approximately \$2 million and
3 accounts for the difference between identified in the above table compared to the amount of
4 identified in the Application.

5 **28. For each phase, please describe how the contingency amounts were**
6 **determined.**

7 The contingency amounts are based on the types of risks identified in the risk matrix
8 included as Appendix "D" to section 7 of Iccon/TPT's Application. The contingency amounts
9 for each phase were determined using Iccon/TPT's judgment using the probability and
10 impact ranges for each risk identified in the risk matrix. The risk matrix and the contingency
11 amounts will be re-evaluated by Iccon/TPT once the final right-of-way corridor has been
12 determined.

13 **29. With respect to operation, maintenance and administration costs, please**
14 **indicate whether the applicant's stated OM&A costs are estimated on a standalone**
15 **basis (i.e. the full OM&A costs of the line) or on a net basis (i.e. excluding costs**
16 **incurred by affiliates or other regulated utilities providing services to the applicant).**
17 **If on a net basis, please provide in detail the applicant's estimated OM&A costs on a**
18 **standalone basis.**

19 Iccon/TPT's operation, maintenance and administration costs have been estimated on a
20 standalone basis.

21 **30. With respect to the provision of services by HONI:**

22 **a. What specific services were assumed in the application?**

23 **b. What were the assumed associated costs?**

24 **c. In the absence of any input from HONI, on what basis were these**
25 **assumptions made?**

26 **d. What is the impact on the application if the assumed services are not**
27 **provided by HONI as envisioned by the applicant?**

28 This interrogatory is not applicable as Iccon/TPT's plan is based on the Reference Option.

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.

RESPONSES TO INTERROGATORIES

TO ALL APPLICANTS

FROM ONTARIO ENERGY BOARD

(on the evidence of the Applicant, RES CANADA TRANSMISSION LP)

MARCH 28, 2013

Interrogatory #26

Please complete the following three tables to enhance cost comparability between applications. Applicants should provide the cost estimates based on their preferred option for the line. Where the preferred option is not the reference option, the tables should also be provided for the reference option.

In completing the tables, please assume the following:

All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs.

The development phase ends with the filing of a leave to construct application with the Board.

Taxes and duties should be excluded.

Responses:

Since RES Transmission's costs were prepared in late 2012, they are considered as 2012 dollars and remain unchanged from the Application.

RES TRANSMISSION'S PREFERRED DESIGN & PRELIMINARY PREFERRED ROUTE

Development Activity	Estimated Cost (\$CAD Millions)	Reference in filed application
Engineering, design, and procurement activity	9.59	Ex. P Tab 4 Sch. 2 pg 3/6
Materials and equipment	0	Ex. P Tab 4 Sch. 2 pg 3/6
Permitting and licensing	0	NA ¹
Environmental and regulatory approvals	1.56	Ex. P Tab 4 Sch. 2 pg 3/6
Land rights (acquisition or options), including consultation and negotiation with landowners	2.78	Ex. P Tab 4 Sch. 2 pg 3/6
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	0.29	Ex. P Tab 4 Sch. 2 pg 3/6
First Nation and Métis consultation	0.76	Ex. P Tab 4 Sch. 2 pg 3/6
Other consultation (community, stakeholder)	0.86	Ex. P Tab 4 Sch. 2 pg 3/6
IDC or AFUDC (if included in estimates)	0	NA ¹

Development Activity	Estimated Cost (\$CAD Millions)	Reference in filed application
Contingency ²	1.4	Table P-5 Ex. P Tab 3 Sch. 1 pg 3/4
Other ³ (explain in detail) – see note below	4.29	Ex. P Tab 4 Sch. 2 pg 3/6
Total	21.53	

1. NA: Not applicable during the development phase
2. Contingency: RES calculated contingency using a risk assessment model; see response to IR #28 for further details
3. Other: project management costs

Construction Activity	Estimated Cost (\$CAD Millions)	Reference in filed application
Engineering, design, and procurement activity	12.84	Ex. P Tab 4 Sch. 2 pg 3/6
Materials and equipment	189.51	Ex. P Tab 4 Sch. 2 pg 3/6
Permitting and licensing	0.47	Ex. P Tab 4 Sch. 2 pg 3/6
Environmental and regulatory approvals	5.7	Ex. P Tab 4 Sch. 2 pg 3/6
Land rights (acquisition or options), including consultation and negotiation with landowners	12.47	Ex. P Tab 4 Sch. 2 pg 3/6
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	0.04	Ex. P Tab 4 Sch. 2 pg 3/6
First Nation and Métis consultation	0.06	Ex. P Tab 4 Sch. 2 pg 3/6
Other consultation (community, stakeholder)	0.68	Ex. P Tab 4 Sch. 2 pg 3/6
Site clearing and preparation	11.27	Ex. P Tab 4 Sch. 2 pg 3/6
Construction	76.22	Ex. P Tab 4 Sch. 2 pg 3/6
Site remediation	4.2	Ex. P Tab 4 Sch. 2 pg 3/6
IDC or AFUDC (if included in estimates)	0	Not Estimated

Construction Activity	Estimated Cost (\$CAD Millions)	Reference in filed application
Contingency ¹	50.2	Table P-7 EX. P Tab 4 Sch. 1 pg 2/4
Other ²	28.24	Ex. P Tab 4 Sch. 2 pg 3/6
Total	391.9	

1. Other: project management, financial and legal services, inspection services, spare parts facility, establish & maintain construction camps
2. Contingency: RES calculated contingency using a risk assessment model; see response to IR #28 for further details.

Operations and Maintenance Activity¹	Estimated Cost (\$CAD Millions)	Reference in filed application
Major activities (please list, but cost estimate may be bundled)	2.125	Ex. P Tab 6 Sch 2 pg 1/1
Administration and general costs related to O&M	.05	Ex. P Tab 6 Sch 2 pg 1/1
Regulatory costs	.025	Ex. P Tab 6 Sch 2 pg 1/1
Contingency ²	0	Not Estimated

1. RES Transmission's Application states that costs associated with ongoing land rights, systems operations & communications, First Nations impacts and NERC compliance changes would be determined during the development phase and are, accordingly, excluded from the cost estimates (Exhibit P. Tab 6, Schedule 2, page 1 of 1).
2. Contingency: RES calculated contingency using a risk assessment model; see response to IR #28 for further details.

RES TRANSMISSION'S REFERENCE DESIGN & REFERENCE ROUTE

Development Activity	Estimated Cost (\$CAD Millions ⁰)	Reference in filed application
Engineering, design, and procurement activity	9.41	Ex. P Tab 4 Sch. 2 pg 6/6
Materials and equipment	0	Ex. P Tab 4 Sch. 2 pg 6/6
Permitting and licensing	0	NA ¹
Environmental and regulatory approvals	1.56	Ex. P Tab 4 Sch. 2 pg 6/6
Land rights (acquisition or options), including consultation and negotiation with landowners	2.78	Ex. P Tab 4 Sch. 2 pg 6/6
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	0.29	Ex. P Tab 4 Sch. 2 pg 6/6
First Nation and Métis consultation	0.76	Ex. P Tab 4 Sch. 2 pg 6/6
Other consultation (community, stakeholder)	0.86	Ex. P Tab 4 Sch. 2 pg 6/6
IDC or AFUDC (if included in estimates)	0	NA ¹
Contingency ²	1.40	See note below
Other ³	4.31	Ex. P Tab 4 Sch. 2 pg 6/6
Total	21.37	

1. NA: Not applicable during the development phase
2. Contingency: RES calculated contingency using a risk assessment model; see response to IR #28 for further details
3. Other: project management

Construction Activity	Estimated Cost (\$CAD Millions)	Reference in filed application
Engineering, design, and procurement activity	12.59	Ex. P Tab 4 Sch. 2 pg 6/6
Materials and equipment	241.01	Ex. P Tab 4 Sch. 2 pg 6/6
Permitting and licensing	0.47	Ex. P Tab 4 Sch. 2 pg 6/6
Environmental and regulatory approvals	5.7	Ex. P Tab 4 Sch. 2 pg 6/6
Land rights (acquisition or options), including consultation and negotiation with landowners	13.02	Ex. P Tab 4 Sch. 2 pg 6/6
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)	0.04	Ex. P Tab 4 Sch. 2 pg 6/6
First Nation and Métis consultation	0.06	Ex. P Tab 4 Sch. 2 pg 6/6
Other consultation (community, stakeholder)	0.68	Ex. P Tab 4 Sch. 2 pg 6/6
Site clearing and preparation	11.27	Ex. P Tab 4 Sch. 2 pg 6/6
Construction	97.97	Ex. P Tab 4 Sch. 2 pg 6/6
Site remediation	4.3	Ex. P Tab 4 Sch. 2 pg 6/6
IDC or AFUDC (if included in estimates)	0	
Contingency ¹	59.64	Extrapolated from Table P-3 Ex. P Tab 1 Sch 1 pg 4/8
Other ²	29.89	Ex. P Tab 4 Sch. 2 pg 6/6
Total	476.64	

1. Contingency: RES calculated contingency using a risk assessment model; see response to IR #28 for further details.
2. Other: project management, financial and legal services, inspection services, spare parts facility, establish & maintain construction camps.

Operations and Maintenance Activity (not estimated in original application)	Estimated Cost (\$CAD Millions)	Reference in filed application
Major activities (please list, but cost estimate may be bundled) Annual inspections Vegetation Management Spare Parts Unplanned outage response	2.65	Ex. F-5-1 and P-6-1; P Tab 6 Sch 2 pg 1/1
Administration and general costs related to O&M	.08	Ex. P Tab 6 Sch 2 pg 1/1
Regulatory costs	.031	Ex. P Tab 6 Sch 2 pg 1/1
Contingency	0	

RES Transmission's Application states that costs associated with ongoing land rights, systems operations & communications, First Nations impacts and NERC compliance changes would be determined during the development phase and are excluded from the cost estimates (Exhibit P-6-2, page 1 of 1).

Detailed O&M costs for the East-West Tie line will be determined during the Development Phase, when the design and route have been finally determined (Exhibit F-5-1).

Interrogatory #28

For each phase, please describe how the contingency amounts were determined.

Responses:

As described in Exhibits N-3-3 and P-5-1 of RES Transmission's Application, for each of the development, construction and operation phase, the contingency amounts were calculated based on the following factors:

1. identification of possible risks;
2. allocation of estimated cost to each risk;
3. allocation of estimated probability of occurrence of each risk;
4. allocation of estimated severity of impact of each risk if it occurred;
5. calculation of overall risk value by risk value x probability x severity; and
6. development of mitigation plan for each risk.

UPPER CANADA TRANSMISSION, INC.

**Response to Board Interrogatory 26
 to all Applicants**

Please complete the following three tables to enhance cost comparability between applications. Applicants should provide the cost estimates based on their preferred option for the line. Where the preferred option is not the reference option, the tables should also be provided for the reference option.

In completing the tables, please assume the following:

- All figures should be stated in 2012 dollars, without escalation in labour, materials or other costs.
- The development phase ends with the filing of a leave to construct application with the Board.
- Taxes and duties should be excluded.

Development Activity	Estimated Cost	Reference in filed application
Engineering, design, and procurement activity		
Materials and equipment		
Permitting and licensing		
Environmental and regulatory approvals		
Land rights (acquisition or options), including consultation and negotiation with landowners		
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)		
First Nation and Métis consultation		
Other consultation (community, stakeholder)		

Development Activity	Estimated Cost	Reference in filed application
IDC or AFUDC (if included in estimates)		
Contingency		
Other (explain in detail)		
Total		

Construction Activity	Estimated Cost	Reference in filed application
Engineering, design, and procurement activity		
Materials and equipment		
Permitting and licensing		
Environmental and regulatory approvals		
Land rights (acquisition or options), including consultation and negotiation with landowners		
First Nation and Métis participation (direct and indirect costs, including impact mitigation if applicable)		
First Nation and Métis consultation		
Other consultation (community, stakeholder)		
Site clearing and preparation		
Construction		
Site remediation		
IDC or AFUDC (if included in estimates)		

Construction Activity	Estimated Cost	Reference in filed application
Contingency		
Other (explain in detail) e.g. CWIP		
Total		

Operations and Maintenance Activity	Estimated Cost	Reference in filed application
Major activities (please list, but cost estimate may be bundled)		
Administration and general costs related to O&M		
Regulatory costs		
Contingency		

Response:

See Attachment 1.

Development Activity	Recommended Plan Estimated Cost	Reference Plan Estimated Cost	Reference in filed application
Engineering, Design, and Procurement Activity	10,553,085	10,553,085	Section 8.2 - Figure 21 - Engineering & Design
Materials and Equipment	-	-	Section 8.2 - Figure 21 - Materials & Procurement
Permitting and Licensing	46,667	46,667	Section 8.2 - Figure 21 - Permitting, Licensing, Environmental
Environmental and Regulatory Approvals	3,593,500	3,593,500	Section 8.2 - Figure 21 - Permitting, Licensing, Environmental
Land Rights (acquisitions or options), including consultation and negotiation with landowners	1,990,805	1,990,805	Section 8.2 - Figure 21 - Land Acquisition & Aboriginal Affairs *
First Nation and Metis participation (direct and indirect costs, including impact mitigation if applicable)	-	-	Not Included *
First Nation and Metis consultation	1,723,375	1,723,375	Section 8.2 - Figure 21 - Land Acquisition & Aboriginal Affairs
Other Consultation (community, stakeholder)	496,240	496,240	Section 8.2 - Figure 21 - Land Acquisition & Aboriginal Affairs
IDC or AFUDC	-	-	Not Included
Contingency	1,319,136	1,319,136	Section 8.2 - Figure 21 - Engineering & Design
Other (explain in detail)			
Regulatory (Legal Support, Rate Case Filing, LTC Filing)	985,240	985,240	Section 8.2 - Figure 21 - Other Significant Expenditures
Interconnection Studies	179,210	179,210	Section 8.2 - Figure 21 - Other Significant Expenditures
Project Management	1,299,764	1,299,764	Section 8.2 - Figure 21 - Other Significant Expenditures
TOTAL (2012 Dollars)	22,187,022	22,187,022	Total Removing Escalation
Escalation (To Bring back to 2012 Dollars)	211,062	211,062	Section 8.2 - Figure 21 - Engineering & Design
TOTAL (Including Escalation)	22,398,084	22,398,084	Total Including Escalation - Matches Application

Construction Activity	Recommended Plan Estimated Cost	Reference Plan Estimated Cost	Reference in filed application
Engineering, Design, and Procurement Activity	13,235,907	13,243,117	Section 8.7 - Figure 23 - Engineering & Design
Materials and Equipment	52,168,975	69,423,822	Section 8.7 - Figure 23 - Materials & Procurement
Permitting and Licensing	193,333	193,333	Section 8.7 - Figure 23 - Permitting, Licensing, Environmental
Environmental and Regulatory Approvals	3,027,770	3,027,770	Section 8.7 - Figure 23 - Permitting, Licensing, Environmental
Land Rights (acquisitions or options), including consultation and negotiation with landowners	17,135,214	17,135,214	Section 8.7 - Figure 23 - Land Acquisition and Aboriginal Affairs *
First Nation and Metis participation (direct and indirect costs, including impact mitigation if applicable)	-	-	Not Included *
First Nation and Metis consultation	5,526,345	5,526,345	Section 8.7 - Figure 23 - Land Acquisition and Aboriginal Affairs
Other Consultation (community, stakeholder)	841,040	841,040	Section 8.7 - Figure 23 - Land Acquisition and Aboriginal Affairs
Site clearing and preparation (including Roads)	52,293,201	50,610,924	Section 8.7 - Figure 23 - Construction
Construction	180,234,437	193,123,999	Section 8.7 - Figure 23 - Construction
Site remediation (Neutral Footprint)	10,307,996	9,690,100	Section 8.7 - Figure 23 - Permitting, Licensing, Environmental Section 8.7 - Figure 23 - Construction
IDC or AFUDC	-	-	Not Included
Contingency	35,708,360	38,990,910	Section 8.7 - Figure 23 - Construction Section 8.7 - Figure 23 - Materials & Procurement Section 8.7 - Figure 23 - Engineering & Design
Other (explain in detail)			
Regulatory (Legal Support, Rate Case Filing, LTC Filing)	3,642,806	3,642,806	Section 8.7 - Figure 23 - Other Significant Expenditures
Project Management	3,197,888	3,197,888	Section 8.7 - Figure 23 - Other Significant Expenditures
TOTAL (2012 Dollars)	377,513,272	408,647,268	Total Removing Escalation
Escalation (To Bring back to 2012 Dollars)	19,148,348	20,918,600	Section 8.7 - Figure 23 - Construction Section 8.7 - Figure 23 - Materials & Procurement Section 8.7 - Figure 23 - Engineering & Design
TOTAL (Including Escalation)	396,661,620	429,565,868	Total Including Escalation - Matches Application

Operations and Maintenance Activity	Recommended Plan Estimated Cost	Reference Plan Estimated Cost	Reference in filed application
Major activities (please list but cost estimate may be bundled)			
Inspection (air & ground), Patrols, Vegetation & Right of Way Management	740,000	740,000	Section 8.12 - Figure 25 - Operations and Maintenance
O&M Staffing, Field Office, Technical Support services	511,000	511,000	Section 8.12 - Figure 25 - Operations and Maintenance
Administration and general costs related to O&M	1,346,000	1,346,000	Section 8.12 - Figure 25 - Administration and General
Regulatory costs	1,850,000	1,850,000	Section 8.12 - Figure 25 - Regulatory Compliance
Contingency	-	-	Not Included
TOTAL (2012 Dollars)	4,447,000	4,447,000	Matches Application

* As stated in the UCT Application, an estimate for First Nation and Métis land acquisition is not included as this will be determined at a later date after engagement and consultation have advanced.

UPPER CANADA TRANSMISSION, INC.

**Response to Board Interrogatory 28
to all Applicants**

For each phase, please describe how the contingency amounts were determined.

Response:

As discussed in Section 8.3 of the NextBridge application, the Development Phase budget was determined using a 'bottom-up' methodology, with each activity being assessed at its expected cost without a specific amount set aside for "contingency", with the exception of Engineering and Design. Each technical team identified in response to Board interrogatory 1 to all applicants, as identified in Section 4.1 of the NextBridge application, was responsible for developing a portion of the overall budget. As can be seen in the table provided in response to Board interrogatory 26 to all applicants, incremental contingency was included as part of the Engineering and Design effort during the Development Phase. We believe the application of incremental contingency for Engineering and Design is appropriate due to that category of costs' impact to the overall budget. The contingency has been derived from proprietary percentages, developed through our extensive history of successful project execution, and applied to the component parts.

For the Construction Phase, the cost estimates contained in NextBridge's Application were led by NextEra in consultation with our external engineering and construction advisors. As can be seen in the table provided in response to Board interrogatory 26 to all applicants, contingency has been specifically assessed as part of the construction, materials and procurement, and engineering and design efforts during the Construction Phase. The size of the contingency reflects the relative size of the cost categories to the overall budget. The contingency has been derived from proprietary percentages, developed through our extensive history of successful project execution, and applied to the component parts.

While NextBridge's formulas for calculating contingencies are proprietary, we believe that the historical project actual vs. budget information provided in response to Board interrogatory 32 to all applicants validates NextBridge's ability to produce accurate financial forecasts for its projects.

As with the Development Phase, the Operation and Maintenance Phase budget was determined using a 'bottom-up' methodology. This takes into account detailed variability for different maintenance tasks that are required over the life of the project. Due to the rigor of the effort and the preliminary nature of the estimate, we do not believe it appropriate to add an additional stand-alone contingency value to this Phase.

UNDERTAKING JT1.23

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TC TR 1, page 105

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

RESPONSE

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	- Environment support for the geotechnical drilling program including environmental inspectors; - Field studies for the new route around Pukaskwa Park and through White River because the Pukaskwa Park route was no longer a viable option; - field studies of access roads to include in the environmental assessment that were not planned for; and - 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.
\$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
\$2,206,956¹	

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

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UNDERTAKING

TR 1, page 22

To confirm spending on development work by August 2014.

RESPONSE

As of August 31, 2014, NextBridge Infrastructure LP had spent \$11,165,561 under the budgeted costs and \$1,295,046 under the unbudgeted costs for a total of \$12,460,607. Both these amounts were reported in Upper Canada Transmission, Inc.'s September 22, 2014 OEB Monthly Report at Tables 1 and Table 2 (pages 6 and 8 respectively).

SEC INTERROGATORY #15

INTERROGATORY

[EB-2011-0140 UCT Designation Application, p.92] In Nextbridge's designation application it recognized that there was a possibility that permission may not be granted to construct the line through Pukaskwa National Park and identified a route variant to bypass the area that is similar to the proposed route in this application. Please provide any project cost forecast that Nextbridge had at the time of the designation application regarding the alternative route.

RESPONSE

There is no project cost forecast to provide, because at the time of the designation application NextBridge had estimated the additional length of the alternative route, but had not estimated the additional cost of such an alternative route.

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>22,398,000</u>	<u>20,370,000</u>	<u>17,851,501</u>	<u>40,249,501</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.