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BY E-MAIL

August 14, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure)
Application for Leave to Construct the East-West Tie Line Project
Development Costs Hearing
OEB File Number No.: EB-2017-0182**

In accordance with Procedural Order No. 6, dated July 27, 2018 and the OEB's extension letter, dated July 31, 2018, please find attached OEB staff interrogatories in the above proceeding. The attached document has been forwarded to the applicant and to all other registered parties.

Yours truly,

Original Signed By

Zora Crnojacki
Project Advisor
Supply & Infrastructure

Attachment

cc: Parties to EB-2017-0182, EB-2017-0194 and EB-2017-0364



OEB Staff Interrogatories

**Upper Canada Transmission Inc.
(on behalf of NextBridge Infrastructure)**

**Application for Leave to Construct the East-West Tie Line
Development Costs Hearing**

EB-2017-0182

August 14, 2018

JD1.2-Staff-1

**Ref: Undertaking Response JD1.2, Activity 1, Page 6
Update Stakeholder Relations Consultation Plan**

NextBridge states that the Consultation Plan is part of the Terms of Reference (TOR) and the Environmental Assessment (EA) and is the document that guides NextBridge stakeholder engagement activities. As such, the Consultation Plan needs to be kept up-to-date. NextBridge further provided that while the actual text edits would not have taken more than a couple days to complete, the time to discuss and develop the modified Consultation Plan and engagement strategy is where the bulk of the time was spent. NextBridge states that it efficiently managed the time of others by discussing the strategy on already scheduled weekly calls and providing one consolidated draft for review.

Questions:

- a) How many times has the Consultation Plan been updated?
- b) How long did it take for NextBridge to update the Consultation Plan (both the number of hours and the period of days the work extended over)?
- c) Was NextBridge continuously working on the Consultation Plan update between November 2013 and January 2016?
- d) Please provide any meeting minutes that discuss updates to the Consultation Plan.
- e) What are the categories of costs associated with the Consultation Plan update (e.g. consultant costs, internal staff time, etc.), and their percentage of total costs for this Activity?

J.D1.2-Staff-2

**Ref: Undertaking Response JD1.2, Activity 2, Page 7
One Additional Round of Open Houses**

NextBridge provides that open houses are standard practice in the EA process and that NextBridge included three rounds of open houses in the TOR submitted for its EA approval process. NextBridge further explains that during the extended development period, NextBridge held two rounds of open houses and that these extra rounds of open houses were needed to fill the gap during the extended development period and were held in April 2016, which was two years after the original open houses.

Questions:

- a) Please clarify how many rounds of open houses were held in total. Were there three, which included the additional rounds of open houses? How many additional rounds of open houses were held during the extended development period, one or two? Also, did

NextBridge hold open house events in all eight locations in each round?

- b) In tabular format, please list all your open house events since the start of the project (i.e. originally planned as well as any additional ones) and provide the month, year, location of each event, as well as the cost of each event and the main reason(s) and/or key message(s) that was communicated in each event. Please also indicate the open house attendance and the number of NextBridge staff at each event.

- c) NextBridge's evidence states that

NextBridge included three rounds of open houses in the TOR submitted to the Ministry of Environment and Climate Change. Once the TOR was approved by that Ministry, the three rounds became mandatory¹.

Staff's understanding is that the TOR for the EA was approved in August 2014, but the letter from the OPA regarding the delay to the proposed in-service date was not issued until September 2014. Please explain how NextBridge can state that the number of open houses was impacted by the project delay.

- d) Did the former Ministry of the Environment and Climate Change ask that you do any further open houses during the development period? If so, please provide documents related to the request.
- e) In NextBridge's view, was holding additional round(s) of open houses the best way of maintaining contact with stakeholders during the extended development period? Did NextBridge explore other methods, such as issuing communication memos or any less costly alternatives?
- f) How did NextBridge ensure the open houses were held in the most cost effective way?
- g) How did NextBridge determine the number of locations of open houses in each round?
- h) What was the outcome of these additional open houses? In other words, what does NextBridge believe was the impact of these open houses on the project and what did NextBridge achieve after holding the open houses?

JD1.2-Staff-3

Ref: Undertaking Response JD1.2, Activities 3 and 25, Page 7 and 25

Aboriginal capacity funding expenditures; Capacity Funding Agreement

NextBridge described the need and costs of Activity 3 (Aboriginal Capacity Funding Expenditures). It indicated that during the extended development period, it provided 12 additional capacity funding agreements for a total funding of \$1,310,582. Activity 25 (Capacity Funding Agreements) was required as a result of NextBridge identifying the need for a deeper level of consultation. NextBridge spent \$ 69,000 on additional capacity agreements.

¹ JD1.2, page 7

Questions:

- a) Please confirm that \$69,000 is not included in the capacity funding costs of \$1,310,582 spent on Activity 3 (Aboriginal capacity funding expenditures).
- b) What is the rationale for separating Activity 3 and Activity 25, and how did NextBridge distinguish the costs associated with these two activities?
- c) In tabular format, please list all the Aboriginal capacity funding expenditures and capacity funding agreement costs— including the Activity, amount of funding and community that the funding was provided to - and show the outcome associated with each expenditure.
- d) Were (i) traditional knowledge studies and (ii) skills development part of the original OEB-approved amount for the “First Nations and Metis Consultation” cost category?
- e) How did NextBridge satisfy itself that the costs associated with Activities 3 and 25 were prudent?
- f) What monitoring/feedback mechanisms did NextBridge have in place to assess the impact of its capacity funding?

JD1.2-Staff-4

**Ref: Undertaking Response JD1.2, Activity 4 and 37, Page 8 and 36
Aboriginal Consultation Costs**

Questions:

- a) What is the rationale for treating Activities 4 and 37 separately, and how did NextBridge distinguish the costs associated with these two activities?
- b) Please advise as to whether any traditional knowledge data collection was performed for the route through Pukaskwa Park? If so, describe the activities undertaken, costs associated with those activities, and when those activities took place. Please also note which cost category these costs correspond to.
- c) Please advise as to whether any traditional knowledge data collection was performed for the remainder of the route (i.e. other than the route through and around Pukaskwa Park)? If so, describe the activities undertaken, costs associated with those activities, and when those activities took place. Please also note which of the 42 activities these costs correspond to.
- d) If no traditional knowledge was done for the route through Pukaskwa Park, what would NextBridge estimate to be the cost savings associated with not having to undertake those studies? Please explain how NextBridge has calculated this number.

JD1.2-Staff-5**Ref: Undertaking Response JD1.2, Activity 5, Page 9
Aboriginal Advisory Board**

NextBridge states that during the extended development period, it disbanded the Aboriginal Advisory Board to reduce costs and proposed replacing it with the Aboriginal Community Advisory Board, made up of members from the 18 community members.

Questions:

- a) Please explain what the purpose of establishing the Aboriginal Community Advisory Board would be? What would NextBridge achieve by establishing such a structure?
- b) How would the Aboriginal Community Advisory Board differ in structure, purpose and cost from the Aboriginal Advisory Board?

JD1.2-Staff-6**Ref: Undertaking Response JD1.2, Activity 7, Page 10
Stakeholder Engagement Program**

NextBridge states that during the extended development period, it determined that it needed to continue its external stakeholder engagement to ensure transparency and to keep stakeholders informed. NextBridge further provides that costs during this period included updates to NextBridge's project website, site management, database costs, and labour.

Questions:

- a) How did NextBridge's Stakeholder Engagement Program differ from the open houses, particularly with respect to the open houses listed to have taken place in April and December 2016 under Activity 7?
- b) Please explain how NextBridge determined what level of external stakeholder engagement was prudent?
- c) What are other activities (other than project website, site management, database costs and labour) were included in this category?
- d) Was engagement with stakeholders primarily initiated by NextBridge, or were most of the costs associated with this category in reaction to questions and requests for information from stakeholders? Please explain.
- e) Please explain the difference between Activities 7 (Stakeholder Engagement Program) and 38 (Stakeholder Relations Activity).
- f) How did NextBridge determine which Activity (7 or 38) costs should be allocated to?

JD1.2-Staff-7

Ref: Undertaking Response JD1.2, Activity 8, Page 12

Ramp-up of LTC Preparation

NextBridge explains that stopping in September 2014 and resuming work in July 2016 on the LTC application required considerable work to coordinate the many components of the application. NextBridge provides that some of the information had changed since the originally scheduled filing date of January 2015, including additional stakeholder feedback, deeper knowledge of Aboriginal involvement and needs, land access, and more detailed engineering specifications.

Questions:

- a) Please describe the amount of work that had been completed in preparation for the January 2015 target LTC filing before the September 2014 letter from the OPA was received.
- b) Given that the OEB's Chapter 4 Filing Requirements was last updated on July 31, 2014, please list all the LTC application sections that required major updates, as well as all the items that required either no update or needed minor modification.
- c) How did NextBridge decide on the LTC filing dates of January 2015 (i.e. original LTC filing date) and July 2017 (i.e. the actual LTC filing date)?
- d) What was NextBridge's legal costs associated with preparing the LTC application? Please also provide the number of hours that the legal team and internal staff worked on preparing the LTC application.
- e) How does the costs in this Activity during the extended development period compare to the originally budgeted costs?

JD1.2-Staff-8

Ref: Undertaking Response JD1.2, Activity 9, Page 13

Accounting, Back Office, Internal Reporting and Procurement Support

NextBridge states that the activities in this category include day-to-day back office requirements, including project accounting, accounts payable, sales tax management, cash management, variance analysis, and information technology support. NextBridge further explains that this category additionally supported reviewing audit, tax filings, regulatory filings for accuracy, and preparing the financial statements for the ten quarterly OEB reports.

Questions:

- a) Please explain in detail, what is meant by “internal reporting and procurement support” and list all the activities that are performed under internal reporting and procurement support.
- b) Please provide the number of NextBridge’s full-time employees, the number of full-time employees of NextBridge’s partners and also the number of part-time contractors that were involved or responsible for the tasks in this category. Please also provide the number of hours these resources spent on this Activity.
- c) How did NextBridge ensure costs associated with these activities were prudently incurred?

JD1.2-Staff-9

Ref: Undertaking Response JD1.2, Activities 10 and 40, Page 13 and 39

Support Functions for EWT Line Project Work from All Work Streams; Support functions for EWT Project development work from all work streams

NextBridge states that the schedule for the development and construction of the East-West Tie Line has many interdependencies and requires the coordination of multiple disciplines. NextBridge says in order to ensure that the project remained on schedule, NextBridge personnel met regularly, either in person or via conference call to align interrelated tasks.

Questions:

- a) Please explain the difference between Activities 10 and 40.
- b) How do Activities 10 and 40 differ from the work of the Project office (Activity 11)?
- c) How did NextBridge determine which Activity (10, 11 or 40) costs should be allocated to?
- d) Other than holding the meetings via conference calls, how did NextBridge ensure costs associated with these activities were prudently incurred?
- e) Please provide meeting minutes for the team meetings referenced above.
- f) How often did Nextbridge hold team lead meeting in (i) 2014; (ii) 2015; (iii) 2016 and (iv) from January-June 2017.
- g) To the extent that NextBridge changed the frequency of these meeting during the extended development period, please advise as to when and why the frequency changed.
- h) What is the rationale for capturing these cost as a stand-alone category (i.e. Activity 40) as opposed to combining it with Activity 10 or even other project management costs?

- i) Please explain why the actual costs for Activity 10 are almost equal to the budgeted estimate from June 2015, but the actual costs for Activity 40 are only a fraction of the budgeted estimate from June 2015.

JD1.2-Staff-10

Ref: Undertaking Response JD1.2, Activity 11, Page 14 EWT Project Office Salary and Overheads

NextBridge states that it reduced its dedicated staff from a Project Director, Project Manager, and an administrative position to a single Project Director position, while leveraging other internal labour as needed. NextBridge also notes that it eliminated its full time office space by utilizing part of a partner's office location at no charge to NextBridge and because these costs efficiencies were maximized during the extended development period, NextBridge was able to perform these duties at lower costs than estimated in the June 2015 filings.

Questions:

- a) In NextBridge's view, could the office space arrangement referenced above have been utilized since the start of the project, rather than during the extended development period only? If not, why not?
- b) Please estimate the costs saved through this arrangement.
- c) When did Nextbridge eliminate its full time office space?
- d) What were the total costs associated with this office space and over what period were these costs incurred?
- e) When (if ever) did NextBridge reacquire a full time office space?
- f) What costs were saved by the elimination of the Project Manager and administrative position in the spring of 2016?
- g) Why were these positions retained for approximately 18 months after the OPA announcement of a delay?
- h) In NextBridge's view, could the Project Manager and administrative position also have been eliminated at the start of the project? Why or why not?
- i) How did NextBridge ensure costs associated with this category were prudently incurred, prior to the extended development period?

JD1.2-Staff-11

**Ref: Undertaking Response JD1.2, Activity 13, Page 15
Supplemental Socio-Economic Assessment**

NextBridge states that the submission of a complete EA, including the socio-economic assessment, in July of 2017, was necessary in order to have the EA reviewed on a project schedule that provided for construction of the East-West Tie Line to begin in late 2018, so NextBridge could meet the 2020 in-service date. NextBridge further explains that three bidders were invited to bid on the RFP proposal to complete the EA in Fall of 2015, which included finalizing the socio-economic assessment, and Golder Associates was awarded the contract in November 2015, as it was the lowest cost bidder with the required experience.

Questions:

- a) When was the initial data for the socio-economic assessment collected?
- b) When was the supplemental data for the socio-economic assessment collected?
- c) Why was there a need to collect the supplemental data?
- d) Did the former Ministry of the Environment and Climate Change require the supplemental data? Please provide all relevant correspondence from the former Ministry of the Environment and Climate Change.
- e) Please provide a percentage comparison of Golder Associates' costs to costs offered by two other bidders.
- f) Were the other bidders deemed to have the required experience?
- g) What have been the costs for change orders from Golder Associates?
- h) What steps has NextBridge taken to ensure that the costs associated with any change orders are reasonable?

JD1.2-Staff-12

**Ref: Undertaking Response JD1.2, Activities 14 and 15, Page 16
Preparation of Revised EWT Schedule and Budget and May 15, 2015 Submission
Costs**

NextBridge states that it has grouped together the costs for Activity 14 and 15, due to the similar nature of work completed. It also notes that unlike the other activities in the May 15, 2015 budget, NextBridge specifically recorded these costs under a separate cost code so that they could be tracked and the costs managed.

Questions:

- a) How do the costs and staffing for these activities differ from the costs associated with Activity 10 (Support Functions for EWT Project Development Work from All Work Streams), Activity 11 (EWT Project Office Salaries and Overheads) and Activity 40 (Support Functions for EWT Line Project Development Work)?
- b) How did NextBridge determine which Activity (10, 11, 14, 15 or 40) costs should be allocated to?
- c) How did NextBridge ensure costs associated with this category were prudently incurred?
- d) Why did NextBridge specifically record these costs under a separate cost code and then group them together?
- e) Please provide separate budgeted and actual costs for Activity 14 and Activity 15.

JD1.2-Staff-13

Ref: Undertaking Response JD1.2, Activity 16, Page 17

Pursuit of Authorization to Study Route Through Pukaskwa Park

NextBridge states that it retained an external government relations firm through a request for proposal process to engage with Parks Canada regarding the possibility of going through Pukaskwa National Park. NextBridge further explains that there were eight bidders and that NextBridge chose the firm based on a combination of the lowest bid price and qualifications. NextBridge says the contract was terminated in mid-June 2015 when Parks Canada confirmed that NextBridge was unable to go through Pukaskwa National Park in May 2015.

Questions:

- a) Please provide a percentage comparison of costs proposed by the successful bidder to the costs offered by the other bidders.
- b) How many hours were billed by the external government relations firm to engage with Parks Canada on this matter?
- c) How did NextBridge determine that engaging an external government relations firm was the best way to pursue a route through Pukaskwa National Park? Were other options considered?

JD1.2-Staff-14**Ref: Undertaking Response JD1.2, Activity 17, Page 19****Proponent Information Tax Returns**

NextBridge states that it utilized an existing vendor of a partner to prepare the statutory required partnership information returns during the extended development window. NextBridge says it was able to use the pre-negotiated rates of the larger partner company resulting in the returns being prepared with minimal cost to NextBridge.

Questions:

- a) Please provide a breakdown of costs for (i) 2016 and (ii) 2017 tax filings.
- b) How did NextBridge ensure costs associated with this category were prudently incurred, in the absence of a competitive process?
- c) Why could NextBridge not prepare the returns using internal resources?

JD1.2-Staff-15**Ref: Undertaking Response JD1.2, Activity 18, Page 19****Annual Audit of EWT Project Financials**

NextBridge states that, as part of the regulatory reporting requirements of the OEB, two additional audits were performed during the extended development period. NextBridge says that in order to conduct the audit in a cost effective manner, NextBridge reached out to several audit firms to gather bids and NextBridge selected the lowest bidder.

Questions:

- a) Please provide a percentage comparison of costs proposed by the successful bidder to the costs offered by the other bidders.
- b) How did NextBridge determine which firms to invite to bid on the work?
- c) It seems NextBridge has grouped costs in Activity 17 and 18. Please provide the cost associated with Activity 18, i.e. Annual Audit of EWT Project Financials separately for (i) 2016 and (ii) 2017.
- d) Please describe the scope of the audits performed.

JD1.2-Staff-16

**Ref: Undertaking Response JD1.2, Activity 19, Page 20
OEB Quarterly Reporting**

During the extended development period, NextBridge made necessary filings to comply with the OEB's reporting filing requirements. NextBridge requested that the reporting frequency be reduced from monthly to quarterly in its May 15, 2015 filing to the OEB. This reduced the amount of time spent on creating and filing these reports.

Questions:

- a) In tabular format, please provide the categories of costs and amounts associated with reports filed with the OEB, both monthly and quarterly.
- b) How many hours of staff time went into each report to the OEB?

JD1.2-Staff-17

**Ref: Undertaking Response JD1.2, Activity 20, Page 21
Expanded alternatives assessment**

NextBridge provided that the cost in this Activity are included in total cost for the EA (done by Golder Associates).

Questions:

- a) Please confirm that Expanded Alternatives Assessment is an assessment that would have had to be done prior to filing the EA.

JD1.2-Staff-18

**Ref: Undertaking Response JD1.2, Activities 21-24, Page 22-25
Incremental field studies and access route assessment; Incremental environmental permits; Establish incremental study area and required activities; and Incremental socio-economic assessment**

Activities 21 to 24 are all incremental studies or field surveys related to the environmental assessment and are conducted as a result of requests by the Ministry of Natural Resources and Forestry (MNRF), Fisheries and Oceans Canada (DFO) and Lakehead Conservation Authority. The actual cost of these Activities is \$2,952,000. NextBridge explained that cost management was achieved through an invitation for three bidders to bid on the RFP to complete the EA in Fall 2015. Golder Associates was the successful bidder as the lowest cost bidder with the required experience.

Page 23 of JD1.2 states

Bruce to Milton EA was used as a template for the designation application EA scope of work. Assumptions were made that the reference route that paralleled the existing East-West Tie Line would be assessed with desktop data collection of the project area and field data collection in approximately 10% of the assessment area.

Questions:

- a) Please provide a percentage comparison of Golder Associates' costs to the costs offered by the other two bidders for the EA work.
- b) How did NextBridge determine who to invite to bid on the RFP?
- c) Have Golder Associates' actual costs been less than or equal to those bid in the RFP? If not, please explain why incremental costs were required and who has borne responsibility for these costs.
- d) Were the incremental developmental Activities 21, 22, 23, 24 only associated with the 10% of the project area that was assumed to have been able to be assessed with desktop data collection? Please explain.
- e) Please explain NextBridge's rationale for utilizing the Bruce to Milton EA as a template. What analysis was done to compare the Bruce to Milton project and the East-West Tie, prior to utilizing the Bruce to Milton EA?
- f) Did NextBridge consider adding additional contingency costs in its original EA scope of work/budget in case its assumptions were not correct? Why or why not?

JD1.2-Staff-19

**Ref: Undertaking Response JD1.2, Activity 26, Page 26
Archaeology Stage 2 study**

Stage 2 Archeological Assessment is subsequent to Stage 1 Archeological Assessment. Results of the Stage 1 Archeological Assessment indicated that the Stage 2 was required. The cost of this Activity is \$1.27 million. NextBridge considered five bids for this assessment and selected Stantec Consulting Ltd.

Questions:

- a) Please provide a percentage comparison of Stantec's costs to costs offered by the four other bidders for Activity 26 (Archaeology Stage 2 study).
- b) Was Stantec the lowest cost bidder? If not, please explain what other criteria, in addition to cost, NextBridge considered in selecting the bidder for the Stage 2 Archeological survey.
- c) How did NextBridge determine who to invite to bid on the RFP?

- d) Did NextBridge consider adding additional contingency costs in its original Archeological Assessment budget in case a Stage 2 assessment was required? Why or why not?
- e) What other projects did NextBridge examine when determining that it was prudent to only budget for a stage 1 assessment in its development costs? Is it NextBridge's position that the entire \$1.012 million amount for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$1.012 million total that is directly attributable to the major re-routes and how that amount was arrived at.
- f) Please advise as to whether any of these expenses relate to the route through Pukaskwa Park? If so, how much of this Activity related to the major re-routes as opposed to other parts of the line? Please describe the activities undertaken, costs associated with those activities, and when those activities took place? If not, what are NextBridge's cost savings for not having to undertake these activities in the route through Pukaskwa Park and how has NextBridge calculated the cost savings?

JD1.2-Staff-20**Ref: Undertaking Response JD1.2, Activity 27, Page 27****Timber valuation**

NextBridge explained that timber valuation was required in order to determine the level of compensation for landowners affected by right-of-way (ROW) clearing.

Questions:

- a) Please provide a percentage comparison of the costs for the selected bidder, Green Forest Management Inc., to costs offered by the three other bidders for Activity 27.
- b) How did NextBridge determine who to invite to bid on the RFP?
- c) Did NextBridge identify the requirement to value timber as part of its original development cost budget? If not, why not?
- d) Are there other projects where similar compensation has been provided to landowners?
- e) Please explain how this Activity was affected by major re-routes, in particular given that the RFP was issued more than 6 months after NextBridge knew that it was not going to be able to go through Pukaskwa Park.
- f) Is it NextBridge's position that the entire \$71,000 for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$71,000 total that is directly attributable to the major re-routes and how that amount was arrived at.

JD1.2-Staff-21

**Ref: Undertaking Response JD1.2, Activity 28, Page 28
Engineering Review**

The Engineering Review involved design validation, cost estimate valuation and project readiness performed by an independent expert, i.e. Mr. Bob Nickerson. The actual cost was \$95,000.

Questions:

- a) Did NextBridge issue an RFP for the selection of an independent expert for the Engineering Review?
- b) Please describe the rationale for selecting Mr. Nickerson for the Engineering Review.
- c) How did NextBridge determine that the cost of the Engineering Review by Mr. Nickerson was reasonable and prudent?
- d) When did NextBridge hire Mr. Nickerson?
- e) Please explain how this Activity was affected by major re-routes?
- f) Is it NextBridge's position that the entire \$95,000 for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$95,000 total that is directly attributable to the major re-routes and how that amount was arrived at.

JD1.2-Staff-22

**Ref: Undertaking Response JD1.2, Activity 29, Page 29
Land Title Activity**

The actual cost was \$248,000. NextBridge explained that it managed these costs by using a third party consultant who was procured through a competitive RFP.

Questions:

- a) Please describe the competitive procurement process and compare the cost of the selected consultant relative to other bidders that submitted proposals.
- b) How did NextBridge monitor the consultant's work and determine that the consultant's hours were appropriate?
- c) Is it NextBridge's position that the entire \$248,000 amount for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$248,000 total that is directly attributable to the major re-routes and how that amount was arrived at.
- d) Please advise as to whether any of these expenses relate to the route through

Pukaskwa Park. If so, how much of this Activity related to the major re-routes as opposed to other parts of the line? Please describe the activities undertaken, costs associated with those activities, and when those activities took place? If none of these activities relate to the route through Pukaskwa, what would have been the cost savings associated with not having to undertake these activities for that route and how has NextBridge calculated that number?

JD1.2-Staff-23**Ref: Undertaking Response JD1.2, Activity 30, Page 30****Legal Support for Land Activity**

These costs were incurred to get a legal review and execution of the land agreements “particularly in relation to Crown disposition rights holders” such as mining leasehold interests. The actual cost is \$96,000.

Questions:

- a) How many hours were billed by external legal counsel for this Activity?
- b) Was an RFP undertaken to select NextBridge’s external legal counsel?
- c) Is it NextBridge’s position that the entire \$96,000 amount for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$96,000 total that is directly attributable to the major re-routes and how that amount was arrived at.
- d) Please advise as to whether any of these expenses relate to the route through Pukaskwa Park. If so, how much of this Activity related to the major re-routes as opposed to other parts of the line? Please describe the activities undertaken, costs associated with those activities, and when those activities took place? If none of these activities relate to the major re-routes, what would have been the cost savings associated with not having to undertake these activities for the route through Pukaskwa Park and how has NextBridge calculated that number?

JD1.2-Staff-24**Ref: Undertaking Response JD1.2, Activity 31, Page 31****Compliance tracking and safety coordination & monitoring**

The actual cost for this Activity was \$39,000. NextBridge stated that compliance was an obligation required in the designation process. NextBridge stated that the costs were kept below those originally budgeted because the tasks were performed in conjunction with other administrative tasks and health and safety was the primary responsibility of vendors doing field work (e.g. EA).

Questions:

- a) Please describe and itemize the \$39,000 costs spent on this Activity.
- b) How did the costs associated with this Activity differ from other project management Activity costs (e.g. Activities 10, 11 and 40)?

JD1.2-Staff-25

**Ref: Undertaking Response JD1.2, Activity 32, Page 32 and Attachment 1
Community Investment**

NextBridge states that no costs were incurred. In response to OEB staff IR 21, this Activity cost was noted to have been \$40,000.

Questions:

- a) Please explain the difference between the statement in JD1.2 that no actual costs were incurred, the \$7,000 noted in Attachment 1 of JD1.2 for this Activity, and NextBridge's response to OEB Staff IR 21, where a cost of \$40,000 was reported for the same Activity?
- b) If no costs were incurred for this Activity, what is the reason NextBridge did not spend any funds on community investment as originally planned?
- c) If costs were incurred for this Activity, how did NextBridge determine that the costs were prudent?

JD1.2-Staff-26

**Ref: Undertaking Response JD1.2, Activity 33, Page 32
Data management/technical figure production**

This Activity involves additional costs for preparation of technical figures for the reports in the EA. NextBridge used internal resources for this Activity. The actual cost was \$42,000.

Questions:

- a) What is the rationale for NextBridge applying for cost recovery of internally-sourced work? Was the work completed by NextBridge staff who are on regular full-time payroll? Please explain.
- b) Is it NextBridge's position that the entire \$42,000 for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$42,000 total that is directly attributable to the major re-routes and how that amount was arrived at.

JD1.2-Staff-27

Ref: Undertaking Response JD1.2, Activity 34, Page 32

Land access and optioning activities

NextBridge spent \$227,000 over the budgeted amount on this Activity. NextBridge explained that rerouting around the Pukaskwa Park, Dorion and Lune Lake and additional requests from MNRF and others all impacted the increase in costs for this Activity.

Questions:

- a) Please explain the rationale for NextBridge's advancing with the land optioning activities prior to filing the leave to construct application. Could this Activity be postponed or paced so that it took place after the leave to construct application was filed? If not, why not?
- b) What is meant by the statement "These activities are independent of land optioning arrangements due to timing of when the alternative accesses were identified relative to the initial acquisition of the project"? Please explain how the statement above aligns with NextBridge's route and access request management process, which is stated to identify modifications prior to contacting landowners.
- c) How is this Activity related to Activity 42 (Incremental land optioning negotiations)?
- d) How did NextBridge determine which Activity (34 or 42) costs should be allocated to?
- e) Is it NextBridge's position that the entire \$1.367 million amount for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the \$1.367 million total that is directly attributable to the major re-routes and how that amount was arrived at.
- f) Please advise as to whether any of these expenses relate to the route through Pukaskwa Park? If so, describe the activities undertaken, costs associated with those activities, and when those activities took place? If none of these activities relate to the route through Pukaskwa, what would have been the cost savings associated with not having to undertake these activities for that route and how has NextBridge calculated that number?

JD1.2-Staff-28

Ref: Undertaking Response JD1.2, Activity 35, Page 34

Market Valuation

This Activity involved additional costs for assessment of land market value to establish fair compensation. Land valuation was conducted by a firm hired in a competitive bidding process. The evaluator was the lowest cost bidder.

Questions:

- a) Please provide a percentage comparison of selected evaluator costs to costs offered by other bidders for Activity 35.
- b) Is it NextBridge's position that the cost for this Activity would not have been incurred but for the major re-routes? If yes, please explain why. If no, please quantify the incremental amount of the total cost that is directly attributable to the major re-routes and how that amount was arrived at.

JD1.2-Staff-29

Ref: Undertaking Response JD1.2, Activity 36, Page 35

External general legal support for review and negotiations of documents and Aboriginal capacity funding agreements

Cost for this Activity was noted as "zero". NextBridge noted that Activities 3 and 4 captured costs for Activity 36, therefore no cost was assigned to this Activity.

Questions:

- a) What was the rationale for classifying this Activity as a separate development activity from Activities 3 and 4?

JD1.2-Staff-30

Ref: Undertaking Response JD1.2, Activity 38, Page 37

Stakeholder relations activity

The need for additional open houses (three rounds vs one round) was determined in the TOR for the EA approved by the former Ministry of Environment and Climate Change. NextBridge stated the cost management was through scheduling two events per day over three or more days as a cost efficient practice. Actual cost of conducting one round of open houses (per Activity 2) is \$216,000. Actual cost for holding two more rounds (Activity 38) is \$299,000.

Questions:

- a) Please explain the differences between the costs incurred for Activity 2 (one round) and Activity 38 (adding two rounds).
- b) Please reconcile the statement "NextBridge included three rounds of open houses in the TOR..." with the statement "...after the second round the security was eliminated

for rounds three and **four** [emphasis added]”.

- c) Please advise as to what the original security detail was for round one of the open houses and the costs associated with that.

JD1.2-Staff-31

Ref: Undertaking Response JD1.2, Activity 39, Page 38

Regulatory and accounting matters

This Activity involved preparation of the OEB application to use US GAAP to streamline EWT accounting, to prepare the OEB's *Electricity Reporting and Record keeping Requirement* (RRR) and to consider deferral account matters arising from the designation decision, PBR and other regulatory matters. NextBridge stated that as a licenced transmitter, it is required to comply with the OEB's RRR.

Questions:

- a) Please explain the difference between Activities 9 (Accounting, Back Office, Internal Reporting and Procurement Support) and 39 (Regulatory and accounting matters).
b) How did NextBridge determine which Activity (9 or 39) costs should be allocated to?
c) How did NextBridge ensure that costs associated with this Activity were prudent?

JD1.2-Staff-32

Ref: Undertaking Response JD1.2, Activity 41, Page 39

Environmental Assessment review participation

NextBridge noted that the review of responses and comments on the draft EA was conducted by Golder Associates which was selected as a successful bidder among three that were invited.

Questions:

- a) Please compare the cost of work completed by Golder Associates to the pricing offered by two other bidders.
b) Did this work go through a different procurement process than other EA work? If so, why? Could NextBridge have expected cost efficiencies if it had lumped all the EA work together?
c) What steps has NextBridge taken to ensure that the costs associated with these activities are reasonable?
d) Please advise to as why responding to comments from public was not completed in

NextBridge's original budget for environmental work.

JD1.2-Staff-33

Ref: Undertaking Response JD1.2, Activity 42, Page 40

Incremental land optioning negotiations

The actual cost of incremental land optioning negotiations was \$1.439 million. According to NextBridge, at the time of filing the LTC application in July 2017, NextBridge reached agreements with 73% of private landowners, reducing the risk of expropriation.

Questions:

- a) Have payments already been made to the 73% of directly affected private landowners where agreements have been negotiated? If the LTC approval is granted to NextBridge, what compensation can these 73% of directly affected private landowners expect and when would the compensation be provided?
- b) Prior to the delay, what portion of costs to acquire land options were previously going to be pursued in the construction phase?
- c) Prior to the delay, what portion of costs to acquire land options were previously going to be pursued in the development phase?
- d) Please provide the percentage of private landowners for which NextBridge had reached agreement by the end of January 2015.
- e) Why were the actual costs for this Activity approximately \$1 million more than had been estimated in the extended development budget?
- f) Please provide a comparison of the activities that were contemplated by the June 2015 estimate of \$460,000 and compare those against activities actually undertaken for \$1.439 million?
- g) To the extent that NextBridge undertook activities beyond those contemplated by the June 2015 estimate, please provide an explanation for each additional activity and the costs associated with that activity (including how those costs were calculated).
- h) Did any of the \$1.439 million costs relate to negotiations/agreements for land that is not part of NextBridge's current route? If so, please provide any information that you have to quantify the costs associated with those negotiations/agreements.
- i) Has NextBridge undertaken any analysis to show that the additional land optioning negotiations will result in lower expenditures in the construction phase and the estimated net savings resulting from the additional land optioning negotiations? If so, please provide copies of this analysis.

JD1.4-Staff-1

Ref: Undertaking Response JD1.4, Cost of Pic River Appeal, Page 1

NextBridge provided a draft budget for the legal costs associated with the Pic River Appeal ranging from \$141,000-179,000.

Questions:

- a) Please described in detail all steps that NextBridge took to verify that the draft budget was, in fact, an appropriate estimate of what it would cost to participate in the pic river appeal.
- b) Please confirm whether NextBridge compared the budget to the costs of any other (i) statutory appeals to the divisional court; and/or (ii) judicial review applications to the Divisional. If so, please provide specific details of those appeals/judicial reviews, when they occurred and a detailed breakdown of the various stages and associated costs for those matters.
- c) Please advise as to whether the lead counsel for NextBridge on the designation process was the counsel of record for the Pic River appeal? If not, please advise as to whether NextBridge sought proposals from other lawyers to handle the Pic River appeal.