



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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August 30, 2018
Our File: EB20170182

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2017-0182/0194/0364 – East-West Tie/Lake Superior Link – SEC Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No.2, attached please find the interrogatories to Hydro One Networks Inc. and Nextbridge.

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicants and interested parties (by email)

ONTARIO ENERGY BOARD

**Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure)
Application for leave to construct an electricity transmission line between
Thunder Bay and Wawa, Ontario**

- and -

**Hydro One Networks Inc. Application to upgrade existing transmission
station facilities in the Districts of Thunder Bay and Algoma, Ontario**

-and-

**Hydro One Networks Inc. Application for leave to construct an electricity
transmission line between Thunder Bay and Wawa, Ontario**

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

Hydro One Networks Inc. (“Hydro One”)

SEC-HONI-4

Please provide a full project schedule including all major activities, and required regulatory approvals, based on assumed leave to construct decision date of January 1, 2019.

SEC-HONI-5

Please provide a similar schedule as requested in SEC-HONI-4, which includes a decision by Parks Canada that Hydro One cannot go through Pukaskwa National Park.

SEC-HONI-6

With respect to the forecast project construction costs:

- a. For each material contract that Hydro One has or expects to enter into for construction of the proposed project, please provide a) summary of the work to be done, b) status of the contract, c) type of contract (i.e. fixed price, target price, etc.), d) the basis for contractor selection (i.e. RFP, RFQ, sole source, etc.), e) value of the contract, f) the name of the contractor (if available) g) JT 2.2 category of spending the contract work consists falls under.

- b. Please provide the total value of the construction budget that is forecast to be made up of fixed price contracts.

SEC-HONI-7

With respect to the EPC contract with SNC-Lavalin:

- a. Please provide a summary of the material terms of the EPC contract and explain on what basis the EPC contract price may change. Please provide specific information regarding terms of the contract which allow for a change in project cost and schedule.
- b. In addition to your response to part (a), please provide specific details regarding the methodology for any allowed cost and schedule adjustments related to scope changes or delays.
- c. If Hydro One has not signed the contract, what assurances can the Board have that the terms will not change?
- d. Please explain how the material terms differ from the Nextbridge/Valard Construction EPC contract.
- e. Does the contract contain any provisions regarding adjusting the work to be done if Hydro One is not allowed to go through Pukaskwa National Park? If so, please provide details. If not, please explain how Hydro One has forecasted the additional cost regarding the alternative route.

SEC-HONI-8

[Motion Hearing JT2.22] Please file an unredacted copy of the EPC contract.

SEC-HONI-9

SEC seeks to understand what protections for ratepayers Hydro One is willing to include as a condition of being granted leave to construct.

- a. Would Hydro One be willing, as a condition of having its Lake Superior Link project being granted leave to construct, that the final construction costs that can be passed onto ratepayers in rates is capped at the forecast construction budget?
- b. If yes, please provide the specific terms of the conditions that it believes are reasonable, including exclusions, if any, it believes must be included. Please provide the rationale for any proposed exclusions.
- c. If not, please explain why.

SEC-HONI-10

With respect to necessary regulatory approvals for the Lake Superior Link:

- a. What is the latest date Hydro One requires the necessary environmental assessment approval(s) to bring the project in-service on the date forecast of December 2021 to stay within the forecast construction budget.
- b. Please provide the average incremental cost for each month delay in receiving the necessary environmental assessment approval to bring the project in-service by December 2021.

- c. What is the latest date Hydro One requires the necessary environmental assessment approval(s) to bring the project in-service by December 2022.
- d. Please provide the average incremental cost for each month delay in receiving the necessary environmental assessment approval to bring the project in-service by no later than December 2022.

SEC-HONI-11

[CCC-8 Table 2; Motion Hearing, JT 2.2] Please provide the full calculation of the forecast interest during construction component of the construction budget.

SEC-HONI-12

[Motion Hearing, Technical Conference UT Responses] Please update the following undertaking responses (as necessary):

- a. JT 2.2
- b. JT 2.5
- c. JT. 2.6
- d. JT 2.8
- e. JT 2.17
- f. JT 2.19

SEC-HONI-13

[Motion Hearing, JT 2.21] With respect to the cost comparison table Hydro One prepared, Hydro One has forecast substantially lower land right costs compared to Nextbridge.

- a. Please provide further details regarding the instruments it is considering.
- b. It is not clear from the explanation what is the driver of the lower land rights costs are as compared to Nextbridge. Please provide further details.

SEC-HONI-14

[Motion Hearing, JT 2.21] Please provide a breakdown of First Nation and Métis Participation costs.

SEC-HONI-15

[Motion Hearing, JT 2.30] With respect to Hydro One's Monte Carlo simulation:

- a. Did Hydro One undertake a similar Monte Carlo simulation with respect to cost? If so, please provide a copy of the results.
- b. Please provide a list of the full inputs into the Monte Carlo simulation, including the numeric likelihood and consequence of occurrence values.
- c. Please explain how Hydro One identified the risks, and determined their values.

SEC-HONI-16

Please provide any risk registers that have been developed for the project.

SEC-HONI-17

[Motion Hearing, JT 2.2] With respect to the forecast First Nation and Métis Participation costs:

- a. Please provide a breakdown of those costs.
- b. Footnote 2 suggests that this category includes costs that would otherwise have been incurred if not for First Nation and Metis participation. Please provide a revised version of the table included in JT 2.2, including in the First Nation and First Nation and Metis participation only incremental costs related to First Nation and First Nation and Metis participation in the project.

SEC-HONI-18

Please confirm Hydro One is only seeking leave to construct approval for its preferred route through Pukaskwa National Park. If so, please confirm that if the approval is not granted by Parks Canada then Hydro One would need to seek a variance of any leave to construct approval.

SEC-HONI-19

Please provide Hydro One's views on the IESO's Addendum to the Updated Needs Assessment.

SEC-HONI-20

[Exhibit B-7-1] With respect to the forecast OM&A costs:

- a. Please breakdown the forecast OM&A costs for the project into the following: i) operations & maintenance, and ii) administration costs.
- b. Please explain the basis for the OM&A costs forecast including all assumptions made.

SEC-HONI-21

[Exhibit B-7-1] Please provide a more detailed breakdown of the forecast construction costs.

SEC-HONI-22

[Exhibit B-9-1, Table 1] With respect to the discounted cash flow analysis:

- a. Please revise the analysis to include the costs identified in the IESO's Addendum to the Updated Needs Assessment.
- b. [Attachments 1-4] In providing your response to part (a), please provide revised attachments detailing the calculation. Please also provide the spreadsheet used in creating those attachments with all formulas intact.

SEC-HONI-23

[Exhibit B-9-10] Please confirm that Hydro One is not seeking approval for the creation of a deferral account for the project at this time.

SEC-HONI-24

[EB-2011-0140, EWT LP Response to Board Interrogatory 26 to All] Please provide a revised version of the Construction Activity Table (p.2 of the interrogatory response), by adding a column for the forecast project capital costs contained in the application. Please provide an explanation of any material differences in costs.

SEC-HONI-25

Does Hydro One believe that Nextbridge's proposed forecast costs for its East-West Tie project are reasonable, as opposed to simply being higher than its forecast costs for the project? If it does not believe the costs are reasonable, please explain why not.

SEC-HONI-26

[Motion Hearing, JT2.20, JT2.23; JT2.25] With respect to Hydro One's by-pass route cost forecast:

- a. Please confirm that this by-pass route is the same route proposed by Nextbridge.
- b. Please explain how Hydro One forecast these costs.
- c. Hydro One states in JT 2.20 that the cost estimate is the "best estimate at this point in time, and the proposed solution has not been detailed to the same level as what was filed as part of the s.92 application". What is the AACE classification of the bypass-route?
- d. Please provide a similar table as shown in JT2.25 showing the accuracy range and upper/lower cost bounds for the estimate.
- e. In JT2.25, Hydro One states that incremental cost for the EPC contract for the bypass route is \$37M for total cost of \$583M. Is this a Hydro One estimate, or is it one that has been estimated by SNC-Lavalin?

SEC-HONI-27

[Hydro One Letter to the Board, June 27 2018, Attachment] With respect to the Hydro One Stations Application:

- a. Please provide a copy of the email referenced in the June 27th letter to Ms. Majerovich (MOECC).
- b. Please provide copies of all written communications and summaries of any verbal communications, between Hydro One, MOECC/MECP, and any other government ministry or agency regarding the environmental assessment process of the Marathon Transformer Station Expansion, since June 27th.
- c. Please explain the implications of the position taken by MOECC/MECP as quoted in Hydro One's July 27, 2018 letter with respect to the construction schedule for the Marathon Transformer Station Expansion, on i) the in-service date of both the Nextbridge's East-West Tie Line, ii) the in-service date of the Hydro One's Lake Superior Lake project, iii) cost of the project.
- d. Please provide the full development and construction schedule for the Marathon Transformer Station Expansion as originally contemplated in the Hydro One Stations Application.
- e. Please provide a revised development and construction schedule for the Marathon Transformer Station Expansion based information provided by MOECC/MECP.
- f. What is the latest date that Hydro One requires the necessary environmental assessment approval(s) to bring the Marathon Transformer Station Expansion in-service to allow the Nextbridge East-West Tie Line to be in-service by its forecast in-service date.
- g. What is the latest date that Hydro One requires the necessary environmental assessment approval(s) to bring the Marathon Transformer Station Expansion in-service to allow the Hydro One Lake Superior Link project to be in-service by its forecast in-service date.

- h. Please discuss any incremental costs related to a delay in necessary environmental assessment approval(s) for the Marathon Transformer Station Expansion on the ability in meeting the forecast in-service date of both the Nextbridge East-West Tie Line and Hydro One Hydro One Lake Superior Link project.

SEC-HONI-28

[EB-2011-0140, EWT LP Response to Board Interrogatory 26 to All; Exhibit B-7-2] In the EB-2011-0140 application, EWT LP forecasted the annual OM&A costs for the project to be \$7.12M. In this application, Hydro One is forecasting annual OM&A costs to be \$1.5M per year. Please explain the significant decrease in forecast OM&A costs.

Upper Canada Transmission Inc. (“Nextbridge”)

SEC-Nextbridge-17

Please provide a full project schedule including all major activities and regulatory approvals based on assumed leave to construct decision date of January 1, 2019.

SEC-Nextbridge-18

With respect to the forecast project construction costs:

- a. For each material contract that Hydro One has or expects to enter into for construction of the proposed project, please provide a) summary of the work to be done, b) status of the contract, c) type of contract (i.e. fixed price, target price, etc.), d) the basis for contractor selection (i.e. RFP, RFQ, sole source, etc.), e) value of the contract, f) the name of the contractor (if available) g) category of spending of the contract work consists (categories as defined in JT 2.2/CCC-8).
- b. Please provide the total value of the construction budget that is forecast to be made up of fixed price contracts.

SEC-Nextbridge-19

With respect to necessary regulatory approvals for the East-West Tie Line.:

- e. What is the latest date Nextbridge requires the necessary environmental assessment approval(s) to bring the project in-service on the date forecast of December 2020 to stay within the forecast construction budget.
- f. Please provide the average incremental cost for each month delay in receiving the necessary environmental assessment approval(s) to bring the project in-service by December 2020.
- g. Please provide the average incremental cost for each month delay in receiving the necessary environmental assessment approval(s), but where there is no restriction on the project in-service date.

SEC-Nextbridge-20

With respect to the EPC contract with Valard Construction:

- a. Please provide a summary of the material terms of the EPC contract and explain on what basis the EPC contract price may change. Please provide specific information regarding terms of the contract which allow for a change in project cost and schedule.
- b. In addition to your response to part (a), please provide specific details regarding the methodology for any allowed cost and schedule adjustments related to scope changes or delays.
- c. Please explain how the material terms differ from the Hydro One/SNC-Lavalin EPC contract.

SEC-Nextbridge-21

SEC seeks to understand what protections for ratepayers Nextbridge is willing to include as a condition of being granted leave to construct.

- a. Would Nextbridge be willing, as a condition of having its East-West Tie Line project being granted leave to construct, that the final construction costs that can be passed onto ratepayers in rates is capped at the forecast construction budget?
- b. If yes, please provide the specific terms of the conditions that it believes are reasonable, including exclusions, if any, it believes must be included. Please provide the rationale for any proposed exclusions.
- c. If not, please explain why.

SEC-Nextbridge-22

[CCC-8 Table 2; Motion Hearing, JT 2.2] Please provide the full calculation of the forecast interest during construction component of the construction budget.

SEC-Nextbridge-23

[Motion Hearing JT2.22, Attachment 1, p.94] Using the same categories as set out in the Lake Superior Link - Scope of Work - Division of Responsibility table, please provide the division of responsibility between Nextbridge and Valard Construction.

SEC-Nextbridge-24

[Motion Hearing - JT 2.21] Please provide a similar comparison table as provided by Hydro One with Nextbridge's views on the rationale for the cost variance in each category.

SEC-Nextbridge-25

[Hydro One Letter to the Board, June 27 2018, Attachment] Please provide Nextbridge's view of the potential impacts of the position of the MOECC/MOEP as identified in Hydro One's letter on the in-service date of the East-West Tie Line.

SEC-Nextbridge-26

[Nextbridge IR No. 42 to Hydro One] Please provide a response to the same interrogatory posed to Hydro One regarding work done SNC-Lavalin, but with respect to work done by Valard Construction (or any of its affiliates).

Respectfully submitted on behalf of the School Energy Coalition this August 30, 2018.

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition