

September 7, 2018

**RESS & COURIER**

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

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:


**Re: Wataynikaneyap Power LP - Application to Establish Deferral Account for Distribution System Costs (EB-2018-0267)**

We are legal counsel to Wataynikaneyap Power GP Inc. and Wataynikaneyap Power LP (together, "WPLP"). WPLP is a licensed electricity distributor (ED-2017-0236) whose general partner's name has changed since its distribution licence was issued, from 2472883 Ontario Limited to Wataynikaneyap Power GP Inc.

On behalf of WPLP, we are hereby enclosing two copies of an application, made pursuant to section 78(2) of the *Ontario Energy Board Act*, for an Order of the Board establishing a deferral account for the purposes of recording and facilitating the future recovery of costs relating to the operation of WPLP's distribution system, which is now being constructed between Red Lake and the Pikangikum First Nation Reserve. In addition, pursuant to section 74(1) of the *Ontario Energy Board Act*, WPLP seeks an amendment to its electricity distribution licence to provide for certain exemptions from code requirements. The application has been filed electronically on the Board's Regulatory Electronic Submission System (RESS).

If you have any questions, please do not hesitate to contact me at the number shown above.

Yours truly,



Jonathan Myers

Enclosure

cc: Ms. Margaret Kenequanash, WPLP  
Mr. Duane Fecteau, WPLP  
Mr. Charles Keizer, Torys LLP

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** an application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (“WPLP”) for an Order, pursuant to subsection 78(2) of the Act, to establish a deferral account for the purposes of recording and facilitating the future recovery through rates of costs relating to WPLP’s distribution system between Red Lake and the Pikangikum First Nation Reserve.

**AND IN THE MATTER OF** an application by WPLP for an Order, pursuant to subsection 74(1) of the Act, amending WPLP’s electricity distribution licence by providing for certain exemptions from code requirements.

**APPLICATION**

**WATAYNIKANEYAP POWER GP INC.**

**on behalf of WATAYNIKANEYAP POWER LP**

September 7, 2018

**INDEX**

<b>Exh.</b>	<b>Tab</b>	<b>Appx</b>	<b>Title</b>
A	1		<b>Index</b>
B	1		<b>Application</b>
C	1		<b>Distribution Licence</b>
		A	Licence / Decision and Order in EB-2017-0236
D	1		<b>Distribution Project</b>
		A	Pre-Conversion Distribution System Map
	2		<b>Transmission Project</b>
		A	Transmission Project Map
	3		<b>Conversion to Transmission</b>
		A	Post-Conversion Transmission System Map
E	1		<b>Proposed Deferral Account</b>
		A	Construction and In-Service Schedule
		B	Draft Accounting Order
F	1		<b>Requested Code Exemptions</b>

1

6

14

19

## 20

- 32

25778337.11



- 1        2. The Applicant is a partnership between 22 First Nations (the “Participating First Nations”)  
2        and Fortis Inc. The Participating First Nations indirectly hold, in equal shares, a 51%  
3        interest in the Applicant, and Fortis Inc. indirectly holds a 49% interest in the Applicant.
- 4        3. The Participating First Nations<sup>2</sup> are each situated in northwestern Ontario and have formed  
5        a partnership on the basis of their shared interest in developing, owning and operating  
6        transmission facilities to connect remote First Nation communities (currently powered by  
7        diesel generation) to the provincial electricity grid, so as to provide reliable and accessible  
8        power to residents and businesses in the region.
- 9        4. Fortis Inc. is a leading North American electricity and gas utility company. Its regulated  
10       utilities serve more than 3 million customers across Canada and in the United States and  
11       the Caribbean. Through its wholly owned subsidiary, FortisOntario Inc., Fortis Inc. owns  
12       and operates Canadian Niagara Power Inc., Cornwall Street Railway Light & Power  
13       Company Ltd. and Algoma Power Inc., each of which is regulated by the Board.

#### 14    **Relief Sought**

- 15       5. The Applicant requests an accounting order of the Board, pursuant to section 78(2) of the  
16       Act, authorizing WPLP to establish a deferral account, to be known as the  
17       “Wataynikaneyap Distribution System Deferral Account” (the “Deferral Account”), for the  
18       purpose of recording costs incurred by WPLP in respect of the Pikangikum System, from  
19       the date the Pikangikum System goes in-service until such time as the Pikangikum System  
20       is incorporated into and becomes part of WPLP’s transmission system, which is the subject  
21       of an application for leave to construct currently before the Board (EB-2018-0190) and  
22       which will be the subject of a future transmission rate application.

---

<sup>2</sup> Bearskin Lake First Nation, Cat Lake First Nation, Deer Lake First Nation, Kasabonika Lake First Nation, Keewaywin First Nation, Kingfisher Lake First Nation, Kitchenuhmaykoosib Inninuwug, Lac des Mille Lacs First Nation, Lac Seul First Nation, McDowell Lake First Nation, Muskrat Dam First Nation, North Caribou First Nation, North Spirit Lake First Nation, Pikangikum First Nation, Poplar Hill First Nation, Sachigo Lake First Nation, Sandy Lake First Nation, Slate Falls First Nation, Wabigoon Lake Ojibway Nation, Wapekeka First Nation, Wawakapewin First Nation, and Wunnumin Lake First Nation.

- 1       6. In addition, WPLP requests an Order, under subsection 74(1) of the Act, amending its  
2       electricity distribution licence so as to provide exemptions from certain code requirements  
3       in relation to metering and settlement between host and embedded distributors.

#### 4   **Background**

- 5       7. WPLP was established for the purposes of developing, constructing, owning and operating  
6       a new electricity transmission system in northwestern Ontario that will (i) reinforce  
7       transmission from a point near Dinorwic to Pickle Lake, and (ii) provide transmission  
8       connections to 16 remote First Nation communities through facilities extending north of  
9       Pickle Lake and north of Red Lake (collectively, the “Transmission Project”).<sup>3</sup>

- 10      8. An Order-in-Council issued by the Lieutenant Governor in Council on July 20, 2016  
11      declared the facilities required to connect the remote First Nation communities to the  
12      provincial electricity grid to be needed as a “priority project” pursuant to Section 96.1 of  
13      the Act. In addition, in response to a Ministerial Directive issued pursuant to Section 28.6.1  
14      of the Act (authorized by an Order-in-Council issued on July 20, 2016), the Board amended  
15      WPLP’s transmission licence (ET-2015-0264) on September 1, 2016 so as to require the  
16      Applicant develop and seek approvals for the Transmission Project.

- 17      9. As an interim step to providing transmission connections to remote First Nation  
18      communities north of Red Lake, WPLP is developing and constructing, and will own and  
19      operate, an approximately 117 km distribution system (the “Pikangikum System”) between  
20      Hydro One Networks Inc.’s (“Hydro One”) distribution system in Red Lake and the local  
21      distribution system that serves customers within the Pikangikum First Nation Reserve,  
22      which is the southernmost of the communities to be connected by the Transmission Project  
23      north of Red Lake. The Pikangikum System, which is expected to be ready for service by

---

<sup>3</sup> The Transmission Project is designed to permit the potential future connection of a 17th community, McDowell Lake First Nation.

1 late 2018, will expedite and address the particularly urgent need for grid connection of the  
2 Pikangikum First Nation.

3 10. The Pikangikum System is expected to be operated as a 44 kV distribution system for  
4 approximately 3-4 years, following which the majority of the assets comprising the  
5 Pikangikum System will be incorporated into and thereafter form part of the Transmission  
6 Project. This conversion will occur at such time as construction of the Transmission  
7 Project has advanced sufficiently to accommodate the transmission connection of the  
8 Pikangikum First Nation Reserve. The conversion of the Pikangikum System to become  
9 part of the Transmission Project is included as part of WPLP's application for leave to  
10 construct in EB-2018-0190.

11 11. All or substantially all of the capital costs of developing and constructing the Pikangikum  
12 System are being paid for through funding provided by Indigenous Relations and Northern  
13 Affairs Canada ("INAC").<sup>4</sup> WPLP will use the requested Deferral Account to record the  
14 operating, maintenance and administration (OM&A) costs for the Pikangikum System, as  
15 well as any capital costs that may be incurred after the in-service date of the Pikangikum  
16 System and that are not paid for by the INAC funding. WPLP proposes that the Deferral  
17 Account be used until such time as the Pikangikum System is incorporated into the  
18 Transmission Project and the costs of the converted line to the Pikangikum First Nation  
19 can thereafter be recovered through transmission rates to be established by the Board.

20 12. Enabling WPLP to record its costs in the Deferral Account will facilitate future recovery  
21 of the recorded amounts by the Applicant. WPLP will periodically review the nature and  
22 quantum of the costs recorded in the Deferral Account. Depending on the amounts  
23 recorded, WPLP may seek to clear and recover the recorded OM&A costs through a rate  
24 rider, applicable to Hydro One Remote Communities Inc. ("Hydro One Remotes") as the  
25 sole customer served by the system, prior to converting the Pikangikum System to form

---

<sup>4</sup> In August 2017, the Prime Minister of Canada announced the dissolution of INAC and a plan to create two new departments, Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada. This transformation will take time and includes engagement with Indigenous peoples and others.

1 part of the Transmission System. WPLP will also propose recovery of any capital costs  
2 recorded in the Deferral Account as part of a future application to the Board.

### 3 **Eligibility Criteria for Establishing the Deferral Account**

4 13. The Applicant's request meets the Board's criteria for granting a deferral account, set out  
5 in the Board's *Filing Requirements for Electricity Distribution Applications* (the "Filing  
6 Requirements"),<sup>5</sup> as follows.

7 a. Causation – the Board requires the forecasted expense to be clearly outside the base  
8 upon which the revenue requirement has been derived. The Applicant's initial  
9 distribution rates have not yet been established and the forecasted OM&A costs  
10 relating to the Pikangikum System have not otherwise been brought before the  
11 Board by WPLP. Consequently, the costs to be recorded in the Deferral Account  
12 are clearly outside the base upon which revenue requirement has been derived.<sup>6</sup>

13 b. Materiality – the Board requires the forecasted amounts to exceed the Board-  
14 defined materiality threshold and have a significant influence on the operations of  
15 the distributor, otherwise the amounts must be expensed in the normal course. The  
16 Filing Requirements provide a default materiality threshold of \$50,000 for  
17 distributors with an approved revenue requirement less than or equal to \$10 million.  
18 WPLP's revenue requirement has not yet been determined. However, the amounts  
19 to be recorded in the Deferral Account will reflect all of the costs to serve and, as  
20 such, will have a significant impact on WPLP's operations and therefore be  
21 material.

22 c. Prudence – the Board requires that the nature of the costs and forecasted quantum  
23 must be reasonably incurred, though final determination of prudence will be made

---

<sup>5</sup> See section 2.9.4 on p. 67.

<sup>6</sup> Also notable is that, as the costs are in relation to the operation of a newly built system in a previously unserved area, which is to be used for a temporary period, they are too uncertain to be used as the basis for setting rates on a prospective basis. In addition, it would be inefficient from a regulatory perspective to establish rates on a cost of service basis for a temporary arrangement.

1 at the time of disposition. In terms of quantum, this means that an applicant must  
2 demonstrate why the option selected is a cost-effective option for ratepayers. In  
3 granting the licence, the Board concluded that the Pikangikum System will fill a  
4 pressing exigent need for the Pikangikum First Nation, and will contribute to  
5 achieving the connection to the provincial grid of remote northwestern First Nation  
6 communities in keeping with the priority that the province has given to that  
7 objective. The Pikangikum System is being developed as an interim step in the  
8 Transmission Project, which was declared by the Province to be a priority under  
9 section 96.1 of the Act and which WPLP is required to develop as a condition of its  
10 transmission licence. Furthermore, the Board granted WPLP a distribution licence  
11 in contemplation of WPLP's plans to build, own and operate the Pikangikum  
12 System on a temporary basis to expedite connection of the Pikangikum First Nation,  
13 which it found to be in the public interest. Given the need underlying the costs, and  
14 subject to the costs being found reasonable based on a final prudence review, the  
15 amounts to be recorded in the Deferral Account will be prudent.

## 16 **Procedural Matters**

17 14. As WPLP requires the Deferral Account prior the Pikangikum System going into service,  
18 WPLP requests a final order of the Board on an expedited basis by no later than November  
19 15, 2018.

20 15. If the Board determines that it will be unable to issue a final order by November 15, 2018,  
21 the Applicant requests that the Board issue an interim order authorizing WPLP to establish  
22 the Deferral Account so that it can be in effect in time for the Pikangikum System going  
23 into service. The Applicant understands that an interim order authorizing the Deferral  
24 Account to be established would be subject to the Board's determinations in the final order.

25 16. The Applicant requests that copies of all documents filed with or issued by the Board in  
26 connection with this Application be served on the Applicant and its counsel as follows:

Applicant:

Ms. Margaret Kenequanash  
Chief Executive Officer  
Wataynikaneyap Power  
300 Anemki Place, Suite B  
Fort William First Nation, ON  
P7J 1H9

Tel: (807) 577-5955 ext. 105

Fax: -

[margaret.kenequanash@wataypower.ca](mailto:margaret.kenequanash@wataypower.ca)

Mr. Duane Fecteau  
Vice President - Finance  
Wataynikaneyap Power PM Inc.  
c/o FortisOntario Inc.  
PO Box 1218, 1130 Bertie Street  
Fort Erie, Ontario L2A 5Y2

Tel: (705) 987-3616

Fax: (705) 759-2218

[Duane.Fecteau@wataypower.ca](mailto:Duane.Fecteau@wataypower.ca)

Applicant's Counsel:

Mr. Charles Keizer  
Torys LLP  
79 Wellington St. W., 30th Floor  
Box 270

TD South Tower

Toronto, Ontario M5K 1N2

Tel: 416-865-7512

Fax: 416-865-7380

[ckeizer@torys.com](mailto:ckeizer@torys.com)

Mr. Jonathan Myers  
Torys LLP  
79 Wellington St. W., 30th Floor  
Box 270

TD South Tower

Toronto, Ontario M5K 1N2

Tel: 416-865-7532

Fax: 416-865-7380

[jmyers@torys.com](mailto:jmyers@torys.com)

17. Additional written evidence, as required, may be filed in support of this Application, which may be amended from time to time prior to the Board's final decision.

18. The Applicant requests that the Board proceed by way of written hearing, pursuant to Section 32.01 of the Board's *Rules of Practice and Procedure*.

Dated at Toronto, Ontario, this 7th day of September, 2018.

**WATAYNIKANEYAP POWER GP INC.  
on behalf of WATAYNIKANEYAP POWER LP**

By its Counsel, Torys LLP

Charles Keizer

Jonathan Myers

**DISTRIBUTION LICENCE**

On June 15, 2017, WPLP applied to the Board for an electricity distribution licence in connection with its plans to develop, construct, own and operate the Pikangikum System on an interim basis until such time as the Pikangikum First Nation can be served by the Transmission Project. In its Decision and Order issued September 28, 2017 (EB-2017-0236), the Board found it to be in the public interest to issue the distribution licence.

In granting the distribution licence, the Board indicated its understanding that the development and construction of the Pikangikum System is part of the Transmission Project, that although WPLP will be constructing the line using 115 kV conductors the line will initially be connected to Hydro One's distribution system and will be operated at 44 kV, and that this will enable the Pikangikum First Nation to be connected to the grid about 3-4 years before they could be connected through the Transmission Project in order to address severe capacity constraints and significant reliability issues with the current reliance on diesel generation.<sup>7</sup> As noted in the Decision and Order, WPLP indicated in its distribution licence application its intention to apply for approval of distribution rates to take effect when the Pikangikum System goes into service.<sup>8</sup> This Deferral Account application fulfils that intention.

In its findings, the Board stated that the Pikangikum System "will fill a pressing exigent need for the Pikangikum First Nation, and will contribute to achieving the connection to the provincial grid of remote northwestern First Nation communities in keeping with the priority that the province has given to that objective." A copy of the Decision and Order, which includes the Distribution Licence, is provided in **Appendix 'A'**.

In its application for the distribution licence, WPLP requested clarification from the Board with respect to certain characterizations under the Distribution System Code ("DSC") and Retail Settlement Code ("RSC"). The Board concluded that since the Pikangikum System had not been built and the transfer of the local generating and distribution facilities to Hydro One Remotes had

---

<sup>7</sup> OEB, Decision and Order (EB-2017-0236), September 28, 2017, p. 2.

<sup>8</sup> *ibid.*

1 not been completed, it would be more appropriate to deal with the requested clarifications at the  
2 time WPLP applies for distribution rates. WPLP's characterization as both a host distributor and  
3 an embedded distributor under the DSC and RSC, along with a related request for specific code  
4 exemptions, are discussed in Exhibit F, Tab 1.



**APPENDIX A**

**LICENCE / DECISION AND ORDER**

**EB-2017-0236**



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

---

## **DECISION AND ORDER**

**EB-2017-0236**

**2472883 ONTARIO LIMITED ON BEHALF OF  
WATAYNIKANEYAP LP**

**Application for an Electricity Distribution Licence**

**BY DELEGATION, BEFORE: Brian Hewson**  
Vice President,  
Consumer Protection & Industry Performance

---

**September 28, 2017**

## INTRODUCTION AND SUMMARY

2472883 Ontario Limited on behalf of Wataynikaneyap Power LP (WPLP) filed an application on June 15, 2017 with the Ontario Energy Board (OEB) under section 60 of the *Ontario Energy Board Act, 1998* (OEB Act) for an electricity distribution licence. The application pertains to a distribution system in northwestern Ontario between Red Lake and the Pikangikum First Nation Reserve that WPLP is developing and intends to construct, own and operate (Pikangikum Project). According to the application, the Pikangikum Project is being developed to address an urgent need for grid connection of the Pikangikum First Nation on an interim basis until such time as the Pikangikum First Nation can be served by a transmission project that is also planned by WPLP.

The OEB finds that it is in the public interest to issue an electricity distribution licence to WPLP in respect of the Pikangikum Project.

This Decision and Order is being issued by Delegated Authority without a hearing, pursuant to section 6 of the OEB Act.

## BACKGROUND

### The Applicant

WPLP is an Ontario limited partnership, created in 2015, with interests held by two limited partnerships, First Nation LP (51%) and Fortis (WP) LP (49%). The limited partnership interests in First Nations LP are held directly by 22 First Nations in equal shares. Fortis (WP) LP's general partner, Fortis (WP) GP Inc., is wholly owned by FortisOntario Inc., a company that owns and operates generation, transmission and distribution businesses in Ontario.

WPLP is a licensed Ontario transmitter. In accordance with its electricity transmission licence, WPLP is developing a transmission project in northwestern Ontario (Transmission Project). Briefly, the Transmission Project comprises a new transmission line originating between Ignace and Dryden and terminating at Pickle Lake, and transmission lines extending north from Pickle Lake and Red Lake as required to connect a number of remote First Nation communities. The Transmission Project as described in WPLP's transmission licence, has been declared a priority project by the Lieutenant Governor in Council under section 96.1 of the OEB Act. To date, no application for leave to construct the Transmission Project has been filed by WPLP with the OEB.

---

## The Pikangikum Project

The Pikangikum First Nation is currently served by a distribution system owned and operated by Eshkotay Wayab, an independent power authority operated as a business by Pikangikum First Nation. The First Nation is served by diesel generation.

The Pikangikum Project is one part of the planned Transmission Project, specifically the portion running approximately 117 km from Red Lake to the Pikangikum First Nation Reserve. Although WPLP intends to construct the line in question using 115 kV level conductors, the line will initially be connected to Hydro One Networks Inc.'s (Hydro One) distribution system and operated at a distribution voltage of 44 kV. According to the application, the Pikangikum Project will enable the Pikangikum First Nation to be connected to the grid by late 2018, about 3-4 years before they could be connected through the Transmission Project, and will address severe capacity constraints and significant reliability issues with the current reliance on diesel generation.

WPLP intends to design the Pikangikum Project so that it may be converted to transmission facilities in a manner that minimizes the need for additional cost or construction activity. Once the Transmission Project north of Red Lake is ready to serve additional communities, the facilities comprising the Pikangikum Project will be converted so as to instead be connected to Hydro One's transmission system and will operate at a transmission (115 kV) voltage. Through this approach, duplication of electricity infrastructure will be avoided. WPLP has stated that, when it applies for leave to construct the Transmission Project, it will among other things seek the OEB's approval to convert approximately 94 km of the Pikangikum Project to operate at transmission voltages. According to WPLP, once the Pikangikum Project goes into service, the Pikangikum First Nation will transfer the ownership and operation of its distribution assets to Hydro One Remote Connections Inc. (HORCI).

According to the application, the capital costs of developing and constructing the Pikangikum Project are expected to be paid for primarily through funding provided by Indigenous and Northern Affairs Canada (INAC), although at the time of the application the full extent of that funding was not certain. Since the filing of the application, INAC has announced that funding in the amount of \$60 million will be provided to the Pikangikum Project. WPLP indicated that it intends to apply for approval of distribution rates, to take effect when the Pikangikum Project goes into service.

---

## FINDINGS

Based on the evidence filed, the OEB has determined that it is in the public interest to grant an electricity distribution licence to WPLP. The term of the licence is 5 years, consistent with the evidence provided by the applicant as to the period during which the Pikangikum Project will be a distribution system.

The key areas reviewed by the OEB in any licence application are the financial viability, technical capability and conduct of the applicant. The OEB finds that WPLP has provided sufficient evidence of financial viability and technical capability to demonstrate that it is qualified to do business in Ontario's distribution sector. Specifically, WPLP provided 2015 and 2016 financial statements for FortisOntario, Inc. and 2015 and 2016 annual reports for Fortis Inc., an affiliate of FortisOntario, Inc., as no financial results are available for WPLP at this time. The evidence demonstrates that both Fortis Inc. and FortisOntario Inc. are in a very strong financial position. The OEB finds that WPLP has, through its affiliated entities, sufficient financial backing to undertake the Pikangikum Project.

The OEB also finds that WPLP has, through its affiliated entities, adequate technical capability to reliably operate a distribution system and that senior management have significant electricity grid experience.

The OEB is satisfied that the Pikangikum Project will fill a pressing exigent need for the Pikangikum First Nation, and will contribute to achieving the connection to the provincial grid of remote northwestern First Nation communities in keeping with the priority that the province has given to that objective. The OEB notes WPLP's commitment to seek leave to construct in respect of activities that will be necessary in order for the Pikangikum Project to be operable as a transmission system.

In its application, WPLP acknowledged its awareness and intention to comply with its licence conditions, market rules and all applicable OEB codes. However, the applicant sought some clarification with respect to its characterization under the Distribution System Code (DSC) and Retail Settlement Code (RSC). Specifically, based on its unique situation of being a host distributor to HORCI, while being an embedded distributor to Hydro One, hence not being a wholesale market participant, WPLP will not be in a position to fulfill all of the responsibilities of the host distributor contemplated under the DSC and RSC. Therefore the applicant expects that HORCI would settle most of its charges directly with Hydro One and would only settle with the applicant based on distribution rates approved by the OEB. As the line has not been built and the transfer of the Pikangikum First Nation's generating and distribution facilities has not been

completed, it is premature to comment on the matter of clarification. The OEB finds that the clarification requested is more appropriately dealt with at the time of WPLP's application for distribution rates.

**IT IS ORDERED THAT:**

1. The application is granted, on such conditions as are contained in the attached licence.

**DATED** at Toronto September 28, 2017

**ONTARIO ENERGY BOARD**

*Original signed by*

Brian Hewson  
Vice President, Consumer Protection & Industry Performance



# Electricity Distribution Licence

**ED-2017-0236**

**2472883 Ontario Limited on behalf of  
Wataynikaneyap Power LP**

**Valid Until**

**September 27, 2022**

*Original signed by*

---

**Brian Hewson**

**Vice President, Consumer Protection & Industry Performance**

**Ontario Energy Board**

**Date of Issuance: September 28, 2017**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
27th Floor  
Toronto ON M4P 1E4

Commission de l'énergie de l'Ontario  
C.P. 2319  
2300, rue Yonge  
27e étage  
Toronto ON M4P 1E4

2472883 Ontario Limited on behalf of Wataynikaneyap Power LP  
Electricity Distribution Licence ED-2017-0236

**LIST OF AMENDMENTS**

**OEB File No.    Date of Amendment**



	<b>Table of Contents</b>	<b>Page No.</b>
1	Definitions .....	1
2	Interpretation .....	2
3	Authorization .....	2
4	Obligation to Comply with Legislation, Regulations and Market Rules .....	2
5	Obligation to Comply with Codes .....	2
6	Obligation to Provide Non-discriminatory Access .....	3
7	Obligation to Connect.....	3
8	Obligation to Sell Electricity .....	3
9	Obligation to Maintain System Integrity .....	4
10	Market Power Mitigation Rebates .....	4
11	Distribution Rates .....	4
12	Separation of Business Activities .....	4
13	Expansion of Distribution System .....	4
14	Provision of Information to the Board.....	4
15	Restrictions on Provision of Information .....	4
16	Customer Complaint and Dispute Resolution .....	5
17	Term of Licence .....	5
18	Fees and Assessments.....	6
19	Communication .....	6

2472883 Ontario Limited on behalf of Wataynikaneyap Power LP  
Electricity Distribution Licence ED-2017-0236

20	Copies of the Licence.....	6
21	Pole Attachments .....	6
SCHEDULE 1	DESCRIPTION OF SERVICE AREA.....	7
SCHEDULE 2	PROVISION OF STANDARD SUPPLY SERVICE .....	8
SCHEDULE 3	LIST OF CODE EXEMPTIONS .....	9
APPENDIX A	MARKET POWER MITIGATION REBATES.....	10

## 1 Definitions

In this Licence:

**“Accounting Procedures Handbook”** means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

**“Act”** means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

**“Affiliate Relationships Code for Electricity Distributors and Transmitters”** means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

**“distribution services”** means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

**“distribution system”** means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose;

**“Distribution System Code”** means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

**“Electricity Act”** means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

**“IESO”** means the Independent Electricity System Operator;

**“Licensee”** means 2472883 Ontario Limited on behalf of Wataynikaneyap Power LP;

**“Market Rules”** means the rules made under section 32 of the Electricity Act;

**“Performance Standards”** means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

**“Rate Order”** means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

**“regulation”** means a regulation made under the Act or the Electricity Act;

**“Retail Settlement Code”** means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

**“service area”** means the distribution system through which the Licensee is authorized by its licence to distribute electricity;

**“Standard Supply Service Code”** means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

**“wholesaler”** means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

## **2 Interpretation**

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

## **3 Authorization**

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
  - b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
  - c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

## **4 Obligation to Comply with Legislation, Regulations and Market Rules**

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

## **5 Obligation to Comply with Codes**

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such

compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:

- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

**6 Obligation to Provide Non-discriminatory Access**

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

**7 Obligation to Connect**

- 7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor's distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.2 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

- 7.3 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

**8 Obligation to Sell Electricity**

- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

## **9 Obligation to Maintain System Integrity**

- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

## **10 Market Power Mitigation Rebates**

- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

## **11 Distribution Rates**

- 11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

## **12 Separation of Business Activities**

- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

## **13 Expansion of Distribution System**

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

## **14 Provision of Information to the Board**

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

## **15 Restrictions on Provision of Information**

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.

- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
  - b) for billing, settlement or market operations purposes;
  - c) for law enforcement purposes; or
  - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

## **16 Customer Complaint and Dispute Resolution**

- 16.1 The Licensee shall:
- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
  - b) publish information which will make its customers aware of and help them to use its dispute resolution process;
  - c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
  - d) give or send free of charge a copy of the process to any person who reasonably requests it; and
  - e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

## **17 Term of Licence**

- 17.1 This Licence shall take effect on September 28, 2017 and expire on September 27, 2022. The term of this Licence may be extended by the Board.

## **18 Fees and Assessments**

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

## **19 Communication**

19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

19.2 All official communication relating to this Licence shall be in writing.

19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

## **20 Copies of the Licence**

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

## **21 Pole Attachments**

21.1 The Licensee shall provide access to its distribution poles to all Canadian carriers, as defined by the Telecommunications Act, and to all cable companies that operate in the Province of Ontario. For each attachment, with the exception of wireless attachments, the Licensee shall charge the rate approved by the Board and included in the Licensee's tariff.

21.2 The Licensee shall:

- a) annually report the net revenue, and the calculations used to determine that net revenue, earned from allowing wireless attachments to its poles. Net revenues will be accumulated in a deferral account approved by the Board;
- b) credit that net revenue against its revenue requirement subject to Board approval in rate proceedings; and
- c) provide access for wireless attachments to its poles on commercial terms normally found in a competitive market.



**SCHEDULE 1                      DESCRIPTION OF SERVICE AREA**

This Schedule specifies the service area where the Licensee is authorized to distribute and sell electricity in accordance with paragraphs 3 and 8.1 of this Licence.

A distribution system, of approximately 117 km in length, running from a point in the Municipality of Red Lake to the Pikangikum First Nation Reserve. The distribution line will connect at its southern end to Hydro One Networks Inc.'s distribution system at a point north of Red Lake, the line will run north to a transformer station at Berens River, and then northwest until it reaches Pikangikum First Nation Reserve.

## **SCHEDULE 2                      PROVISION OF STANDARD SUPPLY SERVICE**

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

1.        The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

**SCHEDULE 3                      LIST OF CODE EXEMPTIONS**

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

## **APPENDIX A MARKET POWER MITIGATION REBATES**

### **1. Definitions and Interpretations**

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

### **2. Information Given to IESO**

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
  - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
  - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:
  - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
  - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.

- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

### **3. Pass Through of Rebate**

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

## **ONTARIO POWER GENERATION INC. REBATES**

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

### **1. Definitions and Interpretations**

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

### **2. Information Given to IESO**

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
  - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
  - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity

distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
  - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

### **3. Pass Through of Rebate**

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.



**DISTRIBUTION PROJECT**

As noted in Exhibit B, Tab 1, the Pikangikum First Nation is the southernmost of the remote communities that will connect to the grid by means of WPLP's Red Lake Remote Connection Lines. The Pikangikum First Nation is currently served by a distribution system owned and operated by Eshkotay Wayab, an independent power authority operated as a business by Pikangikum First Nation. Pikangikum has been working for many years to develop a distribution line from Red Lake to provide electricity service to its community. Although WPLP long recognized the potential for overlap between WPLP's Transmission Project and Pikangikum's efforts to develop a distribution line from Red Lake, as well as the need for WPLP's transmission line north of Red Lake to cross Pikangikum's traditional lands (and the opportunity for integrating the two projects), Pikangikum was not one of the initial Participating First Nations.

Through meetings with the Chief, Council and Elders from Pikangikum, representatives of WPLP explored scenarios under which Pikangikum would be willing to support and/or join the Transmission Project. WPLP learned that, due to the severe capacity constraints and significant reliability issues with its existing diesel generation, Pikangikum's primary concern was with the timing for getting its community connected to the grid. It was anticipated that Pikangikum's distribution project would be able to connect the community approximately 3-4 years before they could be connected through the Transmission Project. WPLP also learned that prior development work on Pikangikum's distribution project included consideration of the use of 115 kV facilities, which would allow the future connection of additional communities to the north. The interim connection of the Pikangikum First Nation through the distribution facilities comprising the Pikangikum System addresses the community's urgent supply and reliability needs and enables the community to ultimately be served by WPLP's Transmission System.

All or substantially all of the capital costs of developing and constructing the Pikangikum System are being funded by Indigenous and Northern Affairs Canada ("INAC").<sup>9</sup> WPLP commenced

---

<sup>9</sup> In August 2017, the Prime Minister of Canada announced the dissolution of INAC and a plan to create two new departments, Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada. This transformation will take time and includes engagement with Indigenous peoples and others.

1 construction of the Pikangikum System in November 2017 and the facilities are expected to be  
2 ready for service in November 2018.

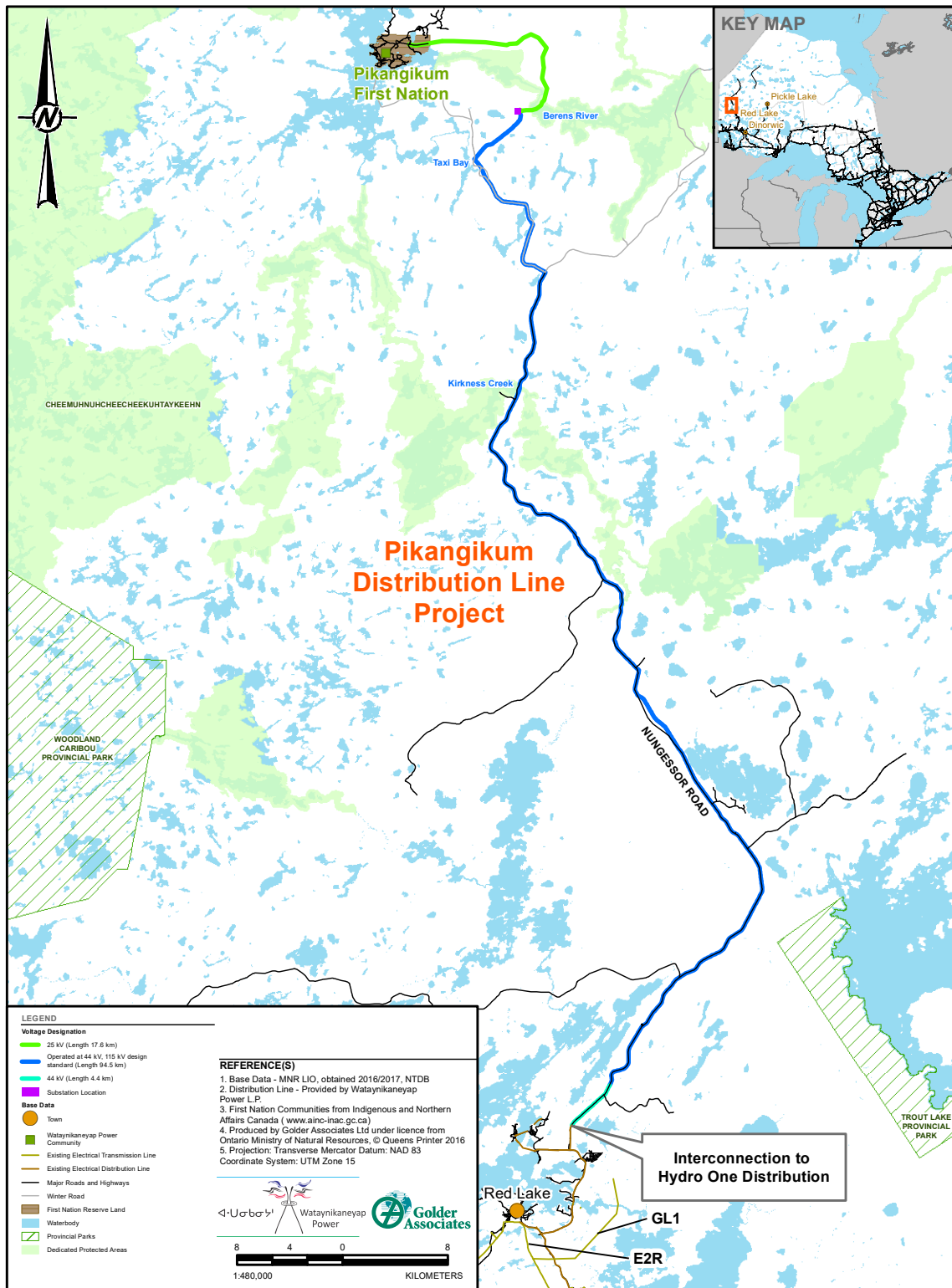
3 More particularly, WPLP is constructing an approximately 117 km transmission line, from Red  
4 Lake to the Pikangikum First Nation Reserve, 99 km of which will be constructed to 115 kV  
5 transmission standards. This line segment will initially connect to Hydro One's distribution  
6 system and will be operated by WPLP at a distribution voltage (44 kV) for a period of  
7 approximately 3-4 years. This will enable WPLP to connect the Pikangikum First Nation to the  
8 grid by November 2018.

9 The Pikangikum System will connect at its southern end to Hydro One's distribution system by  
10 means of a line tap on circuit M6 at a point north of Red Lake near the Red Lake Airport. It will  
11 run north for approximately 99 km to a planned Transformer Station at Berens River, and a further  
12 18 km to the northwest until it reaches the Pikangikum First Nation Reserve. The portion from  
13 Red Lake to the Transformer Station will be operated at 44 kV and the portion from the  
14 Transformer Station to Pikangikum will be operated at 25 kV. A map of WPLP's Pikangikum  
15 System, depicting these segments, is provided in **Appendix 'A'**. At the Pikangikum First Nation  
16 Reserve, WPLP's Pikangikum System will tie into the local distribution system serving customers  
17 within the community. The local distribution system is currently owned and operated by Eshkotay  
18 Wayab, an independent power authority operated as a business by the Pikangikum First Nation.  
19 However, the community is in the process of transferring ownership and operation of the local  
20 distribution system to Hydro One Remotes, which transfer will take effect upon WPLP's  
21 Pikangikum System going into service.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

**APPENDIX 'A'**

**PRE-CONVERSION DISTRIBUTION SYSTEM MAP**



**TRANSMISSION PROJECT**

On July 20, 2016 the Lieutenant Governor in Council made an Order-in-Council pursuant to Section 96.1 of the Act declaring the construction of (i) an electricity line originating at a point between Ignace and Dryden and terminating in Pickle Lake, and (ii) electricity transmission lines extending north from Pickle Lake and Red Lake required to connect certain remote communities, to be “priority projects”. The remote communities referenced in the Order-in-Council consist of the following 16 of the 22 Participating First Nations identified in paragraph Exhibit B, Tab 1, above:<sup>10</sup>

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| 1. Bearskin Lake First Nation   | 9. North Spirit Lake First Nation |
| 2. Deer Lake First Nation       | 10. Pikangikum First Nation       |
| 3. Kasabonika Lake First Nation | 11. Poplar Hill First Nation      |
| 4. Keewaywin First Nation       | 12. Sachigo Lake First Nation     |
| 5. Kingfisher Lake First Nation | 13. Sandy Lake First Nation       |
| 6. Kitchenuhmaykoosib Inninuwug | 14. Wapekeka First Nation         |
| 7. Muskrat Dam First Nation     | 15. Wawakapewin First Nation      |
| 8. North Caribou First Nation   | 16. Wunnumin Lake First Nation    |

On July 20, 2016 the Lieutenant Governor in Council made a second Order-in-Council, under which it approved a Directive issued by the Minister of Energy pursuant to Section 28.6.1 of the Act. That Directive required the Board, without holding a hearing, to amend the conditions of the Applicant’s electricity transmission licence (ET-2015-0264) to include a requirement that WPLP proceed to develop and seek approvals for the transmission facilities that were the subject of the first Order-in-Council. On September 1, 2016 the Board issued WPLP’s amended transmission licence in accordance with the Directive (EB-2016-0258).

On March 23, 2017, the Board in its Decision and Order in EB-2016-0262 approved WPLP’s request to establish a deferral account to capture and record development costs associated with the

---

<sup>10</sup> The Transmission Project is designed to permit the potential future connection of a 17th community, McDowell Lake First Nation.

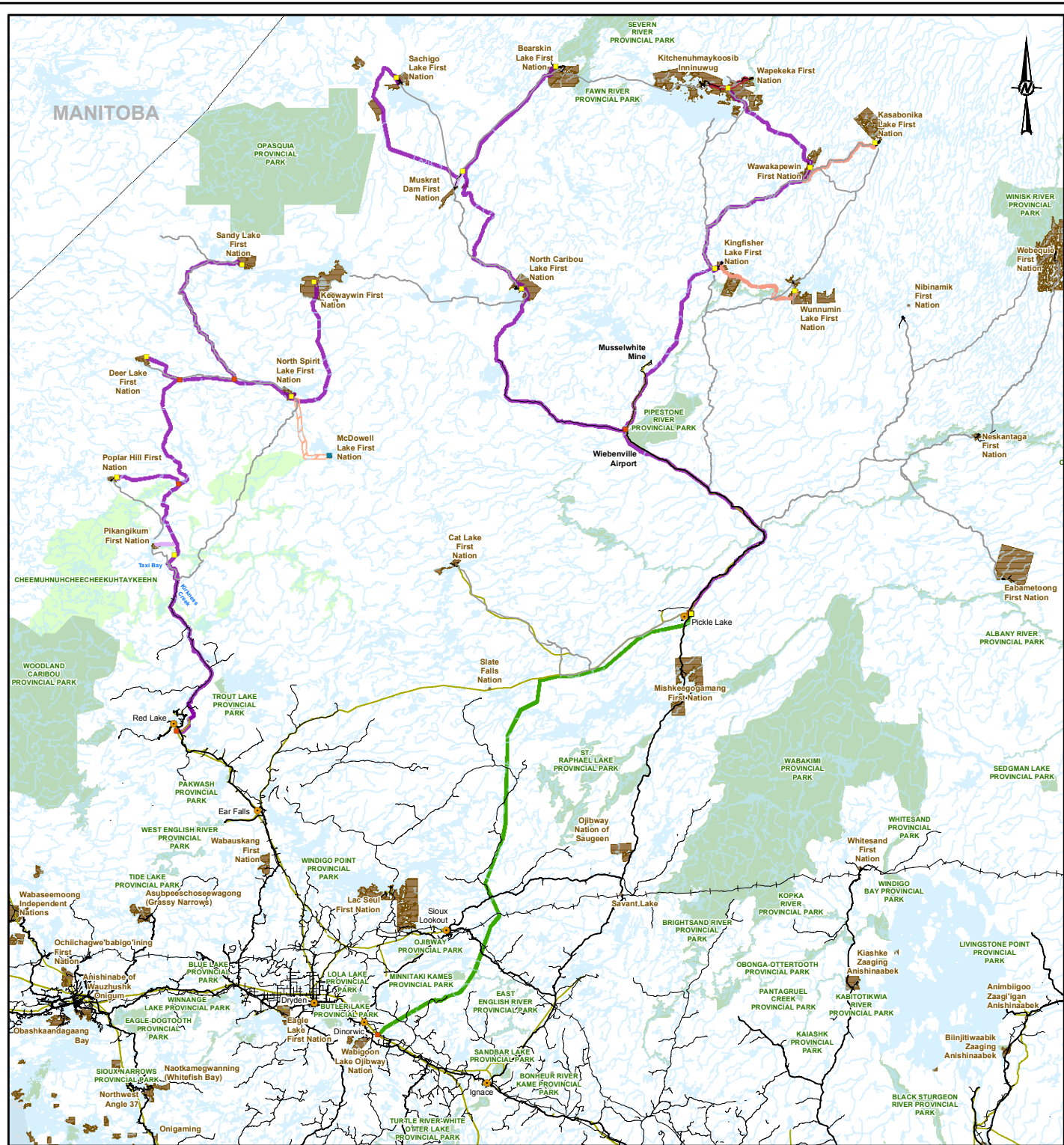
1 Transmission Project up to the effective date of a future transmission rate order for WPLP. In  
2 accordance with the Board's Decision and Order, WPLP established three sub-accounts to record  
3 its transmission development costs, which exclude start-up costs and development costs incurred  
4 prior to November 23, 2010, as well as costs of developing the Pikangikum System.

5 On June 8, 2018, WPLP filed an application with the Board, pursuant to section 92 of the Act, for  
6 an order or orders granting leave to construct the Transmission Project (EB-2018-0190). That  
7 application seeks approval to construct the 303 km Line to Pickle Lake, approximately 890 km of  
8 Pickle Lake Remote Connection Lines and approximately 531 km Red Lake Remote Connection  
9 Lines, along with associated stations and ancillary facilities. As part of the leave construct  
10 application, WPLP has requested approval for the conversion of the Pikangikum System to form  
11 part of the Transmission System. A map of the Transmission Project facilities is provided in  
12 **Appendix 'A'**. As of the date of the present application, the letter of direction and notice of  
13 application from the OEB remain pending.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

**APPENDIX 'A'**

**TRANSMISSION PROJECT MAP**



## LEGEND

### Substations

- Proposed Switching Station
- Proposed Transformer Station
- Potential Future Transformer Station

### Line to Pickle Lake

- Proposed 230 kV Transmission Line
- Proposed 115 kV Transmission Line

### Remote Connection Lines

- Proposed 44kV Transmission Line
- Proposed 25 kV Transmission Line
- Potential Future 44 kV Transmission Line
- Planned HORCI 25 kV Line

- City/Town
- First Nation Reserve Land
- Existing Electrical Transmission Line
- Major Roads / Highway
- Local Roads
- Winter Roads
- Railway
- River
- Waterbody
- Provincial Park
- Dedicated Protected Areas



## PROJECT LOCATION

### REFERENCE

Base Data - MNR LIO, obtained 2016/2017, NTDB  
Transmission Routes - Provided by Wataynikaneyap Power L.P.  
First Nation Communities from Indigenous and Northern Affairs Canada ([www.ainc-inac.gc.ca](http://www.ainc-inac.gc.ca))  
Produced by Golder Associates Ltd under licence from Ontario Ministry of Natural Resources, © Queens Printer 2016  
Projection: Transverse Mercator Datum: NAD 83  
Coordinate System: UTM Zone 15





## CONVERSION TO TRANSMISSION

Once WPLP's Red Lake Remote Connection Lines are ready to serve additional communities, the Pikangikum System will be connected to Hydro One's transmission system and will thereby be converted to transmission. Specifically, from a point that is approximately 4 km north from the southern terminus of the Pikangikum System, the Pikangikum System will be connected to a new 19 km 115 kV segment originating at WPLP's planned Red Lake Switching Station. Thereafter, the 94 km of the Pikangikum System running up to Pikangikum TS would be operated at 115 kV.

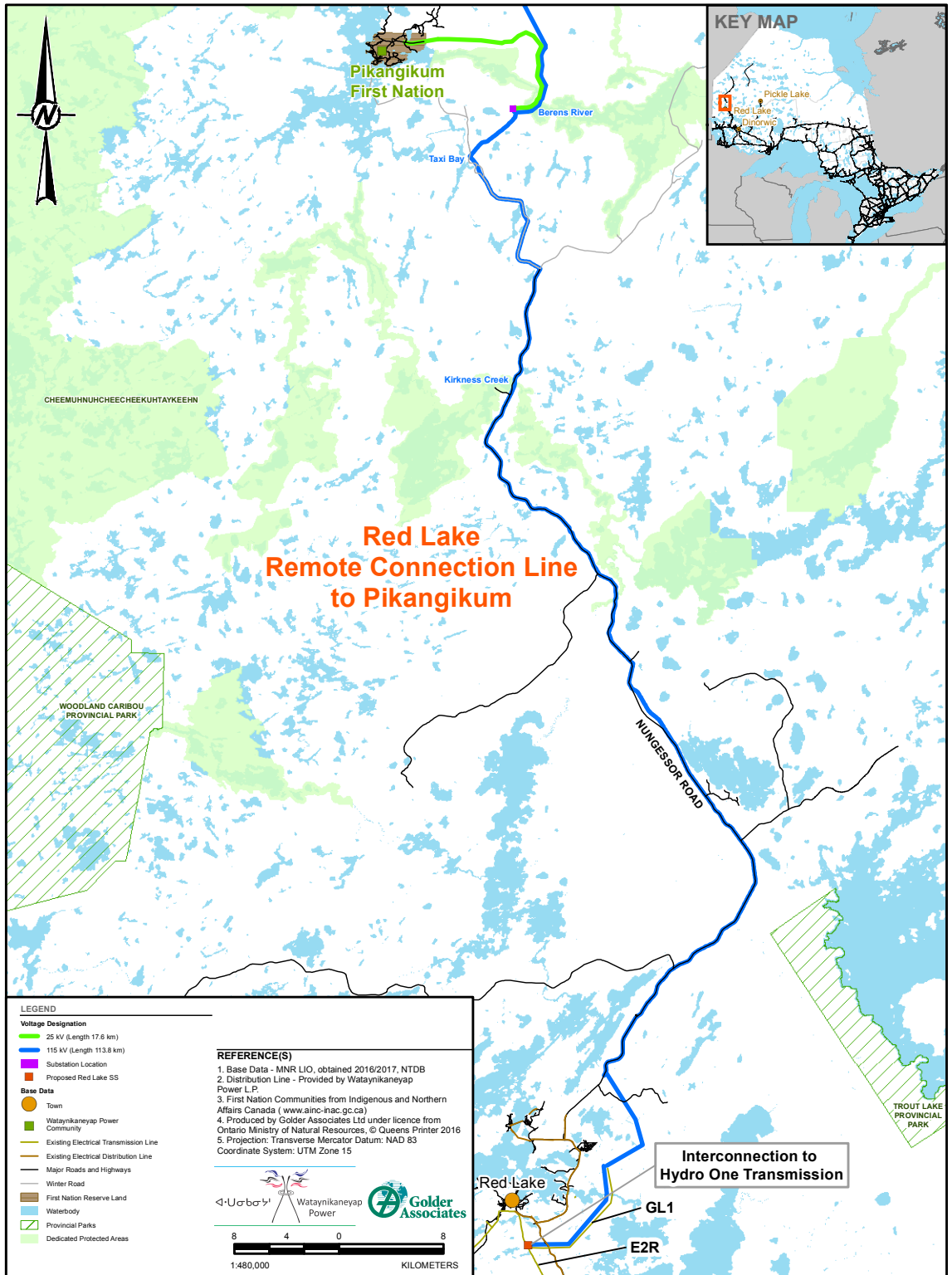
Other than adding the 115 kV interconnection, no material changes to the 94 km segment of the Pikangikum System would be needed to make it capable of being operated at 115 kV as this segment has been designed with this conversion in mind. The Pikangikum TS has also been designed with this future conversion in mind and only a relatively minor amount of reconfiguration will be required to operate at 115 kV. An approximately 18 km segment from Pikangikum TS to the Hydro One Remotes system in Pikangikum would continue to operate at a distribution voltage but, functionally, would become part of WPLP's transmission system and is therefore the subject of WPLP's request under section 84 of the Act, which has been included as part of the leave to construction application.

An approximately 4 km segment at the southern end of the Pikangikum System will not be required as part of the Transmission Project facilities, nor does WPLP intend to operate that segment on an ongoing basis as a distribution system. As such, after integrating the majority of the Pikangikum System into the Transmission Project, the Applicant does not expect to require its distribution licence for any purpose. Unless a third party expresses a desire to acquire the 4 km segment from WPLP, it is expected that both the assets and the funding contribution associated with this segment would be written off by WPLP once it is no longer required to provide service to Pikangikum.

A map of the Pikangikum System after it has been converted to form part of the Transmission Project is provided in **Appendix 'A'**.

**APPENDIX 'A'**

**POST-CONVERSION TRANSMISSION SYSTEM MAP**



## THE PROPOSED DEFERRAL ACCOUNT

The Applicant is requesting the Deferral Account for the purpose of recording operating, maintenance and administration (OM&A) costs incurred in connection with the Pikangikum System, as well as any capital costs that may be incurred after the in-service date of the Pikangikum System and that are not paid for by the INAC funding. This includes costs incurred for carrying out activities that include, but are not limited to:

- Line patrols, substation inspections and equipment testing to comply with the Appendix C requirements of the DSC and good utility practice;
- Corrective maintenance required as a result of inspections and testing;
- Provisions for a control room and/or alternate arrangements for monitoring, control, inbound contact, coordination of operational and emergency response, and establishment of work protection;
- Vegetation management;
- Responding to outages and other emergencies; and
- Programs, processes, record-keeping and audits associated with O. Reg. 22/04 (Electrical Distribution Safety) compliance.

The proposed effective date for the Deferral Account is the in-service date of the Pikangikum System, which is expected to be November 23, 2018. WPLP proposes to record amounts in the Deferral Account until the date that the Pikangikum System is converted into and thereafter forms part of the Transmission System. The costs of the converted line to the Pikangikum First Nation can then be recovered through transmission rates to be established by the Board. WPLP further proposes that the OM&A and capital costs will be recorded in separate sub-accounts.

Enabling WPLP to record its costs in the Deferral Account will facilitate future recovery of the recorded amounts by the Applicant. WPLP will periodically review the nature and quantum of the

costs recorded in the Deferral Account. Depending on the amounts recorded, WPLP may seek to clear and recover the recorded OM&A costs through a rate rider, applicable to Hydro One Remotes as the sole customer served by the system, prior to converting the Pikangikum System to form part of the Transmission System.

Forecasts for capital investments required in the Pikangikum System are highly uncertain and will largely depend on factors outside of WPLP's control, such as the frequency and extent of any damage that may be caused by severe storms or other catastrophic events. WPLP will periodically review the nature and quantum of any capital costs recorded in the Deferral Account and will propose recovery of these costs as part of a future application to the Board. This approach will allow WPLP to propose one or more recovery mechanisms that are appropriate in consideration of the circumstances. Potential mechanisms include a distribution cost of service application, an application for additional distribution rate riders, or a future transfer of costs to transmission asset accounts upon converting the Pikangikum System to operate at a transmission voltage.

WPLP acknowledges that approval to establish the Deferral Account does not provide assurance that the amounts recorded in the account will ultimately be recovered, as those amounts will be subject to final prudence review at such times that WPLP seeks disposition of the recorded balance.

To assist the Board in understanding the timing of the costs to be recorded, a construction and in-service schedule is provided in **Appendix 'A'**.

Carrying charges will be recorded on the balance in the Deferral Account in accordance with the Board's established policy for such accounts and at the interest rate prescribed by the Board from time to time. Specifically, simple interest will be calculated monthly on the opening balance in accordance with the methodology approved by the Board in EB-2006-0117.

The Deferral Account balance will be updated monthly and interest applied consistent with the Board-approved rate. Balances will be reported to the Board as part of the quarterly reporting process in accordance with section 3.1.1 of the Board's *Reporting and Record Keeping Requirements*.

- 1 A Draft Accounting Order, which includes a description of the mechanics of the Deferral Account
- 2 and examples of general ledger entries, is provided in **Appendix 'B'**.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**APPENDIX 'A'**

**CONSTRUCTION AND IN-SERVICE SCHEDULE**

**Pikangikum System Construction and In-Service Milestones**

<b>Milestone</b>	<b>Target Date</b>
Complete all pole and anchor installations	September 5, 2018
Complete substation transformer installation	September 24, 2018
Complete conductor stringing	October 16, 2018
Complete substation buswork and grounding	October 26, 2018
Distribution line substantial completion	November 11, 2018
Substation substantial completion	November 23, 2018
In-service date	November 23, 2018



1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**APPENDIX 'B'**

**DRAFT ACCOUNTING ORDER**

**DRAFT ACCOUNTING ORDER**

**WATAYNIKANEYAP DISTRIBUTION SYSTEM DEFERRAL ACCOUNT**

Wataynikaneyap Power GP on behalf of Wataynikaneyap Power LP (“WPLP”) shall establish the following deferral account: Account 1508, Other Regulatory Assets for the purpose of recording costs incurred in relation to the Pikangikum System from the in-service date of the Pikangikum System up to the date the Pikangikum System is converted into and thereafter forms part of WPLP’s transmission system, or such other time as WPLP may request and the Board may order. The deferral account shall be divided into two sub-accounts:

1. Account No. 1508.004, Other Regulatory Assets, sub-account: Wataynikaneyap Distribution System OM&A Costs
2. Account No. 1508.005, Other Regulatory Assets, sub-account: Wataynikaneyap Distribution System Capital Costs

The amounts recorded in the above accounts shall be brought forward for disposition in a future proceeding.

1. **Account No. 1508.004, Other Regulatory Assets, sub-account: Wataynikaneyap Distribution System OM&A Costs:**

USofA #	Account Description
Debit: 1508.004	Other Regulatory Assets, sub-account: Wataynikaneyap Distribution System OM&A Costs
Credit: 2205	Accounts Payable

To record OM&A costs incurred in relation to the Pikangikum System.

USofA #	Account Description
---------	---------------------

1 Debit: 1508.004 Other Regulatory Assets, sub-account: Wataynikaneyap Distribution  
 2 System OM&A Costs

3 Credit: 6035 Other Interest Expense

4 To record interest improvement on the principal balance of the “Wataynikaneyap Distribution  
 5 System OM&A Costs” subaccount.

6 **2. Account No. 1508.005, Other Regulatory Assets, sub-account: Wataynikaneyap**  
 7 **Distribution System Capital Costs:**

8 **USofA # Account Description**

9 Debit: 1508.005 Other Regulatory Assets, sub-account: Wataynikaneyap Distribution  
 10 System Capital Costs

11 Credit: 2205 Accounts Payable

12 To record capital costs incurred in relation to the Pikangikum System, but not including capital  
 13 costs paid for through funding from Indigenous and Northern Affairs Canada (including its  
 14 successors). Depreciation on the capital costs recorded will be recorded as appropriate.

15 **USofA # Account Description**

16 Debit: 1508.005 Other Regulatory Assets, sub-account: Wataynikaneyap Distribution  
 17 System Capital Costs

18 Credit: 6035 Other Interest Expense

19 To record interest improvement on the principal balance of the “Wataynikaneyap Distribution  
 20 System Capital Costs” subaccount.

21 **USofA # Account Description**

22 Debit: 1508.006 Other Regulatory Assets, sub-account: Depreciation Expense

- 1 Credit: 1508.007      Other Regulatory Assets, sub-account: Accumulated Depreciation
- 2 To record depreciation expense on in-service assets.

**REQUESTED CODE EXEMPTIONS**

In its application for its distribution licence (ED-2017-0236), WPLP requested clarification from the Board with respect to certain characterizations under the DSC and RSC. The Board concluded that since the Pikangikum System had not been built and the transfer of the local generating and distribution facilities to Hydro One Remotes had not been completed, it would be more appropriate to deal with the requested clarifications at the time WPLP applies for distribution rates. Accordingly, as the Deferral Account request is effectively WPLP's application for initial distribution rates, WPLP wishes to confirm how certain aspects of the DSC and the RSC will apply, and to seek exemptions from certain code requirements as appropriate.

As the owner and operator of the Pikangikum System, WPLP is in the unique situation where it will be both an embedded distributor to Hydro One and a host distributor to its sole customer Hydro One Remotes. Hydro One Remotes will be an embedded distributor to WPLP. In the normal course, in addition to requesting that the Board approve its own distribution rates, an embedded distributor would request Board approval for Retail Transmission Service Rates ("RTSRs") and Low Voltage ("LV") charges that are designed to pass-through the costs of the host distributor. The embedded distributor would also establish the appropriate Retail Settlement Variance Account ("RSVA") to record all costs and revenues associated with its various pass-through costs and would regularly seek to dispose of the balances in these accounts.

In the interest of regulatory and administrative efficiency, WPLP has consulted with Hydro One and Hydro One Remotes on a proposal to have all costs other than WPLP's own distribution rates settled directly between Hydro One and Hydro One Remotes, as if Hydro One Remotes was directly connected to the 44 kV system of Hydro One. This approach would effectively avoid the need for WPLP to settle with Hydro One at the 44 kV metering point, establish its own metering and settlement processes at the 25 kV delivery point, establish rates to pass through its supply costs to Hydro One Remotes on a loss-adjusted basis, track the differences between costs and revenues, and dispose of RSVA account balances.

1 In order to proceed with the proposed settlement approach, WPLP requests that the following  
2 exemption be added to Schedule 3 of its distribution licence (ED-2017-0236):

3 “The Licensee is exempt from the metering and settlement requirements pertaining  
4 to host and embedded distributors in Sections 3.1, 3.2, 4.1, 5.1 and 6 of the Retail  
5 Settlement Code, in relation to any costs being settled directly between Hydro One  
6 Networks Inc. and Hydro One Remote Communities Inc. This exemption applies  
7 only if Hydro One Remote Communities Inc. remains the sole customer of the  
8 Licensee.”