

February 15, 2019

**RESS, EMAIL & COURIER**

Ontario Energy Board  
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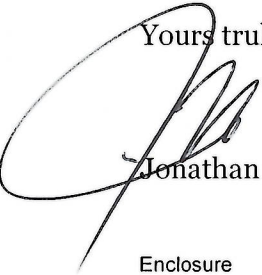
Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Wataynikaneyap Power LP - Leave to Construct (EB-2018-0190)  
– Applicant Reply Submission**

We are legal counsel to Wataynikaneyap Power GP Inc. and Wataynikaneyap Power LP (together, "WPLP") in connection with the above-referenced application. Pursuant to Procedural Order No. 2, submissions were filed on February 1, 2019, by Ontario Energy Board staff and Hydro One Remote Communities Inc. In response, please find enclosed WPLP's Reply Submissions, copies of which have been filed on RESS and served on each party in the proceeding.

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 section 92 of the Act, granting leave to construct electricity transmission facilities from a point near Dinorwic to Pickle Lake, and extending north from each of Pickle Lake and Red Lake;

**AND IN THE MATTER OF** an application by WPLP for approval, pursuant to section 97 of the Act, of the forms of land agreements that it has offered or will offer to landowners directly affected by the proposed transmission facilities;

**AND IN THE MATTER OF** an application by WPLP for an Order, pursuant to section 101 of the Act, granting authority to construct portions of the proposed transmission facilities upon, under or over a highway, utility line or ditch;

**AND IN THE MATTER OF** an application by WPLP for a determination, pursuant to subsection 84(b) of the Act, that the 44 kV and 25 kV segments of the proposed facilities are part of the applicant’s transmission system notwithstanding that the voltages of these segments will be less than 50 kV;

**AND IN THE MATTER OF** an application by WPLP for a determination, pursuant to section 13.1 and Schedule 1 of the applicant’s electricity transmission licence (ET-2015-0264), that the proposed transmission facilities are in accordance with the scope recommended or supported, as applicable, by the Independent Electricity System Operator;

**AND IN THE MATTER OF** an application by WPLP for an Order, pursuant to section 74 of the Act, amending the applicant’s electricity transmission licence (ET-2015-0264) to reflect the Board’s determination under section 84(b), to update Schedule 1 to reflect the proposed transmission facilities and to approve certain exemptions from the Transmission System Code; and

**AND IN THE MATTER OF** an application by WPLP for approval, pursuant to subsection 78(1) of the Act, of a cost recovery framework for the proposed transmission facilities.

## **APPLICANT REPLY SUBMISSIONS**

February 15, 2019

## **A. INTRODUCTION**

Wataynikaneyap Power GP Inc., as the general partner on behalf of Wataynikaneyap Power LP (“WPLP” or the “Applicant”), filed an application with the Ontario Energy Board (“OEB” or the “Board”) on June 8, 2018 (amended October 5, 2018 and January 28, 2019), pursuant to subsection 92 of the *Ontario Energy Board Act, 1998* (the “Act”) for leave to construct certain electricity transmission and interconnection facilities in connection with its planned transmission system that will reinforce supply to Pickle Lake and connect remote First Nation communities in northwestern Ontario (the “Application”), as well as for related relief, including approval of a cost recovery and rate framework and various exemptions from the Transmission System Code (the “TSC”). These are WPLP’s reply submissions in respect of the Application.

## **B. OVERVIEW**

This is a unique application, from a unique partnership, for a one-of-a-kind project that is significant in scale, in scope and in consequence.

It is an approximately \$1.6 billion project that involves the construction of roughly 1,732 km of new transmission lines at four voltage levels, along with 22 stations, across a vast, remote area of northwestern Ontario that has limited road access and which is not currently served by the provincial electricity grid.

To enable the project to be carried out, the Application seeks a number of approvals from the Board, including for leave to construct, to deem low voltage segments of the project to be part of the transmission system, for licence amendments that include certain TSC exemptions, as well as for approval of a project-specific cost recovery and rate framework.

The project will result in 16 remote First Nation communities, which are currently served by local diesel generation, being connected for the first time to the provincial electricity grid (the “Connecting Communities”).<sup>1</sup> Grid connection will eliminate existing capacity restrictions and avoid the significant investments in expanded diesel generation that would otherwise be needed to prevent further capacity restrictions in the communities, thereby securing an adequate and reliable supply of electricity to meet current and long-term needs. In doing so, the project will reduce environmental, public safety and health

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<sup>1</sup> The project is designed to permit the potential future connection of a 17 community, McDowell Lake First Nation. WPLP also notes that it has already connected one of the 16 communities, Pikangikum, on an interim basis and with limited capacity to HONI’s distribution system, as further described in these submissions.

risks associated with community reliance on diesel generation, remove a significant barrier to social and economic development, and materially enhance the quality of life in the communities, such as by enabling critically needed investments in new housing, new and expanded businesses and community infrastructure. In addition, by reinforcing transmission to Pickle Lake, the project will materially improve reliability and the quality of electricity service for customers throughout the North of Dryden sub-region.

Obtaining leave to construct WPLP's transmission project would be an important and meaningful milestone as it would mark the culmination of significant efforts that have been made by various groups since 1990, and by the Applicant and its predecessors since 2008, to develop transmission and connect remote First Nation communities in northwestern Ontario.<sup>2</sup> More importantly, it will enable construction of the proposed transmission infrastructure to commence promptly thereafter so as to bring the benefits of this vital project one step closer to reality for those who are depending on it.

A critical step in these development efforts was the issuance of two Orders in Council (OIC) by the provincial government in July 2016. One of the OICs formally designated the Line to Pickle Lake and the Remote Connection Lines (each as defined below) to be a "priority transmission project" under s. 96.1 of the Act. The other OIC approved a Minister's Directive under s. 28.6.1 of the Act, which required the Board to amend the Applicant's transmission licence (ET-2015-0264) to require WPLP to develop and seek approvals for the Line to Pickle Lake and the Remote Connection Lines. More particularly, the licence conditions require WPLP to develop the project in accordance with the scope recommended and supported by the Independent Electricity System Operator (IESO) for each of the project components. As a consequence of the OICs, and the licence amendment subsequently made by the Board, the Board is prohibited from granting leave to construct for the Line to Pickle Lake or the Remote Connection Lines, or their equivalents, to any person other than the Applicant. Moreover, in reviewing this Application, the Board is required to accept that each of these components of the project is needed.

Also significant is that, following the OICs and above-noted licence amendment, the Applicant sought and received approval from the Board to establish a deferral account into which it is permitted to record development costs incurred in connection with the project (EB-2016-0262).

Moreover, WPLP obtained a distribution licence (ED-2017-0236) and an additional deferral account (EB-2018-0267) in connection with a distribution line that addresses the particularly urgent needs of the

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<sup>2</sup> See summary of project history in Exh I-3-1, pp. 1-2.

Pikangikum First Nation. Those approvals were sought and granted on the basis of the Applicant's plans to integrate the distribution line into the transmission project and to recover the costs of operating and maintaining the distribution line through future rates for the broader transmission project. Notably, the distribution line to Pikangikum was completed and went into service on December 20, 2018.

The project therefore has a long and complex history. It has involved numerous participants from the affected First Nation communities, stakeholders from multiple agencies at all levels of government, as well as from the private sector, each in a variety of capacities. While the focus for the Board in the current proceeding must be on the specific elements included in the present Application, it is important for the Board to consider the Application in its broader historical and policy context.

It is also essential for the Board to consider the Application within its unique legislative and regulatory context, having regard to the OICs, the Applicant's transmission licence and the Board's prior decisions relating to the project. Of particular significance is that, due to the project having been designated under the Act as a priority transmission project, the Board is required to accept that the project is needed. As such, the Board's review should focus not on *whether* the Applicant should carry out the project but, rather, on whether the *manner* in which the Applicant has proposed to carry out the project is in the public interest with respect to pricing and the reliability and quality of electricity service under section 96(2) of the Act, and whether the cost recovery framework proposed, and the TSC exemptions requested, are appropriate.

To this end, the Applicant has demonstrated throughout the proceeding that it has undertaken a comprehensive and rigorous development and planning process to define the project, which is in the public interest having regard to the interests of consumers with respect to price, and the reliability and quality of electricity service. The Applicant therefore submits that leave to construct the Proposed Transmission Facilities should be granted. The key strategies and processes the Applicant has used to effectively develop and advance the project in accordance with the required scope, while minimizing project risks, impacts and costs are as follows. WPLP has:

- Undertaken comprehensive environmental assessment (EA) processes for all aspects of the project to identify, minimize and mitigate potential environmental impacts;<sup>3</sup>

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<sup>3</sup> Exh. I-1-1.

- Carried out extensive First Nations and Métis engagement and stakeholder consultation processes, which have provided multiple opportunities for meaningful review and input from affected persons over an extended period;<sup>4</sup>
- Undertaken an exhaustive review and in-depth analysis of transmission line routing and facility location options using high quality information, taking into account input received through engagement and consultations, as well as with regard to environmental, constructability and cost considerations, so as to determine optimal routing and locations;<sup>5</sup>
- Engaged in rigorous engineering analysis, including in consultation with the IESO and Hydro One Networks Inc. (HONI), to arrive at a detailed and considered transmission system design that is consistent with the IESO's recommended and supported scope, compatible with the neighbouring systems to which it will be connected, and that appropriately balances the needs for safety, reliability, efficiency, operational flexibility and cost minimization;<sup>6</sup>
- Ensured the connection of the proposed transmission facilities to the provincial electricity grid will result in no material adverse impacts on the reliability of the integrated power system, or on existing customers connected to HONI's transmission system, by obtaining final System Impact Assessment (SIA) Reports from the IESO and final Customer Impact Assessment (CIA) Reports from HONI for all project components;<sup>7</sup>
- Minimized the number of directly affected landowners and the impacts of the project on those landowners through routing and design considerations, and provided fair offers to such landowners where needed, such that it has secured or anticipates being able to secure in a timely manner all of the land rights required to construct, own and operate the proposed transmission facilities;<sup>8</sup>
- Developed and maintained project cost estimates using sound methodologies, including with respect to contingency amounts, consistent with industry practices;<sup>9</sup>

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<sup>4</sup> Exh. I-2-1 and I-3-1.

<sup>5</sup> Exh. D-1-1, D-1-2, D-2-1 and D-3-1; October 5, 2018 Amendments; January 28, 2019 Amendments.

<sup>6</sup> Exh. C-5-1 and D-1-2; IESO Letter dated June 21, 2018.

<sup>7</sup> Exh. G and H.

<sup>8</sup> Exh. F-1-1, F-2-1 and F-3-1.

<sup>9</sup> Exh. C-8-1.

- Established an innovative partnership structure that harnesses the local environmental, stakeholder and other capabilities of the 24 remote First Nations that together and indirectly hold, in equal shares, a majority interest in the Applicant (the “Participating First Nations”), as well as the financial, technical and regulatory capabilities of its private sector partners, so as to mitigate execution risk and thereby reduce costs during project development and construction;<sup>10</sup>
- Worked diligently to resolve differences with, and to ultimately welcome into the project partnership, the First Nation and private sector proponents of an alternative transmission proposal;<sup>11</sup>
- Implemented and is nearing completion of an RFP process for the competitive selection of one or more engineering, procurement and construction (EPC) contractors with the qualifications, resources and experience to execute the project within the established budget and schedule;<sup>12</sup>
- Leveraged the experience and expertise of a third-party owner’s engineer to advance the project design, assist in preparing high quality RFP documentation for selection of the EPC contractor(s), identify qualified and capable proponents, assist in selecting the successful proponent(s), advise on contracting matters and serve as the Applicant’s representative during performance of the EPC contract;<sup>13</sup>
- Developed and implemented an innovative solution to address the critical need for grid connection of the Pikangikum First Nation on an accelerated schedule, while avoiding the duplication of electricity infrastructure, by using a line constructed to a transmission standard but to be operated on an interim basis at a distribution voltage while connected to HONI’s distribution system, and converting the line to operate at a transmission voltage at such time that it can be integrated into the overall transmission project;<sup>14</sup> and
- Taken appropriate steps to facilitate the arrangement of backup electricity supply resources for the Connecting Communities consistent with its obligations under its transmission licence.<sup>15</sup>

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<sup>10</sup> Exh. B-3-1 and C-8-1.

<sup>11</sup> January 28, 2019 Amendment.

<sup>12</sup> Exh. C-8-1.

<sup>13</sup> Exh. C-8-1.

<sup>14</sup> Exh. C-3-1.

<sup>15</sup> Exh. C-6-1; Response to Board Staff Supplemental IR 67.

In addition, WPLP has taken steps to support the timely upgrade of distribution systems in the Connecting Communities and the timely transfer of distribution systems from independent power authorities (IPAs) to Hydro One Remote Communities Inc. (HORCI), including by facilitating dialogue and advancing agreements through a parallel process, for which the First Nations in communities served by IPAs, together with Indigenous Services Canada (ISC),<sup>16</sup> share responsibility.<sup>17</sup>

Moreover, WPLP has worked closely with federal and provincial government representatives to develop a funding mechanism that, subject to the finalization of definitive documentation and appropriation by Parliament, will include a capital contribution directly to the Applicant for a portion of the project cost (the amount of which will be determined based on the final project cost), as well as an innovative mechanism through which the rate impacts of the project will be mitigated without adversely impacting the financial viability or long-term sustainability of the project or the Applicant.<sup>18</sup>

However, for the project to become a reality, it is necessary for the Applicant to also obtain Board approval for the unique cost recovery and rate framework that it has proposed in the Application.<sup>19</sup> Without this proposed framework, the project would not provide the Applicant with sufficient revenues over the life of the assets to safely and reliably operate, maintain or reinvest in them, to support financing or to sustain the Applicant as a commercial entity. By approving the framework, the Board will provide the certainty that WPLP and its lenders require.

The Applicant's proposed cost recovery and rate framework will enable rates to be established through future rate proceedings that will be just and reasonable. The proposed framework addresses the unique circumstances of the Applicant and the broad public interest, while also being compatible with regulatory structures and principles. Moreover, the framework is designed to work with or without the anticipated federal funding. However, the federal funding is consistent with the cost recovery and rate framework and, therefore, the framework will permit the full benefit of the federal funding.

To complement the proposed cost recovery and rate framework, WPLP has also requested a new Construction Work in Progress (CWIP) Deferral Account into which it proposes to transfer amounts from

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<sup>16</sup> Formerly Indigenous and Northern Affairs Canada (INAC).

<sup>17</sup> Exh C-6-1, Responses to HORCI Supplemental IRs 2 and 3.

<sup>18</sup> Exh J-1-2.

<sup>19</sup> Exh J-1-1.



its existing Development Costs Deferral Account and to record construction costs to facilitate future recovery through transmission rates.

In addition, WPLP has requested several amendments to its transmission licence to support the project. Aside from requesting an administrative update to reflect a change to the name of its general partner, WPLP has requested amendments to Schedule 1 of its licence to update the description of its transmission facilities to be consistent with the Proposed Transmission Facilities (described below) and to reflect the Board's decision on WPLP's request under section 84 of the Act to deem the 25 kV and 44 kV segments of the Proposed Transmission Facilities to be transmission facilities notwithstanding their voltages. In addition, WPLP has requested two types of TSC exemptions. One set of exemptions relates to certain cost responsibility provisions of the TSC and the other relates to certain technical and connection procedure-related requirements of the TSC. The requested exemptions are from aspects of the TSC that are inconsistent or incompatible with, or which are unsupportive of the transmission project.

For the foregoing reasons, the Applicant submits that the Application (as amended), including for leave to construct, approval of the proposed cost recovery and rate framework and for all other relief requested therein, should be approved by the Board. In the sections below, the Applicant summarizes the Application and evidence, sets out its submissions in respect of each of the particular aspects of the Application, and responds to the specific submissions made by Board staff and HORCI. The IESO did not file submissions.

### **C. LEAVE TO CONSTRUCT & RELATED RELIEF**

WPLP has applied for leave to construct the following transmission and interconnection facilities, which after accounting for the two sets of minor amendments made during the proceeding have a total length of approximately 1,732 km:

#### The Line to Pickle Lake

- a) a 230 kV switching station located adjacent to the existing Hydro One Networks Inc. ("Hydro One") circuit D26A approximately 9 km southeast of Dinorwic (the "Wataynikaneyap SS");
- b) an approximately 303 km single circuit, overhead, 230 kV transmission line running from the Wataynikaneyap SS generally in a northeasterly direction to the Wataynikaneyap TS (described below) (the "Line to Pickle Lake");

- c) a 230/115 kV transformer station located near the intersection of Hwy 599 and Cohen Avenue in Central Patricia, which is approximately 3 km northeast from the Town of Pickle Lake (the “Wataynikaneyap TS”);

#### The Pickle Lake Remote Connection Lines

- a) approximately 897 km of single circuit, overhead, 115 kV, 44 kV and 25 kV transmission lines running from the Wataynikaneyap TS generally in a northerly direction to one switching station and subsequently to a series of nine transformer stations from which transmission service will be provided to distribution systems owned and operated by Hydro One Remote Communities Inc., which will serve customers in ten remote First Nation communities<sup>20</sup> (the “Pickle Lake Remote Connection Lines”);

#### The Red Lake Remote Connection Lines

- a) a 115 kV switching station located approximately 4 km southeast of Hydro One’s Red Lake TS adjacent to Hydro One’s existing circuit E2R (the “Red Lake SS”); and
- b) approximately 533 km of single circuit, overhead, 115 kV and 25 kV transmission lines running from the Red Lake SS generally in a northerly direction to a series of three switching stations and six transformer stations from which transmission service will be provided to distribution systems owned and operated by Hydro One Remote Communities Inc., which will serve customers in six remote First Nation communities<sup>21</sup> (the “Red Lake Remote Connection Lines”);

all of which are collectively referred to herein as the “Proposed Transmission Facilities”, and which include ancillary facilities, such as necessary access roads and construction laydown areas.

It is WPLP’s submission that the Proposed Transmission Facilities are in the public interest and that leave to construct should therefore be granted based on the Application, as amended. Board staff, at p. 3 of its submissions, agrees that the project is in the public interest and that leave to construct should be granted.

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<sup>20</sup> (1) Wunnumin Lake First Nation, (2) Kingfisher Lake First Nation, (3) Wawakapewin First Nation, (4) Kasabonika Lake First Nation, (5) Wapekeka First Nation, (6) Kitchenuhmaykoosib Inninuwug, (7) North Caribou Lake First Nation, (8) Muskrat Dam First Nation, (9) Bearskin Lake First Nation, and (10) Sachigo Lake First Nation.

<sup>21</sup> (1) Pikangikum First Nation, (2) Poplar Hill First Nation, (3) Deer Lake First Nation, (4) Sandy Lake First Nation, (5) North Spirit Lake First Nation, and (6) Keewaywin First Nation.

HORCI, in its submission, does not object to WPLP being granted leave to construct the project and expresses support for the development of access to electricity for northern remote communities, as is being provided by the project.<sup>22</sup>

## ***1. LEAVE TO CONSTRUCT***

### **(a) Legislative Framework and its Application to the Project**

Section 92(1) of the Act provides that no person shall construct, expand or reinforce an electricity transmission line or make an interconnection without first obtaining from the Board an order granting leave to construct, expand or reinforce such line or interconnection. Section 96(2) of the Act sets out the relevant test for an application under section 92 and provides that, in considering whether the construction, expansion or reinforcement of the electricity transmission line or the making of the interconnection is in the public interest, the Board shall only consider:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service; and
2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.

As explained by WPLP in response to Board Staff IR 1, the promotion of renewable energy sources is not a relevant consideration in the context of the Application. Board staff, at p. 4 of its submissions, agrees with WPLP that this second part of the public interest test under section 96(2) of the Act is not relevant to the Application. Nevertheless, in response to Board Staff IR 1, WPLP noted that the Proposed Transmission Facilities will allow for the potential future integration of renewable energy sources because the system extends to a large region of the province that currently has no transmission capabilities, and that the OPA's *Remote Community Connection Plan* refers to a study that identified a number of high potential hydroelectric resources in the project area.

With respect to the second part of the above test, HORCI in its submissions mentions its "REINDEER renewable program" and asks the Board to consider how WPLP's project will promote renewable energy sources in the north and how impacts to existing renewable energy programs can be mitigated. In WPLP's view, these aspects should not form part of the Board's consideration of the Proposed Transmission

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<sup>22</sup> HORCI Submissions, p. 5.

Facilities. HORCI has filed no evidence concerning its REINDEER program, nor did it mention the program in any of the preambles to its interrogatories or otherwise in the proceeding prior to making submissions on this point. To the extent that any of the REINDEER contracts are subject to termination as a result of grid connection, WPLP would be open to having discussions with HORCI and those project proponents to explore options to facilitate the continued operation and economic viability of the relevant generating facilities.

Although typically an applicant under section 92 of the Act must demonstrate the need for their proposed transmission facilities, as explained in Exh. B-4-1 and confirmed by Board staff at p. 4 of its submissions, due to the “priority project” designation made by Order-in-Council on July 20, 2016 pursuant to section 96.1 of the Act, the Board is required to accept that the proposed transmission facilities are needed. As such, the Board’s review under section 92 should focus on whether, having regard to the interests of consumers with respect to price, reliability and quality of electricity service, the manner in which the Applicant has proposed to carry out the project is in the public interest. These aspects are discussed below.

**(b) Public Interest Considerations**

**(i) Price**

WPLP submits that the impacts of the project on consumers with respect to price are reasonable. Notably in this regard, Board staff recognizes that WPLP has taken reasonable steps to find cost efficiency measures in the design of the Proposed Transmission Facilities, and that the Applicant has made a variety of efforts to reduce the costs of the project.<sup>23</sup>

In Exh. C-8-1, WPLP filed detailed information regarding its estimated project costs and the measures it has taken to reduce the development, construction and future operating costs of the Proposed Transmission Facilities, subject to the constraints it is subject to (under its transmission licence and through the IESO Scope Report) with respect to the scale, scope and technical requirements for the project. Table 1 of Exh. C-8-1 shows that the project has a total estimated cost of approximately \$1.65 billion, inclusive of development, construction, contingency and capitalized interest costs. As recognized by Board staff at pp. 6-7 of its submissions, WPLP applied a robust approach to developing its project cost estimate, which is based on a well-defined project scope and design and which includes an appropriate level of contingency.

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<sup>23</sup> Board Staff Submission, p. 5.

WPLP considered an appropriate range of routing and design alternatives to determine its preferred approach to the project, and diligently incorporated further routing and design refinements where new information and input offered opportunities for efficiencies, improved constructability, reduced project impacts and design optimization. As noted by Board staff at pp. 5-6 of its submissions, the Applicant's design choices reflect its efforts to reduce the costs of the Proposed Transmission Facilities. This is further confirmed by the IESO, whose June 21, 2018 letter to the Board states that "the transmission line design and station configurations have been developed with a view to minimizing costs for the facilities, having regard to technical and other factors (i.e. the degree of redundancy built into WPLP's proposed design is reasonable and the facilities are not built to an unnecessarily high standard)."

Additional efforts by WPLP to mitigate project costs are described in Exh. C-8-1 at pp. 6-10. These include the Applicant's unique ownership structure, which enables it to leverage the wide range of experience and expertise of the Participating First Nations and its private sector partners so as to reduce project execution risk. In addition, the participation in the project of the Participating First Nations is an important factor that will assist in mitigating costs and execution risk during the construction phase of the project, and will also provide a significant benefit to ratepayers with respect to future tax savings. Further cost mitigation efforts are evident from the manner in which WPLP is procuring construction services for the project. WPLP is competitively procuring one or more EPC contractors through an RFP process, and it has retained a third party owner's engineer to assist it in managing that process, as well as in finalizing the resulting contract(s) and monitoring the work thereunder.

As will be discussed further in Part D, Section 1 of these submissions, WPLP has also sought to mitigate price impacts by developing and proposing for Board approval a project-specific cost recovery and rate framework. This framework will result in the costs of the Line to Pickle Lake being socialized across all Ontario ratepayers through the Network Uniform Transmission Rates (UTR) pool and the costs of the Remote Connection Lines being socialized across all Ontario ratepayers through the Rural and Remote Rate Protection (RRRP) Regulation (O. Reg. 442/01). Moreover, WPLP's understanding is that HORCI has historically adjusted its rates such that the annual inflationary increase prescribed by the RRRP Regulation is considered on a total-bill basis. Provided that the OEB continues to allow this approach following grid connection, there will be no incremental cost or bill impacts for HORCI's ratepayers as a result of the project. This is important given HORCI's submission, which WPLP agrees with, that it is important for

the Board to consider the rate implications on HORCI's customers, who endure many inequities and hardships affecting their ability to pay for the cost of receiving electricity service.<sup>24</sup>

The expected bill impacts resulting from the above, for typical Ontario residential consumers, are presented in Exh. J-3-1 and are further considered in response to Board Staff IR 60 and Board Staff Supplemental IR 77. In particular, as described in Exh. J-3-1, the revenue requirement for the Line to Pickle Lake will be recovered through the UTR. Based on an estimated annual revenue requirement of \$32 million over the 2024-2033 period, the monthly bill impact for a typical residential customer would be \$0.20 in 2024, declining to \$0.17 by 2033. For the Remote Connection Lines, the estimated annual revenue requirement would be \$104 million over the 2024-2033 period, which would result in a monthly bill impact for a typical residential customer (through the RRRP rate) of \$0.56. In response to Board Staff IR Supplemental 77, WPLP provided a revised bill impact analysis using the IESO's scenario with the lowest forecasted energy demand for Ontario.<sup>25</sup> This resulted in an estimated monthly bill impact for a typical residential customer (through the RRRP rate) of \$0.73 in respect of the Remote Connection Lines in 2024, declining to \$0.65 by 2033. Together with the bill impact of the Line to Pickle Lake, this would result in a total monthly bill impact of \$0.93 for a typical residential customer in 2024, declining to \$0.82 by 2033. Given the public interest need for the Proposed Transmission Facilities, which have been designated by the Province as a "priority transmission project", the expected bill impacts of the project for Ontario ratepayers through the UTR and the RRRP are, in WPLP's submission, reasonable.

As further discussed in Part D, Section 2 of these submissions, subject to execution of definitive documents and appropriation by Parliament, anticipated federal funding arrangements will play a significant role in mitigating the impacts of the project for Ontario customers with respect to price. In particular, the federal funding arrangements will have the effect of reducing WPLP's rate base for the Remote Connection Lines through the provision of a capital contribution directly to WPLP, as well as mitigating the rate impact for Ontario ratepayers by offsetting the incremental amount of the RRRP attributable to the Remote Connection Lines until such time as the applicable federal funding is exhausted. Therefore, if the federal funding is appropriated by Parliament, there would be no expected bill impact on Ontario ratepayers from the Remote

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<sup>24</sup> HORCI Submission, p. 2.

<sup>25</sup> Prior bill impact analysis considered the average of the four outlook scenarios contained in the IESO's September 2016 Ontario Planning Outlook, whereas the response to Board Staff Supplemental IR 77 considers 'Outlook A' only.

Connection Lines during the 2024-2033 period,<sup>26</sup> which would result in the total bill impact of the project being just the impact through UTR of the Line to Pickle Lake portion of the project. However, given that the federal funding is conditional on appropriation by Parliament, WPLP has asked the Board to consider the Application in a manner that is inclusive of a scenario where the federal funding does not materialize.<sup>27</sup>

There are two additional aspects with respect to price and project costs that WPLP wishes to address, each of which is in response to Board staff's submissions.

First, Board staff recommends at p. 7 of its submissions "that the OEB require WPLP to file details of the updated costs of the Project as part of its first rate application including a variance analysis of project cost, schedule and scope compared to the original estimates, and the extent to which the project contingency was utilized". Generally, WPLP does not disagree with staff's recommendation. However, in WPLP's view, filing updated project costs as part of its first transmission rate application is something that WPLP would do in any event and in accordance with the Board's filing requirements for transmission rate applications. A further requirement in the Board's decision in the present proceeding is therefore not necessary. WPLP does wish to clarify that the updated cost estimates that would be filed in the initial rate application would be presented along with variance analysis comparing the updated cost estimates to the cost estimates embodied in the present Application. Any further variance analysis provided as construction progresses would be expected to consider actual or forecasted costs as compared to the updated cost estimates that are presented in the initial rate application.

Second, Board staff states at p. 8 of its submissions that "the OEB does not have information about the entire scope of costs associated with the Project, including some costs that may be recovered from HONI's ratepayers in due course." To clarify, WPLP notes that there are three categories of facilities that are related to the project but for which WPLP does not require, and is therefore not requesting, leave to construct.

First, as explained in response to Board Staff IR 30 and Board Staff Supplemental IR 65(b), and noted at pp. 7-8 of Board staff's submissions, WPLP will require certain additional facilities and assets for purposes of operating its transmission system, such as control room facilities, fleet, operating centres, business systems and inventory. The costs associated with such elements will be included in a future application for

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<sup>26</sup> See response to Board Staff IR 60(b). In addition, as further discussed in response to Board Staff Supplemental IR 72, even under conservative assumptions that do not consider any interest earned on funds in the Trust or avoided future costs, the Trust would remain funded beyond this period.

<sup>27</sup> See Exh J-1-2, p. 1.

transmission rates. However, as these facilities and assets are beyond the scope of Section 92 of the Act, they are not part of WPLP's request for leave to construct.

Second, Exh. D-1-2 of the Application describes certain facilities that will be designed, constructed, owned and operated by HONI and which are necessary to enable the interconnection of the Applicant's Proposed Transmission Facilities to HONI's transmission system. However, as WPLP will not be constructing those facilities, they do not form part of WPLP's Proposed Transmission Facilities. Moreover, the HONI facilities are comprised of interconnection facilities linking its transmission system with WPLP's adjacent transmission system, together with short line taps that are less than 2 km in length. As such, as explained in response to Board Staff IR 2, HONI is exempt from the requirement for leave to construct for its facilities pursuant to section 6.2(1)(c) and (f) of O. Reg. 161/99 under the Act. Board staff, in footnote 13 of its submissions, agrees with WPLP's analysis and that the scope of WPLP's application under Section 92 is therefore appropriate.

Staff's comment above, regarding the Board not having information about the "entire scope of costs associated with the project", seems to suggest that the cost estimates for HONI's facilities, which were included in WPLP's cost estimates in order to show bill impacts, only reflect some of the costs of HONI's facilities. However, the evidence is that those amounts reflect all of the costs of the HONI facilities that are required to connect WPLP's project. The only uncertainty associated with the costs of the HONI facilities is with respect to any differences between HONI's cost estimates and its actual costs for those facilities. Moreover, Board staff's comment suggests that these costs would be recovered only from HONI's ratepayers. However, as these costs would be recovered by HONI through UTRs, they would be recovered from all Ontario ratepayers.

Third, there have been references made during the proceeding to certain other work and facilities that will be important for the overall success of the project but which are outside of WPLP's control. As noted at pp. 7-8 of Board staff's submissions, and discussed in response to Board Staff Supplemental IR 65, these include the completion of IPA distribution system upgrades to Electrical Safety Authority standards, the transfer of IPA distribution systems to HORCI and securing backup supply for the Connecting Communities. In respect of each of these aspects, WPLP acknowledges that it has a supporting role to play



and is working with the responsible parties to facilitate completion of these elements.<sup>28</sup> However, leave to construct is not requested for any of these activities, which are outside of WPLP's control.

**(ii) *Reliability and Quality of Electricity Service***

WPLP submits that the impacts of the project on consumers with respect to reliability and the quality of electricity service are reasonable. This is demonstrated by the consistency of the project with the IESO recommended and supported scope, by the impact assessments completed for the project, as well as by considering the underlying purposes for the project, as discussed below.

**(A) Reliability Aspects are Consistent with IESO Scope**

As noted above, the IESO has confirmed in its June 21, 2018 letter that the Proposed Transmission Facilities are consistent with the scope recommended and supported by the IESO in the IESO Scope Report. Notably, with respect to reliability and quality of service, the IESO confirmed that the project "includes the required community connections, has the required load meeting capability and makes the required connections to the existing system", and that the proposed design "does not limit future connections to the IESO-controlled grid, including connection of remote communities that are economic to connect". Board staff, at p. 15 of its submissions, agrees with the IESO's assessment.

**(B) Impact Assessments Address Reliability & Quality of Service**

WPLP has confirmed in the Application,<sup>29</sup> and reiterates here, that it will implement the requirements set out in the final SIA Reports and CIA Reports for each of the project components. At Exhibit G of the Application, WPLP provided final SIA Reports from the IESO, along with Notifications of Conditional Approvals, for each of the Line to Pickle Lake/Pickle Lake Remote Connection Lines and for the Red Lake Remote Connection Lines. The IESO determined that connection of the Proposed Transmission Facilities will have no material adverse impacts on the reliability of the integrated power system provided that the requirements specified in the reports are implemented. In addition, at Exhibit H of the Application as amended, WPLP provided final CIA Reports from HONI for each of the Line to Pickle Lake/Pickle Lake Remote Connection Lines and for the Red Lake Remote Connection Lines. HONI determined that connection of the Proposed Transmission Facilities will have no adverse impacts on existing HONI

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<sup>28</sup> See for example WPLP's responses to Board Staff Supplemental IR 67 and HORCI Supplemental IRs 2 and 3.

<sup>29</sup> See Exh G-1-1, p. 1 and H-1-1, p. 1.

customers in the relevant areas. Board staff indicates, at p. 13 of its submission, that has no concerns with the findings of the SIA and CIA reports.

(C) Impact on Reliability & Quality of Service Evident from Project Purpose

The reasonableness of the impacts of the project on consumers with respect to reliability and the quality of electricity service is demonstrated by considering the underlying purposes of the project, as follows.

By reinforcing transmission to Pickle Lake, the Line to Pickle Lake component of the Proposed Transmission Facilities will materially improve reliability and the quality of electricity service for customers in the North of Dryden sub-region. As explained in Exh. C-1-1, all existing customers in the North of Dryden sub-region share a single supply point and are further disadvantaged by the historically poor reliability performance of circuit E1C. As a consequence, reliability of supply to customers in this area has been worse than the average for other customers in northwestern Ontario, with about 14 unplanned outages per year over the 2003-2013 timeframe and about 11 unplanned outages per year over the 2007-2017 timeframe, compared to the average of 3 per year for customers served by other 115 kV lines in northwestern Ontario. The Line to Pickle Lake is expected to significantly reduce the frequency and duration of planned and unplanned outages and improve power quality, as well as decrease transmission line losses and greatly increase load meeting capability in the region. This will also enable the system to support the connection of remote First Nation communities through the Remote Connection Lines. The impacts of the Line to Pickle Lake component of the project on consumers with respect to reliability and quality of electricity service are further discussed in response to Board Staff Supplemental IR 79(b).

By connecting remote First Nation communities to the provincial transmission system, the Pickle Lake Remote Connection Line and the Red Lake Remote Connection Line components of the Proposed Transmission Facilities will materially improve reliability and the quality of electricity service for electricity consumers in the Connecting Communities and provide opportunities to receive electricity service for the entire region. As explained by WPLP in response to Board Staff Supplemental IR 79, grid connection of the remote communities will enable existing capacity restrictions to be lifted and will avoid the need for significant investments in diesel generation assets to avoid new capacity restrictions arising under a continued diesel scenario. By providing capacity sufficient to accommodate further connections and anticipated increases in demand, such as from the connection of new housing or the operation of new or expanded businesses and community infrastructure, the project will enhance reliability and vastly

improve the quality of electricity service to the remote communities, as well as provide access to electricity service across all of its service area.

In its submissions, HORCI states that WPLP has confirmed that the “current reliability of communities served by (Hydro One) Remotes is significantly better than the proposed transmission connection. Remotes’ customers will see a degradation in reliability as a result of the Project.” WPLP does not agree with these statements. Rather, in response to Board Staff Supplemental IR 79(a) WPLP acknowledged that the OPA/IESO report entitled “Draft Technical Report and Business Case for the Connection of Remote First Nation Communities in Northwestern Ontario” states that the expected outage duration for transmission supply alone is estimated to be an improvement for IPA communities, but not generally for the average HORCI community. While WPLP acknowledges that there may be some degradation in loss of supply performance for some of the Connecting Communities under a scenario where the Connecting Communities are served only by the Proposed Transmission Facilities, this does not represent a fair or complete assessment of the overall impacts of the Remote Connection Lines portion of the project on reliability or quality of service. First, it would be incorrect for the Board to consider the issue of reliability narrowly in terms of loss of supply performance (i.e. frequency and duration of outages) alone. Second, there has been a consistent understanding among all of the relevant stakeholders since WPLP’s project was conceived that backup supply arrangements are needed to complement the Proposed Transmission Facilities.

(1) Full Meaning of Reliability Must be Considered

With respect to the meaning of reliability, as explained by WPLP in response to Board Staff Supplemental IR 79(b), outage frequency and duration are not the only ways to measure transmission system reliability. The TSC defines "reliability", in relation to electricity service, as meaning "the ability to deliver electricity in accordance with all applicable reliability standards and in the amount desired". The IESO's Market Rules define "reliability" as meaning, in respect of electricity service, "the ability to deliver electricity within reliability standards and in the amount desired and means, in respect of . . . a transmission system, the ability of . . . that transmission system to operate within reliability standards in an adequate and secure manner". The Remote Connection Line components of the project are designed to contribute most significantly to those aspects of reliability that relate to the ability to operate in an "adequate and secure manner" and to deliver electricity "in the amount desired". More particularly, as noted above, the Remote Connection Lines will enable existing capacity restrictions to be lifted and will avoid the need for significant investments in diesel generation assets to avoid new capacity restrictions arising under a continued diesel scenario.

Therefore, notwithstanding any degradation to loss of supply performance in certain communities in the absence of backup power arrangements, by providing capacity sufficient to accommodate further connections and anticipated increases in demand, such as from the connection of new housing or the operation of new or expanded businesses and community infrastructure, the project will contribute in a material way to enhanced reliability and will vastly improve the quality of electricity service to the remote communities and across the entire region that will be served by these facilities.

(2) WPLP is Meeting its Responsibility to Facilitate Backup Power

With respect to backup supply arrangements, it is important to first recognize that backup generation has consistently been considered to be a necessary complement to transmission connection for the remote communities. The OPA/IESO's August 21, 2014 *Draft Technical Report and Business Case for the Connection of Remote First Nation Communities in Northwest Ontario* (also known as the *Remote Communities Connection Plan*), which confirmed the need for the project and informed the OICs in respect of the project, recommended an approach based on transmission connection with backup diesel generation, and the economic analysis in that report was prepared on such a basis.<sup>30</sup> WPLP understands that the need for backup supply resources relates to the expected reliability of a long radial transmission system, in consideration of remoteness and accessibility.<sup>31</sup>

It is also important to recognize that, as a transmitter, WPLP is generally prohibited under the Act from carrying on electricity generation activities. As such, the scope of the project that WPLP is required to develop and seek approvals for does not include the backup supply of generation in the Connecting Communities. Rather, WPLP's role with respect to backup supply stems from the supported scope set out in the IESO Scope Report, which WPLP is required by the terms of its licence to comply with. In particular, the IESO Scope Report calls for WPLP to facilitate the arrangement of backup electricity supply resources.<sup>32</sup> In its June 21, 2018 letter to the Board, the IESO confirmed that "sufficient progress has been made for facilitating the necessary backup supply for the applicable communities."

As explained in response to Board Staff IR 16(a), WPLP engaged BBA to analyze and report on backup power supply options for the connecting First Nation communities (the "BBA Report"). The report provides a forecast of outage frequency and duration for each community following grid connection. It recommends

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<sup>30</sup> WPLP response to Board Staff Supplemental IR 80.

<sup>31</sup> WPLP response to Board Staff IR 16(h).

<sup>32</sup> WPLP response to Board Staff IR 16.

the use of existing diesel generation assets over other technologies for backup supply, and evaluates the costs and implications of a number of scenarios involving the existing generators. Consistent with WPLP's obligations to facilitate the arrangement of backup supply, WPLP's intended use for the BBA Report has been to provide a basis for informed discussion between the appropriate parties, which include HORCI, ISC, and the First Nation communities. Upon receiving the BBA Report, HORCI was engaged to complete a further report to assess the requirements for converting existing generation facilities to a backup power capacity and to assess the requirements to implement and maintain this solution in each community. The BBA Report and the HORCI Report were provided to Canada and First Nation LP and are referenced in the Parallel Process Agreement to inform the selection of an appropriate backup power solution for each community.<sup>33</sup>

In response to Board Staff Supplemental IR 67(a), WPLP explained that discussions between the parties responsible for arranging backup supply are ongoing and that WPLP is continuing to support this effort. In particular, as part of finalizing the definitive documents for the funding framework, Canada, Ontario, WPLP and First Nation LP have agreed to enter into a Parallel Process Agreement which outlines the process for addressing backup power needs. As part of the Parallel Process Agreement, Canada and First Nation LP agree that they will continue to work together (including with the Connecting Communities) and will involve other interested parties as appropriate (including Ontario, WPLP, the IESO and HORCI) to develop a backup power plan and commitments for the Connecting Communities that can be put into service following the Completion Date, including giving consideration to appropriate reliability and service standards, and which may include the use of existing generation facilities that are in a condition to be safely operated for such purposes in accordance with good utility practice.

ISC has committed to working with the Connecting Communities, the Ontario Ministry of Energy, Northern Development and Mines and HORCI to define the process to establish a backup power implementation plan and finalize an implementation plan in calendar year 2019. Following negotiation of its EPC contract(s), WPLP plans to communicate the expected connection dates for each Connecting Community to all parties for use in developing the implementation plan. WPLP is therefore confident that the process and commitments made within the Parallel Process Agreements will result in the necessary back-up supply being available within the timelines set out by WPLP for the connection of remote communities.

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<sup>33</sup> See WPLP response to Board Staff Supplemental IR 67(b).

In its submissions, Board staff recognizes that WPLP will not own or operate the backup generation facilities in the Connecting Communities, acknowledges the efforts that WPLP has made to facilitate the arrangement of backup electricity supply, and acknowledges that there are many parties involved in this effort with a range of responsibilities. Recognizing the importance of backup supply as a complement to WPLP's project, Board staff has proposed that the Board impose a condition of approval on WPLP, which would require WPLP to report to the Board, on a semi-annual basis until completion of the Remote Connection Lines, on the progress of the backup supply arrangements for the Connecting Communities. WPLP does not object to Board staff's proposed temporary reporting requirement in respect of backup supply. However, WPLP requests that this reporting requirement be aligned with the reporting requirement proposed by Board staff in connection with WPLP's requested CWIP Deferral Account. Moreover, WPLP disagrees with staff's proposal that this reporting obligation continue until completion of the Remote Connection Lines. Rather, in WPLP's view, this reporting obligation should continue until such time as backup power arrangements have been fully implemented. In addition, WPLP requests that the first report be due approximately 6 months following the decision, on October 15, 2019, and then every April 15 and October 15 thereafter.<sup>34</sup> These reports would be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

In its submissions, HORCI states that, given the time to develop consensus on the backup supply arrangements it would be prudent for WPLP and all affected parties to immediately initiate discussions on the development of a funding and operating structure to ensure that any envisioned backup power is available when required. WPLP agrees that funding and operating structures will need to be key topics for discussion during the parallel process, and that discussion of these aspects should be initiated expeditiously. In addition, WPLP will report on these aspects to the Board through Board staff's proposed reporting requirement.

**(c) Routing, Location and Design**

***(i) Comprehensive Process to Determine Routing and Location***

WPLP has undertaken an exhaustive review and analysis of transmission line routing and facility location options using high quality information, taking into account input received through engagement and

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<sup>34</sup> For clarity, WPLP requests that the first report, due October 15, 2019, would include the details suggested in Board staff's submission, as well as any relevant detail currently contained in WPLP's deferral account reports, recognizing WPLP's request that the development costs be transferred into the proposed CWIP Deferral Account. WPLP requests that the April/October reporting cycle supersede the January/July reporting cycle currently in place as a result of the Board's decision in EB-2016-0262.

consultations, as well as with regard to environmental, constructability and cost considerations, so as to determine optimal routing and locations. Exhibit D of the Application includes extensive and detailed evidence regarding routing, locations and design for the Proposed Transmission Facilities, including detailed descriptions of each line segment and station in Exh. D-1-1, detailed mapping including plan and profile drawings in Exh. D-2-1, and a description of related HONI facilities needed for interconnection of the project to HONI's system in Exh. D-1-2. In addition, in Exh. D-3-1, WPLP provided a detailed explanation of the process and considerations that factored into its selection of the proposed routing and facility locations, as well as the proposed technical design, as the preferred approach to undertaking the project. The Applicant also provided clear and specific rationale for the minor routing amendments that it made during the proceeding. Transmission line routing, facility location and technical design were not a focus for any party in the interrogatory stage of the proceeding. OEB staff, in its submission, states that it is satisfied with the routing alternatives that WPLP identified and assessed, and its reasons for selecting the project as its preferred option. No party objected to the proposed routing, locations or design aspects of the project and, as such, these elements of the project should be acceptable to the Board.

**(ii) *Consistent with IESO Scope***

As noted in the Overview section above, in response to a Ministerial Directive (authorized by an OIC) the Board amended WPLP's transmission licence to include a requirement to develop and seek approvals for the project. Section 13.1 of WPLP's amended licence requires it to develop and seek approvals for the Line to Pickle Lake portion of the project in accordance with the scope recommended by the IESO, and to develop and seek approvals for the Remote Connection Lines portion of the project in accordance with the scope supported by the IESO. On October 13, 2016 the IESO issued a report to the OEB, entitled *Recommended Scope for the New Line to Pickle Lake and Supported Scope for the Remotes Connection Project* (the "IESO Scope Report"), defining the recommended and supported scope for these components of WPLP's project. At Exh. C-5-1 of the Application, WPLP describes the specific parameters for and elements of the project components that the IESO recommended or supported, and the specific manner in which the Proposed Transmission Facilities is responsive to those recommendations and suggestions. In its letter to the OEB dated June 21, 2018, the IESO confirmed based on its review of the Application and evidence that the Line to Pickle Lake and Remote Connection Lines are consistent with the scope recommended and supported by the IESO in the Scope Report. In addition, at p. 13 of its submissions, Board staff states that it is satisfied that the project is consistent with this scope. WPLP therefore requests that the Board find that WPLP has satisfied the requirement in its licence to develop and seek approvals for the project in accordance with the scope recommended and supported by the IESO.

**(iii) *Consistent with EA Routing and Location***

WPLP recognizes that an order of the Board granting leave to construct is, expressly or implicitly, conditional upon WPLP obtaining all other approvals it requires to construct the project facilities. As such, WPLP understands that although the EA process is outside the scope of the proceeding and not subject to the Board's jurisdiction, the Board in reviewing a leave to construct application will be concerned with alignment between the project routing and design being considered in the EA process and the project routing and design it is being asked to approve. In Exh. I-1-1 of the Application, WPLP explained that the routing and locations being proposed were substantially aligned with those being considered in the EA, but that there were some differences that would need to be brought into alignment through an amendment to the Application. WPLP's October 5, 2018 amendment achieved this alignment, and its January 28, 2019 amendments maintained this alignment. As such, in WPLP's view the Board should be satisfied that the routing, locations and designs contemplated in this Application, as amended, will be consistent with the routing, locations and designs that will ultimately be approved through WPLP's EA processes. Neither Board staff, nor HORCI or the IESO, have raised any concerns in this respect.

**(iv) *Appropriate to Deem 25 kV and 44 kV Segments as Transmission***

As noted, WPLP has requested a determination, pursuant to subsection 84(b) of the Act, that the 44 kV and 25 kV segments of the proposed facilities are part of the Applicant's transmission system notwithstanding that the voltages of these segments will be less than 50 kV. The reasons for this request are set out in Exh. C-4-1, which explains that although these segments will operate at voltages of less than 50 kV, they will for all functional purposes be part of WPLP's transmission system. Further discussion relevant to this request is provided in response to Board Staff IRs 10 and 11. WPLP's use of 44 kV and 25 kV line segments in its project design is part of its effort to 'right-size' and optimize the design to reduce the need for additional facilities and to minimize construction requirements so as to reduce project costs without affecting WPLP's ability to meet the required needs of the system. The use of lower voltage segments is also consistent with the IESO's recommended and supported scope for the project. At pp. 18-19 of its submissions, Board staff indicates that it has no objection to the Board making the requested determination. As noted later in these submissions, WPLP has requested that if the Board makes this requested determination that it reflect this through an amendment to WPLP's transmission licence consistent with the Board's approach in other section 84 proceedings.



**(d) Land Matters**

This section considers WPLP's land rights requirements and acquisition process, its forms of land agreements as required under the Act, and its request for authority under the Act to construct facilities upon or over other linear infrastructure. With respect to land rights, WPLP reiterates that it respects the Treaty, Aboriginal and Inherent rights of the Anishinabe and Anishinnuwug, and is committed to complying with their laws and customs in respect of spiritual and land rights.<sup>35</sup>

**(i) Land Rights Required and Acquisition Process**

WPLP filed detailed evidence in Exh. F-1-1 concerning the specific conventional land rights it requires for all aspects of the project, including a confidentially filed Landowner Line List. In Exh. F-2-1, WPLP described the process it has followed and plans to follow for acquiring the various conventional land rights. The Applicant's land requirements, including the status of its efforts to acquire interests and the Landowner Line List, were updated in the October 5, 2018 amendment. Further updates were provided in response to Board Staff IR 31. The Landowner Line List was further updated in the January 28, 2019 amendment. No party has expressed concerns with WPLP's land requirements or land rights acquisition process. Notably, although all directly affected landowners and encumbrancers were served with notices of the Application in accordance with the Board's requirements, no landowners or encumbrancers intervened or filed comments in the proceeding.

**(ii) Forms of Land Agreements**

In accordance with section 97 of the Act, WPLP's Application included, at Exh. F-3-1, copies of the forms of land agreements that it has used for acquisition of the conventional land rights required to construct, own, operate and maintain the Proposed Transmission Facilities. WPLP noted in Exh. F-3-1, and further explained in response to Board Staff IR 33, that it developed the forms of agreement so as to ensure they addressed the essential easement considerations set out in Appendix 'A' of the Board's Filing Requirements. As noted above, no affected landowners intervened in or filed any comments in the proceeding. Moreover, Board staff in its submissions confirms that the forms conform to OEB requirements and that they have no concerns with WPLP's forms of land agreements.

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<sup>35</sup> See Exh. F-1-1.

**(iii) Authority to Construct on Highways, Utility Lines and Ditches**

WPLP has requested, pursuant to section 101 of the Act, authority to construct portions of the Proposed Transmission Facilities upon, under or over a highway, utility line or ditch. At p. 6 of Exh. B-1-1, WPLP explains its intention to enter into crossing agreements or similar arrangements with the conventional owners or persons in control of the highways, utility lines and ditches along or across which the Proposed Transmission Facilities will run. At Exh. F-1-1, p. 7 the Application explains that WPLP will have two rail crossings and three highway crossings, that WPLP anticipates entering into rail crossing agreements based on the forms of such agreements typically use by the railway companies for this purpose, and that WPLP plans to obtain encroachment permits from the Ministry of Transportation in the standard form for each of the highway crossings. In addition, WPLP explains that for bridges and culverts required to cross water on and along access roads, it will obtain short-term approvals through Work Permits and long-term approvals through a Land Use Permit, each of which will be obtained from the Ministry of Natural Resources and Forestry. The Applicant requires authority under Section 101 so as not to delay the project in the event that it is unable to conclude such agreements or arrangements. OEB staff states in its submissions that it has no objections to the Board granting this request.

**D. COST RECOVERY, FEDERAL FUNDING & RATES**

***1. Cost Recovery and Rate Framework***

In the Application, WPLP has requested Board approval for a project-specific cost recovery and rate framework pursuant to section 78(1) of the Act.<sup>36</sup> Under the proposed framework, the revenue requirement impacts arising from the Remote Connection Lines (based on direct and indirect capital expenditures and OM&A expenses) would be charged by WPLP through fixed monthly transmission rates applicable to service provided to HORCI from the Remote Connection Lines, which rates would be approved by the Board from time to time in future transmission rate proceedings. The revenue requirement impacts arising from all other in-service capital and OM&A costs would be recovered through the UTR. HORCI would include in its revenue requirement the costs it incurs to pay WPLP's transmission rates. In accordance with section 4(2.1) the RRRP Regulation, the incremental amount in HORCI's revenue requirement attributable to the rates charged by WPLP would be recovered through the RRRP mechanism, while rates applicable to

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<sup>36</sup> As amended in response to Board Staff IR 3.

HORCI's customers would be expected to continue to be set based only on inflationary adjustments in accordance with the RRRP Regulation.

WPLP requires approval for the proposed cost recovery and rate framework, at least insofar as it relates to the Remote Connection Lines portion of the project, because it is critical to the success of the project and the financial viability of WPLP as the owner and operator of the Proposed Transmission Facilities. This is because the existing cost recovery and rate framework available to the Remote Connection Lines would not enable WPLP to earn sufficient revenues to finance, own, operate, maintain or adequately reinvest in the Proposed Transmission Facilities. As explained at p. 9 of Exh. J-1-1, without clarity as to how WPLP will recover its costs—including the mechanics of the relevant process - WPLP will not be able to arrange future financing at a competitive rate to enable it to construct the project.

More particularly, as set out at p. 10 of Exh. J-1-1, the proposed framework is comprised of the following key elements, with further description provided in response to Board Staff IR 70:

- WPLP would expend capital in respect of the Remote Connection Lines and, once in-service and approved, add that amount to its rate base. The addition to rate base of the capital cost of the Remote Connection Lines would result in a revenue requirement impact that would include, among other things, the cost of capital based on the weighted average cost of capital (at the accepted 60/40 ratio) and the return of capital through the depreciation expense.
- The capital cost of the Remote Connection Lines would be recorded and accounted for separately from the Line to Pickle Lake. Rate base additions for the transmission project would be segregated into two pools: (i) the amount for the Remote Connection Lines, and (ii) all other in-service capital costs (i.e. the cost of the Line to Pickle Lake facilities, which are Network facilities).<sup>37</sup> The revenue requirement impact would be calculated for each pool per the current regulatory revenue requirement methodology for transmitters.
- To permit recovery of WPLP's OM&A expense, the expense will be allocated between the Remote Connection Lines and the Line to Pickle Lake on the basis of direct and indirect costs, allocated based on the proportionate asset value in each rate base pool relative to total rate base.

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<sup>37</sup> WPLP clarified in response to Board Staff Supplemental IR 66 that this pool of costs could also include any capital contribution that the OEB determines WPLP should make to HONI in respect of its Network facilities that are required to connect the project.

- The resulting revenue requirement impact arising from the Remote Connection Lines capital and OM&A expense would be charged to HORCI as a direct expense through a fixed monthly<sup>38</sup> rate applicable to service provided from the Remote Connection Lines. The expense incurred by HORCI in respect of this transmission rate would be included in HORCI's revenue requirement and as such form part of the RRRP funding calculation and RRRP payable to HORCI.
- WPLP's revenue requirement impact arising from all other in-service capital and OM&A costs would be recovered through the UTR, specifically through the Network UTR pool.

In its submissions, Board staff states that it supports approval of WPLP's proposed cost recovery and rate framework. However, staff notes that the details of the revenue requirement must be left to the panels responsible for future rate proceedings. In addition, staff raises a question as to whether it is sufficient for the Board to grant the TSC exemptions, which staff suggests - together with the RRRP Regulation - establishes the requested framework, or whether the overall cost recovery and rate framework requires approval as requested by the Applicant. Despite asking WPLP to elaborate on this, Board staff clarified that it supports the OEB approving the proposed framework as long as a detailed review of the project costs would be undertaken as part of the transmission rate setting process.<sup>39</sup>

WPLP agrees with Board staff that the specific dollar amounts to be included in WPLP's revenue requirement, and the rates arising therefrom, should be considered and approved by the panels responsible for hearing WPLP's future rate applications. However, WPLP does not agree with staff that an order granting the requested TSC exemptions, together with the existing RRRP Regulation, will be sufficient. Although the TSC exemptions and the RRRP Regulations are key elements that are compatible with WPLP's proposed framework, they alone do not establish the overall framework or provide the certainty, clarity or guidance that in WPLP's view will be essential for the success of the project. Therefore, WPLP reiterates the request it makes in the Application for approval of the proposed cost recovery framework, as a whole, under section 78(1) of the Act.

WPLP notes that there are various elements of the framework that would not be reflected through the TSC exemption or the RRRP Regulation. These include the separate accounting of costs for the Line to Pickle Lake and the Remote Connection Lines, the allocation of OM&A expenses between these project

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<sup>38</sup> WPLP clarified that the rate would be in the form of a fixed monthly rate in response to Board Staff IR 49.

<sup>39</sup> Board Staff Submission, pp. 28-29.

components, the charging of a fixed monthly rate to HORCI for service provided by the Remote Connection Lines, and the overall mechanics of the framework.

As explained in response to Board Staff IR 43(e), receiving Board approval for the cost recovery framework as part of the Board's decision on the Application will impact WPLP's ability to raise capital from non-government third parties for construction and operations. Prior to construction, WPLP's third party financier(s) and shareholders will need a high degree of certainty around the framework for WPLP's future recovery of its revenue requirement and the sustainability of its operations. This is particularly important because of the novelty of the approach being taken. Without clear approval of the proposed framework and affirmation as to the mechanics for setting WPLP's rates, WPLP's business would have a higher risk profile in advance of financing. With this uncertainty, there is the potential to increase the cost of borrowing for WPLP. It would greatly assist the project if, before funds are released and construction commences, there was a clear understanding of the cost recovery framework and a high degree of confidence as to its application by future panels in setting rates for WPLP. Approval of the cost recovery and rate framework will also provide certainty for other affected stakeholders, such as the IESO, HORCI, HORCI's customers and Ontario ratepayers.

## **2. *Treatment of Federal Funding***

As described in Exh. J-1-2, on March 12, 2018 WPLP entered into a Memorandum of Understanding with Canada, as represented by the Minister of Finance and the Minister of Indigenous Services, and Ontario, as represented by the Minister of Energy (the "Funding MOU"). The Funding MOU contemplates a total of \$1.6 billion of federal funding in support of Ontario's efforts to connect the remote communities. Only part of the funding would be provided to WPLP. The remainder of the funding would be provided to an independent Trust that would not be under WPLP's control. The funding is conditional on the finalization of definitive documentation (expected in Q1 2019) and on appropriation of the funding by Parliament, and would be provided in two tranches. The first tranche, to be provided upon substantial completion of the transmission project, will be \$770M less funding provided by Canada for connection of Pikangikum.<sup>40</sup> The second tranche, to be provided upon final completion, will be \$785M. As explained in footnotes 2 and 3 on p. 2 of Exh. J-1-2, and in response to Board Staff Supplemental IR 74, the requirements for substantial

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<sup>40</sup> As such, the funding for the capital costs of constructing the Pikangikum System is effectively an advance of a relatively small portion of the total funding to be provided by Canada. See response to Board Staff IR 73.

completion and completion under the Funding MOU include that the OEB must have approved all WPLP rate base additions related to the transmission system.

The Funding MOU contemplates that the total cost of the project will be used to determine the allocation of the federal funding as between WPLP and the independent Trust. The portion of the funding provided to WPLP will be in the form of a capital contribution that will have the effect of reducing WPLP's rate base for the Remote Connection Lines. The portion of the funding provided to the independent Trust will be used by the Trust to offset the RRRP impacts of the project on Ontario ratepayers (resulting from HORCI's recovery through RRRP of the portion of its revenue requirement attributable to its cost of receiving service from the Remote Connection Lines pursuant to section 4(2.1) of the RRRP Regulation). As such, it is WPLP's understanding that the recipient of the funds from the independent Trust will be the IESO. The Trust will be under the direction of Ontario and is not under WPLP's control. An example of this allocation as between WPLP and the independent Trust is set out in response to Board Staff Supplemental IR 70. At slide 38 of Exh. KP1, WPLP estimated that the independent Trust would be able to offset RRRP to account for the full revenue requirement for the Remote Connection Lines for approximately 13 years.<sup>41</sup>

As explained in Exh. J-1-2, given that the federal funding is conditional on appropriation by Parliament, it is important that the Board consider the Application, including the cost recovery and rate framework, in a manner that is inclusive of a scenario where the federal funding does not materialize. The proposed cost recovery and rate framework has been designed to work regardless of whether the funding contemplated in the Funding MOU is ultimately received by WPLP and the independent Trust.

On p. 13 of its submissions, Board staff comments on the expected consequences of the proposed cost recovery and rate framework, and the federal funding framework, on the bill impacts of the changes in RRRP rates over time. In particular, staff observes that there would be RRRP increases as communities are connected over the 2021 to 2023 period, followed by a step decrease once the federal funding is provided to the Trust following project completion and upon the Trust providing funds to the IESO. This is expected to continue for approximately 13 years (or longer as noted above) until the funds are exhausted, following which there would be an expected increase in RRRP. Although Board staff notes that the Trust will not be under WPLP's control or direction, and therefore the OEB cannot impose conditions on the Trust's

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<sup>41</sup> As noted in response to Board Staff Supplemental IR 72(c), the period of 13 years only considers the impact of the project on the RRRP rate and the ability to use the funds allocated to the Trust to offset the increases to the RRRP rate. Taking into account any interest earned on funds in the Trust would have the impact of extending the 13 years of offsets. In response to Board Staff IR 60(b), and as noted in footnote 29 thereto, WPLP presents a scenario where the Trust would be able to offset RRRP for a period of approximately 16 years.

distributions, Board staff suggests that the OEB may wish to signal in the decision that it would be desirable for the managers of the Trust to consider impacts on ratepayers when determining the amount and timing of fund distributions so as to facilitate more gradual bill impacts. WPLP agrees with Board staff that the OEB does not have jurisdiction over the independent Trust, and it does not take issue with Board staff expressing its preference in regard to the pacing of the Trust's distributions.

### **3. *Deferral Account***

In the Application, WPLP has requested approval for an accounting order establishing a CWIP Deferral Account into which WPLP would transfer costs that are recorded in its existing Development Costs Deferral Account and record capital costs from and after the date of the Board's order granting leave to construct until such time that the Board approves the inclusion of those amounts in WPLP's rate base. As described in Exh. J-2-1, WPLP would record interest costs using the interest rate prescribed by the Board for CWIP accounts. The proposed account would enhance tracking of costs in a transparent manner to facilitate future prudence review. WPLP included a draft accounting order at Appendix 'A' of Exh. J-2-1. The proposed CWIP Deferral Account is further discussed in response to Board Staff IRs 55 and 56. In particular, an explanation as to how the Board's criteria of causation, prudence and materiality are met in respect of the proposed account is provided in response to Board Staff IR 56(c).

In its submissions, Board staff states that it does not take issue with the proposed new CWIP Deferral Account, and that it has no concerns with the draft accounting order. However, Board staff submits that this approval should be conditional upon establishing a semi-annual reporting requirement similar to the one prescribed by the OEB in its decision and order approving the Development Costs Deferral Account. In addition, Board staff submits that in a future rate application WPLP should be able to provide a detailed breakdown of costs in a manner similar to the categories provided in the Accounting Order for the Development Costs Deferral Account. WPLP confirms that in a future rate application it will be able to provide a cost breakdown on a similar basis as in the Accounting Order for the Development Costs Deferral Account. With respect to staff's proposed reporting requirement, WPLP has no concerns with the substance of the proposal. However, WPLP requests that this reporting requirement be aligned with the backup supply reporting requirement proposed by Board staff. As such, WPLP requests that the first report be due approximately 6 months following the decision, on October 15, 2019, and then every April 15 and October 15 thereafter until the CWIP Deferral Account is terminated. These reports would be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

## **E. LICENCE AMENDMENTS**

### ***1. Request for Name Change on Transmission Licence***

In the June 8, 2018 cover letter to the Application, WPLP advised the Board that the name of its general partner changed from 2472883 Ontario Limited to Wataynikaneyap Power GP Inc. WPLP requested and obtained approval for a similar amendment under its distribution licence in EB-2018-0267. Board staff expresses support for this request at p. 24 of its submissions.

### ***2. Schedule 1 Description of Transmission System***

A copy of WPLP's transmission licence (ET-2015-0264) is provided in Appendix 'D' to Exh. B-4-1. Schedule 1 of the existing licence states that it is to be updated to reflect a more detailed description of the facilities on the date upon which the Board amends Schedule 1 of the licence to specify with greater precision the facilities to be owned and/or operated by the Licensee. In WPLP's view, upon granting leave to construct the Board will be in a position to specify the licensed facilities with greater precision and, as such, now is an appropriate time to amend Schedule 1 of the licence.

### ***3. Deeming of 25 kV and 44 kV Segments as Transmission Facilities***

As noted in Part C, above, with respect to Routing, Location and Design, WPLP has requested a determination, pursuant to subsection 84(b) of the Act, that the 44 kV and 25 kV segments of the proposed facilities are part of the Applicant's transmission system notwithstanding that the voltages of these segments will be less than 50 kV. If the Board makes this requested determination, WPLP has further requested that it reflect this as part of the amendment to Schedule 1 of WPLP's transmission licence, requested above.

### ***4. Transmission System Code Exemptions***

As explained in Exh. C-6-1, at pp. 3, due to the unique nature of the project as a large, new transmission system being developed as a priority transmission project for the primary or initial purpose of connecting remote communities to the provincial electricity grid, there are certain aspects of the TSC that are inconsistent or incompatible with, or are unsupportive of, the transmission project. To address these concerns, WPLP requested exemptions from certain requirements of the TSC. As Board staff correctly observes, WPLP has requested two types of TSC exemptions. One set of exemptions, discussed primarily in Exh. J-1-1, is from certain cost responsibility provisions of the TSC. The other set of exemptions,



discussed primarily in Exh. C-6-1, is from certain technical and connection procedure-related requirements of the TSC. WPLP requested that all of the exemptions apply on a temporary basis until the date on which the facilities listed in Schedule 1 of its licence are placed in service or December 31, 2023, whichever is earlier. In addition, WPLP requested that all of the exemptions apply to the entire project, as shown in WPLP's proposed language for Schedule 2 of its transmission licence.<sup>42</sup>

After reviewing Board staff's submissions with respect to the proposed TSC exemptions,<sup>43</sup> and subject to the assumption that the Board agrees with WPLP and Board staff that the Line to Pickle Lake is comprised of Network Facilities for which exceptional circumstances under section 6.3.5 of the TSC do not exist,<sup>44</sup> WPLP agrees with Board staff that the requested exemptions are not required in connection with the Line to Pickle Lake portion of the project and should therefore only apply to the Remote Connection Lines portion of the project, as discussed below.

In respect of cost responsibility, WPLP has requested exemptions from sections 6.1.2, 6.3.1, 6.5.2 and 6.9 of the TSC. These sections establish certain cost responsibility principles, establish a requirement for a transmitter to obtain a capital contribution from a load customer to cover the costs of connection facilities required to meet the customer's needs, require the development of connection procedures that set out how the transmitter will carry out economic evaluations to determine capital contributions required from customers, and establish record keeping and reporting requirements in relation to such economic evaluations. As discussed in Exh. J-1-1, these requirements are not compatible with WPLP's proposed cost recovery and rate framework, and the project would not be viable if WPLP were required to follow these requirements in connection with the Remote Connection Lines portion of the project.

Notably, Board staff at p. 21 of its submissions states that it finds the rationale for all of the requested exemptions in relation to the Remote Connection Lines to be persuasive, that it agrees with WPLP that the Applicant would likely be unable to obtain the necessary financing for the Remote Connection Lines if a capital contribution were required from HORCI, and that an additional benefit of the exemption (and of WPLP's proposed cost recovery framework) is that it will smooth cost recovery over time rather than require a one-time lump sum payment of over \$1.2 billion. However, there is one aspect of Board staff's submissions on the exemptions relating to capital contributions that WPLP wishes to address, as follows.

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<sup>42</sup> Exh J-1-1, p. 15

<sup>43</sup> See Board Staff Submissions, pp.19-24.

<sup>44</sup> See Board Staff Submissions, p. 22.

WPLP wishes to respond to Board staff's comments regarding the application of true-ups to the rates charged by WPLP to HORCI. In particular, at p. 21 of its submissions, Board staff states the following:

That said, OEB staff notes that the cost responsibility provisions related to capital contributions in the TSC include true-ups to ensure the customer pays based on actual consumption – not forecast consumption. An exemption from requiring a capital contribution should not also be construed to be an exemption from the need to undertake true-ups. As such, OEB staff is also of the view that any rate charged by WPLP would need to be approved by the OEB and there should be true-ups to reflect actual HORCI customer consumption in order to achieve alignment with the OEB's beneficiary pay principle. Such true-ups would result in rate adjustments to ensure HORCI (and its customers in the remote communities) are not exposed to forecast risk.

WPLP strongly disagrees with these comments and believes they point to a discrete gap in Board staff's understanding of WPLP's proposed cost recovery and rate framework. As explained in response to Board Staff IR 49 and Board Staff Supplemental IR 70, WPLP has proposed that the rate to be charged to HORCI would be a *fixed* monthly transmission rate, which would form part of HORCI's revenue requirement. The fixed monthly rate would eliminate load forecast risk from a transmission perspective. It would be expected to decrease in future years as WPLP's rate base decreases through depreciation, but would not be subject to adjustments to account for any true-ups to reflect actual HORCI customer consumption as suggested by Board staff. WPLP therefore urges the Board to clarify in its decision that, under the proposed cost recovery framework and TSC exemptions requested in the Application, there will be no requirement for true-ups to the rates charged by WPLP to HORCI to reflect actual HORCI customer consumption.

Moreover, Board staff's comments ignore the fact that the manner in which HORCI would recover its costs under the proposed cost recovery and rate framework already insulates HORCI and its customers in the remote communities from forecast risk. This is because the entire cost to HORCI for paying the fixed monthly transmission rates to WPLP will be added to its revenue requirement and recovered through the RRRP while rates applicable to HORCI's customers in the remote communities would be expected to continue to be set based on inflationary adjustments only, in accordance with the RRRP Regulation. Moreover, if the federal funding is appropriated, then Ontario ratepayers will be protected from volume risk as well through the RRRP offsets provided by the independent Trust, as discussed above.

In respect of technical and connection procedure-related requirements, WPLP has requested exemptions from sections 6.1.8, 6.2 and 6.4 of the TSC. These sections establish requirements to process requests for connection prior to a transmitter's connection procedures being approved, to assign available capacity on network and connection facilities, and to undertake customer impact assessments. As discussed in Exh. C-

6-1, these exemptions would enable WPLP to focus on its primary objective of connecting the Connecting Communities before having to process additional requests for connection to the Remote Connection Lines (though it would consider such request on a case-by-case basis), to consider and if needed propose an alternative means of determining and assigning available capacity on the Remote Connection Lines as part of its future proposed connection procedures, and to avoid the need to complete individual CIAs and SIAs for each of the 16 Connecting Communities given that WPLP has already obtained CIAs and SIAs for the entire project, which has been designed to meet the needs of the Connecting Communities. As noted, Board staff at p. 21 of its submissions states that it finds the rationale for all of the requested exemptions in relation to the Remote Connection Lines to be persuasive.

## **F. ADDITIONAL ISSUES RAISED**

### ***1. IPA System Upgrades and Transition to HORCI***

HORCI makes certain submissions with respect to the community readiness of the IPAs and the transition of IPA distribution systems and customers to HORCI.<sup>45</sup> WPLP agrees that it is important that the IPA communities receive support in assessing the need for and implementing necessary distribution system upgrades to achieve compliance with O. Reg. 22/04, in compiling customer information, distribution system information, inventory information, as well as in developing storage and accommodation facilities. These will be important elements for achieving the timely connection of the IPA communities to WPLP's transmission system, once WPLP's system is constructed and in a position to serve each of these communities.

As explained in response to Board Staff IR 13(a), while the upgrades to the local distribution systems of the IPA communities are beyond the scope of the Application and beyond the scope of WPLP's responsibilities as transmitter, a process has been established to address any necessary IPA upgrades (excluding Pikangikum IPA upgrades, which are part of the Pikangikum project). That process, which is summarized in the response to Board Staff IR 13(a), includes the development by ISC and the First Nations for the IPA communities, with support from Opiikapawiin Services Limited Partnership (OSLP)<sup>46</sup>, of a Project Approval Request ("PAR"). Upon approval by ISC, the PAR will provide the necessary framework

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<sup>45</sup> HORCI Submissions, p. 3.

<sup>46</sup> OSLP is a company that is indirectly owned by the 24 Participating First Nations, and which provides services in respect of community engagement, communications, Indigenous participation and training, and community readiness.

for funding and project execution to implement the necessary IPA system upgrades to enable transition of those systems to HORCI. As further explained in response to HORCI Supplemental IR 2, the PAR is expected to be filed in early 2019, with approval issued for design stage funding by April 1, 2019 and approval for construction stage funding to correspond with the years in which construction needs to begin for the distribution system upgrades in each IPA community so as to align with WPLP's transmission project construction schedule. As further explained in response to HORCI Supplemental IR 2, ISC has committed in the Parallel Process Agreement to support the upgrades that are needed to the IPA distribution systems. The PAR funding for ISC upgrades will be provided through ISC's Capital Facilities and Maintenance Program funding approvals process and will therefore have no impact on rates for HORCI, HORCI's customers or Ontario ratepayers. WPLP's response to HORCI Supplemental IR 3 provides further detail on WPLP's role in this process, as well as the commitments made by various parties in support of these efforts.

## **2. *Access to Wawakapewin First Nation***

HORCI makes specific submissions relating to its concerns about access to Wawakapewin First Nation and, in particular, HORCI's inability and unwillingness to serve that community in the absence of reliable, safe and efficient year-round access by air or road. Specifically, HORCI states that funding of the construction and longer-term maintenance of a road or alternate solution will need to be determined prior to HORCI being able to serve the community, and that efforts to develop and reach agreement on an access plan should proceed without delay.<sup>47</sup> As stated in response to HORCI Supplemental IR 1, WPLP is aware that Wawakapewin is more difficult to access than other communities and that HORCI will require reliable access to the community for the purpose of operating and maintaining the distribution system. WPLP is committed to working collaboratively with HORCI to develop solutions that will meet the access requirements of all parties. As described in response to HORCI IR 15, this access is not required for a number of years.

## **3. *Conditions of Approval***

Board staff has proposed, at pp. 30-31 of its submissions, that leave to construct be granted subject to three "standard" conditions of approval and three additional conditions of approval that are unique to WPLP.

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<sup>47</sup> HORCI Submission, p. 4.

WPLP does not object to the proposed standard conditions of approval, but has the following concerns regarding the additional, WPLP-specific conditions.

With respect to the first non-standard condition, it is WPLP's view that the requirement to file semi-annual reports should not be a continuation of the obligation under EB-2016-0262 in relation to the Development Costs Deferral Account but, rather, a new obligation in relation to the proposed CWIP Deferral Account generally using the same format for reporting as has been carried out under EB-2016-0262. Moreover, as noted previously in these submissions, WPLP requests that (a) this reporting requirement be aligned with the backup supply reporting requirement proposed by Board staff in non-standard condition #2, and (b) the first report be due approximately 6 months following the decision, on October 15, 2019, and then every April 15 and October 15 thereafter until the CWIP Deferral Account is terminated, or until backup power arrangements have been fully implemented in the case of the obligation to report on backup supply. These reports would be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

WPLP does not object to the second proposed non-standard condition.

With respect to the third non-standard condition, it is WPLP's view that this condition is not necessary because the Board's filing requirements for transmission rate applications and WPLP's commitment as a licensed transmitter to filing complete applications in its future rate proceedings will ensure that the Board receives detailed information on the final costs of the Proposed Transmission Facilities, along with appropriate variance analysis of the project cost, schedule and scope, including the extent to which project contingency, which represents a quantification of the risk which will become part of the known costs of the project as it is executed, is actually used. To the extent this information is not provided, Board staff and parties will have an opportunity in that proceeding to request such information.

Another concern with the third non-standard condition is that Board staff asks for WPLP to file information on "the final costs of the Project as part of its first rate application". This will not be possible based on the project schedule and sequencing. This is because the final costs of the project will not be known until sometime after construction of the project is completed (which as set out in Exh. C-7-1 is expected to be in Q4 2023), but as indicated in response to Board Staff IR 4, WPLP expects to file its first transmission rate application approximately 12 months in advance of the first component of the project, being the Line to Pickle Lake, going into service. As such, given the planned in-service date for the Line to Pickle Lake of Q4 2020, WPLP plans to file its first transmission rate application by approximately Q4 2019.

**G. CONCLUSION**

Based on the foregoing, WPLP submits that the Application, as amended, including the requests for leave to construct, approval of the proposed cost recovery and rate framework, approval of TSC exemptions, and approval of all other relief requested therein, should be granted. The Board's approval of the Application would mark an important milestone in the protracted effort to develop transmission and connect remote First Nation communities in northwestern Ontario. Most importantly, it would enable construction of the Proposed Transmission Facilities to begin promptly thereafter so as to bring the benefits of this vital project an important step closer to reality, and bring an immediate sense of hope and optimism, for the people, businesses and communities that will be served by the project.

All which is respectfully submitted this 15th day of February, 2019.

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

By its Counsel, Torys LLP

  
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Jonathan Myers