WATAYNIKANEYAP POWER LP

Response to Interrogatory from Board Staff

BOARD STAFF - 1

Reference: Exhibit A, Tab 2, Schedule 1, page 7

Preamble: Following receipt of the Leave To Construct (LTC) Decision in April 2019, WPLP states that it completed all outstanding items required to initiate construction of its Transmission System. Notably, between April 2019 and December 2019, WPLP executed its EPC contract, secured project financing and federal funding commitments, acquired the necessary outstanding permits and approvals (including EA approvals and Far North Act exemptions), and acquired the necessary land rights required to initiate construction.

WPLP also stated it worked extensively in 2020 with Valard to assess the schedule implications arising from the COVID-19 pandemic, as well as mitigation efforts and associated cost and operational impacts.

Request:

a) Are there any outstanding items, including permits and approvals required, that may impact the timing of the construction of the Transmission System?

b) If there are any outstanding items, including permits and approvals required, that may impact the timing of the construction of the Transmission System, please specify which ones and the expected timeframe for acquiring them.

Response:

WPLP assumes the intended reference is Exhibit A, Tab 3, Schedule 1, p. 7.

a) While there are no outstanding items expected to impact the timing for construction of the Line to Pickle Lake portion of the Transmission System, there are outstanding items that may impact the timing for construction of the Remote Connection Lines portion of the Transmission System. As noted in Exhibit A, Tab 3, Schedule 1, p. 2, the schedule forecasts in the Application for 2021-2023 reflected WPLP's forecasts as at January 2021 and, due to construction activities continuing since then, WPLP expected that it would need to update its schedule forecasts during the proceeding.

b) The following outstanding items may impact the timing for construction of the Remote Connection Lines portion of the Transmission system:

1. Delays in the 2020/2021 construction season - WPLP has worked with its EPC contractor, Valard (the "Contractor"), to determine the impact of delays experienced during the 2020/2021 construction season on the schedule for 2022 in-service additions. The delays were experienced due to winter road availability from a shorter winter period, route changes and lack of access in the Whitefeather Sustainable Forest License ("SFL") area. The impacts of these delays have been reflected in the updated evidence filed as Exhibit K (see response to Board Staff IR #8(a)). In addition, WPLP is currently working with the Contractor to finalize the impact on schedule related to community energization after the 2022 test year. WPLP will be finalizing schedule impact over the next few months so as to not impact the 2021/2022 winter construction season.

2. COVID-19 – COVID-19 continues to impact access to the Project Site. The known COVID-19 impact to schedule has been reflected in the updated financial forecast included in the updated evidence filed as Exhibit K. Given the dynamic nature of COVID-19 and the need to manage the risk of COVID-19 throughout the Project footprint, COVID-19 may have a further impact on the timing for the construction of the Transmission system.

3. Forest Fires – Northwestern Ontario is experiencing a significant number of forest fires that are impacting project construction, across the entire project footprint. Ontario issued Emergency Area Order 2021-13 on July 21, 2021 covering most of Northwestern Ontario, including WPLP's entire project footprint. Subsequent restrictions on a variety of industrial activity under this order have effectively shut down work on the Project until further notice. The impact is not known at this time and will likely not be known until October or November 2021.

4. Permits - Any outstanding land related permits (i.e. Section 28(2) permit, Land Use Permit from MNRF and Land Use Permit from MECP) for known land route changes are expected to be received by October 30, 2021, which will be prior to any required construction activity in relation to the affected locations. As such, these outstanding land related permits are not expected to impact the timing for construction of the Transmission System.

BOARD STAFF - 2

Reference: Exhibit B, Tab 1, Schedule 5, page 28

Preamble: WPLP states that its inventory requirements are being informed by its Owner's Engineer, based on assessments of the probability of various failure scenarios for different types of assets and locations, and the types of assets that would likely need to be replaced under each of these scenarios. In order to balance the cost of inventory against the risk of failure, inventory requirements are based on the likely overall damage resulting from a single initiating event and do not consider extreme cases of concurrent failure in different areas.

Request:

a) What is the likelihood of extreme cases of concurrent failure in different areas? Please explain.

b) If there were an extreme case of concurrent failure in different areas, how does WPLP plan to bring all services back online?

Response:

a) The design basis for WPLP's transmission lines takes into account various weather cases, including extreme cases, based on CSA C22.3 No 1 (Overhead standard) and other industry practices.

The likelihood of a single event in excess of design standards is, by design, considered to be a rare occurrence. Events that could cause widespread damage or failure (e.g. forest fire, extreme weather in excess of design standards, etc.) are also generally localized events. The occurrence of multiple such events at different locations within WPLP's project footprint[1], and occurring concurrently or closer together in time than typical inventory lead times, would therefore be exceedingly rare.

Further, WPLP's use of steel lattice structures for most line segments reduces the risk of failure for events such as forest fires.

[1] The Transmission System is approximately 1,736 km in total length, with a distance of approximately 480 km between the northernmost and southernmost points, and a distance of approximately 415 km between the easternmost and westernmost points.

b) WPLP plans to implement the following measures to ensure that service across its system, including to all communities, can be restored following an extreme case of concurrent failure:

- WPLP's emergency response plans will include consideration of erecting temporary structures using more commonly available materials (e.g. wood pole or wood H-frame) in the unlikely case where the number of concurrent lattice steel tower failures exceeds the number of replacement towers in WPLP's inventory.

- Third-party contractors submitting proposals for O&M service agreements will be required to provide information on access to labour resources, aerial and off-road equipment, and any potential sources of transmission material inventory beyond WPLP's own inventory.

- WPLP intends to pursue mutual assistance agreements with other Ontario transmitters and LDCs.

- In addition to third-party mutual assistance agreements within Ontario, WPLP will be able to rely on Fortis Inc. affiliates throughout North America for emergency assistance, including labour, equipment, materials, supply chains and relationships between those affiliates and third-party transmission service providers.

Additionally, the IESO supported scope for the Remote Connection Lines included a requirement for WPLP to facilitate the arrangement of backup electricity supply resources for the connecting communities. WPLP has recently filed the *Backup Power Plan for the Connecting Communities of the Wataynikaneyap Transmission Project* (the "Plan") in response to a request from the OEB in EB-2018-0190. The Plan describes the backup supply arrangements for each community, which will mitigate the customer impact of outages on WPLP's transmission system.

BOARD STAFF - 3

Reference: Exhibit B, Tab 1, Schedule 5, pages 7 to 14

Preamble: The Remote Connection Lines forecast is approximately $236 million (36%) more than the LTC cost estimate.

WPLP states that during the process of reviewing the proposals WPLP received through the competitive EPC procurement process, WPLP's Owner's Engineer confirmed that the scope of work underlying the successful proposal was fully compatible with the design basis memorandum included in the RFP and that the risk profile was consistent with the RFP (i.e., no material risks were transferred to WPLP through the EPC contracting process). In reviewing the EPC contractor's proposal, WPLP undertook a careful analysis of the proposed costs relative to WPLP's preliminary estimates of the transmission line facility costs.

WPLP explains that these changes in the costs summarized in Table 3 are primarily a result of input from the EPC contractor based on "better and more complete information" than was available at the time that the LTC was filed. A summary of this analysis is prepared in Table 4.

WPLP states that line location and constructability may have been stronger drivers of line facility costs than expected when the LTC cost estimate was prepared. Another key factor for the difference in cost estimation was that Valard and the other EPC proponents, in preparing their proposals, were able to rely on geomorphological studies, preliminary access plans and details of any constraints resulting from environmental and archaeological assessments.

Request:

a) Please provide the Owner's Engineer's reports confirming that the scope of work underlying the successful proposal was fully compatible with the design basis memorandum included in the RFP.

b) Please provide any available reports, such as those prepared by the Independent Engineer, Owner's Engineer or for WPLP's Board of Directors, that discuss or evaluate the change in the transmission line facility costs compared to the WPLP's LTC estimates.

c) Please provide any analysis done by WPLP to satisfy itself that the transmission line facility costs are appropriate.

d) Please provide a more detailed explanation of the "better and more complete information" obtained following the LTC. As part of the response, please identify the types of information and what they are used for, the impact the improved information had on the project budget (in dollars), and why that information was not available until after the LTC had been filed.

e) For each of the 35 transmission line sections, please provide, in table format, the original LTC transmission line section estimate compared to the current cost forecast. For any transmission line segments with cost increases of more than 10%, please briefly explain the reasons for the cost increase if it is not solely related to "better and more complete information" as already discussed in part d).

f) Please compare the updated transmission line costs with other transmitters' costs and discuss how WPLP has satisfied itself that its costs are reasonable.

Response:

a) Specific reports as requested in the question were not prepared. However, the following process was followed to ensure that the requirements of the DBM are followed: The Owner's Engineer prepared detailed evaluation reports as part of the technical reviews of the shortlisted proposals. Various clarifications were exchanged with the proponents. As a result of this clarification process; and further negotiations with the finalized proponent, any acceptable deviations to the RFP-DBM were incorporated into the final DBM that forms part of the EPC Contract. Furthermore, in the event of conflict between the DBM and Contractor's submitted proposals, the EPC Contract ensures that the DBM supersedes the Contractor's proposal.

b) Specific reports comparing the transmission line costs resulting from EPC proposals to WPLP's LTC cost estimate were not prepared. The competitive nature of the EPC process ensured that qualified proponents put forward proposals to deliver on the required project scope at an appropriate cost. Further, one of the objectives of the EPC RFP process was to facilitate cost competition between various proponents with different capacities. The EPC RFP process therefore allowed multiple proponents to submit their bids for any single, two or all three groups (i.e. Group 1: Line to Pickle Lake; Group 2: North of Pickle Lake Remote Connection Lines; Group 3: North of Red Lake Remote Connection Lines) that were identified on the project. The technical evaluation discussed in response to a) above ensured that the costs included in the EPC proposals were aligned with completing the project scope consistent with the LTC, as presented in the DBM. Following WPLP's internal review of technical evaluation, and consideration of other aspects of each proposal, the most advantageous (including for cost) proposal was shortlisted.[1] By choosing the lattice steel towers option (instead of the base option based upon wood poles), WPLP ensured that further available price discounts are adopted on the project, without any compromise to the technical requirements.

[1] As described in Exhibit B-1-4, p.4: "The review process included a comprehensive set of evaluation criteria for all components of the RFP and an executive review team, along with sub-teams of experts that included representatives from Hatch, the Project Manager (including ITC) and Opiikapawiin Services LP ("OSLP")."

c) See response to b) above.

d) As described in Exhibit B-1-5, the EPC proponents, in preparing their proposals, were able to rely on geomorphological studies, preliminary access plans and details of any constraints resulting from environmental and archaeological assessments. This information was not available to WPLP until after the LTC had been filed because a number of project development processes were running in parallel and completion of these activities was not a pre-requisite for WPLP's filing of the LTC application or for the OEB to grant leave to construct the project.

   In addition to the additional information which the EPC proponents were able to rely on in preparing their proposals, the reference to "better and more complete information" refers to the fact that WPLP's LTC cost estimates were informed by typical transmission construction costs and adjustments calculated by WPLP in an effort to reflect expected constructability challenges, whereas WPLP's current cost forecast is based on the outcome of a comprehensive and competitive procurement process and negotiation of a fixed-price EPC contract.

e) The requested table has been provided below. The variance calculation for 25 kV line segments is provided at an aggregate level since these line segments were not estimated individually in preparing the LTC cost estimate.

   The variance between the LTC cost estimate and the current EPC cost forecast is minimal for the Line to Pickle Lake, and exceeds 10% for the majority of the 34 line segments comprising the Remote Connection Lines. The majority of this variance is attributable to the additional information provided to the EPC proponents, and the outcome of the competitive procurement process itself, as described in response to part d) above.

   By comparing the variances between similar voltage classes in different geographical areas, and by comparing the variances between different voltage classes in similar geographical areas, WPLP discovered that terrain and constructability considerations likely had a larger impact on EPC costs than changes in voltage level.[2]

   Changes in the overall length of individual line segments due to routing and substation location updates also contribute to individual line segment variances. For this reason, WPLP presented the variance analysis in the application on a $/km basis for various voltage levels and geographic areas. For example, the overall 25 kV variance of 261.5% falls to 132% when considered on a $/km basis.

[2] See Exhibit B-1-5, pp. 9-11. Specifically, Table 4 indicates that average $/km variation for 115 kV lines between the North of Pickle Lake and North of Red Lake areas is greater than the $/km variation between the North of Pickle Lake 115 kV segments and other voltage classes in that area.

Designation	Description	Category	Voltage (kV)	LTC Cost Estimate	EPC Cost Forecast	Variance	
						$	%
W54W	Wataynikaneyap SS to Wataynikaneyap TS	LTPL	230	219,210,000	213,126,464	-6,083,536	-2.8%
WBC	Wataynikaneyap TS to Ebane/Pipestone SS	RCL - PL	115	68,076,463	102,730,187	34,653,724	50.9%
WCJ	Ebane/Pipestone SS to Kingfisher Lake TS	RCL - PL	115	53,307,671	59,916,526	6,608,855	12.4%
WJK	Kingfisher Lake TS to Wawakapewin TS	RCL - PL	115	45,982,953	50,628,753	4,645,800	10.1%
WKM	Wawakapewin TS to Wapekeka-KI TS	RCL - PL	115	34,323,802	39,347,231	5,023,429	14.6%
WCD	Pipestone SS to North Caribou Lake TS	RCL - PL	115	60,591,136	91,988,770	31,397,634	51.8%
WDE	North Caribou Lake TS to Muskrat Dam TS	RCL - PL	115	45,402,999	56,147,803	10,744,804	23.7%
WEF	Muskrat Dam TS to Bearskin Lake TS	RCL - PL	115	36,776,189	36,361,773	-414,416	-1.1%
WEG	Muskrat Dam TS to Sachigo Lake TS	RCL - PL	115	50,042,628	51,947,239	1,904,610	3.8%
WPQ	Red Lake SS to Pikangikum TS	RCL - RL	115	10,049,058	14,323,217	4,274,158	42.5%
WQR	Pikangikum TS to Poplar Hill SS	RCL - RL	115	22,979,861	35,395,349	12,415,487	54.0%
WRS	Poplar Hill SS to Poplar Hill TS	RCL - RL	115	17,789,116	23,493,256	5,704,140	32.1%
WRT	Poplar Hill SS to Deer Lake SS	RCL - RL	115	35,896,246	68,328,575	32,432,329	90.4%
WTU	Deer Lake SS to Deer Lake TS	RCL - RL	115	10,838,084	20,933,473	10,095,389	93.1%
WTZ	Deer Lake SS to Sandy Lake SS	RCL - RL	115	14,644,630	21,897,518	7,252,887	49.5%
WZW	Sandy Lake SS to Sandy Lake TS	RCL - RL	115	49,472,287	69,475,077	20,002,790	40.4%
WZV	Sandy Lake SS to North Spirit Lake TS	RCL - RL	115	16,097,718	22,631,802	6,534,083	40.6%

Designation	Description	Category	Voltage (kV)	LTC Cost Estimate	EPC Cost Forecast	Variance	
						$	%
WVY	North Spirit Lake TS to Keewaywin TS	RCL - RL	115	43,720,012	57,579,957	13,859,945	31.7%
WJI	Kingfisher Lake TS to Wunnumin Lake TS	RCL - RL	44	18,222,909	28,842,010	10,619,101	58.3%
WKL	Wawakapewin TS to Kasabonika Lake TS	RCL - RL	44	14,405,145	18,991,276	4,586,131	31.8%
-	Allowance for all 25 kV Feeder Segments	RCL	25	5,249,091	18,975,975	13,726,885	261.5%
J1	*Kingfisher Lake TS to HORCI Kingfisher Lake*	RCL - PL	*25*		*2,203,753*		
I1	*Wunnumin Lake TS to HORCI Wunnumin Lake*	RCL - PL	*25*		*1,074,500*		
K1	*Wawakapewin TS to HORCI Wawakapewin*	RCL - PL	*25*		*1,719,653*		
L1	*Kasabonika Lake TS to HORCI Kasabonika Lake*	RCL - PL	*25*		*1,931,007*		
M1	*Wapekeka-KI TS to HORCI 25 kV Line*	RCL - PL	*25*		*687,425*		
D1	*North Caribou Lake TS to HORCI North Caribou Lake*	RCL - PL	*25*		*958,949*		
E1	*Muskrat Dam TS to HORCI Muskrat Dam*	RCL - PL	*25*		*5,546,292*		
F1	*Bearskin Lake TS to HORCI Bearskin Lake*	RCL - PL	*25*		*322,488*		
G1	*Sachigo Lake TS to HORCI Sachigo Lake*	RCL - PL	*25*		*1,324,229*		
S1	*Poplar Hill TS to HORCI Poplar Hill*	RCL - RL	*25*		*1,621,987*		
U1	*Deer Lake TS to HORCI Deer Lake*	RCL - RL	*25*		*138,068*		
W1	*Sandy Lake TS to HORCI Sandy Lake*	RCL - RL	*25*		*233,433*		
V1	*North Spirit Lake TS to HORCI North Spirit Lake*	RCL - RL	*25*		*569,839*		

Designation	Description	Category	Voltage (kV)	LTC Cost Estimate	EPC Cost Forecast	Variance	
						$	%
Y1	*Keewaywin TS to HORCI Keewaywin*	RCL - RL	*25*		*644,353*		

f) WPLP has not compared its transmission line costs with other transmitters' costs because the scope and scale of its project is not comparable to any projects undertaken by other Ontario transmitters. WPLP's project includes approximately 1736 km of single-circuit radial transmission lines, operating at a variety of voltage levels between 25 and 230 kV, which are being constructed in some of the most remote and rugged locations in Ontario. Construction activity relies heavily on winter-road and aerial access, with most workers housed in remote work camps that were established for the project.

In contrast, the East-West Tie project includes approximately 450 km of double-circuit 230 kV line, generally parallels an existing Hydro One transmission line corridor, and is generally accessible via access roads from the Trans-Canada Highway. Similarly, the Bruce to Milton and Niagara reinforcement transmission projects are even smaller in terms of scale (176 km and 76 km, respectively), are dual-circuit lines (operating at 500 kV and 230 kV), and are located in Southern Ontario with significant difference in accessibility and terrain.

WPLP has satisfied itself that its transmission line costs are reasonable by undertaking a comprehensive and competitive procurement process as discussed in parts a) through d) above.

BOARD STAFF - 4

Reference: Exhibit B, Tab 1, Schedule 5, page 9 to 14

Preamble: The Remote Connection Stations forecast is approximately $128 million (77%) more than the LTC cost estimate.

WPLP states that in evaluating the EPC contractor's proposal WPLP reviewed the proposed station facility costs in an effort to identify the factors driving the differences from WPLP's preliminary estimates.

WPLP explains that these changes in the costs, summarized in Table 3, are primarily a result of input from the EPC contractor based on "better and more complete information" than was available at the time that the LTC was filed.

Based on its review, WPLP found that the main drivers of the differences between the LTC station cost estimates and the updated, EPC-based station cost breakdown have been the costs relating to civil and structural components. In particular, the key factors were found to be site access and preparation (road, clearing, grading, drainage, fill, etc.) and the costs of the constructing foundations.

Request:

a) Please provide the Owner's Engineers reports confirming that the scope of work underlying the successful proposal was fully compatible with the design basis memorandum included in the RFP.

b) Please provide any available reports, such as those prepared by the Independent Engineer, Owner's Engineer or for WPLP's Board of Directors, that discuss or evaluate the change in station facility costs compared to the WPLP's LTC estimates.

c) Please provide any analysis done by WPLP to satisfy itself that the station facility costs are appropriate.

d) Please provide a more detailed explanation of the "better and more complete information" obtained following the LTC. As part of the response, please identify the types of information and what they are used for, the impact the improved information had on the project budget (in dollars), and why that information was not available until after the LTC had been filed.

e) For each of the 22 stations, please provide in table format, the original LTC station estimate compared to the current cost forecast. For stations with cost increases of more than 10%, please briefly explain the reasons for the cost increase if it is not solely related to "better and more complete information" as already discussed in part d).

f) Please compare the updated station costs with other transmitters' costs and discuss how WPLP has satisfied itself that its costs are reasonable.

Response:

a) Please see response to Staff-3 part a).

b) Please see response to Staff-3 part b).

c) Please see response to Staff-3 part b).

d) Please see response to Staff-3 part d).

e) The requested table has been provided below, grouped by voltage level and functionality.

The variance between the LTC cost estimate and the current EPC cost forecast is minimal for the Wataynikaneyap TS, and exceeds 10% for all other substations. All variance are attributable to the additional information provided to the EPC proponents, and the outcome of the competitive procurement process itself. WPLP expects that EPC proponents would have undertaken additional effort during the competitive procurement process to receive more detailed and certain pricing on major substation equipment (including delivery to the remote communities), as well as obtaining more detailed estimates of site preparation, civil and structural costs based on geomorphological analysis not previously available to WPLP. WPLP has not identified other sources of cost variance.

Designation	Station Name	Category	Function[1]	Voltage (kV)	LTC Cost Estimate	EPC Cost Forecast	Variance	
							$	%
A	Wataynikaneyap SS	LTPL	SW; RC	230	7,302,766	10,875,088	3,572,322	49%
B	Wataynikaneyap TS	LTPL	SW; TR; RC	230/115	24,788,634	25,359,674	571,040	2%
E	Muskrat Dam TS	RCL - PL	SW; TR; RC	115/25	12,665,375	24,335,547	11,670,171	92%
J	Kingfisher Lake TS	RCL - PL	SW; TR; RC	115/44/25	13,042,095	23,146,211	10,104,116	77%
K	Wawakapewin TS	RCL - PL	SW; TR; RC	115/44/25	12,643,863	22,319,769	9,675,905	77%
D	North Caribou Lake TS	RCL - PL	SW; TR	115/25	10,076,775	18,141,440	8,064,665	80%
V	North Spirit Lake TS	RCL - RL	SW; TR	115/44/25	11,569,960	19,159,812	7,589,852	66%
F	Bearskin Lake TS	RCL - PL	TR; RC	115/25	8,537,251	16,816,835	8,279,584	97%
G	Sachigo Lake TS	RCL - PL	TR; RC	115/25	9,209,475	16,686,663	7,477,187	81%
M	Wapekeka-KI TS	RCL - PL	TR; RC	115/25	9,585,627	16,497,793	6,912,166	72%

[1] The functionality of each station (e.g. the combination of Switching [SW], Transformation [TR] and/or Reactive Power Compensation [RC] is a major driver of station cost)

Designation	Station Name	Category	Function[1]	Voltage (kV)	LTC Cost Estimate	EPC Cost Forecast	Variance	
							$	%
W	Sandy Lake TS	RCL - RL	TR; RC	115/25	8,891,016	13,982,606	5,091,590	57%
Y	Keewaywin TS	RCL - RL	TR; RC	115/25	9,276,698	13,736,954	4,460,257	48%
C	Ebane/Pipestone SS	RCL - PL	SW; RC	115	6,330,086	12,199,843	5,869,757	93%
P	Red Lake SS	RCL - RL	SW; RC	115	5,567,154	9,362,515	3,795,361	68%
R	Poplar Hill SS	RCL - RL	SW; RC	115	7,430,971	11,297,711	3,866,740	52%
T	Deer Lake SS	RCL - RL	SW; RC	115	7,486,015	10,784,780	3,298,766	44%
Z	Sandy Lake SS	RCL - RL	SW; RC	115	7,265,838	11,433,871	4,168,033	57%
I	Wunnumin Lake TS	RCL - PL	TR	44/25	5,080,893	14,597,059	9,516,166	187%
L	Kasabonika Lake TS	RCL - PL	TR	44/25	5,119,384	14,269,037	9,149,653	179%
S	Poplar Hill TS	RCL - RL	TR	115/25	7,837,395	12,069,110	4,231,715	54%
U	Deer Lake TS	RCL - RL	TR	115/25	7,958,728	11,636,757	3,678,028	46%
Q	Pikangikum TS	RCL - RL	See Note[2]	115/44/25	0	1,007,921	1,007,921	-

f) WPLP has not compared its transmission station costs with other transmitters' costs because the scope and scale of its project is not comparable to any projects undertaken by other Ontario transmitters. WPLP's project includes 22 stations, operating at a variety of voltage levels between 25 and 230 kV, which are being constructed in some of the most remote and rugged locations in Ontario. Construction activity relies heavily on winter-road and aerial access, with most workers housed in remote work camps that were established for the project.

WPLP is not aware of any recent transmission station construction projects in Ontario that are comparable in scope and scale, and that have faced similar logistical challenges.

WPLP has satisfied itself that its station costs are reasonable by undertaking a comprehensive and competitive procurement process as referenced in parts a) through d) above.

[2] The cost of converting the Pikangikum TS from 44 kV to 115 kV operation was not identified as a distinct line item in the LTC cost estimate.

BOARD STAFF - 5

Reference: Exhibit B, Tab 1, Schedule 5, page 28
Exhibit C, Tab 2, Schedule 1, page 11

Preamble: In Table 3, WPLP provides a summary of its current capital cost forecast and the variances to the capital cost estimate that was filed in its LTC application. WPLP explained that the reduction in contingency is as a result of improved certainty arising from the EPC input and better information, and that the reduction in capitalized interest is as a result of favorable borrowing costs

Request:

a) Please confirm if there is a contingency cost included in the stations and line segments that will be placed in service in 2022.

b) Will the contingency cost for the in-service stations and line segments be included in the rate base for 2022? If yes, please explain why?

Response:

WPLP assumes that the intended references in Exhibit B, Tab 1, Schedule 5, are to pp. 8, 21-24. It is not clear why Staff has referenced Exhibit C, Tab 2, Schedule 1, p. 11.

a) WPLP confirms there is a contingency cost included in the stations and line segments that will be placed in service in 2022. The amount of contingency included in determining rate base in the financial forecast for the Application as originally filed was $98.40 million, based on the contingency allowance being part of the general capital costs that was prorated in proportion to base EPC contract costs as each station or line segment was scheduled to come into service. That methodology is described in Exhibit C, Tab 2, Schedule 1, Appendix 'A' and was based on the forecast that most assets would be in service in 2022. Using the same methodology, but based on the changes to forecasted in-service dates presented in WPLP's updated evidence (Exhibit K), the contingency cost included in the determination of WPLP's 2022 rate base has been revised to $48.1 million.

b) The contingency cost that relates to the updated schedule of in-service additions for stations and line segments is included in the proposed rate base for the 2022 test year. Contingency is an element of the Project cost estimate that is allocated to manage uncertainty and risk throughout the life of the Project. It is not an extra amount that will not be spent if the Project goes as planned, and it is not a tool to compensate for an underdeveloped project

plan. Rather, it reflects amounts that are expected to be spent because there are risks and uncertainties that will occur that cannot be entirely mitigated or avoided. Those risks and uncertainties have been identified based on a detailed assessment of Project risks and uncertainties. It is appropriate to include the contingency costs as those costs have been determined through a detailed Quantitative Risk Assessment completed by the Owner's Engineer, taking into consideration: (1) construction to date, (2) known risks and (3) potential risks to the project. As such, it is reasonable to expect the contingency costs will be incurred and it is therefore appropriate to include these amounts in rate base.

BOARD STAFF - 6

Reference: Exhibit B, Tab 1, Schedule 1, Appendix A, page 3

Preamble: One of the 15 transformer stations will serve North Spirit Lake and is being designed to accommodate the future connection of a 17th community, McDowell Lake First Nation.

Request:

a) Please explain how North Spirit Lake TS is being designed and constructed to accommodate McDowell Lake First Nation and provide a cost estimate for that extra work.

b) Please explain how these extra costs associated with North Spirit Lake TS will be recovered prior to the connection of McDowell Lake First Nation (assuming that happens)? Will the cost of the station contribute to the fixed monthly rate charged to Hydro One Remote Communities Inc. (HORCI)?

c) Please identify and provide cost estimates and anticipated in-service dates for any other assets that will be constructed materially in advance of them becoming used and useful. How will the costs of these assets be recovered?

Response:

WPLP assumes that the intended reference is Exhibit B, Tab 2, Schedule 1, p. 3.

a) The North Spirit Lake TS has been designed to include a 3-winding transformer to step the 115 kV transmission line voltage down to both 44 kV and 25 kV. The 25 kV infrastructure will supply the existing distribution system in North Spirit Lake First Nation. The 44 kV infrastructure will be capable of supplying a future 44 kV line to the McDowell Lake First Nation.

   WPLP's response to Staff-4 provides a breakdown of the EPC forecasted cost by substation, grouped by function. An estimate for the additional cost of the 44 kV equipment can be obtained by comparing the cost of North Spirit Lake TS to the cost of North Caribou Lake TS, which is similarly configured, but without the 44 kV transformer winding and other 44 kV equipment. The cost difference between these two stations suggests the incremental cost of constructing the station to include the 44 kV components is in the range of approximately $1 million.

b) WPLP expects to recover the cost of the North Spirit Lake TS through the fixed monthly rate charged to HORCI. Since the in-service date is no longer scheduled for 2022, this will occur in a future test year rate application.

For clarity, the vast majority of the cost of the North Spirit Lake TS relates to: (a) switching and protection of the incoming and outgoing 115 kV transmission lines and the 115 kV bus, and (b) transformation, switching and protection required to connect North Spirit Lake First Nation.

c) Apart from the 44 kV assets discussed in response to part a), all of the transmission assets being constructed by WPLP will be used in the provision of transmission service from WPLP's Transmission System upon the relevant line segment or substation going into service.

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Reference: Exhibit B, Tab 1, Schedule 2, page 10
Exhibit B, Tab 1, Schedule 3, page 2, footnote 5
Exhibit A, Tab 3, Schedule 1, page 8, Table 1

Preamble: WPLP states that coordination with HORCI following the LTC Decision has primarily focused on facilitating backup supply arrangements and advancing agreements and arrangements for the transfer of distribution system assets to HORCI for communities currently served by Independent Power Authorities (IPAs). IPA transfer work has focused on advancing contractual agreements and permitting, as well as preparing and issuing design and construction tender packages for the necessary distribution system and facilities upgrades in each community.

WPLP states that its affiliate Opiikapawiin Services LP (OSLP), in collaboration with Indigenous Services Canada and HORCI, completed the development of template Asset Transfer Agreements and Indian Act Section 28(2) permits, which were reviewed with all IPA communities and their respective Tribal Councils in January 2020. The agreements and permits will be finalized on a rolling basis in parallel with distribution system upgrade activities in advance of each IPA community's scheduled in-service date.

WPLP reports the planned energization dates for each of the 16 Connecting Communities in Table 1 of Exhibit E-3-1.

Request:

a) Beyond finalizing agreements / permits and issuing tender packages, what actions is WPLP taking to ensure that the upgrade of the IPA systems is complete prior to their planned in-service dates?

b) Has the pandemic impacted the schedule and cost of the upgrades of the IPA systems? Please explain.

Response:

a) The IPA system conversions are the responsibility of Indigenous Services Canada. OSLP plays an active role in the facilitation process for WPLP. WPLP takes the following actions to ensure that the upgrades of the IPA systems are completed prior to the planned in-service dates for the relevant communities:
    - Monitors the progress of the IPA conversions by reviewing monthly reports provided by OSLP and Indigenous Services Canada to ensure the IPA conversions are

scheduled to be completed prior to each community's respective planned in-service date. Please refer to Hydro One Remote Communities IR 2 (d) for additional information.

- To the extent there are changes to the construction schedule, the changes are communicated to OSLP and Indigenous Services Canada.
- Provides technical expertise to OSLP and Indigenous Services Canada when required.
- Works with HORCI to ensure the interconnection points between the future HORCI distribution systems are technically compatible and on schedule.

b) It is WPLP's understanding that the pandemic had the following impacts on the upgrades to IPA systems:

- Schedule delays to distribution upgrades and other construction activities in two communities.
- Design stage delays for three other communities.
- As of July 2021, overall project completion is on schedule and is not at risk as a result of these delays.
- The COVID-19 pandemic and related community access restrictions resulted in additional design & construction costs.
- Additional costs were within project contingencies.

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Reference: Exhibit A, Tab 2, Schedule 1, page 2
Exhibit B, Tab 1, Schedule 5, page 4
Exhibit B, Tab 1, Schedule 3, page 2, footnote 4

Preamble: In consideration of the significant amount of construction activity and associated capital spending that is forecasted to take place in 2021 between the filing date of this Application and the expected date of the OEB's decision, WPLP intends to update its capital cost forecasts, as well as the related in-service additions and calculations of rate base presented in Exhibit C, at an appropriate time during the proceeding.

Due to the ongoing nature of the COVID-19 pandemic, WPLP anticipates that any such updates to its cost and schedule forecasts will also include consideration of any COVID impacts beyond those already discussed in the current application.

Request:

a) Please file WPLP's updated capital cost forecasts. If WPLP cannot provide the updated capital cost forecasts now, pleasse explain why not and please discuss when WPLP anticipates filing its update (e.g., prior to settlement conference or intervenor and OEB staff submissions).

Response:

WPLP assumes that the intended reference is Exhibit A, Tab 3, Schedule 1, p. 2.

a) WPLP's updated capital cost and schedule forecasts, as well as other related information, are included in WPLP's updated evidence, filed as a new Exhibit K. The new Exhibit K is provided in **Appendix 'A'** to these interrogatory responses.

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EXHIBIT K

EVIDENCE UPDATE – JULY 2021

UPDATED EVIDENCE – JULY 2021

A. INTRODUCTION AND SUMMARY

On April 28, 2021, WPLP filed an application for approval of 2022 electricity transmission rates (the "Application"). Cost and schedule forecasts for 2021-2023 underpinning the Application reflected WPLP's revised forecasts as at January 2021, and WPLP indicated that it expected to update its cost and schedule forecasts at an appropriate stage in the proceeding.[1]

Between mid to late June 2021, WPLP received a series of schedule updates from its EPC contractor (the "Summer 2021 Revised Schedule") that results in delayed in-service dates for a number of assets. Because of those delayed in-service dates, the Summer 2021 Revised Schedule also results in a material reduction to WPLP's 2022 test year revenue requirement, as summarized in Table 1. The Summer 2021 Revised Schedule reflects delays in construction of the Transmission Project resulting largely from access issues experienced by the EPC contractor. Access issues included a shorter than typical winter road availability period during the winter of 2020/2021, access restrictions related to COVID-19 protocols (beyond those contemplated in the initial COVID-adjusted schedule), and other location-specific access limitations.

Table 1: Summary of Change in Revenue Requirement

	Revenue Requirement for Rates ($000's)		
	Line to Pickle Lake	**Remote Connection Lines**	**Total**
Application (2021-04-28)	23,684	48,743	72,427
Updated Evidence (2021-07-30)	24,181	23,533	47,714
Change	497	-25,210	-24,713
% Change	2.1%	-51.7%	-34.1%

[1] Exhibit A-3-1, p.2

This Exhibit updates various components of the Application as required to recalculate WPLP's 2022 test year transmission revenue requirement to reflect the Summer 2021 Revised Schedule and associated cost impacts.

Section B provides WPLP's updated in-service forecast for the Line to Pickle Lake and each of the First Nation communities being connected by the Remote Connection Lines, as well as a summary of the resulting changes to WPLP's 2022 test year transmission revenue requirement. Section C provides updates of various tables contained in Exhibits C through I of the Application to substantiate WPLP's updated revenue requirement.

B. SCHEDULE UPDATE AND EFFECT ON 2022 REVENUE REQUIREMENT

1. Schedule Update

The Summer 2021 Revised Schedule indicates that the Line to Pickle Lake remains on-schedule to be in service in by April 2022. This is unchanged from the Application as originally filed.

For the Remote Connection Lines, the in-service dates for the transmission assets required to serve the following communities remain on schedule and unchanged from the Application as originally filed:

- Pikangikum First Nation (conversion to transmission in April 2022)
- North Caribou Lake First Nation (in service in April 2022)
- Kingfisher Lake First Nation (in service in June 2022)

In-service dates for the transmission assets required to serve all other communities will occur in 2023 or 2024. WPLP is currently working with the EPC Contractor to determine the specific in-service dates for each such other community.

2. Effect of Schedule Update on Project Cost and 2022 Revenue Requirement

This section describes the effects of the Summer 2021 Revised Schedule, first on the overall project capital cost, and then on rate base, OM&A costs and WPLP's 2022 revenue requirement.

(a) Effect on Project Capital Cost

The Summer 2021 Revised Schedule results in increases to WPLP's overall project capital cost, arising from:

- Extending the construction period into 2024 results in an increase in non-EPC costs attributed to capital, mainly costs related to the Owner's Engineer and the Independent Engineer.

- WPLP's total cost forecasts to the end of the construction period include certain overhead costs, which are either capitalized or allocated to OM&A based on the overhead cost allocation methodology presented in Exhibit B-1-5, Appendix A. The extended construction period results in the allocation methodology applying into 2024, as well as higher capitalization factors and lower OM&A allocation factors based on delayed in-service dates. The increase in capital cost resulting from changes to these allocation factors is offset by a reduction in OM&A costs.

Although WPLP is in receipt of the Summer 2021 Revised Schedule from its EPC contractor, whether or not (and the extent to which) the Summer 2021 Revised Schedule gives rise to incremental costs to WPLP under its EPC contract is subject to ongoing negotiations between WPLP and its EPC contractor and has not been determined. To the extent there are any EPC costs related to the impacts of the Summer 2021 Revised Schedule and those costs exceed associated contingency amounts, there may be cost impacts in a future test year.

As detailed in Exhibit C-2-1, Appendix A, WPLP has prorated the non-EPC capital costs and the capitalized overhead costs described above to each of its line segment and substation assets in proportion to the base EPC cost for each asset.

Tables 2 and 3 below compare WPLP's revised capital project cost forecast to the amount presented in the Application.

Table 2 – Capital Cost Forecast and Variance (Costs in $000's)
(Comparison to Exhibit B-1-5, Table 3)

Cost Category	Application	Revised	Variance	
			$	%
EPC Costs				
Transmission Line Facilities - Line to Pickle Lake	213,126	213,126	0	0%
Transmission Line Facilities - Remote Connection Lines	889,936	889,936	0	0%
Station Facilities - Line to Pickle Lake	36,235	36,235	0	0%
Station Facilities - Remote Connection Lines	293,482	293,482	0	0%
Non-EPC Capital Costs				
EPC Excluded (e.g. Insurance, LIDAR, Stumpage)	12,530	12,530	0	0%
Engineering, Design, Project/Construction Management & Procurement	103,274	118,301	15,027	15%
Environmental Assessments, Routing, Permitting, Regulatory & Legal	28,548	30,499	1,951	7%
Land Rights	12,561	14,575	2,014	16%
Engagement, Stakeholder Consultation, Participation and Training	44,297	49,175	4,878	11%
Contingency	118,211	118,211	0	0%
Costs Included in EB-2018-0190, Pre-AFUDC	***1,752,200***	***1,776,071***	***23,871***	***1%***
Capitalized Interest	33,523	33,523	0	0%
Total Costs Included in EB-2018-0190	***1,785,722***	***1,809,593***	***23,871***	***1%***
Other Infrastructure	36,750	36,750	0	0%
Total Capital Costs	**1,822,472**	**1,846,343**	**23,871**	**1%**

Table 3 – Project Capital Cost Summary (Costs in $000's)
(Comparison to Total Cost Column in Exhibit C-2-1, Appendix A, Table A-1)

Cost Type	Application	Revised	Variance	
			$	%
EPC Costs	1,432,779	1,432,779	0	0%
EPC Excluded Costs	49,280	49,280	0	0%
Non-EPC Attributed to Capital	116,308	126,743	10,435	9%
Overheads Allocated to Capital	72,372	85,807	13,436	19%
Contingency + Change Orders	118,211	118,211	0	0%
Total (Excluding Capitalized Interest)	**1,788,950**	**1,812,820**	**23,871**	**1%**

(b) Effect on Rate Base

In contrast to the increased capital costs discussed in subsection (a) above, the Summer 2021 Revised Schedule results in a net overall reduction to WPLP's 2022 rate base forecast arising from:

- The slight increase in project capital costs summarized above, a portion of which is included in WPLP's 2022 rate base as assets are forecasted to come into service.
- A significant reduction in 2022 in-service additions resulting from delayed in-service dates.

(c) Effect on OM&A Costs

Similar to the effect on rate base, the Summer 2021 Revised Schedule results in reductions to WPLP's 2022 test year OM&A cost forecasts arising from:

- Reduced direct operating and maintenance costs associated with fewer in-service assets.
- A reduction in the 2022 OM&A allocation factors applied to overhead costs due to fewer assets in service.

(d) Effect on Revenue Requirement

The primary effect of the Summer 2021 Revised Schedule on WPLP's 2022 test year revenue requirement is a reduction in the number of assets being placed into service in 2022, which leads to a significant reduction in WPLP's 2022 rate base and therefore to its return on rate base.

WPLP's 2022 test year revenue requirement has also been reduced as a result of reductions in income taxes and depreciation expense, commensurate with the net overall reduction in 2022 rate base.

WPLP's 2022 revised test year revenue requirement also reflects the decreased OM&A costs discussed above.

C. DETAILED CALCULATIONS FOR UPDATED REVENUE REQUIREMENT

The following sections provide detailed calculations to support the recalculation of WPLP's 2022 test year revenue requirement resulting from the Summer 2021 Revised Schedule, and the associated cost impacts summarized in Section B.

For ease of reference, each numbered section below corresponds to a specific Exhibit from the Application, and revised tables include references to the corresponding table in the Application.

1. Rate Base and In-Service Additions (Updates to Exhibit C)

(a) Rate Base Summary

WPLP's 2022 rate base forecast has been revised from $766.2 million to $448.2 million as a result of the Summer 2021 Revised Schedule. Table 4 below summarizes WPLP's revised 2022 rate base calculation, with supporting details for in-service additions and accumulated depreciation provided in subsections (b) through (e) below.

Table 4 – 2022 Rate Base Forecast

(Update of C-1-1, Table 1)

Item	2022 Forecast ($000's)		
	Opening	Closing	12-Month Avg
Gross Fixed Assets	0	727,211	450,672
Less Accumulated Depreciation	0	-8,443	-2,492
Net Fixed Assets	**0**	**718,768**	**448,180**
Working Capital Allowance			0
Total Rate Base			**448,180**

(b) In-Service Additions

WPLP's forecast of 2022 in-service transmission assets has been reduced to 7 line segments and 7 substations, which are listed in Table 5. Table 6 provides a summary of WPLP's forecasted 2022 test year in-service additions by category, which total $727.2 million, consistent with the closing gross fixed assets identified in subsection (a) above.

Table 5 – 2022 Transmission In-Service Additions by Asset

(Update of C-2-1, Table 1)

Asset Designation	Description	2022 In-Service Additions ($000's)
Line W54W	230 kV - Dinorwic to Pickle Lake	264,701
Station A	Wataynikaneyap SS (Dinorwic)	13,507
Station B	Wataynikaneyap TS (Pickle Lake)	31,496
Subtotal LTPL Stations		*45,003*
Line WBC	115 kV - Pickle Lake to Ebane/Pipestone SS	127,590
Line WCJ	115 kV - Ebane/Pipestone SS to Kingfisher Lake TS	74,416
Line J1 (25 kV)	25 kV - Kingfisher Lake TS to HORCI Kingfisher Lake	2,737
Line WCD	115 kV - Ebane/Pipestone SS to North Caribou Lake TS	114,249
Line D1 (25kV)	25 kV - North Caribou Lake TS to HORCI North Caribou Lake	1,191

Asset Designation	Description	2022 In-Service Additions ($000's)
Line WP1P2	115 kV - Red Lake SS to Existing Pikangikum 44 kV Line	17,789
Subtotal RCL Lines		*337,972*
Station C	Ebane/Pipestone SS	15,152
Station D	North Caribou Lake TS	22,531
Station J	Kingfisher Lake TS	28,747
Station P	Red Lake SS	11,628
Station Q	Pikangikum TS	1,252
Subtotal RCL Stations		*79,311*
Total		**726,987**

Table 6 – Total 2022 In-Service Additions by Asset Category
(Update of C-2-1, Table 6)

Asset Category	2022 In-Service Additions ($000's)
Line to Pickle Lake – Lines	264,701
Line to Pickle Lake – Stations	45,003
Remote Connection Lines – Lines	337,972
Remote Connection Lines – Stations	79,311
General Plant – Fleet	224
Total 2022 In-Service Additions	**727,211**

As outlined in Exhibit C-2-1, Appendix A, WPLP's forecasted 2022 in-service additions by individual asset are primarily comprised of direct capital costs for each line segment and substation, plus an allocation of other capital costs. Tables 7 and 8 provide an updated allocation of these capital costs for assets forecasted to be in service in 2022, consistent with this methodology.

Table 7 – Summary of Total Direct and Allocated Capital Cost

(Update of C-2-1-A, Table A-1)

Cost Category	Allocation of Capital Costs ($000's)		
	Direct to Fixed Assets	Allocate Proportional to EPC Costs	Total
EPC Costs	1,419,979	12,800	1,432,779
EPC Excluded Costs	32,790	16,490	49,280
Non-EPC Attributed to Capital	0	126,743	126,743
Overheads Allocated to Capital	0	85,807	85,807
Contingency + Change Orders	533	117,678	118,211
Total	**1,453,302**	**359,518**	**1,812,820**

Table 8 – Proportional Allocation for 2022 In-Service Assets (Costs in $000's)

(Update of C-2-1-A, Table A-2)

Asset Designation	EPC Base Amount	% of EPC Costs	Proportional Allocation	Additions to Fixed Asset Accounts
	A	B = A / 1,419,979	C = B * 359,518	D = A + C
Line W54W	211,222	14.88%	53,478	264,701
Line WBC	101,812	7.17%	25,777	127,590
Line WCJ	59,381	4.18%	15,034	74,416
Line J1 (25 kV)	2,184	0.15%	553	2,737
Line WCD	91,167	6.42%	23,082	114,249
Line D1 (25kV)	950	0.07%	241	1,191
Line WP1P2	14,195	1.00%	3,594	17,789
Station A	10,778	0.76%	2,729	13,507
Station B	25,133	1.77%	6,363	31,496
Station C	12,091	0.85%	3,061	15,152
Station D	17,979	1.27%	4,552	22,531
Station J	22,939	1.62%	5,808	28,747
Station P	9,279	0.65%	2,349	11,628
Station Q	999	0.07%	253	1,252
Total	**580,111**	**40.85%**	**146,876**	**726,987**

(c) Gross Assets – PP&E and Accumulated Depreciation

Exhibit C-3-1 of the Application provides WPLP's gross asset and accumulated depreciation balances by rate pool and OEB Account. Monthly totals are also provided by rate pool to support the 12-month average calculations for determining WPLP's 2022 test year rate base. Tables 9 through 13 below provide updates of all tables included in Exhibit C-3-1.

Revised fixed asset continuity schedules are included as Appendix 'A' to this schedule, which has also been filed in Excel format.

Table 9 – 2022 Year-End Gross Assets by OEB Account (Costs in $000's)
(Update of C-3-1, Table 1)

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)	Remote Connection Lines (H1RCI Rate)	Total
1715 - Station Equipment (Station and Transformers)	36,662	69,002	105,664
1715A - Station Equipment (Switches and Breakers)	6,745	7,192	13,936
1715B - Station Equipment (Protection and Control)	1,597	3,117	4,714
1720 - Towers and Fixtures	120,441	156,075	276,516
1725 - Poles and Fixtures	0	1,867	1,867
1730 - OH Conductor and Devices	144,260	180,030	324,290
Sub-Total Transmission System Plant	**309,704**	**417,283**	**726,987**
1930 - Transportation Equipment	109	115	224
Total	**309,813**	**417,398**	**727,211**

Table 10 – 2022 Year-End Accumulated Depreciation by OEB Account (Costs in $000's)

(Update of C-3-1, Table 2)

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)	Remote Connection Lines (H1RCI Rate)	Total
1715 - Station Equipment (Station and Transformers)	489	726	1,215
1715A - Station Equipment (Switches and Breakers)	112	97	210
1715B - Station Equipment (Protection and Control)	53	81	134
1720 - Towers and Fixtures	1,338	1,326	2,665
1725 - Poles and Fixtures	0	21	21
1730 - OH Conductor and Devices	2,137	2,032	4,169
Sub-Total Transmission System Plant	**4,130**	**4,283**	**8,413**
1930 - Transportation Equipment	15	15	30
Total	**4,144**	**4,298**	**8,443**

Table 11 – Summary of 2022 Average Net Fixed Assets

(Update of C-3-1, Table 3)

Item	2022 12-Month Average ($000's)			
	LTPL	RCL	GP	Total
Gross Fixed Assets	219,374	231,140	158	450,672
Less Accumulated Depreciation	-1,377	-1,105	-10	-2,492
Net Fixed Assets	**217,997**	**230,034**	**148**	**448,180**

Table 12 – 2022 Gross Asset Balances by Month (Costs in $000's)

(Update of C-3-1, Table 4)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
LTPL	Opening	0	0	0	0	309,704	309,704	309,704	309,704	309,704	309,704	309,704	309,704	
	Additions	0	0	0	309,704	0	0	0	0	0	0	0	0	
	Closing	0	0	0	309,704	309,704	309,704	309,704	309,704	309,704	309,704	309,704	309,704	
	Average	0	0	0	154,852	309,704	309,704	309,704	309,704	309,704	309,704	309,704	309,704	219,374
RCL	Opening	0	0	0	0	30,669	30,669	417,283	417,283	417,283	417,283	417,283	417,283	
	Additions	0	0	0	30,669	0	386,614	0	0	0	0	0	0	
	Closing	0	0	0	30,669	30,669	417,283	417,283	417,283	417,283	417,283	417,283	417,283	
	Average	0	0	0	15,335	30,669	223,976	417,283	417,283	417,283	417,283	417,283	417,283	231,140
GP	Opening	0	0	0	0	224	224	224	224	224	224	224	224	
	Additions	0	0	0	224	0	0	0	0	0	0	0	0	
	Closing	0	0	0	224	224	224	224	224	224	224	224	224	
	Average	0	0	0	112	224	224	224	224	224	224	224	224	158

Table 13 – 2022 Accumulated Depreciation by Month (Costs in $000's)

(Update of C-3-1, Table 5)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
LTPL	Opening	0	0	0	0	0	516	1,032	1,549	2,065	2,581	3,097	3,614	
	Additions	0	0	0	0	516	516	516	516	516	516	516	516	
	Closing	0	0	0	0	516	1,032	1,549	2,065	2,581	3,097	3,614	4,130	
	Average	0	0	0	0	258	774	1,291	1,807	2,323	2,839	3,356	3,872	1,377
RCL	Opening	0	0	0	0	0	52	104	800	1,497	2,193	2,890	3,587	
	Additions	0	0	0	0	52	52	697	697	697	697	697	697	
	Closing	0	0	0	0	52	104	800	1,497	2,193	2,890	3,587	4,283	
	Average	0	0	0	0	26	78	452	1,149	1,845	2,542	3,238	3,935	1,105
GP	Opening	0	0	0	0	0	4	7	11	15	19	22	26	
	Additions	0	0	0	0	4	4	4	4	4	4	4	4	
	Closing	0	0	0	0	4	7	11	15	19	22	26	30	
	Average	0	0	0	0	2	6	9	13	17	20	24	28	10

2. Load Forecast (Updates to Exhibit E)

As a result of the updated in-service date forecasts presented in Section A above, only two additional communities are expected to become grid-connected in 2022.[2] Since these communities are both served by HORCI, WPLP was able to obtain 2020 peak demand data by month from HORCI. WPLP applied a 4% annual growth factor to the 2020 peak loads, consistent with prior estimates of average demand growth within the communities and has revised its 2022 load forecast as summarized in Table 14.

Table 14 – WPLP Peak Demand (MW) for UTR Charge Determinants
(Update of E-1-1, Table 3)

Community	Forecast Demand by Month (MW)								
	Jan-May	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
North Caribou First Nation	-	0.9	0.9	0.8	0.9	1.0	1.1	1.1	6.8
Kingfisher Lake First Nation	-	0.5	0.5	0.5	0.5	0.6	0.7	0.7	4.1
Total	**-**	**1.4**	**1.4**	**1.3**	**1.4**	**1.6**	**1.8**	**1.9**	**10.9**

3. Operating Costs (Updates to Exhibit F)

(a) Operating Cost Summary

WPLP's 2022 operating costs have been revised from $29.34 million to $18.1 million as a result of the Summer 2021 Revised Schedule. Table 15 below summarizes the revised operating costs compared to the amounts presented in the Application. Additional details for each category of operating costs are provided in subsections (b) through (e) below.

[2] As described in Exhibit E-1-1, Pikangikum First Nation is already grid-connected and the load associated with this community should therefore not be added to the UTR charge determinants.

Table 15 – Summary of 2022 Operating Costs (Costs in $000's)
(Update of F-1-1, Table 1)

Operating Cost Category	Application	Revised	Variance	
			$	%
OM&A Expenses	14,799	9,441	-5,358	-36%
Depreciation and Amortization	14,236	8,443	-5,793	-41%
Income Taxes	338	200	-138	-41%
Total Operating Costs	**29,373**	**18,085**	**-11,288**	**-38%**

(b) OM&A Costs

Portions of WPLP's O&M cost forecasts are based on multiplying cost per km and cost per substation estimates by the number of line km and substations forecasted to be in service. As a result of in-service delays, these cost estimates have been reduced accordingly.

Further, WPLP allocates a portion of its overhead costs to OM&A, as detailed in Exhibit B-1-5, Appendix A. As a result of fewer assets forecasted to be in service in 2022, the OM&A allocation factors for overhead costs have been reduced as summarized in Table 16.

Table 16 – Change in Overhead OM&A Allocation Factors

	Overhead Costs - OM&A Allocation Factor		
	Application	Revised	Difference
Q1 2022	3.8%	3.8%	0.0%
Q2 2022	40.1%	29.2%	-11.0%
Q3 2022	69.3%	43.1%	-26.2%
Q4 2022	84.3%	43.1%	-41.2%

Table 17 summarizes the reduction in WPLP's OM&A expenses resulting from a combination of lower direct operating costs and the reduced allocation of overhead costs. Tables 18 and 19 provide updated breakdowns of WPLP's 2022 OM&A expenses by cost driver and by program.

Table 17 – Summary of 2022 OM&A Expense

(Update of F-2-1, Table 1)

Category	Application	Revised	Variance	
			$	%
Operations	2,459	1,401	-1,058	-43%
Maintenance	2,619	1,908	-711	-27%
Administration & General	9,721	6,133	-3,588	-37%
Total	**14,799**	**9,441**	**-5,358**	**-36%**

Table 18 – 2022 OM&A Cost Drivers

(Update of F-2-1, Table 2)

	Cost Driver Description	2022 OM&A Cost Driver ($000's)			
		Operations	Maintenance	Administration	Total
Direct Operating	Controlling Authority (3rd Party)	306	0	0	306
	Substation and Line Routine Maintenance	532	0	0	532
	Emergency Response	0	1,558	0	1,558
	Forestry	0	10	0	10
	Other (Material, Fleet, Insurance)	76	340	180	596
	Sub-Total	*914*	*1,908*	*180*	*3,002*
Overhead Costs Allocated to OM&A	Labour and Departmental Costs	486	0	2,732	3,218
	Environmental Services	0	0	146	146
	Other Consultants (Allocate)	0	0	358	358
	Indigenous Engagement & Communications	0	0	1,300	1,300
	Stakeholder Engagement	0	0	29	29
	Indigenous Participation and Training	0	0	921	921
	Administrative Costs	0	0	467	467
	Sub-Total	*486*	*0*	*5,953*	*6,439*
Total		**1,401**	**1,908**	**6,133**	**9,441**

Table 19 – 2022 OM&A Expenses by Program

(Update of F-3-1, Table 1)

OM&A Cost Category	2022 Test Year ($000's)
Employee compensation	1,542
Shared services and corporate cost allocation	1,620
Purchase of non-affiliate services	6,279
One-time costs	0
OEB costs	0
Charitable and political donations	0
Total	**9,441**

Tables 20 through 24 below provide updated breakdowns for employee compensation, shared services and purchase of non-affiliate services (i.e. third-party costs).

Table 20 – Employee Compensation Breakdown

(Update of F-3-1, Table 2)

	Pre-2019 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Number of Employees (FTEs including Part-Time)					
Management (including executive)		5	8	14	16
Non-Management (all non-union)		9	9	15	18
Total	**-**	**14**	**17**	**29**	**34**
Total Salary and Wages including overtime and incentive pay					
Management (including executive)	$1,097,402	$1,453,453	$1,992,257	$2,876,275	$3,266,941
Non-Management (all non-union)	$235,654	$767,874	$687,504	$1,354,233	$1,825,416
Total	**$1,333,056**	**$2,221,327**	**$2,679,761**	**$4,230,508**	**$5,092,357**
Total Benefits (Current + Accrued)					
Management (including executive)	$129,454	$113,821	$223,906	$274,954	$311,561
Non-Management (all non-union)	$25,683	$61,899	$68,633	$135,649	$176,024
Total	**$155,137**	**$175,720**	**$292,539**	**$410,602**	**$487,585**

	Pre-2019 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Total Compensation (Salary, Wages, & Benefits)					
Management (including executive)	$1,226,856	$1,567,274	$2,216,163	$3,151,228	$3,578,502
Non-Management (all non-union)	$261,337	$829,773	$756,136	$1,489,881	$2,001,440
Total	**$1,488,193**	**$2,397,047**	**$2,972,300**	**$4,641,110**	**$5,579,942**
Total Allocated to Capital	$1,488,193	$2,281,305	$2,876,746	$4,523,690	$4,007,431
Total Allocated to Distribution Deferral Account (Pikangikum)	-	$115,742	$95,554	$117,420	$30,128
Total Allocated to OM&A	-	-	-	-	$1,542,383

Table 21 – Affiliate and Related Party Costs by Year
(Update of F-3-1, Table 3)

Name of Company		Service Offered	Cost for the Service ($)				
From	To		Pre-2019 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Fortis Subsidiaries	WPLP	Multiple per PM Agreement	5,032,064	2,286,106	1,860,578	2,033,605	2,118,941
OSLP and FNLP	WPLP	Multiple per Affiliate Agreement	10,245,698	2,252,739	2,682,315	3,372,745	3,481,049
RES Subsidiaries	WPLP	Multiple per PM Agreement	1,150,191	-	-	-	-
Total:			**16,427,953**	**4,538,845**	**4,542,893**	**5,406,350**	**5,599,990**

Table 22 – Allocation of Affiliate and Related Party Costs
(Update of F-3-1, Table 4)

Cost Category	Annual Cost Allocation ($)				
	Pre-2019	**2019**	**2020**	**2021**	**2022**
	Actual	**Actual**	**Actual**	**Forecast**	**Forecast**
Capital	16,427,953	4,357,542	4,423,161	5,317,746	3,957,365
Distribution Deferral Acct (Pikangikum)	0	181,303	119,731	88,603	22,409
OM&A	0	0	0	0	1,620,217
Total	**16,427,953**	**4,538,845**	**4,542,893**	**5,406,350**	**5,599,990**

Table 23 – Third-Party Costs by Year
(Update of F-3-1, Table 5)

Cost Category	Pre-2019 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Aboriginal Engagement, Indigenous Participation, Communication	7,773,922	3,709,488	2,625,177	5,981,231	4,855,098
Admin, Office, Fleet and Support	222,081	587,460	420,263	468,172	477,530
O&M Service Providers	0	743,869	275,363	467,855	3,037,716
Overheads and Easement/Access Fees	5,601,893	2,121,824	1,020,513	5,162,048	4,219,285
Consulting, Professional and Advisory	35,659,399	10,190,449	11,461,485	17,062,605	15,132,782
Total	**49,257,295**	**17,353,090**	**15,802,801**	**29,141,911**	**27,531,256**

Table 24 – Allocation of Third-Party Costs
(Update of F-3-1, Table 6)

Cost Category	Pre-2019 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Capital	49,257,295	16,337,831	15,318,440	28,566,411	21,296,810
Distribution Deferral Acct (Pikangikum)	0	1,015,259	484,360	575,500	146,964
OM&A	0	0	0	0	6,278,636
Total	**49,257,295**	**17,353,090**	**15,802,801**	**29,141,911**	**27,722,410**

(c) Depreciation Expense

Table 25 provides a revised calculation of WPLP's 2022 depreciation expense by OEB account. The depreciation rates and calculation methodology underpinning the depreciation expense calculations remain consistent with Exhibit F-4-1, and the reduction in depreciation expense from $14.2 million in the Application to $8.4 million in Table 25 is solely attributable to reductions in 2022 in-service additions.

Table 25 – 2022 Depreciation Expense ($000's)
(Update of F-4-1, Table 2)

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)	Remote Connection Lines (H1RCI Rate)	Total
1715 - Station Equipment (Station and Transformers)	489	726	1,215
1715A - Station Equipment (Switches and Breakers)	112	97	210
1715B - Station Equipment (Protection and Control)	53	81	134
1720 - Towers and Fixtures	1,338	1,326	2,665
1725 - Poles and Fixtures	0	21	21
1730 - OH Conductor and Devices	2,137	2,032	4,169
Sub-Total Transmission System Plant	**4,130**	**4,283**	**8,413**
1930 - Transportation Equipment	15	15	30
Total	**4,144**	**4,298**	**8,443**

Detailed depreciation expense schedules are included as Appendix 'B' to this schedule. Calculations in Excel format can be also be found in the fixed asset continuity and depreciation schedule filed with Appendix 'A'.

(d) Income Taxes

Table 26 provides a revised calculation of WPLP's 2022 income tax expense. In updating the income tax calculation, WPLP observed that in calculating its regulatory net income before tax (i.e. item A in the calculation), it inadvertently overlooked grossing up the income tax expense

portion of its revenue requirement. While the impact on revenue requirement is immaterial, this has been corrected in the revised tax calculations summarized below.

Table 26 – WPLP's 2022 Ontario Corporate Minimum Tax ($000's)
(Update of F-5-1, Table 1)

Item	Description	Allocation / Rate	Amount
A	WPLP Regulatory Net Income (before Tax and adjustments, includes gross-up of income tax expense)		15,152
B	% of LP Interests Held by Taxable Entities	49%	
C = A x B	Regulatory Net Income subject to Taxation		7,424
D	Ontario Minimum Corporate Tax Rate	2.7%	
E = C x D	***Ontario Minimum Corporate Tax***		***200***
F	Ontario Corporate Income Tax Payable		0
G = E-F	**Ontario Corporate Minimum Tax Payable**		**200**

Detailed calculations of WPLP's income tax expenses for the 2022 test year are included in Appendix 'C' to this Schedule, which has also been filed in Excel format.

4. Capital Structure and Cost of Capital (Updates to Exhibit G)

Table 27 provides a revised calculation of WPLP's 2022 capital structure and cost of capital. The interest and ROE rates remain consistent with Exhibit G-2-1, and the reduction in return on rate base from $32.3 million in the Application to $18.9 million in Table 27 is solely attributable to the reduced 2022 rate base.

Table 27 – 2022 Capital Structure and Cost of Capital

(Update of G-2-1, Table 1)

	Capitalization Ratio		Cost Rate	Return
	(%)	**($)**	**(%)**	**($)**
Long-term Debt	56%	$250,980,802	1.44%	$3,617,721
Short-term Debt	4%	$17,927,200	1.75%	$313,726
Total Debt	*60%*	*$268,908,003*	*1.46%*	*$3,931,447*
Common Equity	*40%*	*$179,272,002*	*8.34%*	*$14,951,285*
Total	**100%**	**$448,180,004**	**4.21%**	**$18,882,732**

5. Deferral and Variance Accounts (Exhibit H)

WPLP confirms that the revisions presented in this Exhibit K have no impact on its requests to establish certain deferral accounts or its requests to recover certain amounts recorded in existing and new deferral accounts in its 2022 revenue requirement.

6. Cost Allocation, Rate Design and Bill Impacts (Updates to Exhibit I)

(a) Revised Revenue Requirement and Cost Allocation

Exhibit I-2-1 described the methodology for allocating each component of WPLP's revenue requirement to either the Line to Pickle Lake (recovered via Network UTR rates) or the Remote Connection Lines (recovered via a monthly fixed charge to HORCI). WPLP has applied the same cost allocation methodologies to each component of its revised 2022 revenue requirement. Tables 28 through 31 provide updated calculations that substantiate WPLP's revised 2022 test year revenue requirement and cost allocation.

Table 28 – Rate Base by Category

(Update of I-2-1, Table 1)

Category	Item	2022 Forecast ($000's)		
		Opening	**Closing**	**12-Month Average**
LTPL	Gross Fixed Assets	0	309,704	219,374
	Less Accumulated Depreciation	0	-4,130	-1,377
	Net Fixed Assets	**0**	**305,574**	**217,997**
	Working Capital Allowance	0	0	0
	Rate Base	**0**	**305,574**	**217,997**
	% of Transmission System Rate Base			**48.7%**
RCL	Gross Fixed Assets	0	417,283	231,140
	Less Accumulated Depreciation	0	-4,283	-1,105
	Net Fixed Assets	**0**	**413,000**	**230,034**
	Working Capital Allowance	0	0	0
	Rate Base	**0**	**413,000**	**230,034**
	% of Transmission System Rate Base			**51.3%**
Sub-Total Transmission System		**0**	**718,574**	**448,032**
GP	Gross Fixed Assets	0	224	158
	Less Accumulated Depreciation	0	-30	-10
	Net Fixed Assets	**0**	**194**	**148**
	Working Capital Allowance	0	0	0
	Rate Base	**0**	**194**	**148**
Total Rate Base		**0**	**718,768**	**448,180**

Table 29 – Rate Base by Category with General Plant Allocations

(Update of I-2-1, Table 2)

Category	2022 Rate Base ($000's)		
	Transmission System Assets	**Allocation of GP Assets**	**Total**
LTPL	217,997	72	218,069
RCL	230,034	76	230,111
Total	**448,032**	**148**	**448,180**

Table 30 – Allocation of 2022 OM&A and Income Tax Expense

(Update of I-2-1, Table 3)

	LTPL	**RCL**	**Total**
Direct OM&A Expenses	1,257,014	1,138,801	2,395,814
Indirect OM&A Expenses			7,045,422
Income Tax Expense			200,458
Allocation Factor from Table 1	*48.7%*	*51.3%*	*100%*
Allocation of Indirect OM&A	3,428,066	3,617,356	7,045,422
Allocation of Income Tax Expense	97,536	102,922	200,458
Total 2022 Allocated OM&A	**4,685,080**	**4,756,157**	**9,441,237**
Total 2022 Allocated Income Tax	**97,536**	**102,922**	**200,458**

Table 31 – Allocation of 2022 Revenue Requirement

(Update of I-2-1, Table 6)

	LTPL	**RCL**	**Total**
Gross Fixed Assets (avg)	219,450,805	231,221,106	450,671,912
Accumulated Depreciation (avg)	-1,381,460	-1,110,447	-2,491,908
Net Fixed Assets (avg)	218,069,345	230,110,659	448,180,004
Working Capital Allowance	0	0	0
Rate Base	218,069,345	230,110,659	448,180,004

	LTPL	**RCL**	**Total**
Regulated Rate of Return	4.21%	4.21%	4.21%
Regulated Return on Rate Base	9,187,703	9,695,028	18,882,732
OM&A Expenses	4,685,080	4,756,157	9,441,237
Property Taxes	0	0	0
Depreciation Expense	4,144,381	4,298,495	8,442,876
Income Taxes	97,536	102,922	200,458
Service Revenue Requirement	**18,114,699**	**18,852,602**	**36,967,301**
Other Revenue Offset	0	0	0
Base Revenue Requirement	**18,114,699**	**18,852,602**	**36,967,301**
Disposition of Pikangikum Deferral Account	0	2,046,966	2,046,966
Disposition of COVID Deferral Account (CCCDA)	6,066,358	2,633,468	8,699,826
Revenue Requirement for Rates	**24,181,058**	**23,533,036**	**47,714,093**

(b) Calculation of Uniform Transmission Rates

The Network UTR calculations provided in Exhibit I-3-1 are updated in Tables 32 through 35 to reflect the following:

- The revised 2022 revenue requirement for the Line to Pickle Lake, as detailed in Table 31 above.
- The revised forecast of incremental 2022 Network UTR charge determinants, as summarized in Table 14.
- The OEB's June 24, 2021 decision and order in EB-2021-0176, which updated 2021 UTRs.

Table 32 – Current UTR Calculations

(Update of I-3-1, Table 1)

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$5,088,754	$852,315	$2,355,576	$8,296,645
CNPI	$3,113,139	$521,419	$1,441,067	$5,075,626
WPLP	$0	$0	$0	$0
H1N SSM	$26,439,376	$4,428,329	$12,238,745	$43,106,449
H1N	$1,089,035,757	$182,402,502	$504,112,899	$1,775,551,158
B2MLP	$35,062,648	$0	$0	$35,062,648
NRLP	$12,455,767	$0	$0	$12,455,767
All Transmitters	$1,171,195,441	$188,204,565	$520,148,287	$1,879,548,293

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	234,886.872	228,497.312	194,724.427	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,138.412	232,030.054	195,981.977	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**4.90**	**0.81**	**2.65**	
	↓	↓	↓	
FNEI	0.00434	0.00453	0.00453	
CNPI	0.00266	0.00277	0.00277	
WPLP	0.00000	0.00000	0.00000	
H1N SSM	0.02257	0.02353	0.02353	
H1N	0.92985	0.96917	0.96917	
B2MLP	0.02994	0.00000	0.00000	
NRLP	0.01064	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Table 33 – Calculation of 2022 UTRs

(Update of I-3-1, Table 2)

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$5,088,754	$852,315	$2,355,576	$8,296,645
CNPI	$3,113,139	$521,419	$1,441,067	$5,075,626
WPLP	$24,181,058	$0	$0	$24,181,058
H1N SSM	$26,439,376	$4,428,329	$12,238,745	$43,106,449
H1N	$1,089,035,757	$182,402,502	$504,112,899	$1,775,551,158
B2MLP	$35,062,648	$0	$0	$35,062,648
NRLP	$12,455,767	$0	$0	$12,455,767
All Transmitters	$1,195,376,499	$188,204,565	$520,148,287	$1,903,729,351

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	10.851	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	234,886.872	228,497.312	194,724.427	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,149.263	232,030.054	195,981.977	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**5.00**	**0.81**	**2.65**	
	↓	↓	↓	
FNEI	0.00426	0.00453	0.00453	
CNPI	0.00260	0.00277	0.00277	
WPLP	0.02023	0.00000	0.00000	
H1N SSM	0.02212	0.02353	0.02353	
H1N	0.91104	0.96917	0.96917	
B2MLP	0.02933	0.00000	0.00000	
NRLP	0.01042	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Table 34 – Change in UTRs Resulting from WPLP Line to Pickle Lake (Update of I-3-1, Table 3)

Transmitter	Change in Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$0	$0	$0	$0
CNPI	$0	$0	$0	$0
WPLP	$24,181,058	$0	$0	$24,181,058
H1N SSM	$0	$0	$0	$0
H1N	$0	$0	$0	$0
B2MLP	$0	$0	$0	$0
NRLP	$0	$0	$0	$0
All Transmitters	$24,181,058	$0	$0	$24,181,058

Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	10.851	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	10.851	-	-	

Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**0.10**	**0.00**	**0.00**	
	↓	↓	↓	
FNEI	-0.00008	0.00000	0.00000	
CNPI	-0.00006	0.00000	0.00000	
WPLP	0.02023	0.00000	0.00000	
H1N SSM	-0.00045	0.00000	0.00000	
H1N	-0.01881	0.00000	0.00000	
B2MLP	-0.00061	0.00000	0.00000	
NRLP	-0.00022	0.00000	0.00000	
Total of Allocation Factors	0.00000	0.00000	0.00000	

Table 35 – Revenue Reconciliation – UTR Rate

(Update of I-3-1, Table 4)

2022 Network Charge Determinants (kW)	239,146,002
2022 Network UTR Rate	$5.00
2022 WPLP Network Allocation Factor	0.02023
2022 Revenue Forecast	$24,182,467
2022 WPLP LTPL Revenue Requirement	$24,181,058
Difference due to Rounding	$1,409
	0.006%

(c) Monthly Fixed Charge to Hydro One Remotes

Since the Remote Connection Lines are still forecasted to be in service in April 2022, WPLP proposes that the application of the fixed charge would commence in May 2022 (i.e. the first full month following the in-service date), consistent with the Application.

WPLP's revised 2022 revenue requirement attributable to the Remote Connection Lines is $23,533,036. Recovering this amount over an 8-month period from May to December 2022 results in a fixed monthly charge of $2,941,629, that would apply for each month from May 2022 to December 2022.

(d) Bill Impacts

Exhibit I-4-1 provided detailed bill impact analysis related to WPLP's 2022 revenue requirement for typical residential, general service and transmission-connected customers. All of the bill impact tables from Exhibit I-4-1 have been updated below to reflect the revised revenue requirement presented in this Exhibit K, including related revisions to cost allocation and rate design.

Table 36 – Summary of Total 2022 Bill Impact

(Update of I-4-1, Table 1)

Item	Description	Amount[3]	
		Residential	General Service
A	Typical monthly bill	$120.91[4]	$393.42[5]
B	Increase related to Network RTSR	$0.12	$0.26
C	Increase related to RRRP rate	$0.12	$0.35
D = B + C	Total bill increase	$0.24	$0.61
E = D / A	Bill impact (%)	0.20%	0.16%

Table 37 – Bill Impact – Line to Pickle Lake

(Update of I-4-1, Table 2)

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	$120.91	$393.42
B	Portion of bill related to Network RTSR	$5.67[6]	$12.84
C	Increase in Network UTR	2.06%	2.06%
D = B x C	Bill increase	$0.12	$0.26
E = D / A	Bill impact (%)	0.10%	0.07%

[3] All amounts are inclusive of 13% HST and the Ontario Electricity Rebate.

[4] Total bill amount for a Hydro One R1 TOU customer (700 kWh per month), as indicated in the OEB's online bill calculator (https://www.oeb.ca/rates-and-your-bill/bill-calculator), as at April 12, 2021.

[5] Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB's online bill calculator, as at April 12, 2021

[6] HONI R1 Network RTSR Rate of $0.0082/kWh * 700 kWh * 1.076 loss factor = $6.18 ($5.67 after 13% HST and 21.2% Ontario Electricity Rebate)

Table 38 – RRRP Rate Calculation

(Update of I-4-1, Table 3)

	2021	**2022**	**Change**
First Nations (O. Reg. 442/01, schedule 1)	$1,600,000	$1,600,000	$0
Algoma Power	$14,253,193	$14,253,193	$0
Hydro One Remote Communities Inc.	$35,223,000	$35,223,000	$0
Hydro One Remote Communities Inc. - WPLP	$0	$23,533,036	$23,533,036
Total RRRP Funding Required[7]	***$51,076,193***	***$74,609,229***	***$23,533,036***
Ontario TWh	129.1	129.1	0
RRRP Rate (Calculated)	$0.000396	$0.000578	$0.000182
RRRP Rate (Rounded to 4 Decimals)	$0.0004	$0.0006	$0.0002

Table 39 – RRRP Bill Impact Calculation

(Update of I-4-1, Table 4)

Item	**Description**	**Amount**	
		Residential	**General Service**
A	Typical monthly bill (see Table 1)	$120.91	$393.42
B	RRRP rate increase ($/kWh)	$0.0002	$0.0002
C = kWh * 1.076	Uplifted consumption (kWh)	753	2,152
D = B x C	Bill increase due to RRRP	$0.15	$0.43
E = D * (1+ 0.13 - 0.212)	Bill increase adjusted for HST and OER	$0.12	$0.35
F	Bill impact (%)	0.10%	0.09%

[7] RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2022 RRRP funding requirements for parties other than WPLP have been held constant from 2021 to 2022 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2022 RRRP funding for other parties when it determines the 2022 RRRP rate in due course.

Table 40 – Transmission-Connected Customer Bill Impacts

(Update of I-4-1, Table 5)

Item	Description	Amount
A	Total Wholesale Market Charges ($/MWh)	146.57
B	Total Wholesale Transmission Charges ($/MWh)	11.15
C = B / A	Transmission % of Total Bill	7.61%
D	% Increase in Transmission Revenue Requirement	1.29%
E = C * D	% Bill Increase from Line to Pickle Lake	0.10%
F	Total RRRP Charges ($/MWh)	0.50
G = F / A	RRRP % of Total Bill	0.34%
H	% Increase in RRRP Rate	50%
I = G * H	% Bill Increase from Remote Connection Lines	0.17%
J = E + I	**Total % Bill Increase**	**0.27%**

APPENDIX 'A'

Fixed Asset Continuity Schedule - All Assets

Accounting Standard ASPE
Year 2021

			Cost					Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Useful Life**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
		Intangible										
	1606	Organization	-	-	-	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant	-	-	-	-	-	-	-	-	-	-
	1611	Computer Software	-	-	-	-	-	-	-	-	-	-
	1612	Land Rights (Intangible)	-	-	-	-	-	-	-	-	-	-
		Transmission Plant										
	1705	Land (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1710	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
47	1715	Station Equipment (Station and Transformers)	-	-	-	-	50	-	-	-	-	-
47	1715A	Station Equipment (Switches and Breakers)	-	-	-	-	40	-	-	-	-	-
47	1715B	Station Equipment (Protection and Control)	-	-	-	-	20	-	-	-	-	-
47	1720	Towers and Fixtures	-	-	-	-	60	-	-	-	-	-
47	1725	Poles and Fixtures	-	-	-	-	45	-	-	-	-	-
47	1730	OH Cond and Devices	-	-	-	-	45	-	-	-	-	-
	1735	UG Conduit	-	-	-	-	-	-	-	-	-	-
	1740	UG Cond and Devices	-	-	-	-	-	-	-	-	-	-
	1745	Roads and Trails	-	-	-	-	-	-	-	-	-	-
		General Plant										
	1905	Land (General Plant)	-	-	-	-	-	-	-	-	-	-
10.1	1908	Buildings and Fixtures	-	-	-	-	50	-	-	-	-	-
8	1915	Office Furn & Equipment	-	-	-	-	10	-	-	-	-	-
	1920	Comp Hardware	-	-	-	-	-	-	-	-	-	-
10.1	1930	Transportation Equipment	-	-	-	-	5	-	-	-	-	-
	1935	Stores Equip	-	-	-	-	-	-	-	-	-	-
	1940	Tools, Shop & Garage Equip	-	-	-	-	-	-	-	-	-	-
	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-	-	-
	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-
	1955	Communication Equipment	-	-	-	-	-	-	-	-	-	-
	1960	Misc. Equipment	-	-	-	-	-	-	-	-	-	-
	1980	System Supervisory Equipment	-	-	-	-	-	-	-	-	-	-
	1995	Contributions & Grants	-	-	-	-	-	-	-	-	-	-
	2440	Deferred Revenue	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
		Sub-Total	-	-	-	-		-	-	-	-	-
	2055	**Add: Construction Work in Progress**	480,758,955	756,606,187	-	1,237,365,142		-	-	-	-	
		Less Other Non Rate-Regulated Utility Assets (input as negative)			-	-		-	-	-	-	
		Total PP&E	480,758,955	756,606,187	-	1,237,365,142		-	-	-	-	-
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)										
		Total Additions to Accumulated Depreciation							-			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation* (input as negative)

Transportation	
Stores Equipment	
Net Depreciation	-

Fixed Asset Continuity Schedule - All Assets

Accounting Standard ASPE
Year 2022

CCA Class	OEB	Description	Cost				Useful Life	Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance		Opening Balance	Additions	Disposals	Closing Balance	
		Intangible										
	1606	Organization	-	-	-	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant	-	-	-	-	-	-	-	-	-	-
	1611	Computer Software	-	-	-	-	-	-	-	-	-	-
	1612	Land Rights (Intangible)	-	-	-	-	-	-	-	-	-	-
		Transmission Plant										
	1705	Land (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-	-	-	-	-	-	-
	1710	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
47	1715	Station Equipment (Station and Transformers)	-	105,664,179	-	105,664,179	50	-	1,214,601	-	1,214,601	104,449,577
47	1715A	Station Equipment (Switches and Breakers)	-	13,936,312	-	13,936,312	40	-	209,647	-	209,647	13,726,665
47	1715B	Station Equipment (Protection and Control)	-	4,713,619	-	4,713,619	20	-	134,414	-	134,414	4,579,205
47	1720	Towers and Fixtures	-	276,515,994	-	276,515,994	60	-	2,664,670	-	2,664,670	273,851,324
47	1725	Poles and Fixtures	-	1,867,019	-	1,867,019	45	-	20,745	-	20,745	1,846,275
47	1730	OH Cond and Devices	-	324,289,920	-	324,289,920	45	-	4,168,988	-	4,168,988	320,120,933
	1735	UG Conduit	-	-	-	-	-	-	-	-	-	-
	1740	UG Cond and Devices	-	-	-	-	-	-	-	-	-	-
	1745	Roads and Trails	-	-	-	-	-	-	-	-	-	-
		General Plant										
	1905	Land (General Plant)	-	-	-	-	-	-	-	-	-	-
10.1	1908	Buildings and Fixtures	-	-	-	-	50	-	-	-	-	-
8	1915	Office Furn & Equipment	-	-	-	-	10	-	-	-	-	-
	1920	Comp Hardware	-	-	-	-	-	-	-	-	-	-
10.1	1930	Transportation Equipment	-	223,576	-	223,576	5	-	29,810	-	29,810	193,765
	1935	Stores Equip	-	-	-	-	-	-	-	-	-	-
	1940	Tools, Shop & Garage Equip	-	-	-	-	-	-	-	-	-	-
	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-	-	-
	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-
	1955	Communication Equipment	-	-	-	-	-	-	-	-	-	-
	1960	Misc. Equipment	-	-	-	-	-	-	-	-	-	-
	1980	System Supervisory Equipment	-	-	-	-	-	-	-	-	-	-
	1995	Contributions & Grants	-	-	-	-	-	-	-	-	-	-
	2440	Deferred Revenue	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
		Sub-Total	**-**	**727,210,619**	**-**	**727,210,619**		**-**	**8,442,876**	**-**	**8,442,876**	**718,767,744**
	2055	**Add: Construction Work in Progress**	1,237,365,142	429,528,964	-	1,666,894,106		-	-	-	-	
		Less Other Non Rate-Regulated Utility Assets (input as negative)			(744,610,271)	(744,610,271)		-	-	-	-	
		Total PP&E	1,237,365,142	1,156,739,583	(744,610,271)	1,649,494,454		-	8,442,876	-	8,442,876	718,767,744
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)										
		Total Additions to Accumulated Depreciation							8,442,876			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation* (input as negative)

Transportation	
Stores Equipment	
Net Depreciation	**8,442,876**

Fixed Asset Continuity Schedule - Line to Pickle Lake

Accounting Standard ASPE
Year 2022

CCA Class	OEB	Description	Cost				Useful Life	Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance		Opening Balance	Additions	Disposals	Closing Balance	
		Transmission Plant										
	1705	Land (Transmission Plant)	-	-	-	-			-		-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-			-		-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-			-		-	-
	1710	Leasehold Improvements	-	-	-	-			-		-	-
47	1715	Station Equipment (Station and Transformers)	-	36,661,964	-	36,661,964	50		488,826		488,826	36,173,138
47	1715A	Station Equipment (Switches and Breakers)	-	6,744,525	-	6,744,525	40		112,409		112,409	6,632,116
47	1715B	Station Equipment (Protection and Control)	-	1,596,718	-	1,596,718	20		53,224		53,224	1,543,494
47	1720	Towers and Fixtures	-	120,441,027	-	120,441,027	60		1,338,234		1,338,234	119,102,794
47	1725	Poles and Fixtures	-	-	-	-			-		-	-
47	1730	OH Cond and Devices	-	144,259,883	-	144,259,883	45		2,137,183		2,137,183	142,122,699
	1735	UG Conduit	-	-	-	-			-		-	-
	1740	UG Cond and Devices	-	-	-	-			-		-	-
	1745	Roads and Trails	-	-	-	-			-		-	-
		Sub-Total	**-**	**309,704,117**	**-**	**309,704,117**		**-**	**4,129,876**	**-**	**4,129,876**	**305,574,241**
	2055	**Add: Construction Work in Progress**				-					-	
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-					-	
		Total PP&E	-	309,704,117	-	309,704,117		-	4,129,876	-	4,129,876	305,574,241
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)										
		Total Additions to Accumulated Depreciation							4,129,876			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation* **(input as negative)**

Transportation	
Stores Equipment	
Net Depreciation	**4,129,876**

Fixed Asset Continuity Schedule - Remote Connection Lines

Accounting Standard ASPE
Year 2022

			Cost					Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Useful Life**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
		Transmission Plant										
	1705	Land (Transmission Plant)	-	-	-	-			-		-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-			-		-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-			-		-	-
	1710	Leasehold Improvements	-	-	-	-			-		-	-
47	1715	Station Equipment (Station and Transformers)	-	69,002,215	-	69,002,215	50		725,775		725,775	68,276,439
47	1715A	Station Equipment (Switches and Breakers)	-	7,191,787	-	7,191,787	40		97,239		97,239	7,094,548
47	1715B	Station Equipment (Protection and Control)	-	3,116,901	-	3,116,901	20		81,190		81,190	3,035,711
47	1720	Towers and Fixtures	-	156,074,967	-	156,074,967	60		1,326,437		1,326,437	154,748,530
47	1725	Poles and Fixtures	-	1,867,019	-	1,867,019	45		20,745		20,745	1,846,275
47	1730	OH Cond and Devices	-	180,030,038	-	180,030,038	45		2,031,804		2,031,804	177,998,233
	1735	UG Conduit	-	-	-	-			-		-	-
	1740	UG Cond and Devices	-	-	-	-			-		-	-
	1745	Roads and Trails	-	-	-	-			-		-	-
		Sub-Total	**-**	**417,282,926**	**-**	**417,282,926**		**-**	**4,283,189**	**-**	**4,283,189**	**412,999,737**
	2055	**Add: Construction Work in Progress**				-					-	
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-					-	
		Total PP&E	-	417,282,926	-	417,282,926		-	4,283,189	-	4,283,189	412,999,737
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)										
		Total Additions to Accumulated Depreciation							4,283,189			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation* (input as negative)

Transportation	
Stores Equipment	
Net Depreciation	**4,283,189**

APPENDIX 'B'

Calculation of Depreciation Expense - All Assets

Accounting Standard ASPE
Year 2022

CCA Class	OEB	Description	Opening Gross PP&E	Less Fully Depreciated	Net for Depreciation	Current Year Additions	Total for Depreciation	Useful Life	Depreciation Rate	Depreciation Expense
Intangible			*A*	*B*	*C = A - B*	*D*	*E = C + D/2*	*F*	*G = 1/F*	*H = E * G*
	1606	Organization	-	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant	-	-	-	-	-	-	-	-
	1611	Computer Software	-	-	-	-	-	-	-	-
	1612	Land Rights (Intangible)	-	-	-	-	-	-	-	-
Transmission Plant			*A*	*B*	*C = A - B*	*D*	*(Sum of 'E" for LTPL and RCL)*	*F*	*G = 1/F*	*(Sum of 'H' for LTPL and RCL)*
	1705	Land (Transmission Plant)	-	-	-	-	-	-	-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-	-	-	-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-	-	-	-	-
	1710	Leasehold Improvements	-	-	-	-	-	-	-	-
47	1715	Station Equipment (Station and Transformers)	-	-	-	105,664,179	60,730,074	50	2.00%	1,214,601
47	1715A	Station Equipment (Switches and Breakers)	-	-	-	13,936,312	8,385,899	40	2.50%	209,647
47	1715B	Station Equipment (Protection and Control)	-	-	-	4,713,619	2,688,279	20	5.00%	134,414
47	1720	Towers and Fixtures	-	-	-	276,515,994	159,880,211	60	1.67%	2,664,670
47	1725	Poles and Fixtures	-	-	-	1,867,019	933,510	45	2.22%	20,745
47	1730	OH Cond and Devices	-	-	-	324,289,920	187,604,446	45	2.22%	4,168,988
	1735	UG Conduit	-	-	-	-	-	-	-	-
	1740	UG Cond and Devices	-	-	-	-	-	-	-	-
	1745	Roads and Trails	-	-	-	-	-	-	-	-
General Plant			*A*	*B*	*C = A - B*	*D*	*E = C + D*8/12*	*F*	*G = 1/F*	*H = E * G*
	1905	Land (General Plant)	-	-	-	-	-	-	-	-
10.1	1908	Buildings and Fixtures	-	-	-	-	-	50	2.00%	-
8	1915	Office Furn & Equipment	-	-	-	-	-	10	10.00%	-
	1920	Comp Hardware	-	-	-	-	-	-	-	-
10.1	1930	Transportation Equipment	-	-	-	223,576	149,050	5	20.00%	29,810
	1935	Stores Equip	-	-	-	-	-	-	-	-
	1940	Tools, Shop & Garage Equip	-	-	-	-	-	-	-	-
	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-
	1950	Power Operated Equipment	-	-	-	-	-	-	-	-
	1955	Communication Equipment	-	-	-	-	-	-	-	-
	1960	Misc. Equipment	-	-	-	-	-	-	-	-
	1980	System Supervisory Equipment	-	-	-	-	-	-	-	-
	1995	Contributions & Grants	-	-	-	-	-	-	-	-
	2440	Deferred Revenue	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
		Total	**-**	**-**	**-**	**727,210,619**	**420,371,469**			**8,442,876**

Calculation of Depreciation Expense - Line to Pickle Lake

Accounting Standard ASPE
Year 2022

CCA Class	OEB	Description	Opening Gross PP&E	Less Fully Depreciated	Net for Depreciation	Current Year Additions	Total for Depreciation	Useful Life	Depreciation Rate	Depreciation Expense
Transmission Plant			*A*	*B*	*C = A - B*	*D*	*E = C + D*8/12*	*F*	*G = 1/F*	*H = E*G*
	1705	Land (Transmission Plant)	-	-	-	-	-	-	-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-	-	-	-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-	-	-	-	-
	1710	Leasehold Improvements	-	-	-	-	-	-	-	-
47	1715	Station Equipment (Station and Transformers)	-	-	-	36,661,964	24,441,310	50	2.00%	488,826
47	1715A	Station Equipment (Switches and Breakers)	-	-	-	6,744,525	4,496,350	40	2.50%	112,409
47	1715B	Station Equipment (Protection and Control)	-	-	-	1,596,718	1,064,479	20	5.00%	53,224
47	1720	Towers and Fixtures	-	-	-	120,441,027	80,294,018	60	1.67%	1,338,234
47	1725	Poles and Fixtures	-	-	-	-	-	-	-	-
47	1730	OH Cond and Devices	-	-	-	144,259,883	96,173,255	45	2.22%	2,137,183
	1735	UG Conduit	-	-	-	-	-	-	-	-
	1740	UG Cond and Devices	-	-	-	-	-	-	-	-
	1745	Roads and Trails	-	-	-	-	-	-	-	-
		Total	**-**	**-**	**-**	**309,704,117**	**206,469,412**			**4,129,876**

Calculation of Depreciation Expense - Remote Connection Lines

Accounting Standard	ASPE
Year	2022

CCA Class	OEB	Description	Opening Gross PP&E	Less Fully Depreciated	Net for Depreciation	Current Year Additions	Total for Depreciation	Useful Life	Depreciation Rate	Depreciation Expense
Transmission Plant			A	B	C = A - B	D	E = Avg Monthly Opening	F	G = 1/F	H = E*G
	1705	Land (Transmission Plant)	-	-	-	-	-	-	-	-
	1706	Land Rights (Transmission Plant)	-	-	-	-	-	-	-	-
	1708	Buildings and Fixtures (Transmission Plant)	-	-	-	-	-	-	-	-
	1710	Leasehold Improvements	-	-	-	-	-	-	-	-
47	1715	Station Equipment (Station and Transformers)	-	-	-	69,002,215	36,288,764	50	2.00%	725,775
47	1715A	Station Equipment (Switches and Breakers)	-	-	-	7,191,787	3,889,549	40	2.50%	97,239
47	1715B	Station Equipment (Protection and Control)	-	-	-	3,116,901	1,623,801	20	5.00%	81,190
47	1720	Towers and Fixtures	-	-	-	156,074,967	79,586,193	60	1.67%	1,326,437
47	1725	Poles and Fixtures	-	-	-	1,867,019	933,510	45	2.22%	20,745
47	1730	OH Cond and Devices	-	-	-	180,030,038	91,431,190	45	2.22%	2,031,804
	1735	UG Conduit	-	-	-	-	-	-	-	-
	1740	UG Cond and Devices	-	-	-	-	-	-	-	-
	1745	Roads and Trails	-	-	-	-	-	-	-	-
		Total	**-**	**-**	**-**	**417,282,926**	**213,753,007**			**4,283,189**

APPENDIX 'C'

WPLP
Calculation of Utility Income Taxes
2022 Test Year
($000's)

SUMMARY OF TAX EXPENSE

	2022
First Nation LP	0
Fortis (WP) LP	200
Total	**200**

WPLP

Line No.	Particulars		2022
	Determination of Taxable Income		
1	Regulatory Net Income (before tax)		15,152
2	Book to Tax Adjustments:		
3	Depreciation and amortization		8,443
4	Capital Cost Allowance		-87,339
5	Other		-3,121
6	Total Adjustments	$	-82,017
7	Regulatory Taxable Income/(Loss) before Loss Carry Forward	$	-66,865
	Allocation of Taxable Income		
8	First Nation LP (51%)		-34,101
9	Fortis (WP) LP (49%)		-32,764
10	Total	$	-66,865
	Tax Rates		
11	Federal Tax		15.00 %
12	Provincial Tax		11.50 %
13	Total Tax Rate		26.5 %

WPLP
Calculation of Utility Income Taxes
2022 Test Year
($000's)

First Nation LP

Line No.	Particulars		2022
	Determination of Taxable Income		
1	Allocation of Taxable Income from WPLP		-34,101
4	Tax Rate		0.00 %
5	**Income Tax Expense**	**$**	**0**
	Determination of Corporate Minimum Tax		
	Allocation of Accounting Income from WPLP		7,727
	Corporate Minimum Tax Rate		0.00 %
	Corporate Minimum Tax Payable (Utilized)	**$**	**0**
	Total Taxes Expense for First Nation LP	**$**	**0**

WPLP
Calculation of Utility Income Taxes
2022 Test Year
($000's)

Fortis (WP) LP

Line No.	Particulars	2022	
	Determination of Taxable Income		
1	Allocation of Taxable Income from WPLP	-32,764	
2	Loss Carryforward	32,764	
3	Taxable Income after Loss Carryforward	0	
4	Tax Rate	26.50	%
5	**Income Tax Expense**	**$ 0**	
	Loss Continuity Schedule		
6	Opening Losses Carryforward	-3,886	(1)
7	Losses (Incurred)/Utilized during the year	-32,764	
8	Closing Losses Carryforward	-36,650	
	Determination of Corporate Minimum Tax		
9	Allocation of Accounting Income from WPLP	7,424	
10	Corporate Minimum Tax Rate	2.70	%
11	Corporate Minimum Tax Potentially Applicable	200	
12	Ontario Income Tax	0	
13	**Corporate Minimum Tax Payable (Utilized)**	**$ 200**	
14	Opening CMT Credit Carryforward	0	
15	CMT Credit Incurred/(Utilized)	200	
16	Closing CMT Credit Carryforward	200	
17	**Total Taxes Expense for Fortis (WP) LP**	**$ 200**	

(1) Opening loss carryforwards attributed to Fortis (WP) LP relating to forecasted financing fees being deducted for tax purposes over a five-year period less carrying charges earned on the development deferral account.

WPLP
Calculation of Utility Income Taxes
2022 Test Year
($000's)

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Accelerated CCA Initiative	Closing UCC
8	-	-	-	-	-	0.20	-	-	-
10.1	-	224	224	(112)	112	0.30	34	67	123
47	-	726,987	726,987	(363,494)	363,494	0.08	29,079	58,159	639,749
UCC	-	727,211	727,211	(363,605)	363,605		29,113	58,226	639,872
						TOTAL CCA	**87,339**		

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Reference: Exhibit B, Tab 1, Schedule 5, page 22
Exhibit B, Tab 1, Schedule 5, Table 3, page 8

Preamble: Once all of WPLP's capital cost forecasts were revised, the Owner's Engineer reviewed all cost estimates and completed a quantitative risk profile for WPLP using Monte-Carlo analysis for both EPC and non-EPC costs. The resulting contingency allowances at a P50 confidence level are summarized in Table 5. The updated contingency allowance is approximately 6.9% of WPLP's total estimated capital costs before contingency and AFUDC. This compares to the contingency amount in the LTC cost estimate, which was approximately 20%.

Table 5 – Contingency Allowances and EPC Change Order Costs ($000's)

Cost Category	Pre-Contingency Cost Forecast	Contingency (P50)	Contingency %
EPC Costs	1,432,779	113,324	7.9%
EPC Excluded + Other Infrastructure[8]	49,280	787	1.6%
Non-EPC Capital	188,680	1,532	0.8%
Contingency Allowance Subtotal	**1,670,738**	**116,103**	**6.9%**
EPC Change Order Costs		**2,108**	
Total Contingency + Change Order		**118,211**	

Request:

a) Please provide a brief overview of how the OE approached the Monte-Carlo analysis and provide a summary of how the findings were used to justify changes in the contingency associated with each line item in Table 3 on page 8 of Exhibit B-1-5.

b) For each line item in Table 3 on page 8 of Exhibit B-1-5, please indicate how much contingency has been used to date and for what specific purpose.

Response:

a) The OE completed an integrated quantitative risk analysis to capture the sources of uncertainty (which could not be identified as a Contractor Risk Event captured within EPC Contract) associated with the project cost, project scope, project schedule and discrete risk events.

The analysis involved estimating ranges of uncertainty in the price and quantity of costs associated with material, equipment, stand-by charges, delays etc. with the probability of occurrence by discrete risk events.

The uncertainty ranges, developed in workshops attended by key project stakeholders, were incorporated into a project specific probabilistic model (Monte-Carlo analysis) that considered correlation between the cost, time variable cost (cost associated with increase in schedule duration) and schedule elements.

This analysis was applied to each line of project cost provided in Table 3 on page 8 of Exhibit B-1-5 and resulted in the contingency balance by risk event provided in question (b) below.

b) WPLP's tracking of contingency allowance and contingency used is not aligned with the cost categories in the referenced table. Rather, contingency allowance is determined and assigned (used) based on a variety of risk events included in the quantitative risk analysis, the majority of which fall into the EPC Costs category. The granularity of risk event categories is such that each category is descriptive of the purpose for which contingency allowance is determined and contingency is subsequently used as required. WPLP has provided the following table, indicating the contingency allowance and contingency used, for each identified risk category, as of March 31, 2021:

Risk Events	Total Contingency	Assigned Contingency*	Unassigned Contingency
EPC Costs			
Line Route Change	$ 15,311,079	$ 7,540,726	$ 7,770,353
Substation Location Change	1,710,663	-	1,710,663
Owner Permit Delays	5,702,211	-	5,702,211
Onerous Permit Conditions	2,851,106	-	2,851,106
LiDAR data errors	627,243	-	627,243
HONI-HORCI delays	7,000,000	-	7,000,000
Archeological finding	1,710,663	-	1,710,663
Pre-existing hazardous material	1,568,108	-	1,568,108
Review delays	997,887	-	997,887
Forest fire	5,452,740	-	5,452,740
Work stoppage	42,208,297	250,000	41,958,297
Additional scope	24,325,793	2,549,544	21,776,249
Design Requirements	6,426,299	- 1,201,106	7,627,405
EPC Excluded, Other Infrastructure and Non-EPC Contingency	2,319,184	-	2,319,184
Total	**$ 118,211,275**	**$ 9,139,164**	**$ 109,072,111**

* Assigned contingency is based on WPLP risk management system which forecast potential exposure over the entire Project.

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Reference: Exhibit B, Tab 1, Schedule 5, page 24

Preamble: WPLP says its capital expenditure forecast to the end of 2023 includes approximately $36.75 million for investments in general plant assets that are required to own and operate the Transmission System but which were not included in the LTC capital cost estimate because they did not form part of the Transmission Project. These are investments that do not relate directly to the construction of electricity transmission lines or interconnection facilities and were therefore beyond the scope of that proceeding under Section 92 of the OEB Act. These capital costs are for facilities and assets such as control room facilities and operating centres, fleet, business systems and inventory. Table 6 provides a summary of these costs.

Table 6 - Other Infrastructure Capital Expendature Forecast ($000s)

Category	2021	2022	2023	Total Forecast
Facilities (Office and Work Centres)			27,000	27,000
Fleet		220	570	790
Business Systems			5,000	5,000
Initial Inventory, Tools and Equipment	1,320	1,320	1,320	3,960
Total	**1,320**	**1,540**	**33,890**	**36,750**

WPLP explains that, following the commencement of construction, WPLP's efforts were almost immediately refocused on managing operational, financial and schedule impacts associated with the COVID-19 pandemic. As such, limited progress has been made towards refining plans for other infrastructure requirements and associated cost estimates.

The largest cost category in Table 6, is for facilities. Of the $27 million, $11 million is for construction of WPLP’s main operating centre, $1 million is for a backup operating centre, and $15 million is for construction of three service centres at a cost of approximately $5 million each.

WPLP intends to evaluate options in 2021 for third-party or related-party provision of control room and other operating services for an interim period. WPLP expects that the results of this evaluation will influence the scope and timing of its longer-term strategy for control room operations, which could affect 2023 costs.

WPLP is seeking approval for approximately $2.9 million of its forecasted costs for other infrastructure to be included in its 2022 revenue requirement

Request:

a) For each cost category in Table 6, please provide an explanation for how the cost estimate was developed (e.g., courtesy quotes, the experience of affiliates, comparator projects).

b) For each cost category in Table 6, please identify and explain any cost control measures that are being or will be used besides the oversight of the Owner's Engineer (e.g., competitive bidding process).

c) Given the "limited progress has been made towards refining plans for other infrastructure requirements and associated cost estimates", please explain why WPLP believes it is reasonable for the OEB to approve any part of the estimated costs in WPLP 2022 rate base as opposed to reviewing the actual costs as part of WPLP's 2024 rate application.

Response:

a) WPLP's cost estimate processes are provided below for each of the categories in Table 6:

   i. Facilities - estimates were developed based on WPPM Canadian utility affiliate experience;
   ii. Fleet – estimates based on market price for truck purchases, as determined by recent procurements of similar vehicles by WPPM Canadian utility affiliates;
   iii. Business Systems – estimates developed based on WPPM Canadian utility affiliate experience; and
   iv. Initial Inventory – estimates developed based on WPPM Canadian utility affiliate experience.

b) As it relates to facilities, fleet, and business system, WPLP will follow its procurement policy and related policies/procedures as provided in Exhibit F, Tab 3, Schedule 1. The procurement policy and related policies/procedures are designed to ensure best value to WPLP and in turn to the ratepayer. As it relates to inventory, inventory will be purchased from the contractor under the terms and conditions of the EPC Contract to take advantage of the Contractor's purchase discounts. To ensure the cost of inventory is appropriate, Hatch in combination with WPLP compares the costs provided by the Contractor against market on an ongoing basis to ensure WPLP is receiving best value.

c) In 2022, WPLP is only proposing to add $224,000 in fleet to rate base. Fleet is a typical expenditure that is forecasted and included in forward test years of other utilities. WPLP believes it is able to identify the need and appropriately estimate the costs and, as such, should be permitted to include this amount in rate base in the 2022 test year. WPLP is not proposing to add inventory to its rate base in 2022, which can be seen from the fact that WPLP's proposed allocation of non-EPC costs to determine 2022 in-service additions does not include inventory costs (see Exhibit C-2-1, Appendix A). Rather, inventory is going to

be included in working capital as such inventory will not be included in rate base until such time as WPLP seeks to add a working capital allowance in a future year. As it relates to facilities and business systems, WPLP is not seeking to add any amounts to rate base in the 2022 test year and will instead seek OEB approval to add the relevant amounts to rate base in a future rate application.

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Reference: Exhibit C, Tab 2, Schedule 1, page 8

Preamble: 95.5 km of the WPQ line segment was constructed in 2018 as part of the 98.9 km 44 kV line that was constructed between Hydro One's 44 kV system near Red Lake and the Pikangikum TS. The remaining 20.3 km of 115 kV line is being constructed between the Red Lake TS and the existing 44 kV Pikangikum Line, after which the entire WPQ line segment will operate at 115 kV and be supplied from Hydro One's transmission system.

Request:

a) Please confirm that the WPQ line segment is fully funded by Indigenous Services Canada, including the 20.3 km which is being constructed between the Red Lake TS and the existing 44 kV Pikangikum Line.

b) Please confirm if WPLP is seeking recovery of any portion of the WPQ line segment from customers. If so, what section and amount?

Response:

a) The WPQ line segment and Substation Q, as completed in 2018, were fully funded by Indigenous Services Canada. However, the 20.3 km of 115 kV line which is being constructed between the Red Lake TS and the existing 44 kV Pikangikum Line, as well as the required upgrades to Substation Q and the construction of Substation P, have not been funded by Indigenous Services Canada.

b) WPLP confirms that in the current application it is seeking to recover the costs of the 20.3 km of 115 kV line which is being constructed between the Red Lake TS and the existing 44 kV Pikangikum Line, as well as the costs of required upgrades to Substation Q and Substation P, through the proposed fixed monthly charge to Hydro One Remote Communities Inc. in respect of the Remote Connection Lines. The amount WPLP is seeking to recover is $30.165 million (WPQ = $17.789 million; Station Q = $1.252 million; Station P = $11.628 million) as described in Exhibit K. These amounts are slightly revised from the $30.201 million reflected in the Application as originally filed (WPQ Line = $17.55 million, Station Q = $1.235 million; Station P = $11.471 million), as shown in Exhibit C, Tab 2, Table 1, Appendix 'A', Tables A-2 (Assets WP1P2 and Station Q).

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Reference: Exhibit D, Tab 1, Schedule 1, page 4
Exhibit A, Tab 1, Schedule 1, page 12

Preamble: WPLP will begin tracking information for typical scorecard measures related to safety, reliability, and costs during the construction period so that this information can be used in setting future performance expectations with consideration for any adjustments required to reflect the transition from construction to operation.

WPLP has proposed to finalize the initial draft scorecard when applying for the multi-year revenue requirement in 2024.

Request:

a) Please describe the plan to collect scorecard measure data and list the specific measures that will be tracked during the construction period.

b) Please explain how the scorecard measures will be adjusted during the transition from construction to operation.

Response:

a) WPLP currently tracks, and plans to continue tracking, a variety of data that would support typical OEB scorecard measures related to reliability, safety and financial ratios, including:

- Tracking of outage frequency, duration and causes in a manner that will allow for the future determination of appropriate Customer Delivery Point Performance Standards (CDPPS) in accordance with the TSC, calculation of actual performance by delivery point compared to the CDPPS once approved, and calculation of any other reliability metrics that might be required on WPLP's future scorecard.

- Tracking of safety and environmental incidents by cause and severity, including tracking of hours worked and other information required to calculate typical safety and environmental performance metrics.

- Tracking of financial data required to calculate any financial ratios that may be required on WPLP's future scorecard.

b) To the extent that certain metrics are (or can be) normalized and reported historically, WPLP would consider including historical values on its initial scorecard. This could include any reliability metrics that are calculated on a percentage basis, per customer, per km, per delivery point, etc.

For metrics that are impractical to normalize or where comparing performance during construction vs. operation would be misleading, WPLP anticipates that scorecard reporting for these metrics will start with the first calendar year that all of the transmission system assets are in service.

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Reference: Exhibit E, Tab 1, Schedule 1, page 3
EB-2018-0190, Exhibit B, Tab 2, Schedule 1, page 5

Preamble: In lieu of developing a load forecast based on weather-normalized historical data (which WPLP does not have at this point in time), WPLP took the following approach to forecast charge determinants:

1. Using demand forecast details from the 2018 backup power report completed by HORCI, WPLP identified annual peak demand forecasts for each First Nation community being connected to the Remote Connection Lines in 2022.

2. Using data from the weather-normalized load forecast model of the closest grid-connected LDC (Sioux Lookout Hydro) to determine the month associated with maximum purchases from IESO (January), and to determine the percentage of the January maximum purchases for every other month.

3. Applying the percentages in step 2 above as a proxy for estimating the percentage of annual peak demand for each First Nation community, for each month in 2022 that the load is expected to be in-service.

The resulting total 2022 forecasted charge determinants of 38.6 MW is included in the UTR calculation. WPLP expects to develop a more robust load forecasting method as it acquires a suitable amount of historical consumption data for the grid-connected communities.

In its leave to construct application, WPLP stated that, "The severe supply limitations and poor reliability of electricity service in the Connecting Communities causes very significant economic and quality of life impacts. These conditions create barriers for pursuing business and economic development opportunities."

Request:

a) Does WPLP anticipate that there will be an increase in demand in the Connecting Communities after the they become connected to the Transmission System? Please explain.

b) Does WPLP account for any increase in demand in the Connecting Communities in its 2022 load forecast? If not, does WPLP account for any load growth in its overall load forecast? Please explain.

Response:

a) WPLP expects that there will be an increase in demand in the connecting communities as they become grid connected as a result of being able to add load without the possibility of restrictions resulting from generator ratings.

b) As described in Exhibit E-1-1, WPLP used the demand forecast by community contained in the 2018 backup power report completed by HORCI, which included consideration of 4% annual growth in demand. Based on updated peak demand information provided by HORCI, WPLP has revised its load forecast to use 2020 peak loads as a starting point, retaining the 4% annual growth factor.

   WPLP notes that the demand forecast has no impact on the fixed monthly charge to HORCI, and that WPLP's total demand forecast for the 2022 test year is immaterial in the context of updating the Network UTR. Based on WPLP's updated project schedule and updated evidence included as Exhibit K, WPLP's total annual charge determinant for 2022 is 10.851 MW, which represents 0.005% of the total charge determinants included in the calculation of the Network UTR.

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Reference: Exhibit F, Tab 2, Schedule 1, pages 1-2

Preamble: The 2022 test year is the first year in which WPLP has transmission assets coming into service, and therefore it is the first year in which WPLP is seeking to recover OM&A expenses through its transmission revenue requirement.

The starting point for WPLP's cost driver analysis is $Nil for 2021 OM&A, therefore 2022 cost drivers are equal to 2022 OM&A Expenses. The 2022 total OM&A expense shown in Table 2 of F-2-1 will be used as the starting point for 2023 OM&A cost driver analysis in WPLP's application for approval of a 2023 test year revenue requirement.

Request:

a) Please file a complete five-year OM&A forecast by replicating Table 2 for the years 2023 to 2025, if possible. If not possible, please explain what information is outstanding that prevents WPLP from providing a five-year OM&A forecast now.

Response:

a) Please find attached the five-year OM&A forecast in **Appendix 'A'**.

Please note the OM&A forecast has been updated to reflect the schedule changes based on the best information known at this time. Given WPLP is still working with its EPC contractor to finalize the schedule for assets that come into service in 2023, the OM&A forecast for years 2023-2025 is subject to change.

Appendix A: Five Year OM&A Forecast

	Category of Expense	2021 OM&A	2022 OM&A Cost Driver ($000's)				2023 OM&A Cost Driver ($000's)			
			Operations	Maintenance	Administration	Total	Operations	Maintenance	Administration	Total
Direct Operating	Direct O&M Labour	0	0	0	0	0	323	0	0	323
	Controlling Authority (3rd Party)	0	306	0	0	306	878	0	0	878
	Substation and Line Routine Maintenance	0	532	10	0	542	3,531	513	0	4,043
	Emergency Response	0	0	1,558	0	1,558	0	1,400	0	1,400
	Other (Material, Fleet, Insurance)	0	76	340	180	596	352	368	308	1,028
	Sub-Total	*0*	*914*	*1,908*	*180*	*3,002*	*5,083*	*2,280*	*308*	*7,672*
Overhead Costs Allocated to OM&A	Labour and Departmental Costs	0	579	0	2,639	3,218	1,225	0	5,685	6,910
	Environmental Services	0	0	0	146	146	0	0	314	314
	Other Consultants	0	0	0	358	358	0	0	486	486
	Indigenous Engagement & Communications	0	0	0	1,300	1,300	0	0	2,743	2,743
	Stakeholder Engagement	0	0	0	29	29	0	0	29	29
	Indigenous Participation and Training	0	0	0	921	921	0	0	1,463	1,463
	Administrative Costs	0	0	0	467	467	0	0	1,006	1,006
	Sub-Total	*0*	*579*	*0*	*5,860*	*6,439*	*1,225*	*0*	*11,725*	*12,950*
Total		**0**	**1,494**	**1,908**	**6,039**	**9,441**	**6,308**	**2,280**	**12,034**	**20,622**

	Category of Expense	2024 OM&A Cost Driver ($000's)				2025 OM&A Cost Driver ($000's)			
		Operations	**Maintenance**	**Administration**	**Total**	**Operations**	**Maintenance**	**Administration**	**Total**
Direct Operating	Direct O&M Labour	330	0	0	330	337	0	0	337
	Controlling Authority (3rd Party)	1,511	0	0	1,511	1,701	0	0	1,701
	Substation and Line Routine Maintenance	6,400	823	0	7,222	9,077	1,176	0	10,253
	Emergency Response	0	500	0	500	0	500	0	500
	Other (Material, Fleet, Insurance)	503	372	431	1,306	521	371	439	1,331
	Sub-Total	*8,743*	*1,695*	*431*	*10,869*	*11,636*	*2,046*	*439*	*14,121*
Overhead Costs Allocated to OM&A	Labour and Departmental Costs	1,875	0	8,637	10,512	2,049	0	7,356	9,405
	Environmental Services	0	0	480	480	0	0	535	535
	Other Consultants	0	0	494	494	0	0	504	504
	Indigenous Engagement & Communications	0	0	4,198	4,198	0	0	4,679	4,679
	Stakeholder Engagement	0	0	44	44	0	0	49	49
	Indigenous Participation and Training	0	0	2,238	2,238	0	0	2,494	2,494
	Administrative Costs	0	0	1,540	1,540	0	0	1,716	1,716
	Sub-Total	*1,875*	*0*	*17,633*	*19,508*	*2,049*	*0*	*17,334*	*19,383*
Total		**10,618**	**1,695**	**18,064**	**30,377**	**13,685**	**2,046**	**17,773**	**33,505**

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Reference: Exhibit F, Tab 2, Schedule 1, page 3
Exhibit B, Tab 1, Schedule 4, page 12

Preamble: WPLP provides a summary of its 2022 OM&A forecast in Table 2 of Exhibit F-2-1. The total direct operating expenses is approximately $4.3 million, which is broken down into:

- Approximately $0.8 million is related to third-party control room operation, which is based on a unit cost estimate for third-party services multiplied by the forecasted number of substations in service in each quarter.
- Approximately $2.3 million is for outage and emergency response, which is based on unit cost estimates and per substation costs for operating and maintaining the Pikangikum distribution system since 2019.
- Approximately $0.6 million related to routine line and substation inspection and maintenance activities, which is based on unit cost estimates and per substation costs for operating and maintaining the Pikangikum distribution system since 2019.
- Approximately $0.6 million for other costs that include fleet and insurance costs and a provision for materials issued from inventory during the performance of outage and emergency response.

WPLP does not provide an OM&A forecast beyond 2022. WPLP states that as assets come into service in varying amounts in 2022 and 2023, the number of assets to be operated, inspected and maintained will increase on a monthly basis. WPLP expects that any inspection and maintenance cycles will be evaluated and adjusted in consideration of actual inspection results, system performance and costs, which may lead to changes in its inspection and maintenance programs.

Request:

a) Please explain how the unit cost estimate for third-party control room services was obtained.

b) Please explain whether the unit cost estimates and per substation costs associated with outage and emergency response on the Pikangikum distribution system were adjusted in any way to reflect differences between those assets and the additional assets that will become operational in 2022.

c) Please explain whether the unit cost estimates and per substation costs associated with line and substation inspection and maintenance activities on the Pikangikum distribution system

were adjusted in any way to reflect differences between those assets and the additional assets that will become operational in 2022.

d) Please explain how the fleet and insurance costs were estimated.

e) Please explain how the materials issued from inventory costs were estimated.

f) Please discuss how the various unit costs and other inputs used to calculate the direct operating expenses for 2022 are expected to change as additional assets come online and the Transmission System is completed.

g) Please discuss how WPLP's operating expenses compare to those of other Ontario transmitters such as HONI, Five Nations Energy, Canadian Niagara Power, B2MLP, NRLP and NextBridge LP. As part of the response, please indicate the source of any information discussed.

Response:

a) The unit cost estimate for third-party control room services was estimated based on WPPM staff's prior experience with control room operation as well as contracting third party control room services.

b) The unit cost estimates associated with outage and emergency response were adjusted by a location factor, thereby increasing unit cost estimates for areas that are not as accessible as the Pikangikum distribution system.

c) The unit cost estimates associated with line and substation inspection and maintenance activities were adjusted by a location factor, thereby increasing unit cost estimates for areas that are not as accessible as the Pikangikum distribution system.

d) With respect to fleet, costs were estimated based on WPPM affiliate experience, such as for purchasing trucks, and planned general plant purchases for similar equipment. Insurance costs were estimated based on existing WPPM affiliate agreements for insurance and WPPM affiliate experience.

e) Materials issued from inventory costs were estimated based on WPPM staff's experience with transmission system maintenance work, costs for materials used during operation of the Pikangikum distribution system, and knowledge of typical unit costs for structures and major equipment.

f) The various unit costs and other inputs used to calculate the direct operating expenses for 2022 will be updated for future years as WPLP incurs costs in 2022 and executes agreements with third party contractors. Once the Transmission System is complete, WPLP expects to have historical information to support estimates of direct operating expenses.

g) WPLP's operating expenses are generally not comparable to the operating expenses incurred by other Ontario transmitters because WPLP's Transmission System is remote with minimal all-season road access. WPLP's operating expenses for inspection and maintenance are likely higher than most transmitters due to factors such as additional travel time, additional lodging costs and the cost of flights to access most substations via the remote First Nation communities. Significant portions of the HONI, B2MLP, NRLP, NextBridge, and Canadian Niagara Power transmission systems are in more densely populated areas and/or are located closer to major roads.

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Reference: Exhibit F, Tab 2, Schedule 1, pages 2-5

Preamble: WPLP provides a summary of its 2022 OM&A forecast in Table 2 of Exhibit F-2-1. As the construction phase of WPLP's Transmission Project progresses and assets come into service in 2022 and 2023, a progressively larger portion of these overhead costs transition from being directly attributable to capital development and construction activity to being attributable to the ongoing operation and maintenance of in-service assets. Accordingly, WPLP developed a methodology to allocate these costs between capital and OM&A, which is described in detail in Appendix 'A' of Exhibit B-1-5. Applying the allocation methodology to WPLP's 2022 forecasted overhead costs results in the following total indirect operating expenses of approximately $10.5 million, which is broken down into five categories of expenses:

- Approximately $5.4 million for labour costs, including related overheads
- Approximately $0.6 million for environmental and other consultants
- Approximately $2.2 million for Indigenous engagement and communications and stakeholder engagement
- Approximately $1.5 million for Indigenous participation and training
- Approximately $0.8 million for general administrative costs

Request:

a) For each of the five categories of expenses for indirect operating costs, please provide a detailed breakdown of the items and costs.

b) For each of the five categories of expenses for indirect operating costs please explain how WPLP determined that the costs allocated by its methodology are reasonable.

Response:

a) Please find a detailed breakdown of the items and costs for each of the five categories of expenses for indirect operating costs in the below table. Because the indirect operating costs result from an allocation based on assets in service (as detailed in Exhibit B-1-5, Appendix A), and since WPLP's updated project schedule results in changes to the capital vs OM&A allocation factors (see Exhibit K), the requested breakdown is provided for both the original application forecast and the revised forecast contained in Exhibit K.

Category of Expense	**2022 Overhead Costs Allocated to OM&A ($000's)**	
	Application	**Exhibit K Update**
Labour and Departmental Costs		
Labour	2,546	1,542
Affiliate Services	759	417
Equipment and Supplies	112	67
Travel	623	371
Easement and Land Use Costs	972	579
Other	341	242
	5,353	**3,218**
Environmental & Other Consultants		
Environmental Advisors	244	146
Legal	241	241
Audit Fees	80	80
Other	38	38
	603	**504**
Indigenous Engagement & Communications and Stakeholder Engagement		
Affiliate Services	609	398
Contracted Services	898	535
Travel	342	204
Other	382	193
	2,230	**1,329**
Indigenous Participation and Training		
Affiliate Services	800	477
Contracted Services	593	354
Travel	138	82
Other	14	8
	1,545	**921**

Administrative Costs		
Affiliate Services	545	329
Office Supplies	115	68
Rent	69	41
Utilities	35	21
Other	19	8
	783	**467**
Total	**10,513**	**6,439**

b) WPLP's employee compensation framework, purchasing policies and affiliate services agreements are discussed in detail in Exhibit F-3-1. All of these elements ensure that WPLP receives the appropriate value for its total expenditures, both capital and OM&A, and that the associated costs are reasonable.

WPLP's indirect operating costs are a function of applying a cost allocation methodology to its total overhead costs, as described in the preamble. The cost allocation methodology is consistent for each of the five categories of expenses, which is based on the average value of assets in service each month. The overall overhead costs are evaluated annually to ensure reasonableness based on historical information and future expected work scope. From WPLP's perspective, the methodology is a fair representation of the time and effort spent on operational activities and construction. The methodology has been subject to audit in accordance with Accounting Standards for Private Enterprises since the completion of Pikangikum distribution system.

Please refer to the response to Board Staff 15 (g) for additional information on WPLP expenses compared to other Ontario transmitters.

BOARD STAFF - 17

Reference: Exhibit F, Tab 4, Schedule 1, page 2 of 4

Preamble: At the above reference, WPLP states:

> "The useful lives determined by WPLP are comparable to the range of useful lives used by other Ontario transmitters, as well as the ranges in the Asset Depreciation Study prepared by Kinectrics Inc., as shown in Table 3 below. For this comparison, WPLP used the useful life ranges as stated by CNPI, FNEI and GLPT (prior to being acquired by Hydro One). With the exception of towers and fixtures, WPLP adopted the same useful lives as CNPI Transmission."

Request:

a) Please explain why WPLP decided not to include Hydro One in its list of other transmitters as benchmarks to compare asset useful lives.

Response:

a) WPLP selected transmitters to include in the comparison by considering those that used similar approaches to calculating depreciation expense (i.e. straight-line depreciation rates are determined based on estimates of typical useful life for various asset classes).

   In contrast, Hydro One's depreciation study incorporated more complex analysis that considered vintage groups of assets, asset survivor curves, hazard functions and projection life curves to determine accrual rates to be applied to each USofA account for the purpose of determining depreciation expense. WPLP decided not to include Hydro One in the comparison because the Hydro One depreciation study does not explicitly identify typical asset useful lives that would consistently be used to determine depreciation rates over the life of each asset type.

BOARD STAFF - 18

Reference: Exhibit H, Tab 2, Schedule 2, Pages 1, 8 to 12
EB-2018-0190 - Wataynikaneyap Power LP – Report - April 15, 2021 - Page 4 of 19

Preamble: At the first reference above WPLP states:

> "Once the World Health Organization declared the outbreak of the COVID-19 virus to be a pandemic and Ontario declared a state of emergency, WPLP identified a wide range of impacts in relation to the construction of the transmission system under its EPC contract with Valard and non-EPC activities in support of the transmission project.

WPLP requested further assessments in relation to alternative scenarios for managing the impacts of the pandemic on the project and then performed multiple reviews of those scenarios (i.e., technical, financial, environmental, regulatory, customer impact, etc.) with input from its advisors."

In particular, with respect to WPLP's selection of its preferred alternative course of action following the onset of the pandemic, WPLP states:

> "…WPLP negotiated savings of $26.5M relative to the contractor's proposal of $84M for the package of changes under Scenario 4, thereby bringing the EPC cost of Scenario 4 down to $57.5M. When this negotiated EPC cost was considered together with the ongoing diesel generation supply costs under Scenario 4, WPLP determined that the net ratepayer impact of Scenario 4 would be $43.5M, which is $59M or 57% lower than the ratepayer impact under Scenario 1 as first presented to WPLP by Valard".

In consideration of the benefits available through the Independent Trust under the Federal Funding Framework, WPLP determined that Scenario 4 would maximize the benefits available to Ontario transmission ratepayers because it would result in more funds remaining in the Trust which could be used to offset future transmission rate impacts relating to the Remote Connection Lines.

At the second reference above, WPLP indicates:

> "As at December 31, 2020, WPLP has incurred $17 million in COVID-19 related costs and forecasts total COVID-19 related costs for the project of $72 million. Costs incurred to date reflect an accrual for COVID-related change order costs from WPLP's EPC contractor, as well as related legal and consultant costs."

Request:

a) Please provide additional details including a breakdown of costs for both the $17 million in COVID-19 related costs incurred in 2020 and for the forecasted $72 million total COVID-19 incremental costs.

b) Please confirm if the $72 million forecast for COVID-19 related costs includes the $17.4 million incurred as of December 31, 2020.

c) If, after negotiated savings, the costs of the preferred scenario 4 were brought down to $57.5 million, is the total impact of COVID-19 related costs $74.5 million (57.5 + 17.0)? Please explain.

d) Please explain if there are any contingencies included in the renegotiated costs of $57.5 million included in the preferred Scenario 4.[1]

e) Please explain and quantify the additional $14.0 million in savings that brings the net ratepayer impact of Scenario 4 down to $43.5 million from the EPC cost of $57.5 million.

f) Please explain and quantify how more funds remain in the Trust under Scenario 4 compared to the other 3 Scenarios.

Response:

a) Additional details, including a breakdown of costs for both the $17 million in COVID-19 related costs incurred in 2020 and for the forecasted $72 million total COVID-19 incremental costs, are included in the table below:

	Budget	31-Dec-20
Spend to December 31, 2020		
Scenario 4 COVID-19 Costs		
Variable Costs Change Order	$ 24,485,059	$ 5,457,691
Flight Costs Change Order	7,598,331	—
Schedule/Fixed Cost Change Order	39,000,000	11,668,696
	71,083,390	17,126,387
Other COVID-19 Costs		
Testing Equipment and Supplies	500,000	—
Legal	225,000	131,047
Other	405,000	142,218
	1,130,000	273,265
Total	**$ 72,213,390**	**$ 17,399,652**

[1] EB-2021-0134, Exhibit 2, Tab 2, Schedule 2, page 11 of 14,

b) WPLP confirms the $72 million forecast for COVID-19 related costs includes the $17.4 million incurred as of December 31, 2020. WPLP also clarifies that the $72 million forecast related to all COVID-19 related costs, not only those related to the EPC contract.

c) While WPLP negotiated a savings of $26.5 million compared to the Contractor's original Scenario 4 (Variable Costs up to December 31, 2020), given the continued impacts of COVID-19 beyond December 31, 2020, a decision was made to enter into a change order with the Contractor for Variable Costs up to June 30, 2021. This increased the costs from $57.5 million to the $71.08 million.

d) WPLP assumes that the intended reference is to Exhibit H, Tab 2, Schedule 2, p. 11 of 14. There is no contingency in the renegotiated costs.

e) The financial impact to the ratepayer is influenced by several factors other than the increase in COVID-19 costs, such as: (1) timing of assets in service which impact revenue, (2) carrying charges on the COVID Construction Cost Account, (3) use of additional funds from the Trust (primarily depreciation driven and interest), and (4) the avoided diesel fuel costs from a compressed schedule per the IESO business case. Please see reconciliation below:

Impact to Ratepayer	
COVID-19 Costs	$57.50
Estimated carrying charges on COVID Construction Cost Account	$1.80
Total Cost Increase	$59.30
Impact on Revenue as a result of timing of assets in-service	($39.39)
Use of additional funds from trust upon settlement (primarily depreciation and interest driven)	$35.37
Avoided diesel fuel costs from compressed schedule per IESO business case	($11.70)
Ratepayer Impact compared to Financial Close	$43.58

f) WPLP has responded to this question assuming no negotiated reduction in the Scenario 4 costs as there has been no negotiated reduction to Scenario 2/3 costs upon which to compare. WPLP has calculated the impact on the capital contribution that will be paid from the Trust in the table below. The lower capital contribution for Scenario 4 results in approximately $10.6 million more remaining in the Trust compared to Scenario 2/3.

Calculation of Capital Contribution	**Scenario 2/3**	**Scenario 4**
OEB construction costs*	$1,873.25	$1,872.41
Interest accounts	$63.36	$59.36
	$1,936.61	$1,931.78
Rate base	($1,000.00)	($1,000.00)
Interim depreciation	($42.49)	($48.27)
Capital contribution	$894.12	$883.50
Pikangikum	($62.82)	($62.82)
Capital Contribution	$831.30	$820.68

	Scenario 2/3	**Scenario 4**
*AFUDC incurred	$1.43	$1.43
Cost of funds during construction	$61.92	$57.93
Development costs incurred	$62.51	$62.51
Construction costs incurred	$1,747.92	$1,747.08
Total rate base carried into operations	$1,873.79	$1,868.96
CWIP carried into final regulatory implementation	($63.36)	($59.36)
CWIP carried into interim operations	$1,810.43	$1,809.59
Pikangikum	$62.82	$62.82
OEB approved construction cost	$1,873.25	$1,872.41

BOARD STAFF - 19

Reference: Exhibit A, Tab 3, Schedule 1, page 9 of 17
Exhibit H, Tab 2, Schedule 2, page 13 of 14
Exhibit H, Tab 1, Schedule 1, page 11-13 of 14

Preamble: At the first reference above, WPLP states:

> "Notwithstanding that WPLP's COVID-related costs are part of its construction costs for the Transmission Project, which it has been tracking separately in its CWIP Account, WPLP proposes to recover its COVID-related project costs as an expense added to the calculation of its 2022 and future revenue requirements rather than through the recovery of capital costs added to its rate base."

At the second reference above, WPLP provided additional details about the requested treatment for COVID-19 related costs.

> "Whereas reasonable and prudently incurred development and construction costs would typically be added to fixed asset accounts as assets come into service and are thereby added to the rate base upon which the utility is allowed to recover its cost of capital and depreciation expense over the life of the underlying assets, WPLP instead proposes to recover its incremental costs arising from the pandemic as an expense, with incremental costs incurred in each year being recovered over a two-year period commencing in 2022."

Request:

a) Please explain/confirm if the COVID-19 incremental costs were recorded as capital costs in WPLP's audited financial statements.

b) Other than WPLP's view that ratepayers should not be required to pay a return on the pandemic's costs, please elaborate further on why WPLP is proposing an alternative recovery treatment of these costs, as opposed to how they are typically classified.

c) What is the revenue requirement difference in 2022 between including the COVID-19 related costs in opening rate base (and recovering them as capital-related revenue requirement) and WPLP's proposal to expense these costs?

Response:

a) WPLP confirms the COVID-19 incremental costs were recorded as capital costs in WPLP's audited financial statements.

b) Please refer to the response to OEB Staff IR 21 (e).

c) WPLP has answered this interrogatory based on the updated cost and schedule forecasts provided in Exhibit K. The estimated revenue requirement difference in 2022 is a reduction of approximately $6.7 million if COVID-19 costs are included in opening rate base. While the inclusion of the COVID-19 costs in rate base causes a reduction in revenue requirement in 2022 of approximately $6.7 million, it is important to note that the $6.7 million is made up of the following:

Timing Difference	$8.0 million
Less: Increase in earnings to WPLP	$1.3 million
Reduction in 2022 revenue requirement	$6.7 million

The timing difference refers to the difference, relating to the collection of COVID-19 incremental costs, between the amount if collected through the proposed deferral account and the amount amortized if added to rate base. Under each scenario, costs will be collected from the ratepayer, however, when you eliminate the timing difference related to the COVID-19 incremental costs, which will be collected from the ratepayer under either scenario, the ratepayer is worse off by $1.3 million in 2022 as a result of including the COVID-19 costs in rate base. The $1.3 million reflects the return on rate base that would be recoverable in 2022 if the COVID-19 incremental costs were added to rate base.

BOARD STAFF - 20

Reference: Exhibit H, Tab 2, Schedule 2, page 10

Preamble: In its decision about how best to manage the impacts of the pandemic under the EPC contract, WPLP used a 2014 IESO study to assess the impacts of ongoing diesel supply costs for electric generation.

Request:

a) Please confirm that the current cost of diesel was used in the assessment (and not the cost of diesel as it was in 2014).

b) If the current cost was not used, please quantify the impact if current cost had been used.

Response:

a) The cost of diesel used was from the prior study, but on a forecasted basis for 2022/2023 (i.e. the years in which there were differences in schedule between the options under consideration). The resulting nominal diesel commodity cost and fuel transportation cost forecasts are shown in the response to part b) below.

b) At the time of completing the analysis, Watay considered that diesel prices below $0.60/l reflected short-term demand reductions arising from the COVID pandemic, and that diesel commodity prices were likely to return to the levels included in the prior study (see part a).

Current diesel cost (i.e. 2021 YTD) has been trending in this direction, with YTD wholesale diesel rack prices in Thunder Bay averaging $0.82/l. If diesel costs were to remain at this level in 2022 and 2023, and assuming consistent transportation costs, the avoided diesel costs would be approximately 6.9% less that the amounts included in WPLP's assessment.

	2022	**2023**	**Avg**
WPLP Assessment			
Diesel Commodity ($/l)	0.92	0.96	0.94
Diesel Transportation ($/l)	0.79	0.82	0.81
Total $/l Cost	**1.71**	**1.78**	**1.75**
Current Commodity Cost			
Diesel Commodity ($/l)	0.82	0.82	0.82
Diesel Transportation ($/l)	0.79	0.82	0.81
Total $/l Cost	**1.61**	**1.64**	**1.63**
Reduction in Avoided Diesel Costs			
Total $/l Cost	**-5.8%**	**-7.9%**	**-6.9%**

BOARD STAFF - 21

Reference: Exhibit G, Tab 1, Schedule 1, page 1, footnote 1
Exhibit H, Tab 2, Schedule 2, pages 12-13
Exhibit I, Tab 4, Schedule 1, page 5
EB-2018-0190, Exhibit J, Tab 1, Schedule 2

Preamble: WPLP states that the incremental costs it incurred because of the pandemic, both under the EPC contract and otherwise, are part of the development and construction costs for the Transmission Project and are accommodated within the level of contingency previously budgeted.

WPLP states that whereas reasonable and prudently incurred development and construction costs would typically be added to fixed asset accounts as assets come into service and are thereby added to the rate base upon which the utility is allowed to recover its cost of capital and depreciation expense over the life of the underlying assets, WPLP instead proposes to recover its incremental costs arising from the pandemic as an expense, with incremental costs incurred in each year being recovered over a two-year period commencing in 2022.

WPLP states that, through the federal funding framework, WPLP has agreed to contribute equity based on the forecasted total cost of the project, subject to restrictions that could limit WPLP's maximum equity contribution.

WPLP states the portion of funding that would be provided to WPLP as a contribution in aid of construction (CIAC) will be determined by WPLP's total project costs. As WPLP's costs increase, the CIAC amount increases at a rate that reduces WPLP's deemed equity position in the project, thereby providing an incentive to control and reduce costs during construction.

In response to an interrogatory in the LTC, WPLP stated that the Funding MOU has a sliding scale based on approved capital costs, and that WPLP's equity position goes down as approved capital costs go up, provided Wataynikaneyap Power's equity does not go below $400 million.

Request:

a) Please confirm that the federal funding framework and the Funding MOU refer to the same thing. If not, please explain.

b) Please confirm that the "sliding scale" refers to the mechanism by which as WPLP's costs increase the CIAC amount increases at a rate that reduces WPLP's deemed equity position in the project. If not, please explain.

c) Please confirm that the term "approved capital costs" refers to the capital costs that the OEB approves for inclusion in WPLP's rate base, including any capital costs approved as a result of the current application. If not, please explain.

d) Please identify and briefly explain each of the possible consequences that could arise if WPLP were unable to recover its incremental costs arising from the pandemic as an expense? As part of the response, please explain in detail the sliding scale mechanism in the government funding agreement including comments on any restrictions.

e) Please explain any ratepayer benefits of WPLP's proposed approach to recover incremental costs arising from the pandemic as an expense.

Response:

a) WPLP confirms that the federal funding framework and the Funding MOU refer to the same thing. As explained in Exhibit B, Tab 1, Schedule 2, p. 6, based on the March 2018 MOU the parties signed definitive documents for the federal funding framework in July 2019.

b) Confirmed.

c) Confirmed.

d) Assuming WPLP is not able to recover its incremental costs arising from the pandemic as an expense but is permitted to add these costs to its rate base, the consequences would be as follows:

- WPLP would earn a weighted average return on capital on the incremental rate base during the construction period vs the carrying charge earned on the proposed COVID Construction Cost Deferral Account during the construction period.

- The weighted average return on capital during the construction period, which is currently forecasted at 4.21% for 2022, is significantly higher than the current carrying charge on the proposed COVID Construction Cost Deferral Account, which is currently 0.57%.

- While WPLP anticipates a CIAC from the Trust, the funding of the Trust is still subject to Parliamentary appropriation. Assuming appropriation does not occur, and no federal funding is forthcoming, the incremental costs arising from the pandemic will remain in rate base and the ratepayer would continue to incur the higher weighted average return on capital on the incremental rate base over the remaining life of the assets.

- Assuming appropriation does occur, and the federal funding is forthcoming, then upon completion of construction and in accordance with the federal funding framework Trust Agreement, the CIAC would be calculated based on the approved capital costs which, under the scenario described by Staff, would include the incremental costs arising from the pandemic.

- The incremental costs arising from the pandemic would increase the CIAC to WPLP, thereby reducing the remaining funds that would be available in the Trust (and any associated return that can be earned on the reduced amount within the Trust) to offset future RRRP impacts from the Project to Ontario ratepayers.

- The inclusion of the incremental costs arising from the pandemic in the approved capital costs would reduce the available WPLP Owner equity per the sliding scale.

e) The ratepayer benefits of WPLP's proposed approach to recover incremental costs arising from the pandemic as an expense are as follows:

- WPLP would not earn a weighted average return on capital on the incremental rate base (currently forecasted at 4.21%) during the construction period. Instead, WPLP would earn the carrying charge (currently 0.57%) on the proposed COVID Construction Cost Deferral Account. Because the weighted average return on capital during the construction period is significantly higher than the current carrying charge on the COVID Construction Cost Deferral Account, the difference would represent savings that would be for the benefit of ratepayers.

- While WPLP anticipates a CIAC from the Trust, the funding of the Trust is still subject to Parliamentary appropriation. By including the incremental costs arising from the pandemic as an expense, there is no risk to the ratepayer that, if the funding is not forthcoming, they would need to incur the cost of WPLP's higher weighted average return on capital on the incremental costs.

- The proposed treatment maintains the important, customer-focused incentive that is built into the federal funding framework, whereby as costs go down WPLP Owners can increase owner equity. To record the incremental pandemic-driven costs as a capital cost would effectively eliminate the negotiated incentive for WPLP to reduce project costs and thereby limit a principle negotiated under the federal funding framework.

- The additional funds that would be retained in the Trust if the incremental pandemic costs are expensed can be used to offset the principal balance in the COVID Construction Cost Deferral Account at a future date while the return earned on the incremental balance in the Trust will likely offset or exceed the carrying charges paid to WPLP on the COVID Construction Cost Deferral Account.

BOARD STAFF - 22

Reference: Exhibit A, Tab 3, Schedule 1, page 14

Preamble: Through the federal funding framework, WPLP has agreed to contribute equity based on the forecasted total cost of the project, subject to restrictions that could limit WPLP's maximum equity contribution. Such limits do not limit WPLP's ability to contribute 40% equity during the 2022 Test Year. To the extent that WPLP's equity contribution is limited to less than 40% in a future year, this will be addressed in WPLP's revenue requirement application for the relevant Test Year.

Request:

a) Please explain any restrictions of the federal funding framework that could limit WPLP's maximum equity contribution to less than 40%.

Response:

a) Restrictions of the federal funding framework that have the potential to limit WPLP's maximum equity contribution to less than 40% only apply during the construction period in the circumstances described below. When negotiating the federal funding framework, Canada, Ontario and WPLP agreed to a sliding scale such that, as WPLP's costs increase, the CIAC amount increases at a rate that reduces WPLP's deemed equity position in the project. Given the federal funding framework is implemented at the completion of construction, there is a possibility that WPLP could have a rate base and corresponding equity in excess of the amount determined by the sliding scale (for costs in excess of $1.61 billion). To ensure WPLP's owners do not over-contribute equity or earn on equity in excess prior to the CIAC being provided under the federal framework, WPLP agreed to only invest equity less than or equal to the amount determined under the federal funding framework.

   In addition, WPLP agreed to seek approval of a revenue requirement based on the actual debt to equity structure instead of the deemed structure prior to the CIAC being contributed. Given WPLP's rate base and corresponding equity is below the equity determined under the federal funding framework, this restriction is not applicable for the 2022 test year.

   The impact on WPLP's maximum equity contribution is limited to the period prior to the CICA as, once the federally funded CIAC is provided to WPLP, WPLP will have a debt to equity structure of 60/40 and as such the federal funding framework will have no impact on WPLP Owner Equity in the revenue requirement calculation.

BOARD STAFF - 23

Reference: EB-2016-0262 – Decision and Order, March 23, 2017, page 11
Exhibit H, Tab 1, Schedule 1, page 3 of 13
Exhibit H, Tab 2, Schedule 1, page 3 of 14

Preamble: With respect to funds received from the former Indian and Northern Affairs Canada (INAC, now Indigenous Services Canada), WPLP stated that "None of the funding was provided to assist any party in providing a contribution to WPLP for any part of the construction of the Transmission System, and none of the funding was provided to CCEG or OSLP with any expectation that the provision of such funding would offset the cost of the Transmission Project for resulting rates for ratepayers."

In addition, at the decision and order referenced above, the OEB states:

> The OEB finds that the funding sub-account identified in the accounting order should include all funding for development activities received from sources other than WPLP, and not just those funds "applied for and received by WPLP". If the costs associated with an activity are recorded in the deferral account, then it is appropriate that the revenues received to fund the activity must also be recorded in the revenue deferral account. WPLP must record all funding received for development activities for the Project from November 23, 2010.

At the second reference above, WPLP states:

> As identified in Exhibit C-2-1, WPLP is allocating all of its indirect capital costs (including development costs) to fixed asset accounts as assets come into service, in proportion to the direct capital costs associated with each asset.

At the third reference, WPLP states:

> The total audited balance in the Funding Sub-Account as at December 31, 2020 is $12,919,100.
>
> …Given the nature of the amounts recorded, which is described in detail below, WPLP does not propose that any amounts from the Funding Sub-Account be applied as offsets to the development or construction costs of the Transmission Project. WPLP therefore requests that the Funding Sub-Account be discontinued.
>
> It is important to first consider which entities received the funding amounts that have been recorded in the Funding Sub-Account.

> Significantly, none of the amounts recorded in the Funding Sub-Account reflect funds that were provided to WPLP as the licensed transmission utility or to its general partner Wataynikaneyap GP. Rather, as shown in Appendix `A', all recorded funds were provided to two entities – the Central Corridor Energy Group (CCEG) and Opiikapawiin Services LP (OSLP).

Request:

a) Please confirm if the $12.9 million is reflected in WPLP's 2020 audited financial statements and, if so, what line item those costs are reflected in.

b) Please confirm that CCEG and OSLP have transferred the $12.9 million funding to WPLP. If not, please explain.

c) If as stated above, WPLP allocated indirect capital costs (including development costs) to fixed asset accounts as assets come into service, please explain why the funds received for development costs should not offset the costs incurred.

Response:

a) WPLP confirms the $12.9 million is reflected in WPLP's 2020 audited financial statements. The $12.9 million is reflected on the Balance Sheet and is included in the calculation of the "Property, plant and equipment, net [note 4]" balance of $522,384,140. Note 4 of the audited financial statements provide a calculation of the "Property, plant and equipment, net [note 4]" balance and WPLP can confirm the $12.9 million was netted against Construction work-in-progress to arrive at the balance of $467,839,855.

b) CCEG and OSLP have not transferred the third-party funding to WPLP. Instead, on completion of work activities in relation to which third party funding was provided to CCEG or OSLP, WPLP recorded any such related third-party funding that was received by CCEG or OSLP in the appropriate sub-account in accordance with the OEB's Decision and Order in EB-2016-0262 and the further clarification provided by OEB Staff following that Decision and Order.

c) The project is very unique and is a major undertaking by First Nations working together and with their partners to own WPLP, a transmission company that connects remote First Nations to the provincial grid. WPLP believes it is important to highlight that a significant amount of work was done by predecessor and related First Nation entities to help establish what is now WPLP with majority First Nation ownership. Without such work the Project would not be possible. However, it is important to recognize that none of the funding was provided to assist any party in providing a contribution to WPLP for any part of the construction of the Transmission System, and none of the funding was provided to CCEG or OSLP with any

expectation that the provision of such funding would offset the cost of the Transmission Project for resulting rates for ratepayers. In this respect, the funding that predecessor and related First Nation entities received is distinct from any funding amount provided to the utility, namely the Contribution in Aid of Construction (CIAC) that WPLP anticipates receiving under the federal funding framework subject to Parliamentary appropriation.

In asking "why the funds received for development costs should not offset the costs incurred", Staff has incorrectly assumed that the amounts recorded in the Funding Sub-Account consist of funding received by WPLP for its development costs. As noted in response to (b), above, the recorded amounts were not received by or transferred to WPLP. A detailed description of CCEG and OSLP (as the recipients of the funding amounts), how those recipients used the funding amounts, and why the funding amounts recorded in the Funding Sub-Account should therefore not be applied as an offset to any amounts otherwise recorded in the CWIP Account is provided in Exhibit H, Tab 2, Schedule 1, pp. 2-7.

Moreover, none of the amounts recorded in the Funding Sub-Account are or should be considered to be CIACs. The 24 First Nation ownership group does not represent the customer, as there are non-connecting community partners and the purpose of these entities was to represent First Nation participation and ownership in the Project. The nature of the amounts recorded in the Funding Sub-Account are also clearly distinguishable from the nature of the amounts that the OEB, in its Accounting Procedures Handbook (APH), considers to be CIACs. The amounts recorded in the Funding Sub-Account were not received by the utility, there were no funds provided by or received from a customer, and no funds were provided for the purpose of acquiring or constructing items of property, plant or equipment to connect any such customer. As such, the amounts recorded in the Funding Sub-Account should not be subject to the ratemaking treatment specified in the APH for CIACs.

BOARD STAFF - 24

Reference: Exhibit A, Tab 5, Schedule 2, pages 2-3
Exhibit H, Tab 2, Schedule 1, page 7

Preamble: On September 28, 2017, the OEB granted the distribution licence (EB-2017-0236) for a 5-year term until September 28, 2022. Based on the current project schedule, it is anticipated that the Pikangikum distribution line will be converted to form part of the Transmission System in Q2 2022.

The Pikangikum Distribution System Deferral Account was established effective from the December 20, 2018 in-service date for the distribution system until such time as it is converted to form part of WPLP's Transmission System (expected in Q2 2022). WPLP proposes to dispose of $2,046,966, being the audited December 31, 2020 balance inclusive of carrying charges.

Request:

a) Does WPLP still expect that the Pikangikum distribution line will be converted to form part of the Transmission System prior to the expiry of its distribution licence. If no, please advise if WPLP anticipates applying for an extension of its distribution licence.

b) Please provide the audited December 31, 2020 balances in each of the sub-accounts for the Pikangikum Distribution System Deferral Account. Please compare the audited amount to the forecast costs, if applicable, and explain any difference of more than 10%.

Response:

a) Yes, WPLP still expects that the Pikangikum distribution line will be converted to form part of the Transmission System prior to the expiry of its distribution licence.

b) The audited December 31, 2020 balances in each of the sub-accounts for the Pikangikum Distribution System Deferral Account are:

Account Number	Account Name	Total (2020)
1508.004	Other Regulatory Assets: Distribution System OM&A Costs	2,011,949.77
1508.005	Other Regulatory Assets: Distribution System Capital Costs	-
1508.006	Other Regulatory Assets: Depreciation Expense	-
1508.007	Other Regulatory Assets: Accumulated Depreciation	-
1508.008	Other Regulatory Assets: Distribution System OM&A Carrying Charges	35,015.84
1508.009	Other Regulatory Assets: Distribution System Capital Carrying Charges	-
Total		**2,046,965.61**
Per Audited Financial Statements		**2,046,965.61**
Difference		**-**

As this is a deferral account and not a variance account, WPLP assumes Board Staff is referring to WPLP's internal forecasted costs for the amounts recorded in the Pikangikum Distribution System Deferral Account. WPLP internally forecasted to spend $1.879 million (2019 and 2020) and actual spend for the same period was $2.012 million for a variance of $0.133 million or 7.01%.