

ONTARIO ENERGY BOARD

(“OEB”)

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an application by Hydro One’s Application to Establish a New Regulatory Account – Affiliate Transmission Projects Account

EB-2021-0169

WRITTEN SUBMISSIONS OF

**GWAYAKOCCHIGEWIN LIMITED PARTNERSHIP
(“GLP”)**

August 31, 2021

INTRODUCTION

1. Gwayakocchigewin Limited Partnership (“**GLP**”) is a limited partnership owned by Fort William First Nation, Nigigoonsiminikaaning First Nation, Lac La Croix First Nation, Eagle Lake First Nation, Wabigoon Lake Ojibway Nation, Seine River First Nation, Lac Seul First Nation and Ojibway Nation of Saugeen (the “**First Nations**”).
2. The First Nations are eight of the eleven Indigenous communities that Hydro One has been instructed to consult and accommodate, and all eight have traditional territory situated along the route of the proposed Hydro One Waasigan transmission line (the “**Line**”).
3. GLP has been in discussions with Hydro One regarding a possible partnership in respect of the Line.
4. GLP has reviewed the submissions of Hydro One in respect of its application (the “**Application**”) to Establish a New Regulatory Account for Affiliate Transmission Projects (the “**ATP Account**”) as well as its responses to the interrogatories submitted by intervenors (“**Interrogatory Responses**”), including GLP.
5. The application is relevant to GLP as both a potential future partner of Hydro One, or another proponent to undertake the Project and as an entity owned by First Nations in Ontario, that will be subject to the precedent set by the OEB’s treatment of the Application.

CONCERNS IN RESPECT OF STATION ASSETS

6. In the Application and Interrogatory Responses, Hydro One sets out that the ATP Account will include costs relating to transmission line development, but not to station assets. This is because the stated intention of Hydro One is that station assets will always be owned by Hydro One and not a New Partnership. For example, in the Interrogatory Responses, at Exhibit I, Tab II, Schedule II at line 33 and 34 Hydro One states: “*Station assets are expected to be owned by Hydro One. Hence these assets would be included within the Hydro One rate base and not in a New Partnership’s rate base.*” Hydro One does not provide a basis for this separation and exclusion and one is not found in the IESO letters included in the Application.

7. In the EB-2021-0169 Application, Hydro One states: “Most new transmission projects include both transmission lines as well as supporting upgrades and modifications to existing assets, such as stations, to enable the new line to energize. The ATP Account will only be used to record assets that are expected to form part of the rate base of the New Partnership.” (EB-2021-0169 – Hydro One Networks Inc. Request for an Accounting Order to Establish a Regulatory Account for Affiliate Transmission Projects – Amended Application and Evidence, filed July 20, 2021, Page 2 of 19, footnote 4).
8. In its letter to the Board of June 20, 2019 re: EB-2019-0151 Waasigan Transmission (formerly North West Bulk Transmission Line) Deferral Account, in response to the Board’s question of why Hydro One needs the Deferral Account sought in EB-2019-0151 for the Waasigan Transmission Line Project, Hydro One states: “A project’s development work is a critical part of the overall project contributing to the advancement of the Project. Development work for a project the size of the WTL spans multi years prior to construction commencing. Without this development work construction cannot commence. This foundation work determines where the line will be built, timing of construction to mitigate environmental impact, the design and layout of the transmission line and station, etc. Hydro One will track development costs in the WTTDA. Once the IESO commits to the in-service timing of WTL, Hydro One will file a Leave to Construct application with the OEB.”
9. As part of its filings for EB-2019-0151, in its Waasigan Transmission Line Project (“WTL”) – Bi-Annual Report dated April 21, 2021, Hydro One includes in its report a statement on work conducted in association with the EB-2019-0151 deferral account between October 1, 2020 and March 31, 2021 on the Waasigan Transmission Line Project. Hydro One as part of this reporting for this deferral account, Hydro One states that it is “working with the IESO to advance system impact studies for Lakehead Transformer Station (TS), Mackenzie TS and Dryden TS to prepare detailed planning specifications by the end of 2021 to advance project scoping as it relates to transmission station design requirements” (page 5).
10. Based on Hydro One’s filings for EB-2019-0151, transmission station work appears to be included in the EB-2019-0151 deferral account and would be transferred to the EB-2021-0169 ATP account if the Board approves the current application. In its EB-2021-0169

application for the ATP account filed May 28, 2021, Hydro One describes the sub-account for Project development, Preliminary Engineering and Planning Work: “This sub-account will record costs related to project preparation work conducted by Hydro One prior to the point from where costs qualify to be recorded in construction-work-in progress (CWIP), including items such as: preliminary design/engineering and planning, cost estimation, public engagement/consultation, routing and siting, real estate assessment costs, and environmental assessment, similar to that approved for the North West Bulk Transmission Line (NWBTL) Deferral Account.” (page 4 of 9).

11. Once the OEB makes a decision on the current ATP Account application, a precedent may be set for future First Nation electricity system partnerships including in respect of this issue (separating out and excluding station assets).
12. This is of particular concern to GLP as there are potentially significant benefits for New Partnerships in designing and operating both transmission and station assets and having both in the New Partnership’s rate base from which First Nation partners receive their equity distributions. Ratepayers as well may benefit from efficiencies of having both in the same management regime and rate base.
13. Further, in the Interrogatory Responses at Exhibit I, Tab I at Schedule 4, Hydro One discusses the proposed allocation of cost expenditures that encompass work related to both the transmission line and the station assets. It proposes that the allocation will be based on a pro-rata methodology, using actual lines and stations costs for the applicable project as the ratio. It is not clear to GLP how the mechanics of this approach will work in practice. This should be made clear.
14. GLP requests that Hydro One stipulate in a transparent and fact-based manner, all its rationale and justifications for any separation of transmission and station assets and the exclusion of the latter from a New Partnership. GLP requests that it be provided another opportunity to comment on this information, since Hydro One did not provide any rationale in its submissions to date.
15. GLP wishes to ensure that there is sufficient flexibility in this and any future ATP Account to enable where reasonable and justified the ownership of station assets by New

Partnerships, and that any exclusion of costs for station assets is based on fully intelligible, transparent, reasonable and fact-based criteria.

ALL OF WHICH IS RESPECTFULLY
SUBMITTED THIS

31st day of August, 2021



Kate Kempton

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Kay Turner

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Partnership (GLP)