TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Charles Keizer
ckeizer @torys.com
P. 416.865.7512

September 27, 2024

ADDRESS & EMAIL

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

Attention: Nancy Marconi, Registrar

Re: EB-2024-0176: Wataynikaneyap Power LP ("WPLP") – Application for Approval of 2025 Electricity Transmission Rates (the "Application") – Applicant's Interrogatory Responses

We are legal counsel to Wataynikaneyap Power LP ("WPLP"), which is the applicant in the above-referenced proceeding. On behalf of WPLP, and in accordance with Procedural Order No. 1 issued on August 16, 2024, we are pleased to provide WPLP's responses to interrogatories from Ontario Energy Board staff.

Please note that a response requires confidential treatment. Under separate cover to be filed shortly after the filing of these interrogatory responses, WPLP will be submitting its request for confidential treatment the applicable portion of the response in accordance with the OEB's Practice Direction on Confidential Filings.

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

Yours truly,

Charles Keizer

cc: Ms. Margaret Kenequanash, WPLP
Mr. Duane Fecteau, WPLP

BOARD STAFF – 1

Reference: Exhibit A

Preamble: The application does not provide Schedule 4 of WPLP's 2023 tax return used to confirm loss carryforward balances.

Question(s):

a) Please provide Schedule 4 of WPLP's 2023 tax return.

Response:

a) As WPLP is a limited partnership and files a partnership information return (T5013) there is no schedule 4.

BOARD STAFF – 2

Reference: Exhibit A / Tab 3 / Schedule 1 / page 2

Preamble: The application states that:

WPLP continues to be engaged in commercial discussions with its EPC contractor, regarding costs under the EPC Contract in relation to COVID-19 impacts and related access matters, the outcome of which will ultimately be recorded in the previously approved EPC COVID-Related Construction Costs Deferral Account.

Question(s):

a) Please briefly discuss the current status of the commercial discussions with the EPC contractor, Valard.

b) Is there any update as to when to expect to conclude the above noted commercial discussions with Valad?

c) In which rate year's revenue requirement application, does WPLP expect to request disposition of the EPC COVID Account? (Please provide WPLP's estimation based on best information available.)

Response:

a) Over the past year, WPLP and Valard have met several times on a without prejudice basis to discuss the cost overruns incurred by Valard. As at the time of writing this response, Valard has not submitted an official Contractor Change Request further to the EPC Contract.

   Valard has provided cost information, on a without prejudice basis, related to the cost overruns. This cost has been reviewed by WPLP, to assess whether the costs relate to a force majeure event and are costs required to be paid under the EPC Contract. Further clarification is being sought from Valard in this regard.

   Based on the information provided by Valard, the COVID-19 relief sought by Valard will relate to the Line to Pickle Lake and the Remote Connection Lines and will cover all construction years.

   Based on the information provided, WPLP worked with the Independent Engineer and Lenders to approve a $90M interim COVID-19 change order to advance funds to Valard.

The amount has been paid and recorded in the EPC COVID-Related Costs Deferral Account in July 2024 and will be dealt with in a future rate proceeding. Based on the information exchanged to date between WPLP and Valard and the discussions that the parties have had, WPLP and Valard are in a position to start formal negotiations in Q4, 2024. Please refer to (b) and (c) below for additional information.

b) WPLP and Valard are meeting in Q4, 2024 to start negotiations. If a settlement can be achieved without the use of arbitration, a resolution to the commercial discussions could occur in time to allow disposition of the EPC-Related Costs Deferral COVID Account in the 2026 test year rate application. If arbitration is required, a decision in the arbitration could take approximately 16-30 months from the start of arbitration, based on normal arbitration timelines.

c) Assuming a settlement can be achieved on the timelines noted in response to (b) above, WPLP expects to request disposition of the EPC COVID-Related Costs Deferral Account in the 2026 test year rate application. If a settlement is not achieved (whether in accordance with the above timelines or otherwise) and/or arbitration is required, WPLP will seek to dispose of the EPC COVID Account in a future rate proceeding.

BOARD STAFF – 3

Reference: Exhibit A / Tab 3 / Schedule 1 / page 7
Exhibit I / Tab 4 / Schedule 1

Preamble:

The application states that:

The distribution of federal funds to the independent Trust occurred on June 25, 2024, and WPLP anticipates that a portion of the independent Trust proceeds will be provided to WPLP to be applied as a Contribution in Aid of Construction (CIAC) on or around July 17, 2024.

Question(s):

a) Please indicate if the above noted funds has been applied as a CIAC. If yes, when were they received and applied as CIAC? (Please provide the date.) Please indicate the amount received.

b) If the CIAC payment will not be received this year, please provide bill impacts in the format of the table in Exhibit I-4-1, page 2, Table 1.

Response:

a) The CIAC was received on July 11, 2024, and applied as a CIAC on July 11, 2024. The total amount received was $509,236,276. The amount recorded as a CIAC addition in 2024 is $509 million less the amount applied to interest. See response to Board Staff IR 48 (b) for a breakdown of the federal funding received.

b) N/A. Please refer to the response to part (a), above.

BOARD STAFF – 4

Reference: Exhibit A / Tab 5 / Schedule 1 / pages 4-6

Preamble:

The application states that WPLP needs to complete a sequence of seven steps to be able to file its first multi-year revenue requirement application.

Question(s):

a) Please explain what the risk would be if WPLP were to operate in a multi-year framework without its long-term financing in place.

b) Please explain whether WPLP explored the potential use of deferral and variance accounts to address the long-term financing risk noted in a).

Response:

a) Without its long-term financing in place, the two primary risks are under earning and impact on cash flow from operations.

WPLP could be subject to significant over or under earnings related to differences in interest rates included in the calculation of its base year revenue requirement and the actual interest rates under its long-term financing. A 1% difference in interest rate on long-term debt could result in a +/- $7M in earnings and operating cash flow in the IRM period per annum.

Under earnings in the IRM period would impact WPLP's debt service coverage ratio along with the debt service coverage ratio of the First Nation ownership which in turn could impact the First Nation's ownership interest, as debt servicing is a key covenant within their financing.

In addition, any potential shortfall in interest rates (i.e. actual interest rates over the interest rate used in the calculation of its base year revenue requirement) would result in an interest funding shortfall within WPLP during the IRM period. Any funding shortfall would need to be funded by operating cash flow or its owners which would result in equity calls. Given the impact on the debt service calculation and the requirement for the First Nations to borrow to fund any potential additional equity, it could impact First Nation ownership.

b) WPLP did consider the use of a deferral and variance account to address the long-term risk. While a deferral and variance account can mitigate the impact of under earnings it cannot mitigate the impact on cash flow from operations over the IRM period. A deferral or variance account is only applicable to WPLP and any relief that it could provide does not extend to its Indigenous owners and the negative implications set out in (a) above, on potential additional equity requirements.

   In addition, WPLP also considered the impact on future long-term financing. Certainty around earnings and cash flow from operations is an important consideration when securing long-term financing and WPLP believes they would be able to achieve a more preferable long-term financing rate if there is more certainty around rate recovery and not subject to the uncertainty around deferral and variance accounts in future rate applications.

BOARD STAFF – 5

Reference: Exhibit B / Tab 1 / Schedule 2 / page 2, page 15
EB-2018-0190 / Post Hearing Filings / Semi-Annual Report on CWIP Account and Backup Supply Arrangements (2022/04/18) / page 11

Preamble:

In its semi-annual report on CWIP Account and Backup Supply Arrangements filed on April 18, 2022, WPLP stated that Backup Power Working Group (BPWG) has been disbanded.

In the current application, WPLP states that they continue to work with BPWG to address the OEB's request for additional information which relates to reliability levels and the ability to supply load identified in each community's Emergency Response Plan.

Question(s):

a) Please confirm that the BPWG no longer exists, and if not, who WPLP has been working with to address the OEB's request for additional information.

Response:

a) Confirmed, the BPWG was disbanded given their mandate was to develop the Backup Power Plan which was completed. WPLP is working with Indigenous Services Canada to provide the additional information requested by OEB. WPLP also continues to work with Opiikapawiin Services LP (OSLP) who continues to monitor and to the extent required, facilitates the development and implementation of backup supply arrangements.

BOARD STAFF – 6

Reference: Exhibit B / Tab 1 / Schedule 2

Preamble:

WPLP anticipates that it will file an initial TSP in conjunction with its first multi-year revenue requirement application.

Question(s):

a) Please explain why an initial TSP can’t be provided sooner than in conjunction with WPLP’s first multi-year revenue requirement application.

Response:

a) For single test year applications with minimal planned capital spending, WPLP anticipates being able to address all required approvals through other sections of the OEB's Chapter 2 Filings Requirements. These single test year applications would continue to address any portions of Section 2.4 of the Filing Requirements that are relevant to approvals requested in each application (e.g. test year capex) as well as specific policy-related items (e.g. regional planning considerations). Aligning the initial TSP with the entirety of Section 2.4 of the filing requirements with WPLP's initial multi-year revenue requirement application will avoid putting upwards pressure on OM&A costs in the single test years. This approach will allow resources that will be involved in the creation of the TSP to instead focus on advancing the strategies, system implementation, process development, data collection and planning that will ultimately improve the quality of WPLP's initial TSP.

BOARD STAFF – 7

Reference: Exhibit B / Tab 1 / Schedule 3 / page 4

Preamble:

WPLP states that construction of the Project is substantially completed and there are no longer any schedule risks or contingency/mitigation matters at issue.

Question(s):

a) Since all assets are now in service, please identify which parts of Project construction are still not completed and if any additional contingency is required.

Response:

a) Project construction is substantially complete with punch-list items, demobilization and restoration activities remaining to be completed. WPLP has not included any contingency as WPLP does not believe it is required, and any variance in spend will be dealt with in a future rate application. See response to OEB Staff IR 18(a) for additional information on non-requirement for contingency.

BOARD STAFF – 8

Reference: Exhibit B / Tab 1 / Schedule 4 / page 14

Preamble:

In relation to its Emergency Response Plan, WPLP states "In all outage response scenarios experienced and simulated to date, the use of helicopter services has allowed internal staff to cover large distances quickly to confirm the location and cause of outages".

Question(s):

a) Please describe the outage response scenario process. Please include how often scenario analysis is performed and if applicable, how many scenarios are typically analyzed.

Response:

a) WPLP reviews its response to business continuity risks at least twice annually. These reviews can be based on an actual power outage on WPLP's transmission system, an actual interruption to a critical system such as SCADA or telecommunications, or a table-top exercises to simulate the occurrence of an identified business continuity risk. Not all scenarios necessarily involve power outages (e.g., loss of telecom/SCADA is a business continuity risk that may not coincide with a power outage) and not all power outages require a review from a business continuity perspective (e.g., lightning-caused outages that are successfully restored from the control room). Each review session includes a single triggering event, but may include consideration of multiple options/scenarios for response to the triggering event.

BOARD STAFF – 9

Reference: Exhibit B / Tab 1 / Schedule 4 / page 13
EB-2023-0168 / Applicant's Interrogatory Responses / Board Staff 06

Preamble:

WPLP indicates that it has procured PowerTel Utilities Contractors Limited to provide services for inspection, maintenance and emergency response activities.

WPLP states that further to the inspection, maintenance and emergency response procurement process, to satisfy the immediate need for 24/7 control operations, WPLP executed an agreement for Hydro One Networks Inc. to provide control room services for an interim period until such time that WPLP develops its own control room.

Question(s):

a) What is the forecasted annual cost of the contract with PowerTel Utilities Contractors Limited to provide inspection, maintenance and emergency response services for the years 2024, 2025, 2026? Please provide a breakdown of the costs by sub-category.

b) Please compare projected 2024 costs for PowerTel Utilities Contractors Limited services to the estimated cost of $6,116k as stated in the response to Board Staff – 06 (EB-2023-0168 Interrogatory Responses) and explain any variance over 5%.

c) What is the forecasted 2025 annual cost of the interim control room services? Please compare this number to the forecast $2.7 million provided as part c) of the response to Board Staff – 06 (EB-2023-0168 Interrogatory Responses) and explain any variance over 5%.

d) When does WPLP anticipate having its own control room in service?

Response:

a) Please see the following table ($000s):

Category	**Frequency of Activity**	**2024**	**2025**	**2026**
Station Inspections	Quarterly	1,308	1,804	1,804
Station Equipment Maintenance	See Note 1	378	851	1,409
Aerial Line Inspections	Annual – See Note 2	549	951	1,111
Ground Inspections	6-year cycle – See Note 3	1,180	1,182	1,218
Climbing Inspections	See Note 3	366	377	131
Stations Emergency/Reactive (Estimate)	As Needed	1,106	1,266	1,304
Lines Emergency/Reactive (Estimate)	As Needed	1,228	1,674	1,724
TOTAL (Estimate)		**6,116**	**8,105**	**8,701**

Notes:

1- 2-year cycle for electrical/mechanical testing and maintenance of transformers and oil-filled reactors, starting with a reduced quantity in 2024 due to staggered in-service timing; 5-year cycle for circuit breaker maintenance, starting in 2025;

2- Aerial inspections include line segments that were in service during the prior calendar year, resulting in full system inspections starting in 2025. 2026 includes addition of thermal scanning.

3- Ground and climbing inspections on a 6-year cycle, starting in 2024.

b) Please see following table ($000s):

Category	**2024 (Board Staff IR 6)**	**2024 Forecast**	**Variance ($)**	**Variance (%)**
Station Inspections	1,308	1,308	0	0%
Station Equipment Maintenance	378	378	0	0%
Aerial Line Inspections	549	549	0	0%
Ground Inspections	1,180	1,180	0	0%
Climbing Inspections	366	366	0	0%
Stations Emergency/Reactive (Estimate)	1,106	1,106	0	0%
Lines Emergency/Reactive (Estimate)	1,228	1,228	0	0%
TOTAL	6,116	6,116	0	0%

WPLP has not re-forecasted the PowerTel Utilities Contractors Limited services for 2024 due to the unpredictability of emergency response requirements. Any savings in 2024 will be recorded in the Construction Period OM&A Variance Account and recovered by the rate payer in a future rate proceeding.

c) The forecasted annual cost for 2025 which includes all assets in-service for the entire year is $2.78 million ($0.08 million higher than forecast provided in Board Staff-05 of EB-2023 Interrogatory Responses).

d) WPLP does not have a specific forecasted date for having its own control room in service at this time. WPLP expects to re-evaluate the scope and timing of its longer-term strategy for control room operations, considering WPLP's operating requirements, the costs and term of its interim control room services agreement with Hydro One, as well as its operating experience with this arrangement.

BOARD STAFF – 10

Reference: Exhibit B / Tab 1 / Schedule 2 / page 5
Exhibit B / Tab 1 / Schedule 5 / page 11

Preamble:

On page 5 of Schedule 2, WPLP states that since June 26, 2023, WPLP approved 8 change orders related to design changes, contract terms, and routing changes.

On page 11 of Schedule 5, Table A-2 lists EPC Contingency + Change Order costs of $115,892k.

Question(s):

a) Please provide a detailed breakdown including description and cost of each of the 8 change orders.

b) Please separate the EPC Contingency Costs and Change Order Costs from the $115,892k amount shown on page 11 of Schedule 5.

Response:

a) The following table provides a detailed breakdown of the 8 change orders.

Title	**Description**	**Amount**
Line TZ Winter Road Conflicts	Additional routing costs as a result of winter road conflict with right of way centre-line.	$ 2,081
Line Segment KM and K1 Reroute	Route change resulting in zero cost impact to Project.	$ -
Substation A - D26A Line Phasing Rotation	Additional Engineering, and Construction costs were incurred as a result of unexpected rotation of the phasing coming into Substation A (Dinorwic). The items covered by this change order include troubleshooting, reporting, and remobilization	$ 86,885
Substation GIL	Additional costs incurred to complete the necessary clearing, survey and geotechnical investigations at substation G, I and L due to location changes.	$ 507,389

Substation V	Additional costs as a result of community requested change to substation location due to future community expansion plans.	$ 1,402,649
Marker Balls - AB, PQ & K1	Additional costs related to installation of extra Marker Balls in segments AB, PQ and K1 to address visibility concerns.	$ 133,570
Pikangikum Outage	Additional costs incurred to reduce the outage duration for Substation Q work including phasing issues and HONI connection.	$ 355,723
W1C Tower Reconciliation	Additional costs based on W1C tower reconciliation from estimated quantities and actual towers used.	$ 151,487

b) The following table provides the separation of EPC contingency from change orders and unutilized contingency.

	Amount ($000s)
Unused EPC Contingency	78,732
Change Orders*	37,160
Total EPC Contingency & Change Orders	**115,892**

*Agrees to Table A-1 of Exhibit C-2-1 Appendix A

BOARD STAFF – 11

Reference: Exhibit B / Tab 1 / Schedule 5 / page 7

Preamble:

On Page 7, Table 2 provides an updated capital cost forecast in comparison to the capital cost forecast presented in the 2024 rate application.

Question(s):

a) Please provide an explanation and a detailed breakdown of the variance of every line item in Table 2.

b) Please explain why EPC Excluded costs are in the EPC Costs category in Table 2.

Response:

a) Please see table below with references to details breakdown and explanations on variances for each line in Table 2.

(Costs in $000's)	Updated Forecast[1]	2024 Rate Application	Variance		Reference
			$	%	
EPC Costs					
Transmission Line Facilities - Line to Pickle Lake	215,166	214,987	179	0.10%	**A**
Transmission Line Facilities - Remote Connection Lines	911,938	911,224	714	0.10%	**B**
Station Facilities - Line to Pickle Lake	38,472	38,472	0	0%	
Station Facilities - Remote Connection Lines	304,364	304,426	-62	0%	**C**
Non-EPC Capital Costs					
EPC Excluded (e.g. Insurance, LIDAR, Stumpage)	10,271	10,012	259	3%	**D**

[1] As at May 2024, with incremental COVID costs reported as separate cost category.

Engineering, Design, Project/Construction Management & Procurement	106,751	108,690	-1,939	-2%	**E**
Environmental Assessments, Routing, Permitting, Regulatory & Legal	27,275	27,287	-12	0%	**F**
Land Rights	10,918	11,902	-984	-8%	**G**
Engagement, Stakeholder Consultation, Participation and Training	43,433	44,541	-1,108	-2%	**H**
Contingency	0	81,882	-81,882	100%	**I**
Costs Included in EB-2018-0190, Pre-AFUDC	***1,668,588***	***1,753,422***	***-84,835***	***-5%***	
Capitalized Interest	92,819	68,781	24,038	35%	**J**
Total Costs Included in EB-2018-0190	***1,761,407***	***1,822,204***	***-60,796***	***-3%***	
Other Infrastructure	680	9,245	-8,566	-93%	**K**
COVID-19 Costs	71,100	74,570	-3,470	-5%	**L**
Total Capital Costs[2]	**1,833,186**	**1,906,019**	**-72,833**	**-4%**	

[A] Result of [redacted] as noted in Exhibit C-2-1.

[B] Result of [redacted] as noted in Exhibit C-2-1.

[C] Result of finalization of change orders related to Remote Connection Lines with additional savings related to Substation V location movement, partially offset by Substation GIL additional costs for clearing survey and geotechnical work. The original estimate on the Substation V relocation was $1.5 million[3] and the executed value was $1.4 million as a result of WPLP's cost management processes. Please refer to response in OEB Staff 10(a) for executed change order details.

[2] These costs do not include any amounts that may be recorded in the proposed EPC COVID-Related Costs Deferral Account.

[3] Provided in response to OEB Staff IR 11(g) of 2024 rate application, EB-2023-0168.

[D] Additional costs as a result of additional insurance premiums given extensions to construction schedule from the schedule negotiated at the start of construction.

[E] Main driver of savings as a result of reduction in owner engineer and independent engineer services given accelerated construction activities allowed for field requirements to be reduced and further savings on travel.

[F] Minor savings in environmental GIS service requirements.

[G] Savings a result of travel synergies with Indigenous engagement activities and savings in land protocol advisors as majority of impacted land users have been identified and initial protocols completed.

[H] Savings in indigenous participation as a result of reduced training programs given reduced construction activity requirements. See response to OEB Staff IR 38(a) for further details.

[I] As noted in response to OEB Staff 7(a), based on the remaining outstanding construction activities, contingency is no longer required.

[J] Additional AFUDC as a result of our interest costs based on our third-party construction facility, for additional AFUDC costs that were not included in Federal Contribution. As noted in Exhibit G-1-1, the Federal Contribution provided for AFUDC costs up to November 30, 2023. In addition, average actual incurred interest rates were higher than forecasted rates.

[K] Reduction in other infrastructure costs during Project construction period. Based on current operational strategy WPLP has deferred certain general plant investments related to Operating Centre and Service Centres. WPLP expects to re-evaluate the scope and timing of its longer-term strategy for control room operations and service centre requirements.

[L] Forecast reflects the audited COVID-19 costs incurred up to December 31, 2023 versus forecasted 2023 COVID-19 costs. Variance is a result of travel costs related to COVID-19.

b) Formatting error within table, table provided in part (a) has EPC excluded costs under Non-EPC Capital costs, consistent with prior rate application filings.

BOARD STAFF – 12

Reference: Exhibit B / Tab 1 / Schedule 5 / page 1

Preamble:

WPLP states that to focus the variance analysis on the Transmission Project, amounts do not include non-project costs such as other infrastructure costs that were included in Exhibit B-1-5 as filed in prior applications if they occur after 2024.

Question(s):

a) Please list all the non-project costs for 2023, 2024, and 2025, identify any drivers of change, and explain any year over year differences over 5%.

Response:

a) Please see table below for list of non-project costs for 2023, 2024 and 2025.

($000s)	**2023 Actual**	**2024 Forecast**	**2025 Forecast**	**Total**
Facilities	-	20	-	20
Leasehold Improvements	-	250	-	250
Fleet	-	-	-	-
Business Systems	-	86	200	286
Computer Hardware	-	-	80	80
Equipment	-	169	100	269
	-	**524**[1]	**380**	**556**

The driver of change from 2023 to 2024, is the storage facility requirements (leasehold improvements and equipment) given WPLP is required to invest in its own storage area as EPC contractor demobilizes from the area. In addition, WPLP identified requirement for IT infrastructure upgrades and washroom facility requirements at Substation Q.

As noted in Exhibit C-2-1, general plant additions in 2025 relate to updates to IT infrastructure and office equipment.

[1] This balance of $524K plus $155K fleet addition that occurred in 2022 equals other infrastructure balance ($680K) in Table 2 of Exhibit B-1-5.

BOARD STAFF – 13

Reference: Exhibit B / Tab 1 / Schedule 5 / page 9

Preamble:

WPLP provides a breakdown of overhead costs by item for 2019 to 2024. Total overhead costs are $95,564k compared to $103,460k as seen in EB-2023-0168, Exhibit B, Tab 1, Schedule 5, Page 25.

Question(s):

a) Please provide an itemized annual breakdown of the overhead costs between 2019 to 2024.

b) Please explain the variance in the overhead costs during the construction period in the current application and the previous application (EB-2023-0168).

c) Specific to 2023 and 2024, for any item with cost increases of more than 5%, please briefly explain the reasons for the cost increase.

Response:

a) The table below provides an itemized breakdown of the overhead costs from 2019 to 2024.

	2019	2020	2021	2022	2023	2024	Total	Variance 2023-2024	Ref
Labour and Departmental Costs									
Labour and Affiliate Services	4,147	4,285	4,846	5,793	5,477	3,565	28,113	-35%	
Equipment and Supplies	131	25	24	68	46	159	454	245%	(A)
Software	19	27	23	66	282	241	658	-15%	
Meetings	16	15	26	49	255	211	572	-17%	
Training	26	12	38	32	291	126	525	-57%	
Travel	861	210	158	403	843	2,100	4,576	149%	(A)
Rents	1,053	682	591	2,198	1,871	2,004	8,398	7%	(A)
Other	14	16	30	33	52	43	189	-18%	
	6,269	***5,271***	***5,736***	***8,642***	***9,117***	***8,449***	***43,485***		
Environmental Services	***2,900***	***623***	***374***	***216***	***287***	***293***	***4,691***	2%	
Other Consultants (Allocate)									
Legal		104	251	291	320	344	1,310	8%	(B)
Advisory Services (includes Audit)	938	1,220	1,047	466	436	457	4,564	5%	(C)
Accting Services	131	63	-	28	29	31	282	7%	(C)
IT Support Services	-	-	-	54	103	106	263	3%	
Other		91	73	63	5	6	237	33%	(C)
	1,069	***1,479***	***1,371***	***901***	***892***	***944***	***6,656***		
Indigenous Engagement & Communications									
Affiliate Services	494	279	1,122	1,195	1,357	1,278	5,727	-6%	
Contracted Services	827	1,241	913	521	1,374	1,422	6,297	3%	
Meetings	87	85	73	109	320	889	1,564	177%	(D)
Travel	264	45	60	351	159	40	919	-75%	
Other	375	483	162	188	324	293	1,824	-10%	
	2,047	***2,134***	***2,330***	***2,365***	***3,534***	***3,922***	***16,331***		
Stakeholder Engagement									
Affiliate Services	74	-	-	-	-	-	74	-	
Contracted Services	38	-	-	-	-	-	38	-	
Meetings	-	-	-	9	12	3	23	-78%	
Travel	79	-	-	1	3	-	83	-100%	
Other	12	19	69	60	-	-	160	-	
	202	***19***	***69***	***70***	***15***	***3***	***378***	-	
Indigenous Participation and Training									
Affiliate Services	1,149	1,636	1,149	1,112	1,152	1,516	7,713	32%	(E)
Contracted Services	1,214	399	457	335	108	219	2,732	102%	(E)
Meetings	501	51	104	212	431	736	2,036	71%	(E)
Travel	612	155	424	336	15	10	1,553	-32%	
Other	360	346	371	126	58	62	1,323	9%	(E)
	3,836	***2,586***	***2,505***	***2,122***	***1,764***	***2,544***	***15,357***	44%	
Administrative Costs									
Affiliate Services	1,071	1,096	1,104	1,157	1,230	1,265	6,922	3%	
Office Supplies	316	161	139	116	228	226	1,187	-1%	
Rent*	-	-	-	112	140	148	401	6%	(F)
Utilities *	-	-	-	12	55	67	134	22%	(F)
Other*	-	-	-	11	5	7	23	40%	(F)
	1,388	***1,257***	***1,242***	***1,408***	***1,658***	***1,713***	***8,666***	3%	
Total	***17,710***	***13,369***	***13,628***	***15,723***	***17,267***	***17,867***	***95,564***		

**Expenses were included in Office supplies category prior to 2022.*

b) The variance of the $103.46 million provided in EB-2023-0168 and the current application of $95.56 million is a result of savings in 2023. These savings were a result of labour and affiliate services, Indigenous participation and consultant savings through WPLP's cost management practices.

c) Explanations provided below for any items with cost increases of more than 5% from 2023-2024 based on the table in part (b), above.

(A) All cost increases in equipment and supplies, rents and travel are a result of energization meetings with communities. Given the remoteness and number of communities anticipated to be energized in 2024, additional costs are required.

(B) Additional legal corporate matters budget provided given end of construction and transition to full operations expected in 2024.

(C) Additional financing modeling support given extension of construction financing past 2024.

(D) Additional engagement services for energizations, vegetation management, environmental monitoring commitments and permanent access planning.

(E) Total change for Indigenous Participation and Training between 2023 and 2024 is 44% as a result of additional affiliate services to support development of indigenous capacity requirements in operations and the provision of training programs related to operation requirements (ie. Environmental monitoring, vegetation management and arborist). These programs will support WPLP as it uses the developed labour pool to focus on apprenticeship development and support Indigenous participation commitments of future operating contractors as required.

(F) Given the small dollar value of overall variance relating to administrative costs, variances relating to administrative costs have been assessed as a whole. The overall increase in administrative costs is 3%, which has primarily been driven by internet upgrades that support improvements to business continuity plans.

BOARD STAFF – 14

Reference: Exhibit C / Tab 1 / Schedule 1 / Table 3

Preamble:

The application states that given that construction of the Transmission Project is complete and all assets are in-service, WPLP has calculated the proposed rate base by applying the “half-year rule”.

Question(s):

a) Please recalculate the 2025 rate base by applying a 12-month average of forecast monthly assets in-service as opposed to using the "half-year rule”.

Response:

a) There is no change in the 2025 rate base by applying a 12-month average of forecast monthly assets in-service as the Test Year asset additions are expected to be completed mid year.

BOARD STAFF – 15

Reference: Exhibit C / Tab 2 / Schedule 1 / pages 2-4 / Table 2 and Table 3
Exhibit C / Tab 3 / Schedule 1 / pages 2-4 / Table 1 and Table 3

Question(s):

a) In reviewing the four tables noted in the Reference above, it's noted that the 2024 balances in Table 2 and Table 3 of Exhibit C-2-1 reflects the approved and forecast 2024 Year-end Gross Assets (Transmission System Plant portion) balances (or Cumulative In-Service Additions), instead of the 2024 In-Service Addition amounts (as indicated in the table titles and context of the application). Please clarify what Table 2 and Table 3 of Exhibit C-2-1 represent and reproduce the two tables with appropriate titles accordingly.
   i. In Table 3 of Exhibit C-2-1, please confirm whether the header of "2022-2024 Approved" should be "2024 Approved" and make the correction accordingly.
   ii. In Table 3 of Exhibit C-3-1, the balance in Account 1725 – Poles and Fixtures under Remote Connection Lines in amount of $58,004k does not match the balance in Table 1 of Exhibit C-3-1 and Table 3 of Exhibit C-2-1. Please make necessary correction.

b) For Section A of Exhibit C-2-1 in the application, please provide the 2024 In-Service Addition (additions in one year) variance analysis for both Line to Pickle Lake and Remote Connection Lines (with tables and discussion about the variance drivers).

Response:

a) Table 2 and 3 of Exhibit C-2-1 reflects the approved and forecasted Year-End Gross Asset balances. Tables are provided below with updated titles and column title updated as noted in part (i) below.

Table 2 – 2024 Line to Pickle Lake Year- End Gross Asset Balance Variance ($000)

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)		Variance
	2024 Approved	2024 Forecast	
1715 - Station Equipment (Station and Transformers)	45,725	45,707	(18)
1715A - Station Equipment (Switches and Breakers)	6,193	6,211	18
1715B - Station Equipment (Protection and Control)	1,491	1,491	-

1720 - Towers and Fixtures	114,243	114,422	179
1725 - Poles and Fixtures	-	-	-
1730 - OH Conductor and Devices	153,461	153,461	-
Total	**321,113**	**321,291**	**179**

Table 3 – 2024 Remote Connection Lines Year- End Gross Asset Balance Variance ($000)

OEB Account and Description	**Remote Connection Lines (H1RCI Rate)**		**Variance**
	2024 Approved[1]	**2024 Forecast**	
1706 – Land Rights	-	55	55
1715 - Station Equipment (Station and Transformers)	315,418	328,092	12,674
1715A - Station Equipment (Switches and Breakers)	25,067	27,719	2,652
1715B - Station Equipment (Protection and Control)	13,384	13,525	141
1720 - Towers and Fixtures	498,786	504,780	5,994
1725 - Poles and Fixtures	35,518	57,204	12,686
1730 - OH Conductor and Devices	530,880	558,520	27,640
Total	**1,419,053**	**1,489,180**	**70,841**

i. Table 3 of Exhibit C-2-1 reflects the approved and forecasted Year-End Gross Assets in the 2024 Approved Rate application.

ii. The figures do no match because they pertain to different items. Table 3 of Exhibit C-3-1 is the 2025 Year-end Gross Asset balance of $58,004k and the balance in Table 1 of Exhibit C-3-1 and Table 3 of Exhibit C-2-1 is the 2024 Year-end Gross Asset balance of $57,204. The variance of $800k being the 2025 capital addition for Remote Connection Lines is noted in Table 1 of Exhibit C-2-1.

b) Please see tables below which provide 2024 additions for Line to Pickle Lake and Remote Connection Lines for 2024.

Line to Pickle Lake 2024 Additions Variance ($000)

[1] Balances from 2024 year-end for Remote Connection lines provided in 2023 rate application in Exhibit C-3-1, Table 3 (EB-2022-0149).

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)		Variance
	2024 Approved	2024 Forecast	
1715 - Station Equipment (Station and Transformers)	9,526	9,526	-
1715A - Station Equipment (Switches and Breakers)	-	-	-
1715B - Station Equipment (Protection and Control)	-	-	-
1720 - Towers and Fixtures	1,636	1,815	179
1725 - Poles and Fixtures	-	-	-
1730 - OH Conductor and Devices	19,250	19,250	-
Total	**30,411**	**30,590**	**179**

The variance is consistent with variance presented and described in Exhibit C-2-1.

Remote Connection Lines 2024 Additions Variance ($000)

OEB Account and Description	Remote Connection Lines (H1RCI Rate)		Variance
	2024 Approved	2024 Forecast	
1706 – Land Rights	-	-	-
1715 - Station Equipment (Station and Transformers)	134,763	120,365	(14,398)
1715A - Station Equipment (Switches and Breakers)	10,189	9,566	(623)
1715B - Station Equipment (Protection and Control)	5,853	5,313	(540)
1720 - Towers and Fixtures	229,936	212,262	(17,675)
1725 - Poles and Fixtures	2,024	2,094	70
1730 - OH Conductor and Devices	213,421	198,113	(15,309)
Total	**596,188**	**547,713**	**(48,475)**

Further details on cost variance for Remote Connection Lines is provided below.

Remote Connection Lines Changes

	($000)
Transmission Line Costs	

COVID-19 Costs	2,464
Non-EPC Savings	(2,861)
AFUDC	11,343
Additional Scope	715
Line segments WKM and WM1 energized in 2023	(44,736)
Substation Costs	
COVID-19 Costs	461
Non-EPC Savings	(922)
AFUDC	3,657
Additional Scope	(62)
Substation M energized in 2023	(18,694)
	(48,635)
Change in Sustaining Capital Costs	
Line WPQ for 2024	160
Total Variance	**(48,475)**

Variances are consistent with figures presented in Exhibit C-2-1 with the addition of the early energization of line segment WKM and WM1 as well as substation M which were energized in 2023 vs 2024. Dates of energization are provided in Exhibit B-1-3 of the 2025 application.

BOARD STAFF – 16

Reference: Exhibit C / Tab 2 / Schedule 1

Question(s):

a) Between 2023 and 2024 (24 months), please provide a month-by-month breakdown of how many kilometers of transmission line have come into service.

b) For the same time period, please also provide the number of stations that have come into service on a month-by-month basis.

Response:

a) Please see the following table providing month-by-month breakdown of kilometers of transmission line that came into service in 2023 and 2024.

Month	Km of Transmission Line
Jan-23	0
Feb-23	0
Mar-23	0
Apr-23	0
May-23[1]	189.9
Jun-23	0
Jul-23	162.62
Aug-23	146.6
Sep-23	0
Oct-23	0
Nov-23	87.1
Dec-23	65.8
Jan-24	0
Feb-24	0
Mar-24	76.7
Apr-24	212.51
May-24	112.3
Jun-24 to Dec-24	0

[1] This number includes the WPQ line segment that was converted to a transmission asset on May 12, 2023.

b) Please see the following table providing month-by-month breakdown of number of stations that came into service in 2023 and 2024.

Month	**Number of Stations**
Jan-23	0
Feb-23	0
Mar-23	0
Apr-23	0
May-23[2]	2
Jun-23	0
Jul-23	2
Aug-23	2
Sep-23	0
Oct-23	0
Nov-23	1
Dec-23	1
Jan-24	0
Feb-24	0
Mar-24	2
Apr-24	4
May-24	2
Jun-24 to Dec-24	0

[2] This number includes Substation Q (Pikangikum TS) that was converted to a transmission asset on May 12, 2023.

BOARD STAFF – 17

Reference: Exhibit C / Tab 2 / Schedule 1 / pages 3-4 / Table 4

Preamble

On page 3 of Exhibit C-2-1, in relation to Remote Connection Lines, the application notes that one of the main drivers for the variance between OEB-approved and forecasted in-service addition is the addition of 2023 audited COVID-19 costs transferred from 2021-2023 COVID Cost Deferral Account.

Page 4 of Exhibit C-2-1 includes "additional COVID costs incurred related to existing change orders and legal/consultant costs incurred in 2023 for COVID cost negotiations" in the variance analysis.

Table 4 of Exhibit C-2-1 indicates "COVID-19 costs" of $2,464k in the total variance for Remote Connection Lines.

Question(s):

a) Please confirm the statements in the first paragraph and second paragraph in the Preamble refer to the same COVID-19 costs added into 2024 In-Service Assets. If not, please explain with details.

b) With respect to the $2,464k COVID-19 Costs in Table 4, please provide breakdown/reconciliation with related supporting evidence.

Response:

a) WPLP confirms that the statements in the first and second paragraphs above refer to the same COVID-19 costs (audited 2023 balance residing in 2021-2023 COVID Cost Deferral Account) being added into rate base in 2024.

b) Please see the table below that provides a breakdown of the COVID-19 costs for transmission lines for the Remote Connection Lines, which are consistent with the costs described in detail in 2023 rate application Exhibit H-2-2 (EB-2022-0149).

Cost Category	**Amount ($000s)**
Construction Activities Impact	1,487
Non-EPC Impacts:	
Legal Costs	971
Consultant Costs	6
	2,464

BOARD STAFF – 18

Reference: Exhibit C / Tab 2 / Schedule 1 / Appendix A

Preamble

Appendix A states that:

> Pursuant to the settlement agreements in EB-2021-0134, EB-2022-0149 and EB-2023-0168, WPLP agreed to remove and defer the forecasted contingency amounts from its in-service year-end rate bases for 2022, 2023 and 2024, respectively. WPLP also agreed to establish a new deferral account to track the revenue requirement impacts associated with the amounts of contingency allocated to 2022, 2023 and 2024 in-service additions, to the extent that such contingencies are realized and do not exceed the amounts removed from rate base. In the current Application, because each of the project assets have been brought in service, WPLP is proposing to discontinue this approach and, as a result, has not removed any contingency costs for future in-service additions from its rate base.

Question(s):

a) Please provide more explanation about the rationale of discontinuation of the existing approach.

b) What will be the impact on the rate base if WPLP continued to remove and defer the forecasted contingency amount for in service year-end rate base for 2025?

Response:

a) The discontinuation of the existing contingency approach is due to the substantial completion of project expenditures and remaining construction activities, as provided in response to Board Staff IR 7(a). In addition, there are no new major contracts and limited capital additions planned in 2025. Because the project will no longer require contingency amounts, any variance will be addressed in a future rate application.

b) There would be no impact on rate base as WPLP has not included any forecasted contingency amount for in-service additions to rate base in 2025.

BOARD STAFF – 19

Reference: Exhibit C / Tab 2 / Schedule 1 / Appendix A / Table A-1

Preamble

The application states that this Appendix A describes how the capital costs are assigned to WPLP's various fixed asset accounts for the purpose of determining its 2024 in-service additions, however this methodology will no longer be used in 2025, given capital project will be complete in 2024.

Table A-1 provides a summary of total direct and allocated capital costs.

Question(s):

a) Please review and update Table A-1 to address the following issues:
   a. It's noted that none of three amounts in the "Total" row of Table A-1 matches the sum of the individual amounts above it in the same column.

   b. Footnote 1 (for the total of $1,821,418) notes that "With reference to Table 3 (should this be Table 2?) in Exhibit B-1-5, this total is equal to the total project costs ($1,833,186) less capitalized interest covered by CIAC of $77,819.". The total of $1,821,418 in Table A-1 does not equal the difference between $1,833,186 and $77,819.

   c. The last row of Table A-1 is labeled as "Total costs to be allocated to 2025 In-Service Assets". Please confirm whether this should be 2025 In-Service Assets or 2024 In-Service Assets. If it is 2025 In-Service Assets, should there be a row added above it for "2024 Allocated Portion"? If not, please explain. What will be the impact on the rate base if WPLP continued to remove and defer the forecasted contingency amount for in service year-end rate base for 2025?

b) Please reconcile the Total costs to be allocated to 2025 (or 2024) In-Service Assets amount in Table A-1 with data filed in "WPLP_C-3-1_2023-2025 FA Cont and Depr Sched_20240628" excel file.

Response:

a)

a. See table below with totals of columns updated due to clerical error in totals.

Updated Table A-1 – Summary of Total Direct and Allocated Capital Costs

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	680	10,271	10,951
Non-EPC Attributed to Capital	0	121,757	121,757
Capitalized Overhead Costs	0	66,620	66,620
Change Orders (Executed and under discussion)	37,160	0	37,160
COVID-19 Costs	69,208	1,892	71,100
AFUDC	0	15,000	15,000
Total	**1,527,027**	**228,340**	**1,755,367**[1]
Less costs allocated to in-service assets: 2022 Allocated Portion		-92,493	
2023 Allocated Portion		-65,372	
Total costs to be allocated to 2024 In-Service Assets		**70,475**	

b. Footnote 1 should reference Table 2 in Exhibit B-1-5. With updates to the table in part (a) above, the difference of $1,833,186 less $77,819 equals $1,755,367 (total in column 3).

c. WPLP confirms that the last row should refer to the total costs to be allocated to 2024 In-Service additions, which has since been updated in the table in part (a) above.

[1] With reference to Table 3 in Exhibit B-1-5, this total is equal to the total project costs ($1,833,186) less interest covered by CIAC of $77,819 which represented AFUDC incurred to November 30, 2023 as noted in Exhibit G-1-1, footnote 8.

b) The table below shows the reconciliation of 2024 in-service additions with the allocation of costs of $70.5 million as shown in the updated table in part (a) above.

	Amount ($000s)
Total EPC Costs	423,229
Total Change Orders	14,822
Total COVID	38,797
Non-EPC Allocation	70,475
Sustaining Capital	390
2024 RCL Additions – WPLP C-3-1 – 2023-2025 FA Cont and Dept Sched – Tab 2024 RCL	**547,713**

BOARD STAFF – 20

Reference: Exhibit C / Tab 3 / Schedule 1 / page 2 / Table 1
Exhibit C / Tab 2 / Schedule 1 / pages 2-5 / Table 2 and Table 3

Preamble

Table 1 of Exhibit C Tab 3 Schedule 1 includes a variance amount of $70,073k for Sub-total Transmission System Plant.

Question(s):

a) The variance for Sub-total Transmission System Plant in amount of $70,073k does not equal the sum of the variances of individual System Plant accounts ($71,020k), and it cannot be reconciled with Table 2 and Table 3 of Exhibit C Tab 2 Schedule 1. Please review and make necessary correction to Table 1. Otherwise, please explain for the discrepancy.

Response:

a) See the table below which has updated the clerical total error for sub-total Transmission System Plant from $70,073k to $71,020k. No further changes required.

Updated Table 1 - 2024 Year-End Gross Assets by OEB Account ($000's)

	2024 Rate Approved			Forecast			
OEB Account and Description	**Line to Pickle Lake (UTR Network Rate)**	**Remote Connection Lines (HORCI Rate)**	**Total**	**Line to Pickle Lake (UTR Network Rate)**	**Remote Connection Lines (HORCI Rate)**	**Total**	**Variance**
1706 – Land Rights	-	-	-	0	55	55	55
1715 - Station Equipment (Station and Transformers)	45,725	315,418	361,143	45,707	328,092	373,799	12,656
1715A - Station Equipment (Switches and Breakers)	6,193	25,067	31,260	6,211	27,719	33,930	2,670
1715B - Station Equipment (Protection and Control)	1,491	13,384	14,875	1,491	13,525	15,016	141
1720 - Towers and Fixtures	114,243	498,786	613,029	114,422	504,780	619,202	6,173
1725 - Poles and Fixtures	-	35,518	35,518	0	57,204	57,204	21,686
1730 - OH Conductor and Devices	153,461	530,880	684,341	153,461	558,520	711,981	27,640
Sub-Total Transmission System Plant	**321,114**	**1,419,054**	**1,740,167**	**321,292**	**1,489,894**	**1,811,187**	**71,020**
1908 - Buildings and Fixtures[1]	1,056	3,944	5,000	4	16	20	(4,980)
1910 – Leasehold Improvement	-	-	-	44	206	250	250
1915 - Office Furniture and Equipment	25	95	120	0	0	0	(120)
1920 – Computer Hardware	-	-	-	15	71	86	86
1930 - Transportation Equipment	174	651	825	28	128	155	(670)
1940 – Tools, Shop & Garage Equipment	-	-	-	30	139	169	169
1611 - Computer Software	697	2603	3,300	0	0	0	(3,300)
1995 – Contributions & Grants	-	-	-	-	(487,168)	(487,167)	(487,168)
Total	**323,066**	**1,426,346**	**1,749,413**	**321,413**	**1,003,286**	**1,324,699**	**(424,712)**

[1] See Exhibit I-2-1 for details on allocation between LTPL and RCL for all general plant assets.

BOARD STAFF – 21

Reference: Exhibit C / Tab 3 / Schedule 1 / Appendix A
Exhibit C / Tab 3 / Schedule 1 / page 6

Preamble

The 2024 Fixed Asset Continuity Schedule – All Assets in Appendix A of Exhibit C-3-1 shows that the Account 1995 Contributions & Grants has an opening balance of $(55,750,948) and an addition of $(431,416,858) in 2024.

The second reference notes that WPLP proposes to add the Pikangikum Distribution System Assets to its fixed asset continuity schedule opening balances for 2024 and respective capital contribution, resulting in a nil impact to WPLP rate base and revenue requirement calculations.

Question(s):

a) Please confirm that the 2024 opening balance in Account 1995 Contributions & Grants in amount of $(55,750,948) is the capital contribution for the Pikangikum Distribution System Assets.

b) Please provide a detailed breakdown for the 2024 addition of $(431,416,858) in Contributions & Grants and reconcile any federal funding amounts with evidence included in Exhibit I of this application.

Response:

a) Confirm that the opening balance in Account 1995 is the capital contribution for the Pikangikum Distribution System Assets.

b) Please see the following table providing breakdown of 2024 addition in Contribution & Grants. Please see the response to Board Staff IR 48(a) for additional information on CIAC payment.

	Amount	**Ref**
Federal Contribution from Trust	509,236,276	Table 5 of Exhibit G-1-1
Portion of Contribution for Interest*	77,819,418	Table 5 of Exhibit G-1-1
2024 Addition - Contribution in Aid of Construction	**431,416,858**	

*As noted in Exhibit B-1-5, AFUDC costs up to November 30, 2023 were covered under the CIAC. These covered AFUDC costs were not added to rate base but offset against the Federal Contribution before the CIAC.

BOARD STAFF – 22

Reference: Exhibit D / Tab 1 / Schedule 1 / page 3
EB-2022-0149 / Exhibit F / Tab 1 / Schedule 1 / Appendix A

Preamble

In its 2023 revenue requirement application, WPLP filed a benchmarking study that compared WPLP's OM&A expense levels on a per line kilometer and a per station basis relative to Canadian transmitters.

In the application, WPLP stated they filed a performance report on April 24, 2024, which included OM&A cost per kilometer of line and OM&A cost per station for the year 2023.

Question(s):

a) Please project the OM&A cost per kilometer of line and OM&A cost per station for years 2023, 2024 and 2025.

b) Please compare the answers from part a) with the OM&A cost per kilometer of line and OM&A cost per station from the benchmarking study and explain any differences greater than 10%.

Response:

a) Please see the following table ($000s) which provide OM&A costs per kilometer of line and OM&A costs per station for 2023, 2024 and 2025.

	2023	2024	2025
OM&A Costs ($000s)	$ 14,534.00	$ 29,378.00	$ 35,715.00
Average Transmission Line Km	976.89	1,638.09	1,741.43
Average OM&A Costs ($000s) per Km	$ 14.88	$ 17.93	$ 20.51
Average Number of Stations	9	20	22
Average OM&A Costs ($000s) per Station	$ 1,543.43	$ 1,468.90	$ 1,623.41

b) Please see the following table ($000s) which provides comparison of answers from part (a) above to the benchmarking study completed in 2023 rate application (EB-2022-0149).

	2023		2024		2025	
Average OM&A Costs ($000s) per Km	$	14.88	$	17.93	$	20.51
Benchmarking Study Average OM&A per Km*	$	19.85	$	22.30	$	20.89
Variance ($)	**-$**	**4.97**	**-$**	**4.37**	**-$**	**0.38**
Variance (%)		**-25%**		**-20%**		**-2%**
Average OM&A Costs per Station	$	1,543.43	$	1,468.90	$	1,623.41
Benchmarking Study Average OM&A per Substation*	$	2,057.68	$	1,959.82	$	1,653.56
Variance ($)	**-$**	**514.24**	**-$**	**490.92**	**-$**	**30.15**
Variance (%)		**-25%**		**-25%**		**-2%**

*The benchmarking report included in 2023 rate application, had OM&A costs per Km and substation adjusted to 2016 figures. For response, WPLP has used the forecasted cost that was provided in OEB Staff Response 27(a) in 2023 Application Interrogatories (EB-2022-0149) to ensure the numbers are comparable.

The variance in 2023 and 2024 under both average OM&A per kilometer of transmission line and OM&A per substation is lower than the benchmarking study greater than 10%. Variances on O&M providers for 2023 is provided in response to OEB Staff IR 38(a) which drives significant portion of variance.

BOARD STAFF – 23

Reference: Exhibit D / Tab 1 / Schedule 1 / page 1

Preamble

WPLP intends to file an initial draft scorecard when applying for a multi-year revenue requirement for a future rate period. 2025 will also be the first year of all assets being in service.

Question(s):

a) Please explain why it would not be feasible to file an initial draft scorecard at the end of 2025, regardless of when a multi-year revenue requirement is filed.

Response:

a) Deferring the initial scorecard to align with WPLP's first multi-year revenue requirement application will allow many of the scorecard measures and related performance targets to be better defined by considering WPLP's actual operating results over a longer period of time. This would allow the OEB to consider the relationship between WPLP's Transmission System Plan (TSP), initial scorecard, and related financial forecasts in a single application. Please refer to responses to Staff-6 for rationale on aligning WPLP's TSP with its first multi-year revenue requirement application and to Staff-25 for discussion on the timing to establish performance targets for system reliability.

BOARD STAFF – 24

Reference: Exhibit D / Tab 1 / Schedule 1 / page 1
EB-2018-0190, Decision and Order, page 33
Exhibit A / Tab 3 / Schedule 1 / page 1

Preamble

WPLP proposes that its October 15, 2024 semi-annual report will be its final report on the CWIP account, operating plans and community energization dates, with subsequent reports, if necessary, being focused solely on backup power and IPA transfers until fully implemented.

The Decision and Order in EB-2018-0190 states that:

> WPLP shall file a semi-annual report regarding its CWIP account and three associated sub-accounts. The first report shall be filed on October 15, 2019. Thereafter the report shall be filed every April 15 and October 15 until the CWIP account is terminated.

Footnote 1 on page 1 of Exhibit A-3-1 indicates that for four First Nations, the community connections are pending IPA upgrades and information transfers.

Question(s):

a) Please confirm that the CWIP account will be terminated prior to the discontinuation of the semi-annual reports on the CWIP account.

b) Please confirm that WPLP will continue to file semi-annual reports on backup power and IPA transfers until fully implemented.

c) Please confirm that WPLP will continue to file semi-annual reports until those four First Nation communities noted in footnote 1 of Exhibit A-3-1 are fully energized by HORCI (IPA upgrades and information transfers are completed).

Response:

a) As instructed by the OEB in WPLP's Leave to Construct Decision and Order (EB-2018-0190), WPLP was to use the CWIP Account 2055 which is a standard account included in the OEB's Uniform System of Accounts and therefore WPLP does not believe there is a need to terminate the account.

b) WPLP confirms it will continue to file semi-annual reports on backup power and IPA transfers until fully implemented.

c) WPLP confirms it will continue to file semi-annual reports with updates on IPA upgrades and transfers until those four First Nation communities are fully energized. Please see response in part (b) above.

BOARD STAFF – 25

Reference: Exhibit D / Tab 1 / Schedule 1 / pages 3 and 4

Preamble

WPLP proposes to further continue monitoring performance on the basis of previously agreed upon reliability metrics (as per EB-2021-0134) without establishing performance targets and to report to the OEB on such performance for each year, based on data as at year end, in approximately April of the year following until such time that WPLP files a more comprehensive performance measurement system as part of multi-year revenue requirement application for a future rate period.

Question(s):

a) Please explain if it would be feasible to establish performance targets for the reliability metrics for the 2025 test year.

Response:

a) Performance targets for reliability metrics are typically based on 5 years of historical data. WPLP currently has only 3 months of reliability data for its transmission system as a whole (June through August 2024), with marginally more data for individual line segments and substations that came into service prior to May 2024. Setting reliability targets as part of multi-year revenue requirement application will allow additional historical information.

BOARD STAFF – 26

Reference: Exhibit E / Tab 1 / Schedule 1 / page 2

Preamble

On page 2, the application states that for Muskrat Dam First Nation, Poplar Hill First Nation, Keewaywin First Nation, and North Spirit Lake First Nation, community connections are pending IPA upgrades and information transfers and that their load forecasts are included in the 2025 rate application.

Question(s):

a) What is the status of these community connections?

Response:

a) For 3 of the 4 communities (Poplar Hill First Nation, North Spirit Lake First Nation and Keewaywin First Nation), significant progress towards completion of the IPA transfer requirements was made since the filing of the Application. A target connection date of no later than December 19, 2024 has been confirmed with HORCI for Poplar Hill First Nation and Keewaywin First Nation and a target connection date of no later than December 22, 2024 has been confirmed for North Spirit Lake First Nation.

   For Muskrat Dam First Nation, WPLP expects that connection will occur sometime in 2025.

BOARD STAFF – 27

Reference: Exhibit E / Tab 1 / Schedule 1 / pages 3 and 4

Preamble

On page 3, the application states:

1. WPLP does not have weather-normalized historical data.
2. To forecast charge determinants for the ten First Nations that are supplied by WPLP's transmission system, and which have historically been served by HORCI, the peak demand data for each month in 2025 was escalated by 4% annually from the most recently available data.

On page 4, the application states:

3. To forecast charge determinants for the six First Nations that have been historically served by IPAs, annual peak demand data was escalated by 4%, consisted with the expected level of growth identified in HORCI's 2018 backup power report.

Question(s):

a) Please indicate when WPLP expects to have sufficient weather-normalized historical data available.

b) Please indicate how the 4% peak demand escalation factor was derived as per item 2 above.

c) Please confirm if there is a more recent backup power report available from HORCI.

Response:

a) Due to the geographical expanse and the remoteness of WPLP's transmission system, historical heating and cooling degree-day data is limited and the weather normalization approaches typically used by other transmitters and distributors may not be possible. As indicated on page 4 of Exhibit E-1-1, 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. Until WPLP acquires multiple years' worth of data to be able to test the feasibility of weather normalization in this remote area, WPLP cannot determine the expected timing to refine its load forecasting method or whether any refined method would include weather normalization.

b) The explanation for the 4% escalation factor can be found on page 46 of the OPA's August 21, 2014 "Draft Technical Report and Business Case for The Connection of Remote First Nation Communities In Northwest Ontario":

   Through discussions among Northwest Ontario First Nation Transmission Planning Committee members, annual electricity demand growth of four percent for the entire planning period was determined to be reasonable. This level of demand growth is based on the following factors: population growth trends, anticipated intensification of electricity use that is expected to occur in anticipation of and after connection to the IESO controlled grid, and peak electricity demand growth in H1RCI communities between 2010 and 2012 averaging about 3.9 percent. The experience of Five Nations Energy Inc. over the 7 years following connection shows average annual demand growth of approximately five percent. Load growth is assumed to be equivalent under continued supply by diesel, renewable resource integration and transmission connection scenarios.

c) WPLP confirms there is not a more recent backup power report available from HORCI.

BOARD STAFF – 28

Reference: Exhibit F / Tab 1 / Schedule 1 / page 2
EB-2022-0149, Settlement Proposal, page 20

Preamble

The Settlement Proposal in EB-2022-0149 states that:

> The Parties also agree that WPLP will file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026. It is expected that the econometric benchmarking study will help overcome the limitations identified in the unit cost benchmarking study that was filed in the Application by allowing for appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics.

In Exhibit F Tab 1 Schedule 1 of this application, WPLP stated that:

> WPLP made that commitment based on its expectation that such application would be WPLP's first multi-year revenue requirement application…
>
> …WPLP has determined that it will not be in a position to file its first multi-year revenue requirement application in time for a 2026 test year. As such, WPLP proposes that its obligation to file an econometric benchmarking study be modified so as to apply in respect of its first multi-year revenue requirement application regardless of the year in which it occurs, as that is the application where the study would be of greatest value and to file the study sooner would be premature.

Question(s):

a) Please discuss the need of this econometric benchmarking study. Why was the requirement of this study established in the EB-2022-0149 Settlement Proposal?

b) What would be the relationship between the results of the econometric benchmarking study and the OM&A costs review in WPLP's transmission rates/revenue requirement application?

c) Please explain why the study would be of greatest value in the first multi-year revenue requirement application, and why to file the study sooner would be premature.

d) Are there any factors affecting WPLP's ability to file the study in 2025 within its 2026 transmission rates application?

Response:

a) Pursuant to the Settlement Agreement in EB-2021-0134, WPLP agreed to prepare and file a benchmarking study on OM&A spending levels on a per line kilometer basis and on a per station basis relative to comparable Ontario and Canadian transmitters. WPLP complied with this undertaking in EB-2022-0149.

   WPLP engaged Clearspring Energy Advisors, LLC ("Clearspring") to prepare the benchmarking study that was filed in EB-2022-0149. The Clearspring benchmarking study was done on a unit cost approach, which does not adjust for the uncontrollable challenges that WPLP is faced with, such as extreme winter weather conditions closing roads, the majority of stations are not readily accessible by the provincial road network requiring charter flights and local transportation, helicopter access is required for the majority of ROWs and some remote switching stations, high input prices due to operating in remote locations, forestation challenges, no available economies of scope (i.e., WPLP is a transmission company only), and low economies of scale (i.e., WPLP is smaller than most transmitters). As a result, the benchmarking report indicated that WPLP's OM&A unit costs are above the sample median, using a comprehensive output quantity index. Even though the benchmarking report indicated WPLP's OM&A unit costs are above the sample medium, Clearspring's view was WPLP's OM&A unit cost results appear reasonable given the operating challenges of WPLP that are not being adjusted for in this study.

   To address the limitations identified in the unit cost benchmarking study that was filed in EB-2022-0149, WPLP agreed to file an econometric benchmarking study, as the econometric study would include appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics and provide a more appropriate benchmarking to comparable Ontario and Canadian transmitters.

b) The econometric benchmarking study would provide for better information to evaluate WPLP forecasted OM&A spending levels on a per line kilometer basis and on a per station basis relative to comparable Ontario and Canadian transmitters. As WPLP continues to transition from construction to operations, WPLP continues to refine its operating plans and expenses. WPLP expects the econometric benchmarking would show its costs in line with comparable Ontario and Canadian transmitters once the appropriate adjustments for WPLP's unique business circumstances are made. In addition, WPLP has reduced its 2025 OM&A costs in this application compared to the forecasted costs in EB-2022-0149, the 2025 applied for OM&A in EB-2024-0176, and the forecasted 2025 OM&A costs in EB-2022-0149 are $35.7M and $36.4M (Board Staff IR Response 25) respectively.

c) The additional year of experience leading up to the multi-year rate application would provide more time to refine the OM&A costs and provide more certainty. In addition, if the commercial discussions are resolved as outlined in Board Staff 2, the complexity of the 2026 test year application and inclusion of the disposition of the EPC COVID Account in the 2026 combined with a multi-year rate application could delay the filing of the multi-year rate application.

d) The main factors impacting the filing of the study in 2025 within its 2026 transmission rates application are: (1) timing to complete study and impact on overall filing of the 2026 test year application and (2) the ability to forecast costs with more accuracy as WPLP is still refining preventative maintenance programs and still entering into third party contracts.

BOARD STAFF – 29

Reference: Exhibit F / Tab 2 / Schedule 1
EB-2023-0168
EB-2022-0149
EB-2021-0134

Preamble

Table 2 at the first reference indicates that WPLP's 2024 total OM&A budget (as reduced per EB-2023-0168 settlement agreement) is $29,378k.

Question(s):

a) Please provide the proposed, approved and actual OM&A expense amounts in the following table. In the cell for "Actual 2024", please provide the sum of the most up-to-date 2024 actual (as of September 2024) and current forecast for the remaining of the year.

Response:

a) Please see table below with proposed, approved and actual OM&A. WPLP has provided actuals for 2024 up to August, given September close numbers are not available.

OM&A Expenses ($000's)				
	2022 (EB-2021-0134)	**2023 (EB-2022-0149)**	**2024 (EB-2023-0168)**	**2025 (EB-2024-0176)**
Proposed	9,441	20,920	30,984	35,715
OEB-Approved	9,441	19,874	29,435	N/A
Actual	3,956	14,534	August Actuals: 12,742 Remaining Forecast: 16,636 Total: 29,378	N/A

BOARD STAFF – 30

Reference: Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2
EB-2023-0168, Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2
EB-2023-0168, Decision and Order, page 5

Preamble

Table 2 at the first reference indicates that WPLP's 2024 total OM&A budget (as reduced per EB-2023-0168 settlement agreement) is $29,378k.

Table 2 at the second reference indicates that WPLP's 2024 total OM&A as proposed in the 2024 revenue requirement application is $30,984k.

The Decision and Order in EB-2023-0168 stated that the Partied agreed in the settlement proposal to a reduction in proposed 2024 OM&A expenses by 5% (or $1.5 million), to $29.4 million.

Question(s):

a) It's noted that a 5% reduction in the proposed 2024 total OM&A amount of $30,984k (Reference 2) will result in $29,435k total approved OM&A, which does not match the 2024 OM&A budget of $29,378k in Reference 1. Please provide explanation for the discrepancy.

b) If the 2024 OM&A budget amount has been adjusted after it's determined in the settlement proposal (and Decision and Order) in EB-2023-0168, please discuss the rationale for any adjustments.

Response:

a) Upon settlement, WPLP went back to management to find savings as a result of the 5% reduction agreed to as part of the settlement in EB-2023-0168. The updated budget presented in Exhibit F-2-1 reflects WPLP's current budget of OM&A at $29,378k. Any savings in OM&A from the OEB approved amount will be recorded in the Construction Period OM&A variance account and returned to ratepayers in a future rate application.

b) This is an internal adjustment to what WPLP's internal team is working toward and serves as WPLP's budgeted OM&A envelope. See response in part (a) above. The internal adjustments the team is working to manage is a reduction of $1 million in direct operating costs and $0.6 million in indirect & general costs categories, as presented in Table 2 of F-2-1.

BOARD STAFF – 31

Reference: Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2

Preamble

Table 2 – "2025 OM&A Cost Drivers" indicates the following significant increases from 2024 budget to 2025 forecast:

- Direct O&M Labour and Department Costs category is increasing from $1.66 million to $3.42 million.
- Substation and Line Routing Maintenance category is increasing from $4.36 million to $6.96 million.
- Emergency Response and Reactive Maintenance category is increasing from $2.13 million to $3.57 million.
- Forestry category is increasing from $0.34 million to $1.09 million (224% increase).

Question(s):

a) Please explain the significant increases in the
   i. Direct O&M Labour and Department Costs
   ii. Substation and Line Routing Maintenance
   iii. Emergency Response and Reactive Maintenance
   iv. Forestry

Response:

a) See responses below for costs increases in requested cost categories:

i) Given all assets are in service, the engineering and operations team's focus has shifted completely to operational requirements. The 2025 budget also includes full year labour cost for operational positions planned to be hired within 2024. In addition, this now includes departmental costs like travel and incidentals that were previously budgeted as within indirect departmental costs.

ii) Given that all assets are in-service for the entire year, additional inspections are required compared to 2024. See responses in Board Staff IR 9(a) for planned inspection costs through PowerTel Agreement.

iii) Given that all assets are in-service for the entire year, additional Emergency Response provision is expected compared to 2024. See responses to Board Staff IR 9(a) for planned Emergency Response provision costs through PowerTel Agreement.

iv) Forestry costs in 2024 focused on development and planning activities for the vegetation management program. The 2025 budget continues development and planning activities for future ROW clearing and brushing while increasing substation weeding and line clearing and brushing as all assets are in-service.

BOARD STAFF – 32

Reference: Exhibit F / Tab 2 / Schedule 1 / pages 1-4

Preamble

The 2024 bridge year total OM&A expense shown in Table 2 of Exhibit F-2-1 are used as the starting point for 2025 test year OM&A cost driver analysis in this application. WPLP stated that "A comparison to 2022 and 2023 actuals is not considered valuable given the smaller number of assets in service in 2022 and 2023 relative to 2024, as well as that not all assets were in service for the entirety of each of these years."

Question(s):

a) Please provide a complete five-year OM&A forecast by replicating Table 2 for the years 2026 to 2028, 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) The tables below providing a complete five-year OM&A forecast.

   As WPLP is continuing to gain historical information on operating the WPLP transmission system and future requirements of the new in-service assets, the 2026-2028 OM&A forecast is subject to change. In particular, WPLP notes that the initial term of its IMER agreement expires December 31, 2026, that its vegetation management program is still being developed, and that a competitive procurement process related to environmental programs is currently in progress.

	Cost Driver Description	2024 OM&A	2025 OM&A Cost Driver ($000's)				2026 OM&A Cost Driver ($000's)			
			Operations	Maintenance	Administration	Total	Operations	Maintenance	Administration	Total
Direct Operating	Direct O&M Labour and Department Costs	1,656	1,708	1,708	0	3,416	1,742	1,742	0	3,484
	Controlling Authority (3rd Party)	2,732	2,783	0	0	2,783	2,839	0	0	2,839
	Substation and Line Routine Maintenance	4,357	6,957	0	0	6,957	7,498	0	0	7,498
	Emergency Response	2,131	0	3,572	0	3,572	0	3,469	0	3,469
	Forestry	338	0	1,094	0	1,094	0	3,105	0	3,105
	Environmental	0	2,540	0	0	2,540	2,591	0	0	2,591
	Other (Material, Fleet, Insurance)	690	439	197	396	1,032	448	201	404	1,053
	Sub-Total	*11,904*	*14,427*	*6,571*	*396*	*21,394*	*15,117*	*8,517*	*404*	*24,038*
Overhead Costs Allocated to OM&A	Labour and Departmental Costs	8,019	1,748	0	4,710	6,458	1,783	0	4,804	6,587
	Environmental Services	273	581	0	0	581	593	0	0	593
	Other Consultants (Allocate)	1,305	0	0	1,412	1,412	0	0	1,440	1,440
	Indigenous Engagement & Communications	3,304	1,426	1,426	551	3,403	1,455	1,455	562	3,471
	Stakeholder Engagement	32	0	0	0	0	0	0	0	0
	Indigenous Participation and Training	2,976	0	0	816	816	0	0	832	832
	Administrative Costs	1,564	0	0	1,652	1,652	0	0	1,685	1,685
	Sub-Total	*17,473*	*3,755*	*1,426*	*9,141*	*14,322*	*3,830*	*1,455*	*9,324*	*14,608*
Total		**29,377**	**18,182**	**7,997**	**9,537**	**35,716**	**18,948**	**9,972**	**9,728**	**38,647**

	Cost Driver Description	2027 OM&A Cost Driver ($000's)				2028 OM&A Cost Driver ($000's)			
		Operations	Maintenance	Administration	Total	Operations	Maintenance	Administration	Total
Direct Operating	Direct O&M Labour	1,777	1,777	0	3,554	1,813	1,813	0	3,625
	Controlling Authority (3rd Party)	2,895	0	0	2,895	2,953	0	0	2,953
	Substation and Line Routine Maintenance	8,352	0	0	8,352	8,519	0	0	8,519
	Emergency Response	0	3,536	0	3,536	0	3,607	0	3,607
	Forestry	0	3,167	0	3,167	0	3,230	0	3,230
	Environmental	2,643	0	0	2,643	2,695	0	0	2,695
	Other (Material, Fleet, Insurance)	457	205	412	1,074	466	209	420	1,095
	Sub-Total	*16,124*	*8,685*	*412*	*25,221*	*16,446*	*8,859*	*420*	*25,725*
Overhead Costs Allocated to OM&A	Labour and Departmental Costs	1,819	0	4,900	6,719	1,855	0	4,998	6,853
	Environmental Services	604	0	0	604	617	0	0	617
	Other Consultants (Allocate)	0	0	1,469	1,469	0	0	1,498	1,498
	Indigenous Engagement & Communications	1,484	1,484	573	3,540	1,513	1,513	585	3,611
	Stakeholder Engagement	0	0	0	0	0	0	0	0
	Indigenous Participation and Training	0	0	849	849	0	0	866	866
	Administrative Costs	0	0	1,719	1,719	0	0	1,753	1,753
	Sub-Total	*3,907*	*1,484*	*9,510*	*14,901*	*3,985*	*1,513*	*9,701*	*15,199*
Total		**20,030**	**10,169**	**9,922**	**40,121**	**20,431**	**10,372**	**10,121**	**40,924**

1 – For the 5-year forecast WPLP has updated specific direct operating scopes as it relates to its expected preventative maintenance program from 2025-2026 for substation and line maintenance and forestry program and for 2026-2027 for substation and line maintenance.

2 – Other line items assumed a 2% CPI increase adjustment.

BOARD STAFF – 33

Reference: Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2
Exhibit B / Tab 1 / Schedule 4 / page 15
Exhibit B / Tab 1/ Schedule 2 / page 13

Preamble

Table 2 at the first reference indicates that costs for Indigenous Participation and Training are projected to decrease from $2,976k to $816k (a decrease of $2,160k).

At the second reference, WPLP states that OSLP and Valard on behalf of WPLP delivered a variety of training programs to members of the Participating First Nations during the development and construction phases of the Transmission Project. WPLP also notes that its commitment to Indigenous participation is extending beyond the construction phase to all aspects of WPLP's ownership and operation of the transmission system, and WPLP's O&M strategy includes a focus on opportunities to extend training programs that were delayed by COVID-19.

Question(s):

a) Please provide explanation for the significant projected decrease in costs for Indigenous Participation and Training from 2024 to 2025.

b) Please provide a detailed breakdown of WPLP's 2024 and 2025 costs in Indigenous Participation and Training (including individual programs and associated costs).

c) For the changes between 2024 and 2025 identified in response to part b), please discuss how they are consistent with WPLP's Indigenous and Metis Engagement efforts discussed in Exhibit A-6-1 and Exhibit B-1-2.

Response:

a) As WPLP transitions from the construction phase to the full operations phase, Indigenous Participation and Training activities are changing to support capacity building opportunities for operational requirements. Through continued evaluation of operational capacity requirements, WPLP is focusing its Indigenous Participation and Training more on professional and trade education, apprenticeship support and existing Indigenous staff development, compared to training programs planned/completed in 2024.

b) Please see table below with detailed breakdown of WPLP's 2024 and 2025 costs in Indigenous Participation and Training:

Category	**2024**	**2025**	**Variance**	**Scope**
Indigenous Business Readiness	391	289	(102)	Includes supporting hiring committee, contractor supports for business opportunities and procurement supports to create and evaluate Indigenous commitments from applicants. In addition, provides support in developing 25-year capacity requirements.
Indigenous Recruitment and Retention Support	211	281	71	Supports to recruit and manage Indigenous labour pool.
Indigenous Training	75	152	77	Cross cultural Indigenous training to staff and operating contractors
Apprenticeship Support	95	94	(1)	Supports to external apprentices as required under Indigenous commitments within operating contracts to increase success within the program.
Training Programs:				
Vegetation Management	385	-	(385)	WPLP has moved away from labour pool development training programs and is focused on apprenticeship development and support functions to better suit the capacity requirements within operations. WPLP will continue to review and develop its Indigenous Participation strategy to ensure it meets the expectations set out in the guiding principles and First Nations to have meaningful participating and involvement in operations.
Substation	385	-	(385)	
First Responder	385	-	(385)	
Business Management Training	385	-	(385)	
Environmental Monitoring and Training	663	-	(663)	
	2,976	**816**	**(2,160)**	

c) WPLP's Indigenous and Metis Engagement efforts discussed in Exhibit A-6-1 and Exhibit B-1-2 deal more with engagement and communication requirements with First Nations, land users and other stakeholders, which are not included in the budget comparison provided in part (b) above. The changes in part (b) above are consistent with the vision and mandate reflected in WPLP's Guiding Principles, education, training and capacity building. By focusing on developing pathways for building a qualified workforce for all aspects of operations and, ultimately, 100% ownership in 25 years. As noted in part (a) above, WPLP is transitioning from the construction phase to operations and focusing more on apprenticeship development and operating team capacity requirements, and will continue to review and develop its Indigenous Participation strategy to ensure its meets the expectation set out by the Guiding Principles and First Nations to have meaningful participation and involvement in operations.

BOARD STAFF – 34

Reference: Exhibit F / Tab 3 / Schedule 1

Question(s):

a) Please discuss WPLP's budgeting process for the planned 2025 OM&A. How did WPLP determine the need of resource for 2025 in each of its three expense categories (Employee Compensation, Shared Service & Corporate Cost Allocation, and Purchase of Non-affiliate Services)?

Response:

a) WPLP has a robust, bottom up budgeting approach for each of the expense categories.

   For employee compensation, the existing labour pool was reviewed and identified scope requirements for 2025. WPLP relies on historical information and Korn Ferry methodology to forecast compensation costs.

   For shared services and Corporate Cost Allocation, WPLP identifies the scopes by which affiliates can support its day-to-day operations and identifies forecasted hours required. The decision to use affiliate resources allows WPLP to retain highly qualified individuals on a temporary basis as it transitions to full operations and flexibility to transition them out as requirements are reduced. The costs incurred from Fortis is more than offset by what cost could be if WPLP had to directly employ the same functions on a full-time basis. In addition, OSLP is able to provide valuable community connections and Indigenous knowledge and protocols to ensure WPLP is consistent with its Indigenous and Metis engagement efforts. Rates for 2025 are forecasted on pre-determined hourly rates for various positions and levels of seniority as noted in Exhibit F-3-1.

   Purchase of non-affiliate services are prepared based on identified scopes and deliverables required. Where applicable, WPLP uses existing agreements (ex. IMERs, HONI Agreement) to forecast 2025 resource requirements. For services WPLP does not have an existing contract for, WPLP has worked with vendors to obtain estimates or used information from other FortisOntario subsidiaries where available.

BOARD STAFF – 35

Reference: Exhibit F / Tab 3 / Schedule 1 / pages 8-9 / Table 2

Preamble

Table 2 – "Employee Compensation Breakdown" shows that WPLP's 2025 Planed FTEs, as well as the associated compensation costs, are projected to decrease for both Management and Non-Management compared to 2024 Forecast.

Question(s):

b) Please confirm the FTE numbers shown in Table 2 are average FTEs or year-end FTEs.

c) Please provide a breakdown of both 2024 and 2025 FTEs into detail of positions. Please discuss and explain the changes between 2024 and 2025 on position level.

d) Please update the "2024 Forecast" column of Table 2 (all the expense amounts) with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024 (please provide amounts pertaining to each of actual and forecast components).

Response:

a) WPLP assumes error in question lettering and has maintained consistent letters as questions.

b) The FTE numbers shown in Table 2 are the year-end FTEs.

c) Please see table below of breakdown of 2024 and 2025 FTEs into detail of positions.

	2024	2025	REF
Chief Executive Officer	1	1	
Chief Operating Officer	1	1	
Director Finance	1	1	
Project Director	1	0	[A]
Manager Accounts	1	1	
Procurement Manager	1	1	
Manager Indigenous Relations	1	1	
Manager Communications	1	1	
Manager Operations	1	1	
Sr Health, Safety and Environment Manager	1	0	[A]
Manager Construction	1	0	[A]
Elder Advisor	1	1	
Cost/Reporting Accountant	1	1	
Jr Financial Administrator	1	1	
Lands Coordinator	1	1	
Sr HR Advisor	1	1	
Jr HR Advisor	1	1	
Receptionist	1	1	
Electrical Engineer	1	1	
Transmission Line Lead	1	1	
Sr Electrical Engineer	1	0	[B]
Asset Management Lead	1	1	
P&C Engineer	1	1	
Electrical E.I.T.	1	1	
Operations Technologist	1	1	
Forestry Coordinator	1	1	
Substations Lead	1	1	
Health & Safety Advisor	1	1	
Environmental Lead	1	1	
Environmental Compliance Coordinator	1	1	
Executive Assistant	1	1	
Administrative Assistant	1	0	[A]
Project Controls Coordinator	1	0	[A]
Environmental Coordinator	1	0	[A]
	34	**27**	

[A] Given conclusion of construction activities these positions are no longer required as focus was on construction activities on the Project.

[B] Position is phased out with activities being covered by electrical engineer position.

d) Please see table below with 2024 actuals (up to August 2024, given September close is not available) and 2024 forecasted costs. WPLP has not re-forecasted total costs for 2024 as it still plans to recruit for operations positions as identified in section 5 of Exhibit B-1-4 and is unable to forecast permanent savings at this time. Any savings will be recorded in Construction Period OM&A Variance Account and be returned to rate payers in a future application.

	2024 Actual	**2024 Forecast**	**2024 Total Forecast**
Total Salary and Wages including overtime and incentive pay			
Management (including executive)	1,867,924	$1,014,560	$2,882,484
Non-Management (all non-union)	1,009,597	$958,901	$1,968,498
Total	**2,877,521**	**$1,973,461**	**$4,850,982**
Total Benefits (Current + Accrued)			
Management (including executive)	232,819.15	$199,554	$432,373
Non-Management (all non-union)	125,836.79	$169,438	$295,275
Total	**$358,656**	**$368,992**	**$727,648**
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$2,100,743	$1,214,114	$3,314,857
Non-Management (all non-union)	$1,135,434	$1,128,339	$2,263,773
Total	**$3,236,176**	**$2,342,454**	**$5,578,630**

BOARD STAFF – 36

Reference: Exhibit F / Tab 3 / Schedule 1 / pages 12-13 / Table 3

Preamble

Table 3 – "Affiliate and Related Party Costs by Year" shows the 2020-2025 costs charged to WPLP from affiliates and related parties. The application states that affiliate costs are trending down and WPLP has continued to focus on cost savings as it has transitioned from capital project construction to full operations.

Question(s):

a) Please update the "2024 Forecast" column of Table 3 with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024 (please provide amounts pertaining to each of actual and forecast components).

b) Based on the updated table provided in part a), please confirm if the statement about affiliate cost trending referenced in the Preamble is still true.

c) Based on the updated table provided in part a), please provide explanation for the variance between 2024 and 2025. What are the cost drivers? Please provide the associated changes in the services received (and to be received) from Fortis and OSLP and the rationale for the changes.

Response:

a) Please see table below that provides actuals to 2024 (up to August, given September close is not available) and current forecast for remaining 2024. WPLP has not re-forecasted total costs for 2024 as expenditures are timing dependent and variances in spend are expected to be timing in nature. Any savings will be recorded in Construction Period OM&A Variance Account and be returned to rate payers in a future application.

Name of Company		Service Offered	Cost for the Service		
From	To		2024 Actual	2024 Forecast	2024 Total Forecast
Fortis Subsidiaries	WPLP	Multiple per Services Contract	1,346,161	639,108	1,985,269
OSLP and FNLP	WPLP	Multiple per Affiliate Contract	2,134,888	1,292,353	3,427,241
Total:			**3,481,049**	**1,931,461**	**5,412,510**

b) WPLP confirms the affiliate costs are still expected to trend down from 2024 to 2025 as referenced in the preamble.

c) The additional drivers of cost within Fortis from 2024 and 2025 are the result of Vegetation Management Lead and CFO services being provided for the full period of 2025 under the affiliate services agreement. The use of affiliate services allows WPLP to use highly skilled individuals as required and reduce costs. The increase in costs incurred from Fortis is more than offset by the costs if WPLP had to directly employ the same functions on a full-time basis.

   The drivers of savings for OSLP related to reduced training program facilitation further detail is provided in response to OEB Staff 33(a).

BOARD STAFF – 37

Reference: Exhibit F / Tab 3 / Schedule 1 / page 15 / Table 5

Preamble

Table 5 – "Third-Party Costs by Year" shows WPLP's 2020-2025 annual non-EPC costs related to the purchase of goods and services from third parties.

Question(s):

a) Please update the "2024 Forecast" column of Table 5 with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024.

b) Based on the updated table provided in part a), please provide explanation for the variance between 2024 and 2025. What are the cost drivers? Please provide the associated changes in the third-party goods and services purchased (and to be purchased) and the rationale for the changes.

Response:

a) Please see table below with 2024 actuals (up to August 2024, given September close is not available) and 2024 forecasted costs. WPLP has not re-forecasted total costs for 2024 as timing of expenditures within the operating year varies. WPLP does anticipate there will be permanent savings in 2024, but cannot forecast those savings at this time. Any savings will be recorded in Construction Period OM&A Variance Account and be returned to rate payers in a future application.

Cost Category	2024 Actual	2024 Forecast	2024 Total Forecast	2025 Forecast	Variance
Aboriginal Engagement, Indigenous Participation, Communication	2,017,697	2,404,937	4,422,634	1,968,700	-2,453,934
Admin, Office, Fleet and Support	369,304	548,714	918,018	364,000	-554,018
O&M Service Providers	3,468,881	6,283,652	9,752,533	17,977,556	8,225,023
Overheads and Easement/Access Fees	1,047,977	3,790,519	4,838,496	3,649,312	-1,189,184
Consulting, Professional and Advisory	6,756,349	4,806,732	11,563,081	2,057,450	-9,505,631
Total	**13,660,208**	**17,834,554**	**31,494,762**	**26,017,018**	**-5,477,744**

b) The cost reductions in Indigenous Engagement, Indigenous Participation and Communication is a result of WPLP change in focus on participation activities as it transitions from construction to operations. WPLP will continue to review and develop its

Indigenous Participation strategy to ensure it meets the expectations set out in the guiding principles and First Nations to have meaningful participating and involvement in operations. Further details are provided in response to OEB Staff IR 33(a).

Reductions in Admin, Office, Fleet and Support are based on minimal general plant requirements.

Increases for O&M service provider is a result of all assets in service for the entire year of 2025. Further details on the variance is provided in response to OEB Staff IR 31(a). In addition, WPLP has provided $2.5 million for post construction environmental commitments required under the Environmental Assessment.

Reductions in Overheads and Easements/Access Fees is a result of completion of construction activities which reduced travel costs and other overhead costs which will no longer be required in 2025.

Reductions in Consulting, Professional and Advisory cost category is directly related to completion of construction activities and reduction of Owner Engineer and Independent engineer services.

BOARD STAFF – 38

Reference: Exhibit F / Tab 3 / Schedule 1 / page 15 / Table 5
EB-2023-0168, Exhibit F / Tab 3 / Schedule 1, page 15
EB-2022-0149, Exhibit F / Tab 3 / Schedule 1, pages 16-17

Question(s):

a) Based on the information noted in the three references, it appears that there was a significant change (over 30% decrease) between the "forecast" and "actual" 2023 amounts for the following two cost categories:

i. "Aboriginal Engagement, Indigenous Participation, Communication" and

ii. "O&M Service Providers".

For each of these two categories, please detail why there was a significant change. Please also elaborate, why the other cost categories did not see as significant a change (i.e., "Admin, Office, Fleet and Support", "Overheads and Easement/Access Fees" and "Consulting, Professional and Advisory").

Response:

a) Please see the details below on the two cost categories with significant changes between their forecast and actuals for 2023.

i) Aboriginal Engagement, Indigenous Participation, Communication saw significant savings as a result of only 2 of the planned 9 training programs being administered as a result of limited opportunities for work on construction activities after winter of 2023 and delays as the team re-visited programming to best suit operational requirements. In addition, fewer engagement meetings were completed with remote First Nations allowing for additional savings.

ii) Savings in O&M service provider are driven by (1) underspend on control room services as the forecast in 2023 was prior to refining the forecast with HONI, (2) underspend in emergency response actuals were lower than forecasted emergency and reactive costs, and (3) underspend in vegetation management requirements are based on the reduced scope following aerial inspections on the transmission lines as well as a deferred start to the substation weeding program based on observations during station inspections.

Underspends within OM&A costs were recorded in the Construction Period OM&A Variance account and are included in the 2025 revenue requirement as a disposition of the account.

The other cost categories did not see as significant change as these are predominantly costs that have been incurred for the past few years and are more consistent annually.

BOARD STAFF – 39

Reference: Exhibit F / Tab 5 / Schedule 1 / Appendix A
EB-2023-0168, Exhibit F / Tab 5 / Schedule 1 / Appendix A

Preamble

WPLP presented its loss carryforward balance as below, in their 2024 and 2025 revenue requirement applications:

($000's)	**2024 (EB-2023-0168)**	**2025 (EB-2024-0176)**
Opening Loss Carryforward	-36,849	-89,930 (B)
Losses (Incurred)/Utilized During the Year	5,069	-6,489
Closing Loss Carryforward	-31,780 (A)	-96,419

Question(s):

a) OEB staff notes that the closing loss carryforward balance from 2024 and the opening loss carryforward balance of 2025 are different by $58,150,000. Please refer to figures A and B noted in the table above.
   i. Please review and confirm the forecast opening loss carryforward balance for 2025.
   ii. Please identify the reason(s) for the differences from the previous application and update the evidence as applicable.

b) WPLP has utilized tax loss carryforwards in prior years. Please provide a detailed schedule of tax loss carryforwards available for use in 2025. Please include the year of origination, amount utilized in 2025 and the remaining balance.

Response:

a) The loss carryforwards in 2024 application (EB-2023-0168) were updated in interrogatory response Board Staff-31 (a). The updated closing loss carryforward balance was $68,091 for a variance of $21.8 million. This variance of $21.8 million is driven by the higher CCA balance claimed in 2024 as part of 2025 application forecast, when compared to the forecasted number included in 2024 rate application. This higher UCC is driven by additional assets coming into service in 2024 and the contribution in aid of construction (direct reduction in UCC) being less than the amount forecasted in 2024 application.

b) WPLP has not used loss carryforwards in prior years as of the end of 2023 and has not forecasted use of loss carryforwards in 2025. Table below is summary of loss carryforwards by year.

Forecasted Loss Carryforwards ($000s)		
Year	**Additions**	**Balance**
2019	2,811	2,811
2020	3,118	5,928
2021	2,677	8,605
2022	28,783	37,388
2023	38,305	75,693
2024	14,237	89,930
2025	6,489	96,419

BOARD STAFF – 40

Reference: Exhibit G / Tab 1 / Schedule 1 / pages 3-6
Exhibit A / Tab 3 / Schedule 1 / pages 7-8

Preamble

The application summarizes the two changes made to the Trust Agreement (as included in the Amendment to the Trust Agreement) and states that "The impact of the two changes to the Trust Agreement is to materially reduce the financial impact of the Project for Ontario ratepayers."

Question(s):

a) Please explain in detail how each of the two changes to the Trust Agreement will reduce the financial impact of the Project for ratepayers.

b) In the explanation provided for part a), please quantify the impact for each change to the Trust Agreement (compared to the scenario under original Trust Agreement).

Response:

a) and b)

When the initial Trust Agreement was entered into on July 3, 2019, no one anticipated COVID-19 and the cost implications of such an event. As a result, the Trust Agreement did not provide for an event such as COVID-19 or anticipate that, when the capital contribution was to be calculated and Federal funds were to be distributed, there could be a disputed amount outstanding related to COVID-19. Please refer to the following responses to Board Staff IR 2, 7, 10, 33, 43 and 45 in EB-2023-0168 for additional information.

The independent Trust was initially designed to provide for a single CIAC to WPLP, with that CIAC to be determined based on WPLP's "Nominal OEB-Approved Capital Costs" for the project as determined under the Trust Agreement, with the remaining funds in the independent Trust used to help offset the impacts of the Remote Connection Lines on RRRP for Ontario ratepayers. Based on the known construction costs which included $68.71M in COVID-19 costs approved and added to rate base in EB-2023-0168, but not including any amounts that may ultimately be recorded for recovery in the proposed EPC COVID-Related Costs Deferral Account, the Owner's equity at the end of construction was determined to be $458M on the sliding scale under the Federal Funding Framework. With respect to the CIAC under the original Trust Agreement, for ratepayers, the Trust Agreement expressly provides that the CIAC calculation shall be made, on a forward test year basis, after the decision and order of the OEB establishing the initial electricity transmission rates in respect of the last segment of the Project that has come or will come into service, which was the OEB's decision in EB-2023-0168. Furthermore, the distribution of federal funds is required to occur within 5 business days of the Trustee receiving the calculation, which will occur 30 days after all segments of the Project have come into service. As a result, the Trust contemplates the calculation and distribution of the capital contribution almost immediately following Project completion and does not require all capital costs to be known beforehand. As a result, WPLP received the CIAC on July 11, 2024.

In the absence of the Trust Amendment, to the extent there are substantiated COVID-19 related capital costs that the parties determined that Valard is entitled to, which were not considered when determining the capital contribution pursuant to the Trust Agreement, WPLP's intention would be to propose in a future rate application that any such costs be added to rate base while maintaining the OEB's deemed equity structure at 40%.

To mitigate the impacts of COVID-19 on both WPLP and ratepayers recognizing that the Trust Agreement did not contemplate a circumstance like COVID-19, WPLP worked with Ontario and Canada to finalize the Trust Amendment which established the combined result of lessening the impact of COVID-19 on Ontario electricity ratepayers and adjusted the Owner's equity. The Trust Amendment sought to establish a fair result to all parties by evaluating the amendment based on the combined impact of both of these aspects. As a result, the changes making up the Trust Amendment must be evaluated as a whole and not on the basis of individual components.

The Trust Amendment excludes the $68.71M in COVID-19 costs, which were added to rate base in EB-2023-22 0168, in determining WPLP's available Owner Equity under the Trust. As a result, as noted in Exhibit G, Tab 1, Schedule 1, this will increase WPLP available equity from $458M to $520M and increase WPLP's implied rate base from $1,145M to $1,300M. This will, in turn, increase WPLP's revenue requirement because of an increase in WPLP's regulated return on rate base, depreciation and income taxes. Correspondingly, this change would allow additional funds to remain in the Trust (given reduced CIAC), thereby permitting funds to remain in trust longer and increasing the overall return in the Trust for the benefit of the Ontario ratepayer thus partially offsetting the impact of additional revenue requirement within WPLP.

Furthermore, the amendment requires the Trust to make a second CIAC to offset any OEB approved settlement amount thus reducing future revenue requirement. The future revenue requirement is reduced by not adding the future settlement amount to rate base thus avoiding an increase in WPLP's regulated return on rate base, depreciation and income taxes on the approved settlement amount in future rate applications. This change requires funds to be removed from the Trust (given the second CIAC), which in turn decreases the overall return in the Trust thus partially offsetting the future benefit of the reduced revenue requirement within WPLP.

The combined net impact was part of the overall discussions with Ontario and Canada and was a determining factor to go forward with the Trust Amendment.

WPLP has quantified the financial net present value of the impact for each change to the Trust Agreement below.

The net present value of excluding COVID-19 costs in determining Owner Equity under the Trust is an increase in costs to the ratepayer of $39.62M over a 40-year period. This amount is determined based on the change in WPLP's revenue requirement offset by a change in funds (including interest) available under the Trust.

The net present value of allowing the Trust to make a second CIAC is a decrease in WPLP's revenue requirement of $125.84M over a 40-year period.[1] This amount is determined based on the change in WPLP's revenue requirement offset by a change in funds (including interest) available under the Trust.

The net present value of combined changes in the Trust is a decrease in WPLP's revenue requirement of $86.22M over a 40-year period. This amount is determined based on the change in WPLP revenue requirement offset by a change in funds (including interest) available under the Trust.

[1] Given that the outcome of negotiations or arbitration is not yet known, this impact was calculated over a range of potential outcomes.

BOARD STAFF – 41

Reference: Exhibit G / Tab 1 / Schedule 1 / pages 3-6

Preamble

On page 3 of Exhibit G-1-1, the application states that

> First, a portion of the independent Trust proceeds will be applied as a CIAC on or around July 17, 2024, thereby reducing WPLP's rate base in respect of the Remote Connection Lines. Second, the independent Trust proceeds will be used to help offset the impacts of the Remote Connection Lines on RRRP for Ontario ratepayers.

On page 6 of Exhibit G-1-1, the application states that once the amount of such rate base addition (EPC COVID-Related Costs Deferral Account disposition) is approved that this would trigger the requirement for the independent Trust to make another CIAC to WPLP for the approved amount, such that there would not ultimately be a rate base addition in respect of the disposition from the EPC COVID-Related Costs Deferral Account.

Question(s):

a) For each of the two CIAC fundings discussed in the application, please confirm whether the federal funding is applicable only to the Remote Connection Lines.

b) As the second CIAC is to offset the rate base impact of the EPC COVID-Related Cost disposition, will there be any portion of the second CIAC applicable to the Line to Pickle Lake component of the Project? Will all the second CIAC fund be applied as capital contribution? Please discuss how the second CIAC will make effects in the rate setting process and what is the rationale.

Response:

a) As noted in response to Board Staff IR 32, in EB-2023-0168, the original (Initial CIAC) funding provided under the Federal Funding Framework, including the portion to be provided to WPLP as a capital contribution and the portion that will be used to offset amounts in the IESO's RRRP Variance Account, was negotiated for the purpose of supporting the connection of the Remote Communities. As a result, WPLP will allocate the capital contribution from the federal funding to the Remote Connection Lines first. As indicated in response to Board Staff IR 42 in EB-2018-0190, it is theoretically possible that the initial capital contribution could be greater than the rate base additions associated with the Remote Connection Lines, in which case the excess would be allocated to the Line to Pickle Lake (as initial contribution has been received, it did not exceed rate base additions associated with Remote Connection Lines). However, as indicated in that response this would be (and continues to be) extremely unlikely.

Unlike the initial CIAC, the purpose of the second CIAC was to lessen the impact of COVID-19 on the project. Therefore, the second CIAC is based on the OEB approved COVID-19 costs included in the settlement. Given that the COVID-19 costs included in the settlement relate both to the Line to Pickle Lake and the Remote Connection Lines the second CIAC is not only applicable to the Remote Connection Lines. Please refer to the response to Board Staff IR 2 for additional information.

b) As noted in response to (a) above, there will be a portion of the second CIAC that is applicable to the Line to Pickle Lake. The second contribution will be applied as a capital contribution and reduce the resulting rate base. The effect of the second CIAC will be to eliminate any rate base addition approved by the OEB as a result of COVID-19 costs included in the settlement. Please refer to the responses to Board Staff IR 40 and 51(b) for additional information.

BOARD STAFF – 42

Reference: Exhibit G / Tab 2 / Schedule 1
EB-2024-0063, Notice, March 6, 2024
EB-2024-0063, OEB Letter, April 22, 2024

Preamble

On March 6, 2024, the OEB commenced a hearing (EB-2024-0063) on its own motion to consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The methodology for determining the OEB's prescribed interest rates and matters related to the OEB's Cloud Computing Deferral Account will also be considered, including what type of interest rate, if any, should apply to this deferral account.

On April 22, 2024, the OEB approved the final Issues List for this proceeding, including the following two issues, amongst other issues:

> 18. How should any changes in the cost of capital parameters and/or capital structure of a utility be implemented (e.g., on a one-time basis upon rebasing or gradually over a rate term)?
>
> 19. Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?

Question(s):

a) Please confirm that the applicant proposes to implement the outcomes from the OEB's generic cost of capital proceeding, including what the OEB decides with respect to implementation. If this is not the case, please explain.

Response:

a) WPLP expects to implement the outcomes from the OEB's generic cost of capital proceeding (EB-2024-0063), including what the OEB decides with respect to implementation of its decision, insofar as those outcomes are applicable to WPLP.

BOARD STAFF – 43

Reference: Exhibit G / Tab 2 / Schedule 1
EB-2024-0063, OEB Letter, July 26, 2024

Preamble

On July 26, 2024, the OEB issued a Letter and Accounting Order regarding prescribed interest rates and the deemed short-term debt rate (DSTDR).

Question(s):

a) Please confirm that the applicant will use the 2025 DSTDR to be set in October 2024 on an interim basis.

b) Please confirm that the applicant will follow all other direction included in the OEB's Letter and Accounting Order issued on July 26, 2024, including the establishment of a new variance account for the DSTDR.

Response:

a) WPLP confirms it will comply with the referenced OEB Letter.

b) See response to part (a) above.

BOARD STAFF – 44

Reference: Exhibit G / Tab 2 / Schedule 1 / pages 1-3
Exhibit G / Tab 2 / Schedule 1 / page 1 / Table 1
Exhibit G / Tab 2 / Schedule 1 / page 4 / Table 2

Preamble

The application states that the debt structure between Ontario and Senior Banks changes from 66:34 to 46:54 given the CIAC contribution from the Trust is only used to pay down the Ontario Facility, as prescribed within Trust Agreement.

Question(s):

a) Please provide the calculation for the updated long-term debt structure between Ontario and Senior Banks of 46:54.

b) Please provide the related reference in the Trust Agreement describing how the CIAC contribution should be used to pay down the Ontario Facility.

c) With respect to Table 2 in Exhibit G-2-1, please provide detailed calculations for the 2025 Principal and 2025 Interest & Fees amounts for Ontario Facility and Senior Bank Facility.

d) Please explain why the Total 2025 Principal in Table 2 (in amount of $807,136,321) does not equal the Long-term Debt amount in Table 1 (in amount of $707,844,885). Please provide explanation for the difference.

Response:

a) The forecasted debt make up of Ontario and Senior Bank facilities is provided in Table 2 of Exhibit G-2-1. In addition, the table provided in OEB Staff 48(b) below, provides the forecasted principal amount for Ontario and Senior Banks. The reduction in Ontario Loan is the distribution from the Trust paid to Ontario as required by the Trust Agreement.

b) As provided in section 4.2 (b)(i) of the Trust Agreement, the Trustee will distribute the Trust Assets, first to Ontario pursuant to an irrevocable direction in the form of Exhibit B delivered by WPLP to the Trustee on the date hereof, an amount equal to the lesser of (A) the Ontario Loan Obligation; and (B) the Capital Contribution, each as set out in the Statement of Distribution;" Given the contribution amount was less than the outstanding Ontario loan balance, the entire amount was distributed to Ontario.

c) The table below provides detailed calculations for Principal and 2025 Interest and Fees.

2025 Cost of Financing														
	31	28	31	30	31	30	31	31	30	31	30	31		
Month Ending	**31-Jan-25**	**28-Feb-25**	**31-Mar-25**	**30-Apr-25**	**31-May-25**	**30-Jun-25**	**31-Jul-25**	**31-Aug-25**	**30-Sep-25**	**31-Oct-25**	**30-Nov-25**	**31-Dec-25**	**Average**	**Total**
Forecasted Loan Balances from Financing Model														
ON Loan Balance	393,523,520	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	369,431,596	371,439,256	
SB Loan Balance	461,780,204	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	433,325,871	435,697,065	
TOTAL	**855,303,724**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**802,757,466**	**807,136,321**	
Forecasted Cost of Debt from Financing Model														
ON Interest & Fees	1,388,674	1,409,786	1,560,834	1,510,485	1,560,834	1,510,485	1,560,834	1,560,834	1,510,485	1,560,834	1,510,485	1,560,149		18,204,718
SB Interest & Fees	2,710,579	2,534,789	2,792,339	2,706,489	2,792,339	2,706,489	2,792,339	2,792,339	2,706,489	2,798,834	2,712,984	2,798,834		32,844,841
TOTAL	**4,099,253**	**3,944,575**	**4,353,173**	**4,216,974**	**4,353,173**	**4,216,974**	**4,353,173**	**4,353,173**	**4,216,974**	**4,359,668**	**4,223,468**	**4,358,983**		**51,049,559**
Cost of Debt	5.66%	6.42%	6.40%	6.41%	6.40%	6.41%	6.40%	6.40%	6.41%	6.41%	6.42%	6.41%		
												Average Cost ON Loan	**4.90%**	
												Average Cost SB Loan	**7.54%**	
												Average Interest Rate	**6.32%**	

d) The difference between the 2025 principal amount in Table 2 and the required long-term debt amount in Table 1 of Exhibit G-2-1 is the required outstanding debt to cover deferral account balances that are funded through the construction facility. As identified in response to Board Staff IR 2(a), an interim payment was paid to EPC contractor. Given the calculation used to calculate cost long-term debt rate, the variance in balance has no impact on Cost of Capital calculation.

BOARD STAFF – 45

Reference: Prescribed interest rates | Ontario Energy Board (oeb.ca)
WPLP_H-2-1-A_Continuity Tables for Deferral and Variance Account Recovery_20240628.xls

Preamble

The OEB released the Q3 2024 prescribed interest rate for deferral and variance accounts equaling 5.2%. WPLP is requesting final or partial disposition of audited balances of the following deferral and variance accounts as at December 31, 2023, plus forecasted carrying charges for 2024 and 2025:

Pikangikum Distribution System Deferral Account

In-Service Date Variance Account

Construction Period Interest Costs Variance Account

Deferred Contingency Deferral Account

2021-2023 COVID Construction Costs Deferral Account (CCCDA)

Construction Period OM&A Variance Account

OEB staff notes that Q2 2024's interest rate of 5.48% has been applied to the schedule beginning Q3 2024 and the entirety of 2025.

Question(s):

a) Please update the forecast carrying charges for Q3 2024 and 2025 based on the OEB's published interest rate.

Response:

a) The attached excel Continuity Tables for Deferral and Variance Account Recovery which is Exhibit H, Tab 2, Schedule 1, Attachment A, has been updated for carrying charges for Q3 2024 to Q4 2025 based on the OEB published interest rate for Q3 2024. The summary table below (from Exhibit I-2-1 - Table 5) has also been updated with the Q3 2024 published rate.

	2023 Audited Balances		Forecasted Carrying Charges		2024 Approved Recoveries		Total	
	LTPL	RCL	LTPL	RCL	LTPL	RCL	LTPL	RCL
Disposition of Pikangikum Distribution System Deferral Account	-	2,511,723	-	100,763	-	(1,899,734)	-	712,752
Disposition of COVID Construction Costs Deferral Account (CCCDA)	6,726,491	2,920,038	335,910	145,822	(3,516,436)	(1,526,521)	3,545,964	1,539,339
Disposition of In-Service Date Variance Account (ISDVA)	(6,514,374)	(10,069,154)	(182,409)	(305,731)	6,603,569	9,735,019	(93,213)	(639,866)
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	8,809,052	15,023,720	597,248	1,121,008	(2,062,688)	(1,590,810)	7,343,612	14,553,918
Disposition of Deferred Contingency Deferral Account (DCDA)	48,174	158,157	2,774	12,596	(21,500)	(2,257)	29,448	168,496
Disposition of Construction Period OM&A Variance Account	(1,616,117)	(3,714,087)	(131,707)	(302,683)	-	-	(1,747,824)	(4,016,770)
Total	**7,453,225**	**6,830,397**	**621,817**	**771,774**	**1,002,945**	**4,715,697**	**9,077,987**	**12,317,869**

BOARD STAFF – 46

Reference: Exhibit H / Tab 2 / Schedule 2 / page 5

Preamble

In this Application, in accordance with the OEB's determination in EB-2021-0134, WPLP is seeking to continue and (subject to any residual carrying charges) completing its recovery of the audited year-end 2020 balance of the CCCDA, together with applicable carrying charges, as an expense through disposition over a 4-year period (i.e. 25% in each of 2022, 2023, 2024 and 2025).

Accordingly, as indicated in Exhibit H-2-1, WPLP is seeking recovery of $5,100,303 in 2025, which represents the final 25% tranche of the total audited 2020 year-end balance, plus applicable forecasted carrying charges. WPLP is proposing to maintain the account for purposes of tracking for future recovery of any residual carrying charges.

Question(s):

a) Please confirm whether WPLP has forecast carrying charges for 2025 on the final tranche of the 2020 audited balance. If yes, why does it propose to maintain the account?
    i. If no, would WPLP consider forecasting the 2025 carrying charges and dis-continue the account?

b) Please confirm that WPLP will not request for the true-up of any balance from the future recoveries.

Response:

a) WPLP confirms it has forecast carry charges for 2025 on the final Tranche of the 2020 audited balance. WPLP's expectation is to true up the carrying charges to actual OEB prescribed rates for the 2025 test year and close the account when the final figure is determined in the 2026 rate application.

b) WPLP is expecting to true up carrying charges on account to actuals once the entire principal balance is recovered in the 2026 rate application.

BOARD STAFF – 47

Reference: Exhibit H / Tab 2 / Schedule 2 / page 5

Preamble

WPLP is seeking recovery of $2.9M that have been incurred in relation to COVID through the 2021-2023 COVID deferral account. It states that the audited 2023 costs are comprised of WPLP's actual known COVID-19 Project costs under its EPC Contract in 2023, which were $1.6 million, together with amounts incurred by WPLP outside of its EPC Contract but for purposes of participating in ongoing commercial discussions with the EPC Contractor, which by the end of 2023 was $1.3 million.

Question(s):

a) Please provide a breakdown of the $1.3 million incurred during the commercial discussions with its EPC contractor. What were the specific activities or services for which these costs were incurred?

b) Please explain how the $1.3 million in commercial negotiation costs meet the criteria for capitalization, particularly as they relate to asset creation or enhancement.

 i. Did WPLP's external auditor review the $1.3 million in costs and confirm their accounting treatment as capital costs?

c) Please provide any precedent case(s) that WPLP is aware of which are comparable to the request made by WPLP in this application regarding the cost with WPLP's EPC contractor.

d) Please provide an analysis of how the $1.3 million of costs would impact the 2025 revenue requirement if treated as OM&A.

Response:

a) The table below provides the breakdown of $1.3 million incurred for commercial discussion with EPC contractor on the impacts of COVID-19.

Legal Support	Legal support reviewing Valard claims on COVID cost impact directly attributable to asset construction and participation in discussion with Valard on COVID-19 construction cost impacts.	1,284,301
Consultant Support	Mapping support to review statements provided by Valard in relation to COVID-19 construction cost impacts.	8,165
		1,292,466

b) These costs are directly attributable to managing the construction cost impacts of COVID-19 incurred while the assets were being built. These legal costs are capital in nature as they are directly attributable to managing construction costs and from an accounting perspective meet the definition of a capital asset. The Accounting Standards for Private Enterprises in Section 3061 provides that, "the cost of an item of property, plant and equipment includes direct construction or development costs (such as materials and labour), and overhead costs directly attributable to the construction or development activity."

   The auditor considers the capitalization and recovery of assets in an aggregate and based on their determination of material transactions. The auditor provided an unqualified audit opinion on the financial results for the respective years. Similar costs incurred in 2021-2022 were reviewed by the auditor in 2021 and 2022 audit of financial statements and then the transfer of these costs in to CWIP on December 31, 2023 as a capital expense addition was reviewed by external auditor.

c) WPLP notes the following precedents where EPC contractor costs were treated in by the Board in a similar manner to WPLP's proposed approach:

   - in EB-2010-0291, Great Lakes Power Transmission LP (GLPT) received approval from the OEB on February 2, 2011 to establish a deferral account to record costs incurred and to be incurred in respect of a claim from a contractor (Comstock Canada Ltd.) relating to a design build contract for a transmission reinforcement project that had been approved in EB-2003-0162. The OEB authorized establishment of the Comstock Claim Deferral Account, including GLPT's ability to record costs relating to the historical and bridge years (2007-2010) and going forward until the claim was resolved. The history of the account and its disposition is explained in Exhibit 5-1-2 of EB-2016-0356.

   - in connection with the East-West Tie Project, NextBridge previously reported in its quarterly progress reports (EB-2017-0182) that costs associated with COVID-19 will not be known until well after construction is completed. NextBridge previously had its rates set in EB-2020-0150, including adding its project facilities to rate base, with the COVID costs being recorded in Account 1509 subject to disposition subsequent to the in-service date for the project. In EB-2023-0298, NextBridge sought recovery of the capital cost amounts that exceeded its forecast and that were incurred during the COVID-19 Pandemic. A significant portion of these costs pertained to costs incurred by NextBridge's engineering, procurement and construction contractor during the Pandemic. The Board approved the Settlement Agreement in which the parties agreed to a reduction of $30,000,000 to the applied for Account 1509 balance.

   - in the previous WPLP rate application EB-2023-0168, WPLP received approval from OEB to transfer the audited 2021 and 2022 COVID-19 costs recorded in the

2021-2023 COVID Construction Cost Deferral Account to CWIP and recognized it in its rate base.

d) If the $1.3M in costs were treated as OM&A, there would be an increase in WPLP's 2025 revenue requirement of approximately $1.31 million. This is a result of a base revenue requirement reduction of $0.12 million given reduction in depreciation and regulated return on rate base and an increase in deferral account recovery of $1.43 million as a result of an assumed 1 year recovery of the $1.3 million plus incurred/forecasted carrying charges in 2025 revenue requirement.

BOARD STAFF – 48

Reference: Exhibit H / Tab 2 / Schedule 1 / page 2

Preamble

The application states in table 1 that:

> The 2025 opening rate base allocated to Remote Connection Lines includes Contribution in Aid of Construction equal to $487 million.

Question(s):

a) Please confirm if this amount is equal to the CIAC payment expected to be received in July 2024.

b) If this is related to the expected CIAC payment in July 2024, please explain why this amount differs from the CIAC calculation of $509 million as seen in Exhibit G, Tab 1, Schedule 1, Page 7.

c) If this amount is not related to the expected CIAC payment in July 2024, please explain how the $487 million was calculated.

Response:

a) This amount is not equal to the CIAC payment received in July 2024.

b) The table below provides the reconciliation from the $509 million contribution to the balance recorded as opening CIAC of $487 million. Please see response to Board Staff IR 21(b) which provides breakdown 2024 contribution and grants addition.

Contribution in Aid of Construction	
Federal Contribution	509,236,276
Portion of Contribution for Interest*	77,819,418
2024 Addition to Contribution and Grants (net CIAC out of the Trust)	**431,416,858**
Pikangikum Contribution	55,750,948
Total Contributions Balance	**487,167,806**

*This includes AFUDC up to November 30, 2023. As noted in prior rate application, EB-2023-0168, Exhibit C-2-1, footnote 4, AFUDC amounts were not added to rate base as these costs are to be funded by the CIAC pursuant to the Federal Funding Framework.

c) Table provided in part (b) above provides the calculation to $487 million.

BOARD STAFF – 49

Reference: Exhibit I / Tab 2 / Schedule 1 / pages 2, 3 and 6

Preamble

On page 3, the application states:

> Indirect OM&A costs for the 2025 test year are allocated 17.7% to the Line to Pickle Lake and 82.3% to the Remote Connection Lines. These percentages are calculated based on LTPL's and RCL's respective proportions of the 2025 gross fixed asset costs. Footnote 3 also states that WPLP has changed from using proportions of transmission system rate base to gross fixed assets as contribution in aid of construction should not impact allocation calculation.

On page 6, the application states:

> Indirect operating costs are allocated based on their respective proportions of 2023 and 2024 transmission system rate base for each category.

Question(s):

a) Please confirm whether indirect OM&A costs should be allocated to LTPL and RCL based on their respective proportions of the 2025 gross fixed asset costs as stated on page 3 or based on their respective proportions of 2023 and 2024 transmission system rate base as stated on page 6.

Response:

a) The two references refer to different periods. The OMA costs for 2025 are allocated to LTPL and RCL based on their respective proportions of the 2025 gross fixed asset costs as stated on page 3. The reference to 2023 and 2024 on page 6 relates to OM&A savings recorded or to be recorded in the Construction Period OM&A Variance Account based on the results of final OM&A costs in 2023 and 2024 periods.

BOARD STAFF – 50

Reference: Exhibit I / Tab 4 / Schedule 1 / pages 7 and 8

Preamble

On pages 7 and 8 the application states:

> "The tables below show the calculation of the Nominal OEB-Approved Capital Costs…".

However, there are no tables provided in the relevant section.

Question(s):

a) Please confirm if the table this section is referring to is the same as Table 2 found in Exhibit G, Tab 1, Schedule 1, Page 4.

Response:

a) WPLP confirms this section is referring to the Table 2 found in Exhibit G, Tab 1, Schedule 1, Page 4.

BOARD STAFF – 51

Reference: Exhibit I / Tab 4 / Schedule 1 / pages 5-8

Preamble

On March 12, 2018, a Memorandum of Understanding was established between WPLP, Canada and Ontario. A Federal Funding Framework was initially established where Canada will provide $1.55 billion in funding to the independent Trust in relation to the Project, which amount is unchanged by the Amendment, and will serve to reduce the resulting ratepayer impact in two ways:

a) a portion of the funding will be applied as a CIAC, reducing WPLP's rate base in respect of the Remote Connection Lines; and,

b) the remainder of the funding would be provided to an independent Trust which will use the funding to help offset the impacts of the Remote Connection Lines on RRRP for Ontario ratepayers.

An Amendment to the Trust Agreement under the Federal Funding Framework was made by the parties thereto to lessen the impact of COVID-19 for Ontario electricity ratepayers. Ontario, Canada and WPLP executed the Amendment to the Trust Agreement on June 6, 2024.

a) Excludes the $68.71M in COVID-19 costs, which were added to rate base in EB-2023-0168, in determining WPLP's available Owner Equity. This change increases WPLP's available Owner Equity under the Trust from $458M to $520M.

b) Requires the independent Trust to make an additional CIAC to WPLP once (i) WPLP has settled or otherwise resolved the amounts that are the subject of ongoing commercial discussions with the EPC Contractor, (ii) WPLP has recorded such amounts in the EPC COVID-Related Costs Deferral Account, and (iii) the OEB has reviewed and approved the prudence of the amounts that may be added to WPLP's rate base on disposition of the balance in the EPC COVID-Related Costs Deferral Account in a future application, inclusive of accumulated carrying costs.

Question(s):

a) WPLP has indicated that further CIAC contributions will be made after the ongoing commercial discussions are resolved. Please provide an estimate of when these discussions are expected to conclude and when the additional CIAC contributions will be applied.
b) Please confirm whether the additional CIAC will cover any amounts that are determined to be OM&A, as opposed to capital.

c) Please discuss what measures WPLP proposed to mitigate the financial impact on ratepayers in the event of delays in receiving CIAC contributions.

Response:

a) Please refer to the response to Board Staff IR 2 for when WPLP estimates that these discussions will conclude. Assuming the settlement can be achieved on the timelines noted in response to Board Staff IR 2 (b), WPLP expects the second CIAC to be made in Q4 2026. If a settlement is not achieved on the anticipated timelines or arbitration is required, WPLP expects the second CIAC to be in Q4 in the year the OEB issues its decision and order that includes the disposition of the EPC COVID Account.

b) The additional CIAC will not cover any amounts that are determined to be OM&A, as opposed to capital. The amendment of the Trust determines the second CIAC based on the amount the OEB permits WPLP to add to its rate base, as specified in the OEB Decision and Order that includes the disposition of the EPC COVID Related Deferral Account.

c) WPLP helped to mitigate the impact of delays in receiving the CIAC in a number of ways:

(1) The Trust Amendment outlines specific timelines upon which WPLP must act after receiving the OEB Decision and Order that includes the disposition of the EPC COVID Account. These requirements mitigate any potential delay in WPLP's control.
(2) Once Ontario issues the Replacement Statement of Distribution the Trustee is required to distribute the second CIAC within 5 business days, which will have the effect of mitigating any potential impact of delay.
(3) The Trustee has no discretion but to advance the CIAC, to the extent there are available funds.
(4) The Trust will retain all funds up until the second CIAC is made, and the Trust will earn a return on the CIAC amount for the benefit of ratepayer via the IESO RRRP variance account. The additional amount earned under the Trust as a result of the delay will mitigate costs incurred as a result of any delay.