

September 25, 2013

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
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Toronto, Ontario
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Dear Ms. Walli:

Re: EB-2011-0140: East-West Tie Line Designation: Phase 2 Decision and Order

**Amended Draft Accounting Order - Development Cost Deferral Account for
Upper Canada Transmission, Inc. (NextBridge)**

Under cover of our letter to the Board dated August 28, 2013, we filed NextBridge's compliance filing pursuant to the captioned decision (*Designation Decision*). That compliance filing included a draft accounting order for the Development Cost Deferral Account (DCDA) approved by the Board at ordering paragraph 4 of the *Designation Decision*.

Submitted with this letter is an amended draft DCDA accounting order. Both a "clean" copy of the amended draft accounting order and a version that highlights the changes from the initially filed draft order are provided. The changes submitted reflect discussions that NextBridge has had in the interim with Board Staff to clarify the alignment of the draft accounting order with the *Designation Decision's* reference to the sub-accounts for the development activities listed in Attachment 1 to UCT's response to interrogatory 26 in this proceeding (IR 26 Table). In particular:

1. The initially proposed sub-account for materials and equipment costs (previously sub-account 10) has been removed. While included in the IR 26 Table, as requested by the Board in its interrogatory, no amount was budgeted by NextBridge for materials and equipment costs during the development phase, and the IR 26 Table reflects a nil entry in this expenditure category (as does NextBridge's designation application, at page 115, Figure 21).
2. A proposed sub-account has been added for "contingency" amounts. A contingency line item was included in the IR 26 Table, as requested by the Board. As explained in NextBridge's response to Board Interrogatory 28 to all Applicants, NextBridge included in its development budget a contingency amount

of \$1,319,136 for engineering and design expenditures, over and above the \$10,553,085 budgeted for engineering and design work. Both the engineering and design budget, and the contingency associated with that budget, are included in the overall development budget now approved by the Board. In order to best track back to the original budget presentation, inclusion of a “contingency” sub-account (#12) would allow for recording of the base engineering and design budget expenditures (i.e. up to the \$10,553,085 amount budgeted in that category) in sub-account 1, and any excess over that budgeted amount (including excess already approved as part of the “contingency” budgeted within the overall approved development budget) in sub-account 12.

3. The proposed wording for the “other” sub-account (#13) is amended to more clearly reflect that this sub-account is meant to capture expenditures on activities not captured in the first 12 sub-accounts (whether such expenditures are within budget or not), rather than to specifically track expenditures that exceed budget(s).

NextBridge is thus amending the relief requested in its August 28th compliance filing to request approval of the DCDA in the form reflected in the amended draft accounting order attached to this letter.

Yours truly,



Ian A. Mondrow

- c. Gunnar Birgisson (NextEra Energy Canada)
Oliver Romaniuk (UCT)
Cindy Tindell (NextEra Energy Resources, LLC)
Annesley Wallace (BEWTI)
Ryan Farquhar (ETHI)
Intervenors of Record

**Amended DRAFT ACCOUNTING ORDER
 DEVELOPMENT COST DEFERRAL ACCOUNT**

**UPPER CANADA TRANSMISSION, INC.
 Accounting Entries for East-West Tie Line Development Costs
 Deferral Account No. 1508.001**

Upper Canada Transmission Inc. (UCT) shall establish the following deferral account; Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs.

Actual costs of development of the East-West Tie line shall be recorded in this account, from the date of the EB-2011-0140 August 7, 2013 decision up to the date of filing of a leave to construct application, or such other time as the Board may order. Sub-accounts shall be included for the development activities as listed in Attachment 1 to UCT's response to interrogatory 26 in the EB-2011-0140 proceeding. These sub-accounts are shown in the table below.

The amounts recorded in *Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs* shall be brought forward for disposition in a future proceeding.

Debit: Account No. 1508.001
 Other Regulatory Assets: East-West Tie Line Project Development Costs

Credit: Account No. 2205.001
 Accounts Payable

To record, as a debit in Account 1508, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs, the costs incurred for development activities for the East-West Tie line. These costs are divided into the following sub-accounts:

Sub-account	Account Description
1	Engineering, design and procurement activity costs.
2	Permitting and licencing costs.
3	Costs of obtaining environmental and regulatory approvals.

Sub-account	Account Description
4	Land rights (acquisitions or options) costs and costs for consultation and negotiation with landowners. Excludes Aboriginal land acquisition costs.
5	Costs of carrying out Aboriginal consultation.
6	Costs of carrying out community and other stakeholder consultation. Excludes aboriginal consultation costs.
7	Costs for regulatory activities and filings, including legal support.
8	Costs of interconnection studies.
9	Costs for project management activities.
10	Materials and equipment costs.
<u>101</u>	Aboriginal land acquisition costs.
<u>112</u>	Costs of Aboriginal participation and mitigation of project impact.
<u>12</u>	<u>Contingency – engineering and design costs incurred in excess of the \$10,553,085 in engineering and design costs budgeted in NextBridge’s designation application.</u>
13	<u>Costs incurred for development activities not identified in other sub-accounts, not included in other subaccounts.</u>

Debit: Account No. 1508.002
 Carrying Charges on Account 1508, Other Regulatory Assets:
 sub-account East-West Tie Line Project Development Costs

Credit: Account No. 4405.001
 Interest and Dividend Income: East-West Tie Line Project Development
 Costs

To record carrying charges on the balance in Account 1508.001, Other Regulatory Assets: sub-account East-West Tie Line Project Development Costs. Simple interest will be computed monthly on the opening balance in account 1508.001 in accordance with the methodology approved by the Board in EB-2006-0117.

**Amended DRAFT ACCOUNTING ORDER
 DEVELOPMENT COST DEFERRAL ACCOUNT**

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4	Land rights (acquisitions or options) costs and costs for consultation and negotiation with landowners. Excludes Aboriginal land acquisition costs.
5	Costs of carrying out Aboriginal consultation.

Sub-account	Account Description
6	Costs of carrying out community and other stakeholder consultation. Excludes aboriginal consultation costs.
7	Costs for regulatory activities and filings, including legal support.
8	Costs of interconnection studies.
9	Costs for project management activities.
10	Aboriginal land acquisition costs.
11	Costs of Aboriginal participation and mitigation of project impact.
12	Contingency – engineering and design costs incurred in excess of the \$10,553,085 in engineering and design costs budgeted in NextBridge’s designation application.
13	Costs incurred for development activities not identified in other sub-accounts.

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