



**EB-2011-0140**

**IN THE MATTER OF** sections 70 and 78 of the *Ontario Energy Board Act, 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

**BEFORE:** Cynthia Chaplin  
Presiding Member and Vice-Chair

Emad Elsayed  
Member

Cathy Spoel  
Member

**EAST-WEST TIE LINE DESIGNATION  
DECISION AND ORDER REGARDING REPORTING BY DESIGNATED  
TRANSMITTER**

**September 26, 2013**

In its Decision and Order dated August 7, 2013, the Ontario Energy Board named Upper Canada Transmission Inc. (“UCT”) as the designated transmitter for development of the East-West Tie transmission line. In that Decision and Order the Board required UCT to file for review and approval of the Board a revised development schedule, identifying milestones, proposed proofs of completion and target completion dates, and a draft accounting order as specified by the Board.

UCT, while licensed under the name Upper Canada Transmission Inc., has adopted the trade name NextBridge Infrastructure. UCT’s licence requires UCT to file monthly reports with the Board on the matters listed in Schedule 3 of the licence.

On August 28, 2013, UCT filed a request for approval of:

- a revised development milestone schedule, including proposed development milestones, target completion dates and proofs of completion;
- a proposal for the dates of monthly reporting, with the first report to be filed on October 21, 2013, and subsequent reports to be filed on the 15<sup>th</sup> business day of each month
- a draft accounting order for the Development Cost Deferral Account, including proposed sub-accounts.

UCT filed a revised draft accounting order on September 25, 2013.

The Board has reviewed UCT’s requests and supporting materials and finds the proposed development schedule (including milestones, target dates and proofs of completion) and monthly reporting acceptable. The proposals are consistent with the Board's Phase 2 Decision and Order, with the exception of the proposed filing dates for reporting. UCT's proposal for filing its reports on the 15th business day of the month is logical as it will allow the most recent information to be included in the reports. All filings will be posted on the Board’s website.

The Board also approves the revised draft accounting order filed September 25, 2013. The Board accepts that the sub-account for materials and equipment costs, initially included in the draft to recognize the inclusion of this sub-account in Board interrogatory 26 to all applicants, is not necessary as UCT has not budgeted for this type of cost

during the development phase of the project. The Board also accepts inclusion of a “contingency” sub-account. The Board notes the inclusion of sub-account 13 “costs incurred for development activities not identified in other sub-accounts”. The Board will include this sub-account in the accounting order, recognizing that legitimate expenses may be incurred during development that do not fit the categories of the other sub-accounts. However, the Board reminds UCT that any costs in excess of the budget which was found to be reasonable by the Board in its Phase 2 Decision and Order will be subject to a prudence review, and the recovery of such costs may be denied. In addition to its directions to UCT in its Phase 2 Decision and Order, the Board required the Ontario Power Authority (the “OPA”) to file with the Board a schedule for the production of an early detailed need update and a further need update at the approximate mid-point of development work. The OPA responded to this requirement by letter dated August 27, 2013, indicating that it would file an early detailed need update by October 8, 2013 and a further need update by May 5, 2014. The Board accepts the OPA’s schedule for these updates.

**The Board therefore orders that:**

1. UCT’s revised development schedule, including milestones, target dates and proofs of completion, as set out in UCT’s filing of August 28, 2013 and attached as Appendix 1 to this Decision and Order, is approved. UCT is required to provide proofs of completion of each milestone in the first monthly report following the target date.
2. UCT is required to report to the Board on the 15<sup>th</sup> business day of each month, beginning on October 21, 2013, on the matters set out in Schedule 3 to UCT’s licence.
3. The Development Cost Deferral Account for UCT is approved in the form contained in Appendix 2 to this Decision and Order.

4. The OPA is required to file with the Board an early detailed need update for the East-West Tie project by October 8, 2013, and a further need update by May 5, 2014.

**DATED** at Toronto, September 26, 2013  
**ONTARIO ENERGY BOARD**

Original signed by

Kirsten Walli  
Board Secretary

## Appendix 1

### REVISED DEVELOPMENT SCHEDULE

#### Engineering

	<b>Milestone</b>	<b>Proof of Completion</b>	<b>Target Date</b>
1	Initiate engineering	Request for Proposal for engineering	13 Sep 2013
2	Sign contract for engineering	Executed contract	31 Oct 2013
3	Finalize design criteria for conductor and structure	Design criteria report	31 Jan 2014
4	Complete conductor optimization study	Completed study	7 Mar 2014
5	File request for a System Impact Assessment (SIA) with the IESO	Confirming correspondence	12 Mar 2014
6	Status report on progress toward finalization of structure choice	Status Report	31 Mar 2014
7	Obtain senior management approval of the structure configuration proposal	Structure Selection Report	1 July 2014
8	Complete aerial surveys	Aerial surveys report	14 Oct 2014
9	Receive final SIA from the IESO	Confirming correspondence	21 Nov 2014

#### Route Selection, Land/ROW Acquisition and Community/Municipal Consultation

	<b>Milestone</b>	<b>Proof of Completion</b>	<b>Target Date</b>
10	Prepare list of landowners along the ROW	Line list	10 Oct 2013
11	Complete design of Landowner, Community and Municipal Consultation Plan	Consultation plan	1 Nov 2013
12	Commence negotiations or discussions with all landowners and permitting agencies	Confirming correspondence	25 Nov 2013
13	Finalize proposed route and obtain senior management approval	Final route report	1 Jul 2014

### Aboriginal Engagement, Consultation and Participation

	<b>Milestone</b>	<b>Proof of Completion</b>	<b>Target Date</b>
14	Send introductory correspondence to aboriginal communities	Confirming correspondence	30 Aug 2013
15	Initial meeting with Ministry of Energy regarding the MOU for delegation	Confirming correspondence	15 Sep 2013
16	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	Confirming correspondence	30 Sep 2013
17	Sign MOU with Ministry of Energy regarding the delegation	Executed MOU	5 Nov 2013
18	Complete design of First Nations and Metis Participation Plan with community input	Participation plan	2 Jan 2014
19	Complete design of First Nations and Metis Consultation Plan with community input	Consultation plan	2 Jan 2014

### Environmental Assessment (Provincial)

	<b>Milestone</b>	<b>Proof of Completion</b>	<b>Target Date</b>
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	Confirming correspondence	10 Oct 2013
21	Issue notice of draft Terms of Reference (ToR) available for review	Public advertisement of draft ToR	16 Jan 2014
22	File Environmental Assessment ToR	Confirming correspondence	28 Feb 2014
23	Initiate wildlife, aquatics and early season vegetation assessments	Plan outlining summer programs	1 May 2014
24	Approval of Environmental Assessment ToR	Confirming correspondence	3 Jul 2014
25	Complete Environmental Assessment Consultation Report	Environmental Assessment	27 Jan 2015
26	Submit Environmental Assessment to Ministry of Environment	Confirming correspondence	27 Jan 2015

**LTC**

	<b>Milestone</b>	<b>Proof of Completion</b>	<b>Target Date</b>
27	Submit Leave to Construct (LTC) application	Confirming correspondence	28 Jan 2015

## Appendix 2

### 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. 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.
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.



<b>Sub-account</b>	<b>Account Description</b>
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 UCT's designation application.
13	Costs incurred for development activities not identified in other sub-accounts.

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.