

January 22, 2015

VIA COURIER, EMAIL, RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2011-0140: East-West Tie Line Designation
Report - January 22, 2015**

Enclosed for filing is the report for Upper Canada Transmission, Inc. ("NextBridge"), a copy of which was filed through the RESS earlier today.

Please note that I have assumed Regulatory Team Lead responsibilities in relation to the East-West Tie Line project. Going forward, kindly direct correspondence related to the project as follows:

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Enbridge Pipelines Inc.

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Yours truly,

(Original Signed)

Krista Hughes
Regulatory Counsel, Enbridge Pipelines Inc.

Enclosure

ONTARIO ENERGY BOARD

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act, 1998*;

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.

**UPPER CANADA TRANSMISSION, INC.
(d/b/a NextBridge Infrastructure)**

Report

January 22, 2015

1. By the *Decision and Order* dated August 7, 2013 (Decision), the Ontario Energy Board (OEB or Board) decided that the designated transmitter for the development phase of the proposed East-West Tie Line (EWT Project) is NextBridge Infrastructure (NextBridge).
2. In accordance with Ordering Paragraph 2 (page 42) of the Decision and the Board's September 26, 2013 *Decision and Order regarding Reporting by Designated Transmitter*, NextBridge provides this report.
3. On October 29, 2014 NextBridge received a letter from the Board stating, among other things, NextBridge was not required to file reports for the months of November and December, 2014. This report therefore reflects the financial status of development work on the EWT Project for the period October 1 through December 31, 2014. The December 31, 2014 financial statements are subject to the completion of a financial audit for the period August 7, 2013 through December 31, 2014, currently scheduled for completion on or before April 30, 2015. Other aspects of this report are current as of the close of business on the last business day prior to the filing date.

4. This report is organized as follows:
- (a) A summary report on overall EWT Project progress.
 - (b) A cost summary providing details for each cost category included in NextBridge's Board approved development cost budget of: i) actual costs to date; ii) percentage of budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance. Reasons for any forecast variance and associated mitigating measures for negative forecast variances are also provided.
 - (c) A summary of the status of NextBridge's Board approved development milestones, indicating those that are complete and the status (i.e. on schedule, ahead of schedule or delay/potential delay) of those in progress. If any delay or potential delay in achievement of any of the milestones has been identified, the reasons for the delay, the magnitude and impact of the delay on the broader development schedule and cost, and mitigating steps that have been or will be taken, are reviewed.
 - (d) A summary of risks and issues that have arisen during development work, including discussion of potential impact of any such developments on schedule, cost or scope, and discussion of options for mitigating or eliminating the risk or issue. This section also provides an update on any previously identified risks or issues.

Overall Project Progress

5. Overall during this period, work towards milestones continued to progress.
6. In respect of engineering work:
- (a) fabrication and testing of six prototype lattice tower structures is complete. Fabrication and testing of the remaining four prototypes is scheduled to continue through early 2015; and
 - (b) preliminary geotechnical testing on 18 of 50 planned locations is complete. Approval from the Ministry of Natural Resources and Forestry (MNR) for geotechnical testing activity at the remaining locations has been obtained and is expected to be undertaken later in 2015.
7. In respect of route selection, land/ROW acquisition and community/municipal consultation activities, discussions with landowners, permitting agencies and other stakeholders have continued.

- (a) Activities within the community/municipal consultation area included:
 - (i) preparing an EWT Project update letter circulated to stakeholders on November 6, 2014. A copy of the correspondence is attached to this report for the information of the Board at Schedule A;
 - (ii) facilitating media interaction between project team and local EWT Project area media outlets; and
 - (iii) updating NextBridge.ca website with EWT Project updates and materials.

 - (b) Activities in respect of route selection and land/ROW acquisition included:
 - (i) field activity in support of geotechnical drilling program;
 - (ii) continued response to landowner queries as received, including queries in connection with current routes under consideration, the Land Acquisition program, and the EWT Project in general;
 - (iii) submission of amended mining legislation withdrawal request to MNRF; and
 - (iv) engagement with MNRF related to tenure requirements, overall land processes and directly affected land use permit, leaseholder and Crown interest holders.
8. In respect of Aboriginal engagement, consultation and participation, activities included:
- (a) ongoing engagement activities with the 18 identified First Nation and Métis communities;
 - (b) discussions with Ministry of Economic Development, Employment and Infrastructure in relation to support for consultation activities;
 - (c) attendance at community meetings with Pic Mobert First Nation on December 3, 2014 and Red Rock Indian Band on December 6, 2014; and
 - (d) continued discussions on ways Aboriginal communities can commercially participate in the EWT Project, as outlined in the Aboriginal Participation Plan (Schedule C) submitted as part of the EWT Project January 22, 2014 Monthly Report.

9. In respect of environmental activities, work included:
- (a) obtained letter of authority from MNRF for the balance of the preliminary geotechnical drilling work;
 - (b) environmental monitoring and inspection activity in support of the geotechnical drilling work;
 - (c) continued refinement of alternatives assessment for routing as support for the environmental assessment (EA);
 - (d) data interpretation of natural environment and socioeconomic data for the drafting of the EA.
10. Additional general updates for the reporting period include:
- (a) On October 29, 2014 NextBridge received a letter from the Board (the Board's Letter) recommending that NextBridge and the Ontario Power Authority (OPA) work together to produce a revised development schedule for the EWT Project. NextBridge worked with the OPA on preparing a revised schedule and on December 19, 2014 submitted, based on the information available to it, a revised development schedule reflecting a proposed in-service date of December 2020 for the Board's review and approval. NextBridge will submit a further response to the Board's Letter by May 15, 2015 when NextBridge expects that there will be a decision regarding access to Pukaskwa National Park (the Park).
 - (b) In response to the OPA's letter of September 30, 2014 NextBridge has resumed active pursuit of authorization to study within the Park, including compiling information related to the Park and the EWT Project.
 - (c) Effective January 19, 2015 Michael Power resigned his position as Project Director for the EWT Project. Mr. John Deese, currently Executive Director of Transmission Development at NextEra Energy Transmission, Inc., has been named NextBridge's Project Director effective immediately. John participated in EWT Project development work in 2014.

Attached at Schedule B is a summary of John Deese's qualifications.

Cost Summary

11. Table 1, below, details for each cost category included in NextBridge's Board approved development cost budget: i) actual costs to date; ii) percentage of

budgeted costs spent to date; iii) updated budget forecast (if applicable); and iv) forecast variance.

12. Table 1 Total Project Estimate amounts continue to represent Board-Approved Costs corresponding to the original scope and schedule approved for the EWT Project development phase targeted to end on January 28, 2015 with the filing of a leave to construct application. NextBridge will continue to spend the Board-Approved Costs as it works towards the development of the EWT Project but at this time, an updated Forecast has not been completed.

Table 1: Budgeted Costs Status

Cost Category	PROJECT TO DATE		TOTAL PROJECT ESTIMATE			
	Actual ¹	% of total budget	Forecast	Budget ²	Variance \$	Variance %
Budgeted						
Engineering, Design and Procurement Activity	\$6,264,286	59.4%	\$10,553,292	\$10,553,292	-	0%
Permitting and Licensing	82,733	174.8%	121,031	47,320	(73,711)	(155.8)%
Environmental and Regulatory Approvals	3,440,390	95.8%	3,592,680	3,592,680	-	0%
Land Rights (Acquisitions or options)	1,558,546	78.3%	1,991,000	1,991,000	-	0%
First Nation and Métis Consultation	1,241,852	72.0%	1,724,000	1,724,000	-	0%
Other Consultation	780,531	157.4%	1,022,554	496,001	(526,553)	(106.2)%
Regulatory (legal support, rate case and LTC filings)	919,586	93.4%	1,165,000	985,000	(180,000)	(18.3)%
Interconnection Studies	81,875	45.7%	100,000	179,000	79,000	44.1%
Project Management	1,603,150	123.3%	1,672,015	1,300,000	(372,015)	(28.6)%
Contingency (Engineering, Design and Procurement)	-	0%	456,429	1,529,708	1,073,279	70.1%
Total	\$15,972,949	71.3%	\$22,398,001	\$22,398,001	-	0%

¹ "Actual" refers to actual costs plus estimated accruals.

² This total refers to the Development Phase budgeted amount as approved by the Board in file EB-2011-0140 Phase 2 Decision and Order dated August 7, 2013.

13. Table 2, below, details costs to date not included in NextBridge's Board approved development cost budget. This table includes two categories of cost expressly excluded from the development cost budget filed by NextBridge: First Nation and Métis land acquisition costs and First Nation and Métis participation costs (see NextBridge Response to Interrogatory 26 to all applicants, attachment 1).
14. The "Other" category on Table 2 records unbudgeted costs that are, to date, for the most part related to the Notice of Appeal filed by Pic River in the Ontario Divisional Court in respect of the Decision.

Table 2: Unbudgeted Costs

Cost Category	Current period project to date Actual³ (\$)	Prior period project to date Actual³ (\$)
Not Budgeted		
First Nation and Métis Land Acquisition	10,302	8,142
First Nation and Métis Participation	1,497,724	1,136,293
Other Costs Not included in Budgeted Categories	230,163	230,610
Carrying Cost	73,602	39,126
Taxes and Duties	-	-
Total Not Budgeted	1,811,791	1,414,711

Development Milestone Summary

15. Table 3, below, provides a summary of the status of NextBridge’s Board approved development milestones, indicating those that are complete and the status of those in progress (i.e. on schedule, ahead of schedule or delay/potential delay).
16. For each of the Board approved milestones, Table 3 provides:
 - (a) The Board approved milestone date.
 - (b) The status of those milestones due within 3 months of the reporting date.
 - (c) A “revised forecast date” if applicable, indicating NextBridge’s current forecast of the date for completion of the relevant milestone if the current forecast differs from the Board approved date.

³ “Actual” refers to actual costs plus estimated accruals.

17. As part of the December 19, 2014 filing, NextBridge proposed a new development schedule for development work on the EWT Project. Once a new development schedule has been approved by the Board, the revised milestones and target completion dates will be updated here.

Table 3: Milestone Progress and Status

Engineering Milestones

	Milestone	Board Approved Date	Status	Revised Forecast Date
1	Initiate engineering	13 Sep 2013	Completed	
2	Sign contract for engineering	31 Oct 2013	Completed	
3	Finalize design criteria for conductor and structure	31 Jan 2014	Completed	
4	Complete conductor optimization study	7 Mar 2014	Completed	
5	File request for a System Impact Assessment (SIA) with the IESO	12 Mar 2014	Completed	
6	Status report on progress toward finalization of structure choice	31 Mar 2014	Completed	
7	Obtain senior management approval of the structure configuration proposal	1 July 2014	Completed	
8	Complete aerial surveys	14 Oct 2014	Completed	
9	Receive final SIA from the IESO	21 Nov 2014	Completed	

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

	Milestone	Board Approved Date	Status	Revised Forecast Date
10	Prepare list of landowners along the ROW	10 Oct 2013	Completed	
11	Complete design of Landowner, Community and Municipal Consultation Plan	1 Nov 2013	Completed	
12	Commence negotiations or discussions with all landowners and permitting agencies	25 Nov 2013	Completed	May 30, 2014 as per EWT Project April 22, 2014 Monthly Report
13	Finalize proposed route and obtain senior management approval	1 Jul 2014	Completed	

Aboriginal Engagement, Consultation and Participation Milestones

	Milestone	Board Approved Date	Status	Revised Forecast Date
14	Send introductory correspondence to aboriginal communities	30 Aug 2013	Completed	
15	Initial meeting with Ministry of Energy regarding the MOU for delegation	15 Sept 2013	Completed	
16	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	30 Sept 2013	Completed	
17	Sign MOU with Ministry of Energy regarding the delegation	5 Nov 2013	Completed	
18	Complete design of First Nations and Métis Participation Plan with community input	2 Jan 2014	Completed	
19	Complete design of First Nations and Métis Consultation Plan with community input	2 Jan 2014	Completed	

Environmental Assessment (Provincial) Milestones

	Milestone	Board Approved Date	Status	Revised Forecast Date
20	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	10 Oct 2013	Completed	
21	Issue notice of draft Terms of Reference (ToR) available for review	16 Jan 2014	Completed	
22	File Environmental Assessment ToR	28 Feb 2014	Completed	
23	Initiate wildlife, aquatics and early season vegetation assessments	1 May 2014	Completed	May 20, 2014 - as per EWT Project April 22, 2014 Monthly Report
24	Approval of Environmental Assessment ToR	3 Jul 2014	Completed	August 28, 2014
25	Complete Environmental Assessment Consultation Report	27 Jan 2015	Delayed	To be determined
26	Submit Environmental Assessment to Ministry of Environment	27 Jan 2015	Delayed	To be determined

Leave to Construct Milestone

	Milestone	Board Approved Date	Status	Revised Forecast Date
27	Submit Leave to Construct (LTC) application	28 Jan 2015	Delayed	To be determined

18. In respect of the milestone achieved during this reporting period:

- (a) **Milestone 9: Receive final SIA from the IESO.** NextBridge received a final System Impact Assessment (SIA) Report from the Independent Electricity System Operator (IESO) related to the EWT Project on October 31, 2014. As demonstrated at the below link, this IESO SIA dated October 15, 2014 is posted under Application number CAA-ID 2014-514 on the IESO website:

http://www.ieso.ca/Documents/caa/CAA_2014-514_Final_Report.pdf

Should the length of the EWT Project route change materially, whether due to traversing the Park or otherwise, the SIA may need to be revisited. The new development schedule submitted to the Board on December 19 accommodates this possibility. In any event, a final SIA will be submitted as part of the Leave to Construct application.

Issues/Risks/Mitigation Summary

19. This section of NextBridge's report provides a summary of risks and issues that have arisen during development work, including discussion on potential impact of any such developments on schedule, cost or scope, and of options for mitigating or eliminating the risk or issue.
20. As referenced in paragraph 10 above, NextBridge is currently waiting for approval from the Board of a new development schedule. NextBridge continues to carry out a detailed and rigorous assessment of the costs associated with the activities reflected in the new development schedule and milestones and intends to bring forward a budget of costs on or before May 15, 2015.

Attachments to NextBridge Report

Schedule A

**Notification Letter to stakeholders advising of Terms of Reference
Approval and Other Project Updates dated November 6, 2014**

November 6, 2014

RE: Proposed NextBridge Infrastructure New East-West Tie Transmission Project – Terms of Reference Approval and Other Project Updates

As you may be aware, NextBridge Infrastructure (NextBridge) is proposing to construct a new double-circuit 230 kilovolt (kV) electric power transmission line from Wawa to the Thunder Bay area. The new East-West Tie is anticipated to generally parallel the existing double-circuit 230 kV line corridor but avoids certain sensitive features crossed by the existing line. The proposed 430 kilometre line is needed to maintain a reliable, long-term supply of electricity in northwestern Ontario (the Northwest). The target in-service date is currently the first half of 2018, although this date is the subject of additional assessment as further discussed below.

There have been some important developments we would like to share with you.

Terms of Reference Approval

The Project reached a major milestone in late August. NextBridge is pleased to announce that the Terms of Reference for the new East-West Tie Transmission Project (the Project) was approved by the Minister of the Environment and Climate Change on August 28, 2014.

NextBridge submitted the Proposed Terms of Reference to the Minister of the Environment and Climate Change for approval on February 28, 2014. The Proposed Terms of Reference was subsequently revised in response to stakeholder comments and re-submitted on May 22, 2014. The Minister's Notice of Approval is posted on the Ministry's web site at www.ontario.ca/environment-and-energy/east-west-tie-project. The approved Terms of Reference is available for download from the Project web site at www.nextbridge.ca. NextBridge has commenced and is continuing with the Environmental Assessment for the Project in accordance with the approved Terms of Reference.

Ontario Power Authority and Ontario Energy Board Correspondence Regarding Project Schedule

The Ontario Power Authority (OPA), the provincial agency responsible for long-term electricity planning in Ontario, has been monitoring the factors supporting the need for the new East-West Tie Project. On September 30, 2014, NextBridge received a copy of a letter sent from the OPA to the Ontario Energy Board (OEB). In that letter, the OPA proposed that the development schedule for the Project be extended to work toward a 2020 in-service date. On October 29, 2014, the OEB recommended that NextBridge and the OPA work together to produce a revised development schedule for the Project. The revised schedule may include flexibility to allow the Project to come into service quickly should the pace of demand growth change and require an in-service date prior to 2020. NextBridge is currently working with the OPA to develop a revised development schedule. Links to the September 30, 2014 OPA letter to the OEB, and the October 29, 2014 OEB letter to NextBridge can be accessed by visiting the Project web site at www.nextbridge.ca.

Pukaskwa National Park

To date, NextBridge has not studied a route through Pukaskwa National Park based on direction from Parks Canada in February 2014. On July 9, 2014 the Ontario Minister of Energy wrote to the Federal Minister of the Environment requesting that the federal government reconsider its position and allow NextBridge to assess routing options in the Park.

NextBridge recognizes that there may be additional features to consider in assessing a potential route through Pukaskwa National Park. If authorization is given to study a route through the Park, NextBridge will consider enhancing the current consultation and engagement program with Park-specific engagement initiatives. In any event, NextBridge will continue with our commitment to timely and meaningful dialogue with the Provincial and Federal governments, First Nations and Métis groups and interested stakeholders to develop a robust Project.

Rescheduling of the Third Round of Open Houses

The third round of Project Open Houses, originally scheduled to begin in late September 2014, will be held at a later date. NextBridge appreciates the time you have taken to participate in our past Open Houses and want to ensure that timely and relevant information is available when you attend these events. We will notify you when new Open House dates have been established.

NextBridge appreciates your input as we continue to work on this Project and we will keep you up to date as development continues. If you have any questions or concerns, or if you require further information regarding this Project, please call our toll-free phone line at 1-888-767-3006 or email info@nextbridge.ca and leave your contact information or visit our project web site at www.nextbridge.ca.

Sincerely,

[Original Signed]

Michael Power, P.Eng.
Project Director – East-West Tie Transmission Project
NextBridge Infrastructure

Si vous désirez ces informations en français, s'il vous plaît contactez NextBridge au 1-888-767-3006 ou info@nextbridge.ca.

Attachments to NextBridge Report

Schedule B

Summary of John Deese qualifications

John Deese - Project Director

Biography

John Deese is Executive Director of Transmission Development at NextEra Energy Transmission, LLC, an indirect wholly owned subsidiary of NextEra Energy, Inc.

John joined NextEra in March of 2014 to lead NextEra transmission development initiatives, including transmission development efforts for the PJM regional transmission organization. John has been assisting with the EWT Project development efforts. Prior to joining NextEra Energy Transmission, John spent 17 years at Hess Corporation, an integrated energy company, holding various leadership roles. John has extensive experience leading teams and projects through development and operation phases.

Professional Experience

NextEra Energy Transmission March 2014 - present

- Led transmission development efforts in the PJM Regional Transmission Organization's newly implemented FERC Order 1000 process
- Managed cross-functional teams of power flow, environmental, land, engineering, construction, operations, maintenance, finance, etc. to identify, develop and propose competitive transmission solutions for both short-term and long-term reliability and market efficiency issues within PJM

Hess Corporation 1997 – March, 2014

- Held leadership positions in a variety of functional areas in Energy Marketing and Retail business units
- Customized complex energy solutions for government agencies and large commercial customers
- Experience managing diverse groups of people over a wide geography

Education and Credentials

Hess Executive Business Leadership Program, Duke University

Strategic Marketing for Executives, Darden School of Business

Achieving Breakthrough Service; Driving Performance and Profitability, Harvard Business School

Bachelor of Science, Florida State University