

June 24, 2015

VIA COURIER, EMAIL and RESS

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

Dear Ms. Walli:

Re: EB-2011-0140; East-West Tie Project

On May 15, 2015, Upper Canada Transmission, Inc. (“UCT” or “NextBridge”) responded to the January 22, 2015 decision from the Ontario Energy Board (the “Board”) with an updated development schedule for the East-West Tie expansion project (“EWT Project”). In addition to the development schedule, NextBridge also provided details on additional development costs for which it seeks recovery.

In the May 15, 2015 letter, NextBridge advised the Board that if access to study Pukaskwa National Park (the “Park”) is not granted by Parks Canada within 30 days, NextBridge will no longer pursue authorization to study in the Park. This letter is an update to the Board on this matter.

If the Board has any questions, please do not hesitate to contact me (krista.hughes@enbridge.com, 403-718-3552) or Edith Chin (edith.chin@enbridge.com, 416-753-7872).

Yours truly,

(Original signed)

Krista Hughes
Senior Regulatory Counsel, Enbridge Pipelines Inc.

cc: Mr. B. Campbell, President and Chief Executive Officer, IESO
Mr. C. Marcello, President and Chief Executive Officer, Hydro One Networks Inc.

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Board Secretary
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Dear Ms. Walli:

**Re: EB-2011-0140; East-West Tie Expansion Project
NextBridge Pukaskwa National Park Update**

On May 15, 2015, Upper Canada Transmission, Inc. (“UCT” or “NextBridge”) filed its response (the “May 15th Filing”) to a decision and order issued by the Board on January 22, 2015 with regard to the proposed East-West Tie Line electricity transmission project (the “EWT Project”). NextBridge is writing now to provide the Board with an update on certain information that was included in the May 15th Filing.

The May 15th Filing consisted of a letter (the “May 15th Letter”) from NextBridge to the Board and five attachments, which were identified as Schedules A to E. In the May 15th Letter, NextBridge indicated that its efforts to gain access to Pukaskwa National Park (the “Park”) to study a possible route through the Park for a portion of the EWT Project (the “Park Study”) had met with only limited success. NextBridge said that, should access to study the Park not be granted within 30 days of the May 15th Filing, NextBridge would no longer pursue authorization to study in the Park, in which case Park Study costs of approximately \$2.9 million would not be required. NextBridge also said that it expected to be able to advise the Board on or before July 1, 2015 if the Park Study funds are required.

On June 1, 2015, NextBridge participated in a conference call with Mr. Alan Latourelle, Chief Executive Officer of Parks Canada, and other representatives of Parks Canada in which NextBridge received confirmation that access to the Park for the purposes of studying a route through the Park will not be allowed. NextBridge has received no further correspondence from Parks Canada on the subject. Based on this information, NextBridge confirms that no further effort will be made to pursue authorization to study in the Park, and the Park Study funds identified are not required.

As stated in the May 15th Letter, removing the Park Study costs from the budget of costs for the Extended Development Period¹ reduces the Extended Development Period Incremental Costs² to \$20.3 million. NextBridge seeks approval of these Extended Development Period Incremental Costs on the basis set out in the May 15th Letter. Should such approval be granted, the total approved costs for the 53-month Extended Development Period would be approximately \$42.7 million, compared to Board-approved costs for the original 18-month development period of approximately \$22.4 million.

Given the denial of permission to study a route through the Park, NextBridge has attached to this letter revised versions of Schedules A, C and D from the May 15th Filing.³ The following is a more particular description of the revised Schedules attached to this letter:

(i) Revised Schedule A

Schedule A contains the Updated Extended Development Schedule. In the Revised Schedule A, milestones “V” and “KK” have been marked “Exclusively Park Study related and no longer applicable” to reflect the fact that the Park Study will not occur.

(ii) Revised Schedule C

Schedule C contains a breakdown of incremental Extended Development Period activities and corresponding costs. In the Revised Schedule C, the category of activity “Park Study” - specifically activity 43 (“Incremental activities to study in the Park”) and corresponding costs - has been removed and the total costs have been reduced accordingly.

(iii) Revised Schedule D

Schedule D contains a consolidation of Extended Development Period incremental costs by work stream, to match the format in NextBridge’s reports to the Board. In the Revised Schedule D, costs have been removed from a number of categories under the heading Extended Development Period Incremental Costs to reflect the fact that the Park Study will not occur. The cost reduction affects all categories under this heading, with three exceptions, Permitting and Licensing, Interconnection Studies and Contingency.

While NextBridge continues to conserve the Board-Approved Costs as possible, NextBridge respectfully requests that the Board proceed expeditiously in relation to this matter for the reasons set out in the May 15th Letter. We look forward to receiving the

¹ As defined at page 6 of the May 15th Letter.

² As defined at page 7 of the May 15th Letter.

³ Schedules B and E in the May 15th Filing were letters dated May 5, 2015 and March 17, 2015 respectively that are not affected by the Park decision.

Board's procedural directions with regard to the relief requested in the May 15th Letter and this letter.

Yours truly,

(Original Signed)

Eric Gleason
President, Upper Canada Transmission, Inc.

Updated Extended Development Schedule

Engineering

	Milestone	Proof of Completion	Target Date	Achieved
A (formerly 1)	Initiate engineering	Request for Proposal for engineering	13 Sep 2013	X
B (formerly 2)	Sign contract for engineering	Executed contract	31 Oct 2013	X
C (formerly 3)	Finalize design criteria for conductor and structure	Design criteria report	31 Jan 2014	X
D (formerly 4)	Complete conductor optimization study	Completed study	7 Mar 2014	X
E (formerly 5)	File request for a System Impact Assessment (SIA) with the IESO	Confirming correspondence	12 Mar 2014	X
F (formerly 6)	Status report on progress toward finalization of structure choice	Status Report	31 Mar 2014	X
G (formerly 7)	Obtain senior management approval of the structure configuration proposal	Structure Selection Report	1 July 2014	X
H (formerly 8)	Complete aerial surveys	Aerial surveys report	14 Oct 2014	X
I	Complete Preliminary Foundation Design	Confirming Correspondence	15 Sep 2016	
J	Complete Engineering "Issued-for-bid" Design Package	Confirming Correspondence	9 June 2017	
K	File request for updated System Impact Assessment (SIA) as required	Confirming Correspondence	3 Apr 2017	
L	File request for updated Connection Impact Assessment (CIA) as required	Confirming Correspondence	14 July 2017	
M	Receive final SIA from the IESO	Confirming Correspondence	13 Oct 2017	
N	Receive final CIA from HONI	Confirming Correspondence	13 Oct 2017	

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

	Milestone	Proof of Completion	Target Date	Achieved
O (formerly 10)	Prepare list of landowners along the ROW	Line list	10 Oct 2013	X
P (formerly 11)	Complete design of Landowner, Community and Municipal Consultation Plan	Consultation plan	1 Nov 2013	X
Q (formerly 12)	Commence negotiations or discussions with all landowners and permitting agencies	Confirming correspondence	25 Nov 2013	X
R (formerly 13)	Finalize proposed route and obtain senior management approval	Final route report	1 July 2014	X
S	Confirmation of authorization to study in Pukaskwa National Park	Confirming Correspondence	15 June 2015	X
T	Update Landowner, Community and Municipal Consultation Plan	Updated Plan	15 Jan 2016	
U	Issue RFP for Timber Valuation	Award Letter	1 Feb 2016	
V	Establish Community Advisory Board(s) as required	Proposed Terms of Reference for the Community Advisory Board	31 Dec 2015	Exclusively Park Study related and no longer applicable
W	Initiate land optioning program	Instruction letter to Land Agent to initiate optioning activity	31 Mar 2016	
X	Substantial completion of distribution of option agreements	Line list and sample package of documents	30 Nov 2016	
Y	Finalize preferred route and obtain senior management approval (update to Milestone R)	Preferred Route Report	7 Apr 2017	
Z	Substantial completion of signing of option agreements	Acquisition Status Report	31 Aug 2017	
AA	Crown Land Disposition Application filed	Confirming correspondence	15 Sep 2017	
BB	Notify landowners of LTC application filing	Line List and Notice Letter	15 Dec 2017	

Aboriginal Engagement, Consultation and Participation

	Milestone	Proof of Completion	Target Date	Achieved
CC (formerly 14)	Send introductory correspondence to aboriginal communities	Confirming correspondence	30 Aug 2013	X
DD (formerly 15)	Initial meeting with Ministry of Energy regarding the MOU for delegation	Confirming correspondence	15 Sept 2013	X
EE (formerly 16)	Complete initial/introductory contact with all aboriginal communities identified by the Ministry of Energy	Confirming correspondence	30 Sept 2013	X
FF (formerly 17)	Sign MOU with Ministry of Energy regarding the delegation	Executed MOU	5 Nov 2013	X
GG (formerly 18)	Complete design of First Nations and Métis Participation Plan with community input	Participation plan	2 Jan 2014	X
HH (formerly 19)	Complete design of First Nations and Métis Consultation Plan with community input	Consultation plan	2 Jan 2014	X
II	Establish Aboriginal Community Advisory Board(s)	Proposed Terms of Reference for the Community Advisory Board	1 Feb 2016	
JJ	Develop plan for Aboriginal Training and Employment	Plan	2 May 2016	
KK	Prepare Pukaskwa Park specific Aboriginal consultation plan as required	Plan	2 Feb 2016	Exclusively Park Study related and no longer applicable

Environmental Assessment (Provincial)

	Milestone	Proof of Completion	Target Date	Achieved
LL (formerly 20)	Consult with environmental agencies (Ministry of Environment, Ministry of Natural Resources, Parks Canada and Ontario Parks)	Confirming correspondence	10 Oct 2013	X
MM (formerly 21)	Issue notice of draft Terms of Reference (ToR) available for review	Public advertisement of draft ToR	16 Jan 2014	X
NN (formerly 22)	File Environmental Assessment ToR	Confirming correspondence	28 Feb 2014	X
OO (formerly 23)	Initiate wildlife, aquatics and early season vegetation assessments	Plan outlining summer programs	1 May 2014	X
PP (formerly 24)	Approval of Environmental Assessment ToR	Confirming correspondence	3 July 2014	X
QQ	Field Studies Resumed	Field Plan	16 May 2016	
RR	Submit Draft Environmental Assessment (EA) Report for MOECC Review	MOECC Receipt Confirmation	25 Nov 2016	
SS	Submit Draft EA Report for Public Comment	MOECC Receipt Confirmation	24 Jan 2017	
TT	Complete Consultation Summary for the EA Submission	MOECC Receipt Confirmation	4 May 2017	
UU	Submit Final EA to MOECC	MOECC Receipt Confirmation	4 May 2017	

Regulatory

	Milestone	Proof of Completion	Target Date	Achieved
VV	IESO 2015 Needs Assessment update	IESO need update report	15 Dec 2015	
WW	IESO 2016 Needs Assessment update	IESO need update report	15 Dec 2016	
XX	IESO Confirmation of Need	IESO confirming correspondence	31 May 2017	
YY (formerly 27)	Submit LTC application	Application	15 Dec 2017	

Extended Development Period Incremental Activities and Costs

Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
<u>Project Extension</u>								
	1) Update Stakeholder Relations Consultation Plan	Extended Development Period	No	N/A	No	10,000	To consider and revise Consultation Plan to address changed circumstances arising from extended development period.	No
	2) One additional round of open houses	Extended Development Period	No	N/A	No	310,000	To prepare and deliver one round of open houses at 8 locations within EWT Project area as part of broader stakeholder relations consultation program to keep public and stakeholders abreast of EWT Project development activity.	No
	3) Aboriginal capacity funding expenditures	Extended Development Period	No	N/A	No	1,260,000	Provision of financial resources to facilitate meaningful Aboriginal participation in consultation activity required throughout the extended development period, including enhancement of traditional knowledge studies and skills development.	No
	4) Aboriginal consultation costs	Extended Development Period	No	N/A	No	1,510,000	To engage in ongoing Aboriginal consultation activity throughout the extended development period with the 18 communities identified by the Crown as potentially impacted by the EWT Project, including ongoing community meetings to discuss the EWT Project, skills development and employment opportunity discussions.	No
	5) Aboriginal Advisory Board	Extended Development Period	No	N/A	No	90,000	To facilitate ongoing Aboriginal Advisory Board meetings and honoraria for member participation throughout the extended development period.	No

Extended Development Period Incremental Activities and Costs

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6)	Additional performance-based ratemaking (PBR) consultation	Extended Development Period	No	N/A	No	30,000	To revisit, update and re-engage stakeholders and other interested parties regarding PBR matters during preparation of the LTC application.	No
7)	Stakeholder engagement program	Extended Development Period	No	N/A	No	300,000	Stakeholder relations consultation program to keep public and stakeholders abreast of EWT Project development activity over extended development period, including preparing EWT Project update materials, tracking and responding to inquiries, website and database management and municipal meetings.	No
8)	Ramp-up of LTC preparation	Extended Development Period	No	N/A	No	60,000	To revisit LTC requirements, re-establish LTC application preparation schedule, complete additional LTC draft cycle, as well as liaising with IESO regarding incremental needs analyses.	No
9)	Accounting back office, internal reporting and procurement support	Extended Development Period	No	N/A	No	300,000	To facilitate accounting, internal financial reporting, EWT Project decision documentation and procurement support throughout extended development period.	No
10)	Support functions for EWT Project development work from all work streams	Extended Development Period	No	N/A	No	1,290,000	Multi-disciplinary review of workstream activities in furtherance of EWT Project development to ensure consistency and alignment.	No
11)	EWT Project office salaries and overheads	Extended Development Period	No	N/A	No	1,700,000	To maintain office lease, utilities, salaries for Project Director, Project Manager and one administrative position and miscellaneous overhead throughout extended development period.	No

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Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
<u>Budget Variance/Scope Change</u>								
	20) Expanded alternatives assessment	Scope Change	No	N/A	No	110,000	Costs associated with completing a detailed alternatives assessment considering over 30 additional alternative routes around communities, parks, reserves and protected areas in response to MNRF and MOECC instruction and stakeholder engagement.	No
	21) Incremental field studies and access route assessment	Scope Change	No	N/A	No	2,210,000	As a result of interaction with MNRF, additional environmental assessment and field study activity was determined to be required in relation to an expanded area, including access roads, laydown and difficult to access areas. The MNRF also requires significantly more detailed information on all aspects of the undertaking such as location of aggregate resources, detailed fisheries assessments, location of temporary laydown yards and man camps, typically associated with the permitting stage following approval of the EA.	No
	22) Incremental environmental permits	Scope Change	No	N/A	No	410,000	Additional costs for environmental permitting acquisition and related activities for the incremental EA field work identified in 21) above.	No
	23) Establish incremental study area and required activities	Scope Change	No	N/A	No	120,000	To work with MNRF and other agencies to delineate incremental study area and corresponding additional assessment activities identified in 21) above.	No

Extended Development Period Incremental Activities and Costs

Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
24)	Incremental socio-economic assessment	Scope Change	No	N/A	No	170,000	To complete additional socioeconomic data collection related to expanded study area identified in 21) above.	No
25)	Capacity funding agreements	Budget Variance	No	N/A	No	480,000	Increased capacity funding support provided to Aboriginal communities to facilitate traditional knowledge data collection and consolidation.	No
26)	Archaeology Stage 2 study	Budget Variance	No	N/A	No	1,270,000	Additional costs to complete Stage 2 archaeological assessment in relation to a larger area than originally anticipated. This is partially due to better information regarding archaeological potential made	No
27)	Timber valuation	Budget Variance	No	N/A	No	210,000	Costs to assess timber values on Crown and private land to further land appraisals and land rights optioning.	No
28)	Engineering review	Budget Variance	No	N/A	No	250,000	To complete a review of EWT Project for the LTC application for the purpose of design validation, cost estimate validation and project readiness.	No
29)	Land title review activity	Budget Variance	No	N/A	No	170,000	Additional costs to purchase and review title and encumbrance documents in support of third party agreement negotiations, which are more extensive than anticipated.	No

Extended Development Period Incremental Activities and Costs

Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
	30) Legal support for land activity	Budget Variance	No	N/A	No	340,000	Costs related to legal support required to review and execute land agreements, particularly complex in relation to Crown disposition rights holders.	No
	31) Compliance tracking and safety coordination & monitoring	Budget Variance	No	N/A	No	110,000	To track compliance with commitments made by NextBridge over the course of the design and development phases of the EWT Project, as well as to tailor safety processes and compliance monitoring for the EWT Project.	No
	32) Community investment	Budget Variance	No	N/A	No	40,000	Costs to support EWT Project area communities through funding and participation in events and activities.	No
	33) Data management/technical figure production	Budget Variance	No	N/A	No	50,000	Additional costs to collect, manage, interpret and prepare technical figures for the reports in support of the EA.	No
	34) Land access and optioning activities	Budget Variance	No	N/A	No	1,140,000	Costs resulting from obtaining access agreements independent of land optioning arrangements, which occurred when a specific route for acquisition could not be confirmed early in the development phase as anticipated.	No
	35) Market valuation	Budget Variance	No	N/A	No	30,000	Additional costs for the evaluation of land market values resulting from limited availability of sales data, requiring expansion of scope criteria to ensure determination of representative values.	No
	36) External general legal support for review and negotiations of documents & Aboriginal capacity funding agreements	Budget Variance	No	N/A	No	170,000	Increased costs to address requests for tailored capacity funding agreements.	No

Extended Development Period Incremental Activities and Costs

Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
37)	Aboriginal consultation costs	Budget Variance	No	N/A	No	160,000	Additional costs to coordinate EWT Project Aboriginal traditional knowledge data collection, consolidation and reporting.	No
38)	Stakeholder relations activity	Budget Variance	No	N/A	No	350,000	Additional costs attributable to incorporating expanded components to open house activities completed to date, including additional locations and security measures, as well as more frequent and extensive meetings with municipalities to address interest in the EWT Project.	No
39)	Regulatory and accounting matters	Budget Variance	No	N/A	No	140,000	To prepare OEB application for authorization to use US GAAP so as to streamline EWT Project accounting practices. Also, to prepare Electricity Reporting and Recordkeeping Requirement (RRR) submissions and to consider deferral account matters arising from the designation decision, PBR and other regulatory matters.	No
40)	Support functions for EWT Project development work from all work streams	Budget Variance	No	N/A	No	680,000	Additional costs for coordinating project development activities, including additional labour to manage the EWT Project through the development phase.	No
BUDGET VARIANCE/SCOPE CHANGE SUBTOTAL						8,610,000		

Extended Development Period Incremental Activities and Costs

Category of activity	Specific activity	Why is activity not included in original development schedule but is now required	Originally included in construction phase (1)	Reason for shifting to development phase	Related to consideration of a route through Pukaskwa National Park	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Explanation for the need for the incremental development cost	Originally included in budget for construction phase
<u>Phase Shift</u>								
	41) Environmental Assessment review participation	Filing EA in Advance of LTC.	Yes	With EA submission now scheduled to precede LTC filing by approximately seven months, a portion of the work required to participate in EA review process now falls during the development phase.	No	540,000	Costs to participate in EA review process scheduled to start in advance of the LTC filing.	Yes
	42) Incremental land optioning negotiations	Proactive measure to maximize extended development period so as to limit expropriation costs.	Yes	The 35 additional months offers a valuable opportunity to shift a component of land optioning and related activity into the development phase.	No	460,000	A portion of costs to acquire land options that were previously going to be pursued in the construction phase.	Yes
						1,000,000		
						1,960,000		
						20,370,000		

NOTES:

- (1) Construction phase refers to the period of time between filing of the LTC application and the in-service date.
- (2) In relation to certain activities, the referenced Extended Development Period Incremental Costs reflect contributions from multiple workstreams. A consolidation of the costs attributable to individual workstreams is captured in Schedule D.

Cost Category Budgeted	Board-Approved Costs (nominal dollars) (1)	Extended Development Period Incremental Costs (in 2015 \$, rounded to nearest 10,000s)	Total Anticipated Extended Development Period Costs (2)
Engineering, Design and Procurement Activity	10,553,290	240,000	10,793,290
Permitting and Licensing	47,320	30,000	77,320
Environmental and Regulatory Approvals	3,592,680	4,890,000	8,482,680
Land Rights	1,991,000	2,580,000	4,571,000
First Nations and Métis Consultation	1,724,000	3,750,000	5,474,000
Other Consultation	496,000	2,020,000	2,516,000
Regulatory (legal support, rate case and LTC filings)	985,000	1,510,000	2,495,000
Interconnection Studies	179,000	60,000	239,000
Project Management (3)	1,300,000	3,330,000	4,630,000
Contingency	1,529,710	1,960,000	3,489,710
TOTALS	22,398,000	20,370,000	42,768,000

NOTES:

(1) Ontario Energy Board EB-2011-0140 East-West Tie Line Designation Phase 2 Decision and Order issued on August 7, 2013.

(2) Total Anticipated Extended Development Period Costs do not include costs as set out in Table 2: Unbudgeted Costs in NextBridge's monthly and quarterly reports to the Board.

(3) Costs not attributable to a specific workstream have been captured within Project Management.