

January 5, 2016

**VIA COURIER, EMAIL, RESS**

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

Dear Ms. Walli:

**Re: EB-2015-0216: East-West Tie Line Designation  
Upper Canada Transmission, Inc.  
Cost Recording**

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The purpose of this letter is to request approval of a mechanism for Upper Canada Transmission, Inc. operating as NextBridge Infrastructure (“UCT” or “NextBridge”) to record costs relating to the new East-West Tie line electricity transmission project (“EWT Project”) from and after the date of filing of a leave to construct application for the EWT Project.

NextBridge is currently recording development costs for the EWT Project in a deferral account, the Development Cost Deferral Account (“DCDA”), that was approved by the Board in a decision issued on September 26, 2013. As set out in the Accounting Order that was attached as Appendix 2 to the September 2013 decision, costs of the development of the EWT Project are to be recorded in the DCDA up to the date of filing of a leave to construct application, or such other time as the Board may order.

NextBridge expects to file a leave to construct application for the EWT Project in the second quarter of this year. As of the date of filing of a leave to construct application, the current Board-approved terms of the DCDA will not allow NextBridge to continue recording costs in the DCDA. NextBridge will continue to incur costs relating to the EWT Project, however, as the application proceeds through the Board’s review process towards an ultimate determination of the request for leave to construct.

NextBridge, therefore, seeks approval of a mechanism that will allow costs relating to the EWT Project to be recorded from and after the date when the leave to construct application is filed.

To date, the DCDA has proven to be an effective mechanism for the recording of costs of the EWT Project and it will continue to be an effective mechanism during the period of time when the leave to construct application is under consideration by the Board. As indicated above, the current Board-approved terms of the DCDA explicitly allow for the issuance of an order that authorizes costs to be recorded in the DCDA until such time as the Board may determine. Thus, no change to the DCDA is needed to accommodate the continued recording of costs of the EWT Project from and after the date of filing of the leave to construct application, other than an order extending the period for recording of costs beyond the filing of an application. NextBridge, therefore, submits that it is expedient and appropriate for the Board to issue an order that costs be recorded in the DCDA until the Board's final determination on the leave to construct application. NextBridge respectfully requests that the Board issue such an order now in order to establish a mechanism, in advance of when it files the leave to construct application later this year, that will allow the continued recording of costs until the determination of the leave to construct application.

Alternatively, should the Board consider it more appropriate to establish a new deferral account to allow costs to be recorded from and after the date when a leave to construct application is filed, NextBridge requests approval of a Project Cost Deferral Account ("PCDA") for this purpose. A draft version of an Accounting Order for the PCDA is included as Attachment 1 to this letter.

In summary, NextBridge requests that the Board issue an order extending the DCDA until the Board's final determination of the leave to construct application. Alternatively, in the event that the Board considers it more appropriate to establish a new deferral account for the recording of costs as of the date of filing of the leave to construct application, NextBridge requests approval of the proposed PCDA.

If you have any questions about this letter, please do not hesitate to contact me at 403-718-3552 or Edith Chin at 416-753-7872.

Yours truly,

(Original Signed)

Krista L. Hughes  
Managing Legal Counsel  
Enbridge Employee Services Canada Inc.

Enclosure

DRAFT ACCOUNTING ORDER  
PROJECT COST DEFERRAL ACCOUNT

UPPER CANADA TRANSMISSION, INC.  
Accounting Entries for East-West Tie Line Project Costs  
Deferral Account No. 1508.003

Upper Canada Transmission, Inc. ("UCT") will establish the following new sub-account of Account 1508, Other Regulatory Assets: Sub-Account East-West Tie Line Project Costs.

UCT will record in the new sub-account costs relating to the East-West Tie Line Project ("Project") from the date of filing of a leave to construct application for the Project to the date of the Board's final order in respect of the leave to construct application, or such other time as the Board may order. The new sub-account will include sub-account categories consistent with those used in Account 1508.001 in order to allow for the continued recording of the costs of activities that, up to the date of filing of the leave to construct application, are recorded by UCT under the corresponding sub-account categories in the Development Cost Deferral Account. These sub-account categories are shown in the table below.

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

UCT will record interest on any balance in the new sub-account using the interest rates set by the Board. Simple interest will be computed monthly on the opening balance in the account until the time of final disposition of the full remaining balance of the account.

The accounting entries for the new sub-account are as follows:

Debit:           Account No. 1508.003  
                  Other Regulatory Assets: East-West Tie Line Project 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 Costs*, costs incurred by UCT relating to the Project. These costs are divided into the following sub-account categories:

<u>Sub-account Category</u>	<u>Description</u>
1	Engineering, design and procurement activity costs.
2	Permitting and licensing costs.
3	Costs of obtaining environmental and regulatory approvals.
4	Land rights costs (options or acquisitions) and costs for consultation and negotiation with landowners. Excludes Aboriginal land acquisition costs.
5	Costs of Aboriginal consultation.
6	Costs of 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.
13	Costs incurred for project activities not identified in other sub-account categories.

Debit: Account No. 1508.004  
Carrying Charges on Account 1508, Other Regulatory Assets: Sub-Account East-West Tie Line Project Costs

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

To record carrying charges on the balance in Account 1508, Other Regulatory Assets: Sub-Account East-West Tie Line Project Costs. Simple interest will be computed monthly on the opening balance in sub-account 1508.003 in accordance with the methodology approved by the Board.