

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B) (the “Act”);

AND IN THE MATTER OF an application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (“WPLP”) for an Order, pursuant to section 92 of the Act, granting leave to construct electricity transmission facilities from a point near Dinorwic to Pickle Lake, and extending north from each of Pickle Lake and Red Lake;

AND IN THE MATTER OF an application by WPLP for approval, pursuant to section 97 of the Act, of the forms of land agreements that it has offered or will offer to landowners directly affected by the proposed transmission facilities;

AND IN THE MATTER OF an application by WPLP for an Order, pursuant to section 101 of the Act, granting authority to construct portions of the proposed transmission facilities upon, under or over a highway, utility line or ditch;

AND IN THE MATTER OF an application by WPLP for a determination, pursuant to subsection 84(b) of the Act, that the 44 kV and 25 kV segments of the proposed facilities are part of the applicant’s transmission system notwithstanding that the voltages of these segments will be less than 50 kV;

AND IN THE MATTER OF an application by WPLP for a determination, pursuant to section 13.1 and Schedule 1 of the applicant’s electricity transmission licence (ET-2015-0264), that the proposed transmission facilities are in accordance with the scope recommended or supported, as applicable, by the Independent Electricity System Operator;

AND IN THE MATTER OF an application by WPLP for an Order, pursuant to section 74 of the Act, amending the applicant’s electricity transmission licence (ET-2015-0264) to reflect the Board’s determination under section 84(b), to update Schedule 1 to reflect the proposed transmission facilities and to approve certain exemptions from the Transmission System Code; and

AND IN THE MATTER OF an application by WPLP for approval, pursuant to subsection 78(2) of the Act, of a cost recovery framework for the proposed transmission facilities.

APPLICATION

1. Wataynikaneyap Power GP Inc.¹ (“Wataynikaneyap GP”) is an Ontario corporation and the general partner of Wataynikaneyap Power LP (“Wataynikaneyap LP”), an Ontario limited partnership. Wataynikaneyap GP on behalf of Wataynikaneyap LP (“WPLP” or the “Applicant”) holds an electricity transmission licence (ET-2015-0264) from the Ontario Energy Board (the “Board”). WPLP was established for the purposes of developing, constructing, owning and operating a new electricity transmission system in northwestern Ontario that will (i) reinforce transmission from a point near Dinorwic to Pickle Lake, and (ii) provide transmission connections to remote First Nation communities through transmission facilities extending north of Pickle Lake and north of Red Lake (collectively, the “Transmission Project”).
2. The Applicant is a partnership between 22 First Nations (the “Participating First Nations”) and Fortis Inc., with the Participating First Nations indirectly holding, in equal shares, a 51% interest in the Applicant, and Fortis Inc. indirectly holding a 49% interest in the Applicant.
3. The Participating First Nations² are each situated in northwestern Ontario and have formed a partnership on the basis of their shared interest in developing, owning and operating transmission facilities to connect remote First Nation communities (currently powered by diesel generation) to the provincial electricity grid, so as to provide reliable and accessible power to residents and businesses in the region. The electricity transmission facilities that

¹ Formerly known as 2472883 Ontario Limited

² Bearskin Lake First Nation, Cat Lake First Nation, Deer Lake First Nation, Kasabonika Lake First Nation, Keewaywin First Nation, Kingfisher Lake First Nation, Kitchenuhmaykoosib Inninuwug, Lac des Mille Lacs First Nation, Lac Seul First Nation, McDowell Lake First Nation, Muskrat Dam First Nation, North Caribou First Nation, North Spirit Lake First Nation, Pikangikum First Nation, Poplar Hill First Nation, Sachigo Lake First Nation, Sandy Lake First Nation, Slate Falls First Nation, Wabigoon Lake Ojibway Nation, Wapekeka First Nation, Wawakapewin First Nation, and Wunnumin Lake First Nation.

are the subject of this Application will enable WPLP to connect sixteen of the Participating First Nations to the provincial electricity system.³

4. Fortis Inc. is a leading North American electricity and gas utility company. Its regulated utilities serve more than 3 million customers across Canada and in the United States and the Caribbean. Fortis Inc. currently owns and operates a total of approximately 37,917 km of transmission lines and 234,365 km of distribution lines. Through its wholly owned subsidiary, FortisOntario Inc., Fortis owns and operates Canadian Niagara Power Inc., Cornwall Street Railway Light & Power Company Ltd. and Algoma Power Inc., each of which is regulated by the Board.
5. WPLP hereby applies to the Board, pursuant to section 92 of the *Ontario Energy Board Act, 1998* (the “Act”), for an order or orders granting leave to construct the following transmission and interconnection facilities:

The Line to Pickle Lake

- (a) a 230 kV switching station located adjacent to the existing Hydro One Networks Inc. (“Hydro One”) circuit D26A approximately 9 km southeast of Dinorwic (the “Wataynikaneyap SS”);
- (b) an approximately 303 km single circuit, overhead, 230 kV transmission line running from the Wataynikaneyap SS generally in a northeasterly direction to the Wataynikaneyap TS (described below) (the “Line to Pickle Lake”);
- (c) a 230/115 kV transformer station located near the intersection of Hwy 599 and Cohen Avenue in Central Patricia, which is approximately 3 km northeast from the Town of Pickle Lake (the “Wataynikaneyap TS”);

³ The Project is designed to permit the potential future connection of a 17th community, McDowell Lake First Nation.

The Pickle Lake Remote Connection Lines

- (d) approximately 890 km of single circuit, overhead, 115 kV, 44 kV and 25 kV⁴ transmission lines running from the Wataynikaneyap TS generally in a northerly direction to one switching station and subsequently to a series of nine transformer stations from which transmission service will be provided to distribution systems owned and operated by Hydro One Remote Communities Inc., which will serve customers in ten remote First Nation communities⁵ (the “Pickle Lake Remote Connection Lines”);

The Red Lake Remote Connection Lines

- (e) a 115 kV switching station located approximately 4 km southeast of Hydro One’s Red Lake TS adjacent to Hydro One’s existing circuit E2R (the “Red Lake SS”); and
- (f) approximately 531 km of single circuit, overhead, 115 kV and 25 kV⁶ transmission lines running from the Red Lake SS generally in a northerly direction to a series of three switching stations and six transformer stations from which transmission service will be provided to distribution systems owned and operated by Hydro One Remote Communities Inc., which will serve customers in six remote First Nation communities⁷ (the “Red Lake Remote Connection Lines”);⁸

⁴ The designation of low voltage facilities as transmission is subject to a request under Section 84(b) of the Act, as set out in paragraph 12, below.

⁵ (1) Wunnumin Lake First Nation, (2) Kingfisher Lake First Nation, (3) Wawakapewin First Nation, (4) Kasabonika Lake First Nation, (5) Wapekeka First Nation, (6) Kitchenuhmaykoosib Inninuwug, (7) North Caribou Lake First Nation, (8) Muskrat Dam First Nation, (9) Bearskin Lake First Nation, and (10) Sachigo Lake First Nation.

⁶ See note 4 above.

⁷ (1) Pikangikum First Nation, (2) Poplar Hill First Nation, (3) Deer Lake First Nation, (4) Sandy Lake First Nation, (5) North Spirit Lake First Nation, and (6) Keewaywin First Nation.

⁸ The Remote Connection Lines North of Red Lake include approximately 112 km of an approximately 117 km line that the Applicant intends to construct in advance of the Proposed Transmission Facilities and operate, on an interim basis, as a distribution line running from a connection point on Hydro One’s distribution system in Red

all of which are collectively referred to in this Application as the “Proposed Transmission Facilities”. The Proposed Transmission Facilities include ancillary facilities, such as necessary access roads and construction laydown areas.

6. Also described in this Application are certain facilities that will be designed, constructed, owned and operated by Hydro One and which are necessary to enable the interconnection of the Applicant’s Proposed Transmission Facilities to Hydro One’s transmission system. As WPLP will not be constructing those facilities, they do not form part of WPLP’s Proposed Transmission Facilities. However, the Hydro One facilities do form part of the Transmission Project. Moreover, as the Hydro One facilities are comprised of interconnection facilities linking its transmission system with WPLP’s adjacent transmission system, together with short line taps that are less than 2 km in length, Hydro One is exempt from having to seek leave to construct for its facilities pursuant to section 6.2(1)(c) and (f) of O. Reg. 161/99 under the *Ontario Energy Board Act, 1998*.
7. Through an Order-in-Council issued by the Lieutenant Governor in Council on July 20, 2016, the Province of Ontario has declared that the Proposed Transmission Facilities are needed as a “priority project” pursuant to Section 96.1 of the Act and, as such, the Board is required to accept that the construction of the Proposed Transmission Facilities is needed when forming its opinion under Section 96 of the Act.
8. In response to a Ministerial Directive issued pursuant to Section 28.6.1 of the Act (authorized by an Order-in-Council issued on July 20, 2016), the Board amended WPLP’s transmission licence (ET-2015-0264) on September 1, 2016 so as to include a requirement

Lake to a switching station serving the Pikangikum First Nation. Approximately 94 km of the 112 km portion of the line will be constructed to a 115 kV standard but, during the interim period, will be supplied by Hydro One’s 44 kV system and will therefore only be capable of operating at 44 kV. Approximately 18 km of the 112 km portion of the line will be constructed to a 25 kV standard. As part of the present application, the Applicant is requesting (a) approval to deem this 18 km segment to be part of the Applicant’s transmission system, and (b) approval to convert the 94 km portion of the line to a transmission voltage by changing its connection point from Hydro One’s 44 kV distribution system to the Applicant’s proposed Red Lake Switching Station. Approximately 4 km of the distribution line would not form part of the Proposed Transmission Facilities. See the Applicant’s distribution licence application in EB-2017-0236.

that the Applicant develop and seek approvals for the Line to Pickle Lake, the Pickle Lake Remote Connection Lines and the Red Lake Remote Connection Lines in accordance with the scope recommended and supported by the Independent Electricity System Operator (“IESO”). The Proposed Transmission Facilities are in accordance with the IESO’s recommended and supported scope, which is set out in the IESO’s October 13, 2016 *Report on the Recommended Scope for the New Line to Pickle Lake and Supported Scope for the Remotes Connection Project*.

9. The Applicant requests the Board’s approval pursuant to Section 97 of the Act for the forms of land agreements it has offered or will offer to conventional landowners identified through title searches as being directly affected by the Transmission Project.⁹ The Applicant’s proposed forms of land agreements address all of the essential easement considerations set out in Appendix ‘A’ of the Board’s Filing Requirements.
10. WPLP requests the Board’s approval pursuant to Section 101 of the Act for authority to construct portions of the Proposed Transmission Facilities upon, under or over a highway, utility line or ditch. The Applicant plans to enter into crossing agreements or similar arrangements with the conventional owners or persons in control of the highways, utility lines and ditches along or across which the Proposed Transmission Facilities will run. The Applicant requires authority under Section 101 in the event that it is unable to conclude such agreements or arrangements.
11. The Applicant requests a determination, pursuant to Section 13.1 and Schedule 1 of WPLP’s transmission licence (ET-2015-0264), that WPLP’s development of the Line to Pickle Lake and the Remote Connection Lines is in accordance with the scope recommended or supported, as applicable, by the IESO. The Applicant has developed the

⁹ Conventional landowners refers to parties who hold registered freehold land rights and from whom WPLP requires registered land rights, such as freehold, leasehold and easement rights, for the Proposed Transmission Facilities, as well as the Province of Ontario, which asserts authority over lands (commonly referred to as “crown lands”) and from whom WPLP requires rights through various permits and Provincial Crown Easements. Such conventional land rights are different from the Aboriginal, Treaty and Inherent rights in lands held by Aboriginal peoples.

Proposed Transmission Facilities in accordance with the parameters set out in the IESO's *Report on the Recommended Scope for the New Line to Pickle Lake and Supported scope for the Remotes Connection Project* dated October 13, 2016.

12. WPLP requests a determination, pursuant to Section 84(b) of the Act, that the 44 kV and 25 kV segments of the Proposed Transmission Facilities are part of the Applicant's transmission system notwithstanding that the voltages of these segments are less than 50 kV. These segments have been designed to be constructed and operated at lower voltages as part of the Applicant's efforts to optimize the Transmission Project design so as to minimize construction activity, as well as to minimize costs during the development, construction and operational phases. However, for all functional purposes, these segments will be part of the Applicant's transmission system.
13. The Applicant requests the Board's approval, pursuant to Section 74 of the Act, for certain amendments to its electricity transmission licence (ET-2015-0264). These amendments are required (a) to reflect the determination of the Board under Section 84(b) of the Act deeming the segments of the Proposed Transmission Facilities that would be constructed and operated at voltages of 50 kV or less to be part of the Applicant's transmission system, as requested above, (b) to update Schedule 1 of the licence, as contemplated therein, to reflect the more detailed description of the facilities to be owned and operated by the licensee under the licence based on the description of the Proposed Transmission Facilities in this Application, and (c) to approve, and reflect in Schedule 2 of the licence, exemptions from certain requirements of the Transmission System Code in relation to the Proposed Transmission Facilities. For instance, to align with the Applicant's proposed cost recovery framework (discussed below), it is seeking an exemption from the requirement to collect a capital contribution from Hydro One Remote Communities Inc. in respect of each of the 16 remote communities to be connected and, given that the Applicant has obtained impact assessments covering the Transmission Project as a whole, it is seeking exemptions from requirements to carry out further impact assessments prior to connecting Hydro One Remote Communities Inc. in each of the 16 remote communities.

14. WPLP requests the Board's approval, pursuant to Section 78(2) of the Act, for a cost recovery framework in respect of the Proposed Transmission Facilities under which the revenue requirement impact arising from the Remote Connection Lines capital and OM&A expense (direct and indirect) would be charged through a transmission rate applicable to service provided from the Remote Connection Lines and the revenue requirement impact arising from all other in-service capital costs and OM&A costs would be recovered through the Uniform Transmission Rate. WPLP requires approval of this framework because it is critical to the success of the Transmission Project and the financial viability of WPLP.
15. The Applicant also requests the Board's approval for an accounting order establishing a Construction Work in Progress Deferral Account into which WPLP would transfer costs that are recorded in its existing development costs deferral account and record capital costs from and after the date of the Board's order granting leave to construct until such time that the Board approves the inclusion of those amounts in WPLP's rate base. WPLP would record interest costs using the interest rate prescribed by the Board for Construction Work in Progress accounts. The proposed account would enhance tracking of costs in a transparent manner to facilitate future prudence review.
16. The Proposed Transmission Facilities will be located on lands that are subject to the Treaty, Aboriginal and Inherent rights of the Anishinabe and Anishinnuwug. As further discussed in Exhibit F, Tab 1, Schedule 1, the Applicant respects the Treaty, Aboriginal and Inherent rights of the Anishinabe and Anishinnuwug and is therefore committed to complying with their laws and customs in respect of spiritual and land rights, namely by following the Anishinabe and Anishinnuwug land sharing and traditional protocols.
17. The Proposed Transmission Facilities will also be located on lands over which the Province of Ontario, through the Ministry of Natural Resources and Forestry and the Ministry of Transportation, asserts authority. Moreover, a small proportion of the Proposed Transmission Facilities will be situated on First Nation Reserve lands and a relatively small number of privately owned parcels. The Applicant has secured land rights over some of

the privately owned parcels and is in discussions with provincial and federal authorities, as well as with the affected First Nations, regarding the lands that are required under legislation and by operation of provincial policy.

18. The Applicant has received final System Impact Assessment Reports from the IESO for each of the Line to Pickle Lake and the Remote Connection Lines North of Pickle Lake (the “Pickle Lake SIA”) and the Remote Connection Lines North of Red Lake (the “Red Lake SIA”). In the final Pickle Lake SIA, which was issued together with a Notification of Conditional Approval of Connection Proposal on June 1, 2018, the IESO concludes that, subject to the requirements specified therein, the proposed connection of the Line to Pickle Lake and the Pickle Lake Remote Connection Lines to the IESO-controlled grid is expected to have no material adverse impacts on the reliability of the integrated power system. Similarly, in the final Red Lake SIA, which was issued together with a Notification of Conditional Approval of Connection Proposal on June 7, 2018, the IESO concludes that, subject to the requirements specified therein, the proposed connection of the Red Lake Remote Connection Lines to the IESO-controlled grid is expected to have no material adverse impacts on the reliability of the integrated power system.
19. The Applicant has also received two draft Customer Impact Assessment Reports from Hydro One Networks Inc. (“Hydro One”). One is in respect of the Line to Pickle Lake and the Remote Connection Lines North of Pickle Lake (the “Pickle Lake CIA”) and the other is in respect of the Remote Connection Lines North of Red Lake (the “Red Lake CIA”). In the draft Pickle Lake CIA, issued on June 5, 2018, Hydro One concludes that the proposed connection of the Line to Pickle Lake and the Pickle Lake Remote Connection Lines to Hydro One’s transmission system will not adversely impact existing Hydro One customers in the relevant area. Similarly, in the draft Red Lake CIA, also issued on June 5, 2018, Hydro One concludes that the proposed connection of the Red Lake Remote Connection Lines to Hydro One’s transmission system will not adversely impact existing Hydro One customers in the relevant area. The Applicant is expecting the final Pickle Lake CIA and final Red Lake CIA to be issued by early Q3 2018.

20. The Applicant is undertaking two distinct environmental assessment (“EA”) processes for the Proposed Transmission Facilities. In particular, an Individual EA process under the provincial *Environmental Assessment Act* is being followed for the Line to Pickle Lake and, for the Pickle Lake Remote Connection Lines and the Red Lake Remote Connection Lines, the Applicant is implementing a comprehensive engagement plan and effects assessment that will address, in an integrated manner, all provincial class EA requirements under the provincial *Environmental Assessment Act* and certain additional environmental requirements from Indigenous and Northern Affairs Canada (“INAC”) based on its consideration of environmental effects. Although WPLP acknowledges that there are currently some differences between the routing and locations for transmission facilities proposed in this Application and those under consideration in the EA process, those differences are relatively minor and a process is in place to bring them into alignment through minor changes to be reflected in the final EA documents and a corresponding update to the evidence in the present Application, which is expected in approximately mid-July 2018. The Applicant’s evidence describes these differences, along with the process by which WPLP intends to bring the routing into alignment.
21. Subject to receipt of all necessary permits and approvals, as well as conventional land rights, the Applicant plans to commence construction of the Proposed Transmission Facilities in Q1 2019, beginning with the Line to Pickle Lake. Construction of the Remote Connection Lines will commence shortly thereafter in Q3 2019. The Line to Pickle Lake is expected to be in-service by Q4 2020, the first community connected in Q1 2021 and all construction completed by Q4 2023. Due to the seasonal availability of access roads and environmental restrictions, many construction activities can only be carried out during winter months. As such, it is critical for the project schedule that a decision be issued on this Application by early Q1, 2019. This would enable WPLP to mobilize and commence construction during the winter season.
22. The total cost of the Transmission Project, including all costs related to development, construction, contingency and capitalized interest, is \$1.65B. As WPLP is constrained by

its licence conditions and other factors with respect to the scale and scope of the Transmission Project and many aspects of its technical design, WPLP does not anticipate any material scope changes. Notwithstanding these constraints, WPLP has sought opportunities to mitigate costs in a number of ways during the development and construction periods through its approaches to project execution, engagement and partnership with First Nations, pursuit of funding contributions, project design and procurement strategies. Of particular significance is that WPLP has entered into a Memorandum of Understanding with Canada and the Province of Ontario, which will provide funding of \$1.56B conditional on appropriation of the funding by Parliament and the finalization of definitive documents. Also significant is the experience and expertise of the Participating First Nations and their unique capability to work with potentially affected First Nation communities and other stakeholders, which has been instrumental in project development efforts to date and will be essential to mitigating cost and execution risk through further development and during construction of the Transmission Project.

23. WPLP estimates that, without accounting for any federal government funding for the Transmission Project, the total bill impact to a typical residential customer in Ontario consuming 750 kWh per month would be \$0.75 per month, or 0.64%.
24. The evidence in support of this Application has been prepared in accordance with the requirements set out in the Board's *Filing Requirements for Electricity Transmission Applications – Chapter 4, Applications Under Section 92 of the Ontario Energy Board Act*, as amended July 31, 2014, as well as other applicable requirements under the Act.
25. The Applicant requests that copies of all documents filed with or issued by the Board in connection with this Application be served on the Applicant and its counsel as follows:

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26. Additional written evidence, as required, may be filed in support of this Application, which may be amended from time to time prior to the Board's final decision.
27. The Applicant requests that the Board proceed by way of written hearing, pursuant to Section 32.01 of the Board's *Rules of Practice and Procedure*.


Dated at Toronto, Ontario, this 8th day of June, 2018.

WATAYNIKANEYAP POWER GP INC.
on behalf of WATAYNIKANEYAP POWER LP

By its counsel, Torys LLP



Charles Keizer



Jonathan Myers