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Our File # 339583-000207

By electronic filing

July 13, 2015

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

Dear Ms. Walli

**Re: B2M Limited Partnership ("B2M LP")  
Cost of Service Application**  
**Board File #: EB-2015-0026**

Attached please find Technical Conference Questions of Canadian Manufacturers & Exporters ("CME") for B2M LP and Hydro One Networks Inc. ("Hydro One").

Yours very truly



Emma Blanchard

enclosure  
c. Mike Penstone (B2M)  
Erin Henderson (Hydro One)  
D.H. Rogers and Anita Varjacic (Rogers Partners LLP)  
Intervenors EB-2015-0026  
Paul Clipsham and Ian Shaw

OTT01: 7102578: v1

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** an Application by B2M Limited Partnership by its general partner, B2M GP Inc., for an order or orders approving rates for the transmission of electricity.

**TECHNICAL CONFERENCE QUESTIONS OF  
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)  
TO B2M LIMITED PARTNERSHIP (“B2M LP”)  
AND TO HYDRO ONE NETWORKS INC. (“HYDRO ONE”)**

**Hydro One’s Actual 2015 Long Term Debt Financings**

1. The additional updated evidence dated June 29, 2015, eliminates a total of about \$41.3 M from the cumulative revenue requirement for the period 2015 to 2019 initially claimed from ratepayers in the application materials filed by Hydro One on March 30, 2015 [IR response Board Staff #9]. The new evidence at Exhibit B1, Tab 1, Schedule 1, pages 2 and 3, and Exhibit B2, Tab 1, Schedules 1 and 2 indicates that this outcome is a consequence of a promissory note issued by B2M LP reflecting an actual 5 year note issued by Hydro One to third party public debt investors in the second quarter of 2015. In connection with this new evidence, please provide the following further information:
  - (a) Please list the actual long term debt financings made by Hydro One in 2015 to date compared to the 2015 financings forecast by Hydro One in the EB-2014-0140 materials consisting of 2015 borrowing requirements at a total amount of \$478 M evenly distributed over terms of 5, 10 and 30 years.
  - (b) Was the actual 5 year note issued by Hydro One to third party public debt investors in the second quarter of 2015 for all of the initially planned \$478 M in 2015, or for a lesser amount? If the note was for a lesser amount than \$478 M, then what additional financings in 2015, if any, is Hydro One currently planning, and for what term or terms, and at what forecast interest rate?
  - (c) On what date did Hydro One go to market to obtain the loan actually provided by third party debt investors in the second quarter of 2015 and how long did it take for debt investors to respond to Hydro One’s loan request?
  - (d) Please provide a copy of the Prospectus on which the loan request was based and a copy of the note issued by Hydro One to the debt investors.
  - (e) When did Hydro One first learn that it could likely obtain 2015 debt financing under the auspices of a 5 year note at a rate in the order of 1.6 to 1.7% per year,

being a rate substantially less than the 5 year rate of about 3.1% per year forecast in the EB-2014-0140 proceeding?

- (f) If the actual note in the second quarter of 2015 was for a total amount of \$478 M, then is it correct that about \$293 M of that amount has effectively been allocated or streamed to cover the Bruce to Milton assets which, in turn, are the responsibility of B2M LP under the auspices of a 5 year note payable to Hydro One?
  - (g) Please provide a copy of the note issued by B2M LP referenced at Exhibit B1, Tab 1, Schedule 1, page 2 at line 19.
  - (h) Assuming that the note issued by Hydro One was in the amount of \$478 M, how and when will Hydro One be updating its 2015 transmission rates to reflect the long term debt interest savings it has realized by actually issuing 2015 debt on \$185 M (the \$478 M financing less the \$293 M amount streamed to cover the Bruce to Milton assets = \$185 M)?
2. Pursuant to Procedural Order No. 1 dated May 27, 2015, the deadlines for Board Staff and intervenors to submit Interrogatories in this case were June 15 and June 17, 2015 respectively. Why did Hydro One wait until it had reviewed the Interrogatories submitted by Board Staff and intervenors before taking steps on June 29, 2015, to update its evidence to reflect the substantially reduced costs of its actual long term debt financings for 2015 compared to those forecast in the EB-2014-0140 proceeding?

### **Unplanned Capital Spending Account**

3. Exhibit F1, Tab 1, Schedule 1 at page 2 states that, due to the very large portfolio of assets that it manages, Hydro One Transmission is generally able to accommodate material unplanned spending related to unforeseen events. Given that the Bruce to Milton assets were included in the Settlement Agreement dated September 16, 2014 with respect to Hydro One Transmissions 2015 and 2016 Rates Revenue Requirement, and given that the Settlement Agreement does not make provision for unplanned capital spending, please explain why deferral account protection for unplanned capital spending associated with the Bruce to Milton assets is required for the years 2015 and 2016.

### **Start Up Costs**

4. We have reviewed the response to Board Staff Interrogatory No. 17 and do not find it sufficient to support a determination of the reasonableness of the Start Up and Development Costs incurred in connection with establishing B2M LP. In particular:
- (a) With respect to the \$2.5 M in Legal Costs which SON incurred in connection with the Negotiation of Master Implementation and Partnership Agreement and related matters, please provide detailed accounts including the nature of services rendered and the time over which the service were provided as well as all invoices and supporting dockets;
  - (b) With respect to the \$900,000 which SON and its financial expert incurred in relation to participating in the negotiation of the partnership agreement and

related matters please provide detailed accounts including the nature of services rendered and the time over which the service were provided as well as all invoices and supporting dockets; and

- (c) With respect to the \$1.8 M in Legal Costs incurred by Hydro One Transmission in connection with the Negotiation of Master Implementation and Partnership Agreement, please provide detailed accounts including the nature of services rendered and the time over which the service were provided as well as all invoices and supporting dockets.

#### **Incremental OM&A**

5. Please advise whether the Bruce to Milton transmission line was in service before the assets were transferred to B2M LP.
6. Please advise how the operation, maintenance and administration of the Bruce to Milton transmission line changed after the transfer of the assets to B2M LP.
7. Please provide particulars with respect to the tasks performed by B2M LP's Managing Director's Office as well as a detailed breakdown of the forecast annual incremental OM&A costs attributed to B2M LP's Managing Director's Office.

#### **Other Third Party Pass Through Charges**

8. Generally speaking, pass through charges must be specifically identified and approved by the Board before being included in rates. We have reviewed the response to Board Staff Interrogatory No. 3 and we do not believe that it provides sufficient detail to allow the Board to understand the full extent of costs which B2M LP may seek to recover through pass through charges. Please provide an exhaustive list of anticipated pass through charges.