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Borden Ladner Gervais

June 14, 2019

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: OEB File No. EB-2019-0015
North Bay (Espanola) Acquisition Inc. (the "Applicant")
MAADs Application - Argument-in-Chief

Pursuant to Procedural Order No. 4, please find enclosed the Applicant's Argument-in-Chief in the above-noted proceeding. Paper copies of this letter and the accompanying submission will be delivered to you by courier.

Should you have any questions or require further information in this regard, please do not hesitate to contact me.

Yours very truly,

Borden Ladner Gervais LLP

Per:

Original signed by John A.D. Vellone

John A. D. Vellone
/Encl.
c.c. Intervenors of record in EB-2019-0015

ONTARIO ENERGY BOARD

IN THE MATTER OF an application made by North Bay (Espanola) Acquisition Inc. for leave to acquire 100% of the issued and outstanding common shares of Espanola Regional Hydro Holdings Corporation and 100% of the special shares of Espanola Regional Hydro Distribution Corporation from The Corporation of the Town of Espanola and The Corporation of the Township of Sables-Spanish Rivers, made pursuant to Section 86(2)(b) of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application made by North Bay (Espanola) Acquisition Inc., Espanola Regional Hydro Holdings Corporation and Espanola Regional Hydro Distribution Corporation to amalgamate to create a new company operating under the name Espanola Regional Hydro Distribution Corporation, made pursuant to Section 86(1)(c) of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF an application made by North Bay (Espanola) Acquisition Inc. for approval of the proposed rate making framework under Section 78 of the *Ontario Energy Board Act, 1998*.

AND IN THE MATTER OF the Notice of Proposal provided by North Bay (Espanola) Acquisition Inc. pursuant to Section 81 of the *Ontario Energy Board Act, 1998*.

NORTH BAY (ESPANOLA) ACQUISITION INC.
ARGUMENT-IN-CHIEF

FILED: June 14, 2019

Board File No. EB-2019-0015

NORTH BAY (ESPANOLA) ACQUISITION INC.

ARGUMENT-IN-CHIEF

Filed: June 14, 2019

1. On January 16, 2019, North Bay (Espanola) Acquisition Inc. ("**NBEAI**") filed with the Ontario Energy Board (the "**OEB**" or "**Board**") an application under Section 86(2)(b) of the *Ontario Energy Board Act, 1998* S.O. 1998, c.15, Sched. B (the "**Act**") requesting approvals to facilitate the acquisition of Espanola Regional Hydro Holdings Corporation ("**ERHHC**") and Espanola Regional Hydro Distribution Corporation ("**ERHDC**") and an application under Section 86(1)(c) of the Act requesting the amalgamation of NBEAI, ERHHC and ERHDC to create a new company operating under Espanola Regional Hydro Distribution Corporation (the "**Application**").

2. The Application included:

   (a) an application made by NBEAI for leave to acquire 100% of the issued and outstanding common shares of Espanola Regional Hydro Holdings Corporation ("**ERHHC**") and 100% of the special shares of Espanola Regional Hydro Distribution Corporation ("**ERHDC**") from The Corporation of the Town of Espanola and The Corporation of the Township of Sables-Spanish Rivers, pursuant to Section 86(2)(b) of the Act; and

   (b) an application made by NBEAI for leave to amalgamate NBEAI, ERHHC and ERHDC to create a new company operating under the name Espanola Regional Hydro Distribution Corporation, made pursuant to Section 86(1)(c) of the Act; and

   (c) an application for approval of the proposed rate making framework under Section 78 of the Act.

3. The Application also included an application for determination to not review the notice of proposal accompanying the Application under Section 81 of the Act ("**Notice of Proposal**"), or in the alternative, approving the proposal on the basis that it will not adversely affect the development and maintenance of a competitive market and it is not inconsistent with the objectives of the Board or the purposes of the *Electricity Act, 1998*. On February 8, 2019, the OEB issued a letter to request NBEAI to file the Notice of Proposal separately from the Application. The Notice of Proposal was filed separately under EB-2019-0085 on February 13, 2019, and no longer forms a part of the Application.

A. <u>Unique aspects of this Application</u>

4. ERHDC can be characterized, in part, as a virtual utility. It has 7 employees actively involved in the day-to-day operations of the company. ERHDC is a party to a Services Agreement with

PUC Services Inc. ("**PUC**"), pursuant to which PUC provides management services, customer services and IT services to ERHDC.

5. ERHDC has not been before the Board for a cost of service application in seven (7) years, has not had rates adjusted in nearly four (4) years, and has been operating under interim rates since May 1, 2016.

6. In addition, ERHDC has not performed well financially over the recent years. For example, in 2017, its achieved regulatory ROE was 2.45%, well below the Board's deemed ROE dead-band of 300 basis points. Deferring rebasing of ERHDC by another 10 years following Phase 1 transaction, as permitted by the Board's Consolidation Handbook, would not be in the public interest.

7. Given these circumstances, NBEAI is proposing a two-phase transaction and is seeking approval of a Proposed Rate Framework which is customized to address the unique circumstances underlying the transaction while at all times conforming with the policy objectives and requirements established in the Board's Consolidation Handbook and Consolidation Report.

8. The Proposed Rate Framework is an integral, and non-severable component of the proposed two-phase transaction and this overall Application. **<u>If the Board determines that it will deny the Proposed Rate Framework, the balance of the Application must also be denied.</u>**

9. The Application is for the approvals required as a condition to the purchase by NBEAI of ERHHC and ERHDC, and the subsequent amalgamation of NBEAI, ERHHC and ERHDC, which will continue under the name ERHDC (the "**Phase 1 Transaction**" or "**Phase 1**").

10. In the Application, NBEAI proposes that following the Phase 1 Transaction, North Bay Hydro Distribution Limited ("**NBHDL**") and ERHDC be permitted to continue to operate as independent utilities until 2022 (i.e. after the PUC Services Agreement expires). Operational synergies are not yet possible because of ERHDC's obligations under, and PUC's rights under, the PUC Services Agreement (as further described below).

11. As an update to the Responses to Interrogatories, due to delays in this process and the work effort required, NBHDL intends to file its cost of service rebasing application for rates effective 2021 prior to the Phase 2 Transaction (the "**NBH Rebasing Application**"), subject to workflow limitations.[1]

12. In addition, if the Board approves the Phase 1 Transaction, NBEAI would **<u>ensure</u>** ERHDC files a cost of service rebasing application for rates effective May 1, 2021 (the "**Espanola Rebasing Application**").

[1] Responses to Interrogatories ("IRR") Staff-9 at page 26.

13. The Espanola Rebasing Application is required to maintain the ongoing financial viability of ERHDC, which earned an actual regulatory ROE of 6.29% in 2016, 2.45% in 2017, and has earned a similarly low ROE in 2018 of 4.12%.[2]

14. The Application also addresses a number of regulatory issues including:

- Bringing ERHDC back into compliance with OEB regulatory requirements by allowing ERHDC to begin the transition of residential consumers towards fully-fixed rates.
- Ending the ICM rate rider, and rolling the substation properly into rates, which will help reduce rates to the benefit of customers (the actual costs of the substation were less than what was previously forecasted).
- Filing a comprehensive five-year consolidated distribution system plan (DSP) in accordance with the OEB's requirement.
- Disposing of Group 1 DVAs, which were last disposed of for December 31, 2013 balances, and LRAMVA which was last approved for 2014 rates for pre-2012 programs in 2011 until April 2012.
- Updating ERHDC's load forecast, cost allocation and rate design to reflect more current information.

15. A fundamental component of the Proposed Rate Framework is that the NBH Rebasing Application and the ERHDC Rebasing Applications will be heard independently. No synergies are possible until the PUC Services Agreement expires.

16. Upon completion of the Espanola Rebasing Application, the NBH Rebasing Application, the transition of services from PUC to NBHDL, and the expiry of the PUC Services Agreement, NBHDL will bring a second application to the Board to approve the second phase ("**Phase 2**") of the transaction to allow for the amalgamation of NBHDL and ERHDC under Section 86(1)(c) of the Act (the "**Phase 2 Transaction**"). The ultimate amalgamated entity will operate under the name North Bay Hydro Distribution Ltd. ("**New NBHDL**").

17. Following completion of the Phase 2 Transaction, NBHDL would commit to only defer rebasing and rate harmonization of the consolidated utility for five (5) years.

18. This would ensure that ratepayers would see the benefits of the amalgamation of NBHDL and ERHDC by 2026, a full two (2) years earlier than if the 10-year deferred rebasing period was applied following the completion of the Phase 1 Transaction.

B. <u>Background of OEB on Consolidation Proceedings</u>

19. Consolidation in the electricity distribution sector has been the subject of much discussion since the late 1990s when the sector was first restructured under the *Energy Competition Act, 1998*.[3]

[2] IRR Appendix SEC-4 - ERHDC ROE Calculations 2016-2018 at page 68
[3] July 3, 2014 Decision approving the sale of Norfolk Power to Hydro One (Board File Nos. EB-2013-0196, EB-2013-0187 and EB-2013-0198) at page 2.

20. In current times, the Ontario Distribution Sector Review Panel issued a report entitled *Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First,* which advocates voluntary consolidation of electricity distribution companies.

21. To encourage consolidations, the OEB has put in place policies on rate-making that provide consolidating distributors with an opportunity to offset transaction costs with savings achieved because of the consolidation. The OEB sets out its policies on ratemaking associated with consolidation in a report entitled Rate-making Associated with Distributors Consolidation, issued July 23, 2007 and a further report issued under the same name on March 26, 2015 (the "**2015 Report**"). The 2015 Report permits consolidating distributors to defer rebasing for up to ten years from the closing of the transaction.

C. <u>The Proper Test</u>

22. The legal test that is used by the Board to consider the matters raised in the Application was first established in Board's Combined MAADs Decision (RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257):

> "The Board is of the view that its mandate in these matters is to consider whether the transaction that has been placed before it will have an adverse effect relative to the status quo in terms of the Board's statutory objectives. It is not to determine whether another transaction, whether real or potential, can have a more positive effect than the one that has been negotiated to completion by the parties."[4]

23. These objectives are set out in Section 1 of the Act. As part of subsequent decisions, the OEB provided additional clarity what would be considered in applying the "no harm" test.

24. Section 1 of the Act sets out the relevant objectives when assessing the "no harm" test:

> "1.(1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:
>
> > 1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
> >
> > 1.1 To promote the education of consumers.
> >
> > 2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
> >
> > 3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.

[4] RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257 Decision dated August 31, 2005 at page 6.

> 4. To facilitate the implementation of a smart grid in Ontario.
>
> 5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities."

25. This test has been repeatedly upheld by the Board in subsequent decisions including:

- EB-2018-0124 (Thunder Bay Hydro Electricity Distribution Inc./Kenora Hydro Electric Corporation Ltd.);
- EB-2017-0269 (Newmarket-Tay Power Distribution Ltd./Midland Power Utility Corporation); and
- EB-2017-0212 (Entegrus Powerlines Inc./St. Thomas Energy Inc.).

26. The leading case on the application of the "no harm" test is the Board's Decision and Order in EB-2016-0025/EB-2016-0360 dated December 8, 2016 in respect of the merger of utilities that would eventually become Alectra Utilities (the "**Alectra Decision**").

27. In the Alectra Decision, the Board provided additional guidance on the application of the no-harm test at pages 5-6:

> "While the OEB has broad statutory objectives, in applying the no harm test, the OEB's review primarily focuses on the impacts of the proposed transaction on price and quality of service to customers, and the cost effectiveness, economic efficiency and financial viability of the consolidating utilities. The OEB considers this an appropriate approach, given the performance-based regulatory framework under which regulated entities are required to operate and the OEB's existing performance monitoring framework.
>
> The OEB has implemented a number of instruments, such as codes and licences that ensure regulated utilities continue to meet their obligations with respect to the OEB's statutory objectives relating to conservation and demand management, implementation of smart grid, and the use and generation of electricity from renewable resources. With these tools and the existing performance monitoring framework, the OEB is satisfied that the attainment of these objectives will not be adversely affected by a consolidation and the no harm test will be met following a consolidation."

28. Finally, the OEB issued a *Handbook to Electricity Distributor and Transmitter Consolidation* in January 2016 ("**Handbook**") which provides guidance on the process for the review of an application, the information the OEB expects to receive in support of an application, and the approach it will take in assessing whether the transaction is in the public interest.

D. No Harm Test Applied

29. There is sufficient evidence on record in the Application for the Board to conclude that the 'No Harm' test has been met. Specifically, the Application evidence demonstrates that the proposed transaction will have a positive effect with respect to the price, service quality and the cost effectiveness, economic efficiency and financial viability of the electricity distribution sector.

D.1 Price

30. The following evidence is directly relevant with the Board's assessment of the price aspects of the "No Harm" test:

    (a) ERHDC receives and will continue to receive services under a Services Agreement with PUC effective June 1, 2016, as amended (the "**PUC Services Agreement**"), which continues until February 28, 2022.[5]

    (b) Following the completion of the Phase 1 Transaction, there will be no impact with respect to price or underlying costs due to the continuation of the PUC Services Agreement.[6]

    (c) After PUC Services Agreement ends, significant OM&A cost savings and efficiency gains can be made through the consolidation of administrative practices and economies of scale. This includes the consolidation of management, billing, customer service, finance and regulatory functions.[7]

    (d) In addition, customers of ERHDC will benefit because NBHDL can largely replace the services provided under the PUC Services Agreement at no incremental cost to customers.[8]

    (e) NBHDL would only defer rebasing for five (5) years following the Phase 2 Transaction. This ensures that ratepayers will gain the benefits associated with this transaction by 2026.[9]

    (f) NBEAI's proposed two-phase transaction will allow both ERHDC and NBHDL to file a full cost of service application in between Phase 1 and Phase 2. This will ensure that rates are adjusted to ensure updates to the underlying cost structure, load forecasts, and cost allocation and rate design are all reflective of the OEB's current policies.[10]

    (g) Underlying cost structures are forecasted to be lower than they would have been for ERHDC customers, and no higher than they would otherwise have been for NBHDL customers.[11]

    (h) Table 7-1 in the Application is reproduced below. The table shows the proposed 8-year cost structure for combining ERHDC and NBHDL and it shows a downward movement of

[5] Application at page 8.
[6] Ibid at page 24.
[7] Ibid at page 27.
[8] IRR DDR-1 at page 39.
[9] Application at page 25.
[10] Ibid at page 26.
[11] Ibid at page 27.

ERHDC's underlying cost structure is expected after consolidation as compared to remaining status quo at independent LDCs.[12]

	Phase 1 Transaction YR1 - 2019	NBH COS YR2 - 2020	ERH COS YR3 - 2021	PUC Services Agreement ends; Phase 2 Transaction YR4 - 2022	YR5 - 2023	YR6 - 2024	YR7 - 2025	YR8 - 2026
OM&A Costs -								
ERH	1,556	1,594	1,633	1,673	1,714	1,756	1,799	1,843
NBH	7,234	7,411	7,628	7,818	8,014	8,214	8,417	8,624
Status Quo	8,791	9,005	9,261	9,491	9,728	9,970	10,215	10,467
Synergies	-	-	75	(572)	(657)	(667)	(676)	(686)
Proposed OM&A	**8,791**	**9,005**	**9,336**	**8,919**	**9,071**	**9,303**	**9,539**	**9,781**
				Deferred Rebasing Period				

(i) The proposed transaction is expected to deliver sustainable reductions to the underlying cost structure of ERHDC customers and those savings will ultimately be passed on to the ratepayers eight years following the completion of the initial purchase by NBEAI.[13]

(j) The primary benefit for NBHDL customers is that New NBHDL will operate with essentially the same level of administrative costs, but with a larger customer base resulting in a lower OM&A cost per customer to the benefit of all customers. The acquisition of ERHDC results in a reduced OM&A cost per customer for both NBHDL and ERHDC customers.[14]

(k) Incremental one-time transaction and transition costs are expected to be approximately $600,000.[15] These costs are not, and will not, be recovered from ratepayers through underlying OM&A cost structures, but will be funded through company residual earnings.[16]

D.2 Quality of Service

31. The following evidence is directly relevant with the Board's assessment of the quality of service aspects of the "No Harm" test:

(a) NBHDL and ERHDC have strong System Average Interruption Duration Index ("**SAIDI**") and System Average Interruption Frequency Index ("**SAIFI**") metrics. The 2017 SAIDI and SAIFI results indicate that both LDCs have provided their customers with excellent reliability and shows how both utilities have expertise in handling elements and conditions which affect reliability in Northern Ontario.[17] The transaction will have no negative impact on this quality of service for either utility into the future.

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[12] Ibid at page 25.
[13] Ibid at page 29.
[14] IRR DDR-5 at page 45.
[15] Application at page 35.
[16] IRR Staff-2 at page 6.
[17] Application at page 29.

(b) ERHDC will benefit from access to fully resourced operations, engineering and customer service departments in NBHDL, adding resources to handle and improve all aspects of system adequacy, reliability and quality of electrical service.[18]

(c) ERHDC will also benefit from technology enhancements, including extension of NBHDL SCADA system to ERHDC, implementation of a stable, secure information technology backbone, aligned with current cyber security regulatory requirements, with full remote support from NBHDL.[19]

(d) The quality of service is reflected currently in the 2017 scorecards of both ERHDC and NBHDL. Both scorecards demonstrate extremely strong performance and trending in the areas of customer service and reliability and demonstrate a further alignment of objectives aimed at maintaining or improving service levels.[20]

D.3 Impact of the proposed transaction on economic efficiency and cost effectiveness in the distribution of electricity

32. The following evidence is directly relevant with the Board's assessment of the economic efficiency and cost effectiveness aspects of the "No Harm" test:

(a) The similarities between NBHDL and ERHDC and the combined experience of NBHDL and ERHDC allow for the maintenance of service quality while still achieving economic efficiencies. NBHDL is skilled at operating an overhead system in a primarily rural service territory, addressing the unique needs of the community and customers in a cost-efficient manner.[21]

(b) In particular, the core strengths of NBHDL in community building, reliability, safety, operations, customer service and solid financial performance will be leveraged by ERHDC through one integrated management team and board of directors.[22]

(c) ERHDC will also be brought back into compliance with the Board's regulatory requirements, and its rates will be updated through the ERHDC Rebasing Application to eliminate risk and uncertainty.

(d) The transaction is anticipated to generate sustainable administrative cost savings as a result of centralizing back-office functions including management, billing, customer service, finance and regulatory functions.[23]

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[18] Application at page 31.
[19] Ibid.
[20] Ibid.
[21] Application at page 34.
[22] Ibid.
[23] Ibid.

D.4 The maintenance of financially viable electricity industry

33. The following evidence is directly relevant with the Board's assessment of the financial viability aspects of the "No Harm" test:

(a) ERHDC has not been before the board for a cost of service rebasing in seven years and has been operating under interim rates since May 1, 2016. In order to enhance economic efficiency and for ERHDC to continue investing in the operational and infrastructure needs of the communities it serves and to position itself in a more financially viable position, ERHDC needs to have rates re-set. Statistically, ERHDC's 2017 actual regulatory ROE was 2.45%, which was 6.67% lower than the Board's deemed rate.[24] The rate setting process will allow ERHDC to address its operational and infrastructure needs within the context of just and reasonable rates and enhance its financial ability as an LDC.[25]

(b) Before the acquisition neither NBHDL nor ERHDC were levered at the full 60%:40% debt-to-equity ratio (1.50), and consequently both NBHDL and ERHDC have the capacity to take on additional debt while not impacting the financial viability of NBHDL or ERHDC.[26]

(c) As shown in the table below, the purchase price will have no impact on the financial viability of NBEAI and NBHDL (combined) or of New NBHDL.[27] These financial ratios are supported by the pro forma financial statements appended to the Response to Interrogatories for Staff-7(a) and (b).

	Pre-Phase 1 Transaction		**Post-Phase 1**	**Post-Phase 2**
	NBHDL (2018)	**ERHDC (2018)**	**NBEAI & NBHDL Combined (2020)**	**New NBHDL (2022)**
Leverage (Debt-to-equity)	1.00	1.12	1.30	1.26
Liquidity (Current ratio)	1.85	1.32	1.71	1.67
Debt Service Coverage Ratio (TD calculation)[1]	1.29	N/A	1.26	1.38
Debt Service Coverage (IO calculation)[2]	1.75	1.67	1.34	1.34
Debt to Total Asset Ratio (IO calculation)[3]	40%	35%	45%	45%
Debt to Capitalization Ratio (TD calculation)[4]	44%	N/A	54%	53%

[1] TD minimum Debt Service Coverage Ratio of 1.20. (Obligation waived for NBEAI until Phase 2).
[2] IO minimum Debt Service Coverage Ratio of 1.25 for NBEAI and 1.30 for NBHDL. (Obligation waived for NBEAI until Phase 2).
[3] IO requires the Debt to Total Asset Ratio to be less than 60%. (Obligation waived for NBEAI until Phase 2).
[4] TD requires the Debt to Capitalization Ratio to be less than 60%. (Obligation waived for NBEAI until Phase 2).

[24] Ibid at page 27.
[25] Ibid at page 35.
[26] IRR Staff-4 at page 12.
[27] Ibid. Also see Table 1: Key Financial Ratios as updated in NBEAI's letter on May 17, 2019.

D.5 Transaction Costs

34. The following evidence is directly relevant with the Board's assessment of the transaction cost aspects of the "No Harm" test:

    (a) The incremental transaction costs in this proposed transaction, which is expected to be approximately $600,000, will not be included in the revenue requirement of NBEAI, NBHDL, nor New NBHDL.[28]

    (b) These costs are not, and will not, be recovered from ratepayers through underlying OM&A cost structures; funding is through company residual earnings.[29 and 30]

    (c) Any costs incurred for retaining independent and financial advisors will be borne by the parties themselves. None of these costs will be funded by ratepayers.[31]

D.6 Purchase Price

35. The following evidence is directly relevant with the Board's assessment of the purchase price aspects of the "No Harm" test:

    (a) The purchase price will not have an adverse effect on the financial viability of NBEAI or New NBHDL (see above). The cost of service applications that will take place for NBHDL and ERHDC will address the revenue requirements of the business. Any increases in debt to equity ratios or reduction in liquidity will be temporary, and are well within the financial capacity of NBHDL (as shown in the table above).[32]

    (b) NBEAI has already negotiated financial terms with it's lender with the circumstances of ERHDC and the intention to amalgamate in 2022 taken into consideration.[33]

    (c) New NBHDL will have strong liquidity and debt service ratios as well as more optimal debt to equity ratios with financial capacity for necessary borrowing.[34]

    (d) Based on the evidence in the Application, the purchase price will not create a financial burden for the NBHDL nor will it affect the economic viability of NBHDL or NBEAI.[35]

E. <u>Conclusion</u>

36. In conclusion, NBEAI submits that the Board should approve the Application and the Proposed Rate Framework on the basis that:

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[28] Application at page 35.
[29] IRR Staff-2 at page 6.
[30] IRR SEC-16 at page 83.
[31] Application at page 35.
[32] Application at page 36.
[33] Ibid at page 37.
[34] Ibid.
[35] IRR DDR-14 at page 55.

(a) The evidence in the Application demonstrates that the transaction has no adverse impact on the price, adequacy, reliability and quality of electricity service of NBHDL or ERHDC;

(b) ERHDC will be brought back into compliance with the OEB's regulatory requirements, ending the ICM rate rider, which will help reduce rates to the benefit of customers; and

(c) The Proposed Rate Framework will maintain the ongoing financial viability and the financial positions of ERHDC and NBHDL, and will ensure that the New NBHDL will be financially viable into the future.

37. All of which is respectfully submitted this 14th day of June, 2019.

BORDEN LADNER GERVAIS LLP

Per:

Original signed by John A. D. Vellone

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John A.D. Vellone
Counsel to North Bay (Espanola) Acquisition Inc.

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