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March 30, 2020

Delivered by Email & RESS

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Hydro One Networks Inc.: Application for leave to upgrade existing transmission line facilities in the Barrie-Innisfil area
Board File No. EB-2018-0117
InnPower Corporation Letter of Comment**

We are counsel to InnPower Corporation (“**InnPower**”). While InnPower is not a party to proceeding EB-2018-0117, we are submitting this letter of comment in response to OEB staff’s submission in connection with the subject proceeding, which was filed on March 18, 2020 (the “**Submission**”).

In its Submission, OEB staff submits that although it supports Hydro One Networks Inc.’s (“**Hydro One**”) section 92 application for leave to construct, it is of the view that InnPower does not require an extended capital contribution installment period of 15 years. In particular, OEB staff submits:

It appears, from OEB staff’s review of the evidence, that InnPower does not require an extended capital contribution installment period as a result of any breaches of debt covenants.... OEB staff is of the view that InnPower should include the full capital contribution in its rate base as an intangible asset when the asset goes into service and Hydro One should include the full capital contribution as an offset in its rate base when the asset goes into service.¹

...

OEB staff submits that InnPower has not been able to demonstrate that there will be high bill impacts that would necessitate a capital contribution installment period exceeding five years. InnPower has also not indicated that the revised bill impacts was the driver for the installment period extension request. OEB staff also submits that InnPower has not provided any further rationale that justifies the need for the extension of the installment period to fifteen years. Therefore, based on

¹ OEB Staff Submission, s. 1.3

OEB staff's review of the evidence, InnPower does not require an extended capital contribution installment period as a result of any breaches of debt covenants.²

InnPower agrees with OEB staff—a capital contribution installment period of 5 years will not cause InnPower to breach any of its debt covenants, nor will it lead to significant bill impacts for InnPower's customers. This is entirely consistent with InnPower's response to Technical Conference undertaking JT1.8.

For this reason, InnPower accepts OEB staff's recommendation for repayment of the capital contribution over a 5 year period starting in the year the asset goes into service. InnPower is currently scheduled for its next cost of service rebasing in 2022, the year the asset is currently anticipated to go into service. In the event either the rebasing application or the transmission reinforcement does not proceed to the anticipated schedule, InnPower reserves the right to bring an Incremental Capital Module request to fund its capital contribution.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by John A.D. Vellone

John A.D. Vellone

cc: Glen McAllister, InnPower Corporation
Danny Persaud, InnPower Corporation
Linda Gibbons, Hydro One Networks Inc.
Michael Engelberg, Hydro One Networks Inc.

² Ibid, s. 3.1.