

April 22, 2020

BY EMAIL AND RESS

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: EB-2017-0182: Request to Establish Sub-Accounts Related to COVID-19

Upper Canada Transmission, Inc. operating as NextBridge Infrastructure (“NextBridge”) requests the Ontario Energy Board (“Board”) approve the creation of two sub-accounts under the existing Uniform System of Accounts number 2055 “Construction Work in Progress – Electric” (CWIP) to record incremental construction costs and interest related to COVID-19.

Although NextBridge is a new regulated transmitter that has not yet applied for Board approved rates, the Board has designated and licenced NextBridge to construct and operate the East West Tie Line. In its February 11, 2019 decision in EB-2017-0182, the Board directed NextBridge to use CWIP Account 2055 to record construction costs incurred after July 31, 2017. NextBridge requests that the Board also authorize it to track in new sub-accounts of Account 2055 incremental construction and interest costs related to COVID-19.

On March 25, 2020, the Board approved an accounting order for the establishment of deferral accounts to record the impacts arising from the COVID-19 Emergency for electricity and natural gas distributors. In that order, the Board concluded “. . . that electricity and natural gas distributors may incur incremental costs as a result of the ongoing COVID-19 pandemic, the severity and duration of which is uncertain at this time.” The same holds true for NextBridge’s construction of the East West Tie Line.

Construction of the East West Tie Line started earlier this year, and that construction has been impacted by the COVID-19 pandemic, as described in NextBridge’s April 22, 2020 Quarterly Report. At this time, it is not possible nor will it be in the foreseeable future to know the quantum of incremental construction costs incurred due to the COVID-19 pandemic between now and the end of construction. In fact, there may be multiple times prior to the end of construction that COVID-19 impacts the construction of the approximately 450 kilometer East West Tie Line in Northern Ontario. Each impact to construction could potentially result in incremental costs related to the ramping up and down of construction, extended construction, acceleration of construction, including additional cleaning, screening, imposition of social distancing related costs, and other incremental costs associated with addressing COVID-19 risks. Therefore, NextBridge respectfully requests the Board approve the creation of CWIP 2055 sub-accounts to track these COVID-19 related costs. It is expected that the costs tracked in the sub-accounts will be brought



forward for review and approval as part of a future proceeding after the construction of the East West Tie Line is completed and in-service. An Accounting Order to establish these sub-accounts is provided in the form attached.

Sincerely,

Original Signed By

Jennifer Tidmarsh
Project Director, NextBridge

**TRANSMISSION ACCOUNTING ORDER
SUBACCOUNTS XXXX and YYYY – IMPACTS ARISING FROM THE COVID-19
EMERGENCY**

Upper Canada Transmission, Inc. operating as NextBridge Infrastructure, LP (“NextBridge”) shall establish new Construction Work in Progress (CWIP) Account 2055 sub-accounts entitled “Impacts Arising from the COVID-19 Emergency” – sub-account XXXX, and “Impacts Arising from the COVID-19 Emergency – Carrying Charges” – sub-account YYYY. These sub-accounts will record the incremental costs due to the impact of COVID-19 on the construction of the East West Tie Line. Given that COVID-19 has already impacted the construction of the East West Tie Line, this account is made effective March 23, 2020 when NextBridge first notified the Board of the impact of COVID-19 on construction. NextBridge shall record interest on the principal balance using the prescribed interest rates set by the Board. Simple interest is to be calculated on the opening monthly balance of the account until the balance is fully disposed.

The capital costs in the sub-accounts will be tracked and deferred until after the East West Tie Line is completed and in-service, and, therefore, review, approval and disposition by the OEB will be requested in a future proceeding. The new sub-accounts will be discontinued at that time.

Proposed Accounting Entries - USofA # Account Description

Dr. 2055 – Sub-account XXXX: Impacts Arising from the COVID-19 Emergency
Cr. 2205 Accounts Payable / 1005 Cash

To record incremental project construction costs associated with the COVID-19 Emergency

Dr. 2055 – Sub-account YYYY “Impacts Arising from the COVID-19 Emergency – Carrying Charges”
Cr. 4405 – Interest and Dividend Income

To record carrying charges on the principal balance in the Impacts Arising from the COVID-19 Emergency sub-account