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BY EMAIL AND RESS

January 7, 2021

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

Dear Ms. Long:

EB-2020-0150 – Upper Canada Transmission (NextBridge Infrastructure LP) - 2022-2031 Custom Incentive Rate-setting Application – Interrogatories to Applicant

As directed in the Ontario Energy Board's ("OEB") Procedural Order No. 1 issued December 16, 2020, Hydro One Networks Inc. is filing the enclosed Interrogatories for Upper Canada Transmission, Inc. (operating as NextBridge Infrastructure LP).

An electronic copy of the interrogatories has been submitted using the OEB's Regulatory Electronic Submission System.

Sincerely,

Joanne Richardson

Hydro One Networks Inc. Interrogatories

Upper Canada Transmission Inc. (NextBridge Infrastructure LP)

2022-2031 Custom Incentive Rate-setting Application

January 7, 2021

HONI 1

Issue List Item:
#1 General

References:
Exhibit B, Tab 1, Schedule 1, Attachment 1 (IESO Letter)

> *"The IESO understands that NextBridge experienced a temporary suspension of construction activities on the East-West Tie Line Project, between **April 3, 2020 and May 19, 2020**, due to the potential COVID-19 related impacts to the health and safety of its construction workers. As per the Ontario Energy Board's February 11, 2019 Decision and Order, the East -West Tie Line Project is to be in-service for October 28, 2021. **According to NextBridge, mitigating the schedule risk caused by the temporary suspension of construction, could result in increased costs to the project (between $15-$20 million).** The IESO understands that NextBridge's preference is to avoid these additional costs; however, doing so would require extending the in-service date to March 31, 2022." [Emphasis added]*

Questions:

a) Is the Project still on schedule for a March 31, 2022, in-service date? If not, what is the new date?

b) Please provide details of how the temporary suspension of construction cost estimate of $15-$20 million, referenced in the above excerpt, was calculated?

c) Did NextBridge incur any of these costs, regardless of the in-service delay accepted by the IESO? And if so, are they included in the COVID deferral account?

HONI 2

<u>Issue List Item:</u>
#7 – Deferral/Variance Accounts

<u>Topic:</u>
Construction Cost Variance Account

<u>References:</u>
Exhibit H, Tab 1, Schedule 1, Attachment 3

"This account will track any difference in revenue requirement and includes:

- *Differences between forecasted construction costs in this Application and the actual final project construction costs, including IDC;*
- *COVID-19 related capital costs incurred during construction in excess of forecasted construction costs in this Application;*
- *directly related costs associated with construction that extend past the in-service date such as environmental costs that are a result of commitments in the OBP and/or Amended EA for construction monitoring and mitigation programs that are not already accounted for in the construction costs (i.e., environmental mitigation costs of $1 million that were included but occur post in-service date because they were known and quantifiable amounts)."*

Exhibit B, Tab 1, Schedule 1, Attachment 1

Exhibit C, Tab 1, Schedule 1, Attachments – Quarterly Reports

<u>Questions:</u>

a) Please confirm that NextBridge is planning to track COVID-19 costs in the Construction Cost Variance Account (CCVA) and that the expectation is that these costs will eventually be included in CWIP or the capital cost of the asset? Please explain how NextBridge expects to differentiate between the two items it intends to track in this account. Specifically, how the difference between forecast construction costs and actual construction costs overruns will be calculated, and how COVID-19 related costs will be verified.

b) Please confirm that NextBridge informed the IESO that COVID-19 impacted operations from April 13 to May 19, 2020 (Exhibit B, Tab 1, Schedule 1, Attachment 1)?

c) Please confirm that in NextBridge's Quarter 3 Project reporting, submitted October 22, 2020, the reported costs related to COVID-19 were $100 CAD.

d) Since COVID-19 interrupted operations in April-May 2020, please explain why a new estimate of its cost impact cannot be provided at this time?

e) Please outline the rationale as to why the OEB should deviate from its policies and allow NextBridge to record those COVID-19-related items in the proposed non-generic DVA requested in this Application versus being dealt with as part of the ongoing COVID-19 deferral account consultation?

f) How does the December 16, 2020, release of the OEB Staff Proposal "Consultation on the Deferral Account–Impacts Arising from the COVID-19 Emergency" impact NextBridge's assessment and tracking of COVID-19-related capital costs?

g) Please confirm or correct Hydro One's understanding of Table 1 in Exhibit H, Tab 1, Schedule 1, page 4. Does the second line "Variance Account (as incurred)" show in years 2-5, actual OM&A numbers expected, or is it showing the return expected if costs have been capitalized? Is the intention that the deferral account will continue for the entire 10 years of the rebasing period?

h) Please provide the accounting entries that will apply to disposition of the CCVA.

HONI 3

Issue List Item:
#6 Rate Base and Cost of Capital

References:
Exhibit B, Tab 1, Schedule 6 – Capital Expenditures Plan

> *"NextBridge will continue to complete an annual capital investment planning process to continually refine a plan that appropriately reflects operational needs, while minimizing rate impacts by not requesting these annual capital expenditures be added to rate base over the IR Term."*

Exhibit A, Tab 3, Schedule 1, page 6 – Executive Summary

> *"NextBridge proposes a 0% Productivity Factor ("X") to be applied annually over the 2023 to 2031 period. NextBridge is a new entrant and has a structure unlike other transmission and distribution companies in Ontario. NextBridge's proposal reflects these circumstances and is appropriate for the following reasons:*
>
> - *NextBridge's assets are new, and, therefore, minimal OM&A was included in the Test Year revenue requirement. Changes in OM&A have to be absorbed within the RCI construct.*
>
> - *NextBridge's only controllable costs are OM&A where productivity is normally realized. Because of the small amount of OM&A and also in comparison to the non-controllable costs (e.g. cost of capital, depreciation, income tax), productivity is nearly impossible to realize."*

Questions:

a) On page 2 of reference 1, NextBridge writes: "During the IR Term, the expenditures will be depreciated, and that depreciation expense is not being sought for recovery in the current application." What is the annual depreciation associated with assets shown in Table 1?

b) Did NextBridge look at the Settlement Capital Adjustment Factor that has been approved by the Board for the NRLP and B2M LP revenue cap applications? Both of these companies are also "one-asset companies" with relatively new assets and minimal short-term investment requirements and therefore are very comparable to NextBridge from a revenue requirement setting perspective. To align with the regulatory treatment afforded to NRLP and B2M LP, please provide a revenue requirement sensitivity analysis comparing: (i) the revenue requirements over the 10-year rate period requested in this Application (as provided in Exhibit E, Tab 1, Schedule 1, Table 3; (ii) the 10-year revenue requirements calculated using a Settlement Capital Adjustment Factor analogous to that agreed to by NRLP and B2M LP (0.6)[1]; and (iii) the 10-year revenue requirements calculated using a Settlement Capital Adjustment Factor of 0.9, given the larger declining rate base for NextBridge. Additionally, for ii) and iii), please forecast the revenue requirement over the 10-year rate period assuming that NextBridge was approved for only half of inflation, analogous to NRLP. Comparing these revenue requirement adjustments to those proposed by NextBridge (a forecast 2% inflation rate and no productivity adjustments), why does NextBridge believe its proposal is fair to ratepayers given the recent OEB revenue-requirement setting approvals for single-asset transmitters.

c) Please provide a revenue requirement analysis for the 5-year period after the applied-for deferral period (e.g. years 11–15), that includes the added capital expenditures forecast in Table 1 of Exhibit B, Tab 6, Schedule 1. Please provide all assumptions, including tax (e.g. tax loss carryforwards).

[1] Revenue Cap Index ("RCI") formula: RCI = I – X - SCAF
Where: "I" is the Inflation Factor;
"X" is the Productivity Factor, which includes a Stretch Factor; and
"SCAF" is the Settlement Capital Adjustment Factor, which was approved by the OEB to be equal to 0.6%.

HONI 4

Issue List Item:
#6 Rate Base and Cost of Capital

References:
Exhibit B, Tab 1, Schedule 6 – Capital Expenditures Plan

1. *"NextBridge's proposal to mitigate the potential for overearning is to not include in the revenue requirement during the currently requested IR Term and not record it in a deferral account:*
    i) any additional OM&A costs above the rates set in this Application; nor
    ii) any increased financing costs as a result of maturing and reissuing debt throughout the IR Term."

2. *"This plan offsets future OM&A costs with base capital expenditures, and provides for increased reliability by taking advantage of new technology and equipment to gain additional situational awareness of real-time conditions at various critical crossings in the line. The capital expenditures for the East-West Tie line to be spent over the IR Term can be divided into three areas: general plant; storage yard; and reliability"*

Questions:

a) With respect to (i) in Reference 1, how is this different from any other cost of service approval granted by the OEB?

b) Regarding Reference 2 above, what is the useful lives of the assets that NextBridge is planning to add to capital expenditures versus charging to OM&A?

HONI 5

Issue List Item:
#6 Rate Base and Cost of Capital

References:
Reference 1 – Exhibit C, Tab 2, Schedule 4 – Forecast Construction Costs

i) "The fees for these permits (federal permits issued under subsection 28(2) of the Indian Act) are paid to the federal government to be held in trust for the First Nations ***and paid during construction and annually*** *for the life of the East-West Tie line." [Emphasis added]*

ii) "The majority of these functions are performed by NextBridge partner organizations and are provided at an hourly rate ensuring a much more cost effective process than hiring external firms or incurring the costs of establishing NextBridge employees. During the monthly review of costs, the Project Director analyzes the number of hours spent on these activities. At one review, it was noticed and decided on that the number of hours could be reduced if certain internal financial reporting activities were consolidated, thus reducing costs."

Reference 2 – Exhibit F, Tab 4, Schedule 2

"While a corporate allocation charge from any partners working on the project is not included in OM&A costs, NextBridge did include costs of three resources that would directly charge less than half of their time to the project to support the financial aspects of the partnership. These costs are for direct charges to NextBridge associated with maintaining the partnership financials, accounting, tax filings, managing the debt and associated compliance obligations, preparation of any regulatory accounting (including annual updates to the OEB), coordinating required financial audits, and reporting to the partners and Project Director monthly on the financial integrity of the partnership. This allows NextBridge to utilize economies of scale in the partner entities to supply corporate services at a discount to ratepayers, rather than hiring employees or utilizing outside contracted resources."

Questions:

a) The Reference 1(i) costs are shown under Forecast Construction Costs. Does this mean that the plan is to capitalize the annual cost or to charge to OM&A?

b) For Reference 2 – Please confirm that the "partners working on the project" that are not included in OM&A costs, are not entities regulated by the OEB. Please provide any applicable affiliate agreements.

HONI 6

Issue List Item:
#5 Operations, Maintenance and Administrative Costs

#6 Rate Base and Cost of Capital

Topic:
Transmission Cost Benchmarking Study – Capital & OM&A Comparison

References:
Reference 1 – Exhibit B, Tab 1, Schedule 7 Attachment 1, Transmission Cost Benchmarking Study

Reference 2 – Exhibit F, Tab 4, Schedule 1

Reference 3 – Exhibit C, Tab 1, Schedule 1

Questions:

a) In Reference 1, please clarify why the Figure 3 total cost for the new EWT of $773,713 was discounted to $740,521 in Figure 4. In this clarification, please take into consideration the NextBridge Statement of Average Rate Base provided at Reference 3, page 3 of 3. In the Application, NextBridge is calculating its average rate base of $770.4M, based on an April 1, 2022 gross plant cost of $774.9M. Please align the $774.9M with the discounted value utilized by Charles River Associates (CRA) for the purposes of the comparisons completed.

b) Please confirm that the values used in the EWT project in Figure 3 of Reference 1 are still forecast numbers. Please confirm that these forecast values have been compared against actual costs for all the other projects and that CRA has made no adjustment to account for the fact that the EWT costs remain forecast costs. Please comment on whether a further sensitivity analysis should be in effect when comparing the total construction costs of the EWT. In responding to this question, please keep in mind that NextBridge is requesting a construction costs variance account as part of this Application.

c) Figure 3 of Reference 1 provides the following values: (i) construction costs of $578,948 and (ii) total costs of $773,713. CRA explains in the report that the relative share of construction costs to total project cost varied widely across projects studied. Please confirm that none of the projects CRA elected to compare to EWT had construction costs representing 75% of total costs? How does this impact the comparability of the projects?

d) Please clarify why *materials* were weighted/extrapolated/discounted at significantly different rates than the other categories, including construction?

e) In section 2.1 of CRA's Benchmarking Study, CRA writes:

> *"To escalate Materials costs, CRA used a blend of Handy-Whitman's Towers & Fixtures and project costs have large commodity components, even within Canada, these material elements would be expected to track the CAD equivalent of the USD index. The index escalation was therefore compounded with the exchange rate changes to arrive at an effective CAD Handy-Whitman index.*
>
> *Material costs are driven largely by the economy at the time the project's material were tendered. Changes in the price of commodities such as steel, aluminum and to a lesser extent, copper, drive changes to the price of materials. The volatility exhibited by these commodities makes it difficult to determine a constant annual growth rate for the purposes of cost escalation. Therefore, it is prudent in this case, to use with industry-standard best practice and use the Handy-Whitman Indices for transmission material costs. The Handy-Whitman index has been used by expert economic consulting firms in total factor productivity studies presented as evidence in matters before the OEB. There is no Canadian equivalent of the Handy-Whitman index suitable for escalating transmission project costs."*

Generally, this method results in the figures provided in Figure 14. Please confirm Hydro One's understanding of the CRA evidence. The Handy-Whitman Index illustrates that in the Plateau region, the "materials" index in USD illustrates a 10-year average CAGR of 1.5% and a 5-year average CAGR of 1.4%. However, when converted to CAD, the "materials" index CAGR increases to 3.4% on a 10-year average outlook, or about 5 times more when compared on a 5-year CAGR at a compound annual growth rate of 6.9%. Please explain why the 5-year average CAGR for the Plateau region would be 6.9% in CAD dollars and 1.4% in USD?

f) CRA provides that the Handy-Whitman index has been used by expert economic consulting firms in total factor productivity studies presented as evidence in matters before the OEB. Please provide examples where the Handy-Whitman index has been converted into CAD, as done by CRA, and utilized as a price-escalating tool. In providing these examples, please state whether the Total Factor Productivity Studies have been escalated using exchange rates, as done by CRA in the Benchmarking Study used in this Application, or whether some other escalation method is used in the example, e.g., purchasing power parity. If required, please update the results of the Benchmarking Study provided in Reference 1 if the Handy-Whitman Index was converted to CAD using purchasing power parity data in lieu of foreign exchange rates.

g) Please correct the cost of the line work for the Bruce-to-Milton Project that has been incorrectly presented in the report. The line costs of the Project were actually $641,686. Total project costs were $710,173. Both values are documented in the post-construction and financial monitoring report that was submitted to the OEB on November 25, 2015, and is publicly available at the following web address: [http://www.rds.oeb.ca/HPECMWebDrawer/Record/506872/File/document.](http://www.rds.oeb.ca/HPECMWebDrawer/Record/506872/File/document)

h) In section 2.2.5 of the Benchmarking Study, CRA introduces terrain multipliers and land cost/acre multipliers for the WECC Study. Given that right-of-way costs can dominate a cost analysis, it is striking that there are no localized factors applied to isolate for realty costs in the differing parts of the province. Why? As identified in the Bruce-to-Milton post-construction report, over $95M of the $641M line works are real estate costs for the 180 km 500kV Bruce-to-Milton line. Conversely, only $23.8M is attributed to the 450 km 230kV EWT line. Please opine on the impact of local realty costs on a transmission line project and how the EWT line real estate acquisition costs (non-Indigenous and Indigenous) compare to the comparables selected by NextBridge, given the difference in land acquisition cost on a per acre basis.

i) In section 2.2.3, CRA compares the EWT to the BC Northwest Transmission Line. How comparable is this project given that there is no granular data?

j) In Section 2.2.3, why does CRA believe it is reasonable to assume that the cost split between stations and lines work for the BC Northwest Transmission Line would be analogous to the Bruce-to-Milton Project split? In responding to this question, please articulate how the projects were similar enough to reach that conclusion, given that the Bruce-to-Milton Project is a 500 kV double circuit transmission line and the BC Northwest Transmission Line Project was a 287 kV single circuit guyed lattice tower transmission line with station work that included, but was not limited to, the build of a completely new substation.

k) In Section 2.2.4 CRA discusses Alberta projects. The Alberta projects are the most expensive of any of the alternatives considered by a significant margin (over $1M/km greater than the next escalated comparable and about $2M/km more expensive than the EWT costs utilized). Did CRA investigate why these costs were so much more expensive? Is it reasonable to include these projects as comparables? If so, why?

l) Under Section 2.2.6, in Note 13, CRA write that “the Niagara region has different, and more difficult, terrain than that of Northwestern Ontario, which may lead to lower construction costs compared to Northwestern Ontario.” Please explain this footnote and what is intended to be conveyed.

m) With respect to OM&A, at Exhibit F, Tab 4, Schedule 1 NextBridge’s evidence is that overall, NextBridge’s OM&A *spending on a per asset basis* is low in comparison to other transmitters in Ontario, as detailed in the CRA benchmarking study attached as Exhibit B, Tab 1, Schedule 7 Attachment 1. Please provide any reference in the CRA report that investigated *OM&A spending on a per asset basis* and the values of that assessment.

n) Under Section 2.3, it is unclear how the B2M LP total OM&A was calculated. The total OM&A for 2020 for B2M LP per the Settlement Agreement filed under EB-2019-0178 is $1.2M. Please update the values in Figure 10 accordingly or explain how the $1.6M total OM&A was calculated.

o) Under Section 2.3, for the development of Figure 10, CRA includes costs for NRLP and B2M LP’s managing director office. Please confirm that similar costs are included for the new EWT in Figure 10. If not, please remove these costs from the comparison.

p) Under section 2.3, for the development of Figure 10, CRA excludes approximately $2M of annual OM&A costs attributed to Indigenous Participation and Indigenous Compliance costs. Please elaborate on Note 16 that suggests that these types of costs are *unique to the EWT.* In so doing, please keep in mind that both NRLP and B2M LP also encompass Indigenous partnership agreements.

q) Please include the aforementioned Indigenous Participation and Indigenous Compliance costs and update the results in Figure 10.

r) Please provide the 5- and 10-year CAGR for the Handy Whitman indices for the same time period as those provided in Figure 15, i.e., 2005-2014 and 2010 to 2014.

HONI 7

Issue List Item:

#5 Operations, Maintenance and Administrative Costs

#6 Rate Base and Cost of Capital

Topic:

Asset Management Plan and Capital Expenditure Plan

References:

Reference 1 – Exhibit B, Tab 1, Schedule 4 – Asset Management Plan

Reference 2 – Exhibit B, Tab 1, Schedule 6 – Capital Expenditure Plan

Reference 3 – Exhibit F, Tab 3, Schedule 1 – Anticipated Sources of Efficiencies

Questions:

a) In the years immediately following in-servicing of an asset, inspection and maintenance activities are expected to be minimal. The in-service date for the EWT is March 2022. When are the maintenance activities indicated in Reference 1 expected to start?

b) Please explain why the bird excrement deterrent is considered capital.

c) Please quantify the reliability benefits, on this brand new transmission line, of the ROW cameras and bird excrement deterrents.

   i. NextBridge denotes costs anticipated for vehicle replacements, bird deterrents, and ROW cameras. Hydro One notes that there will be aerial patrols of the line, and Hydro One will perform a number of activities to assist in the inspection and maintenance of the lines. Therefore, considering the frequency of line inspections that will be performed on an annual basis, please provide additional clarity around the need for replacement of vehicles (point #6 in Reference 2) “every few years” and Utility Terrain Vehicles (point #8 in reference 2) “every five years”.

   ii. Considering that frequent inspections will be occurring (annually as per Table 1 in Exhibit B, Tab 1, Schedule 4), please provide additional clarity around the need for installation of bird deterrent devices. Additionally, please provide additional supporting information on the effectiveness of bird deterrent devices and if/how doing so would help to reduce OM&A costs.

   iii. Please provide additional clarity around the need to install ROW cameras when the application states it would be “beneficial” to restoring power for interruptions. Without the installation of ROW cameras, would restoration time of the line(s) be adequate and still comply with IESO Market Rules? If yes, why are ROW cameras being installed?

   iv. Can the inspections be reduced, given that ROW cameras will be installed? Does this help to reduce OM&A costs for sections of the line where the cameras will be located?

v. At Reference 3, NextBridge writes "The majority of NextBridge's OM&A services (accounting for approximately 75% of the 2022 forecast) will be provided by HONI through the HONI SLA, with the remaining to be provided by the partner companies under the NEET Agreement." In making this statement, NextBridge footnotes that "…the annual payments to First Nations for easements to locate the East-West Tie line while an annual expense, was not included in calculation of the percentage of the customary transmission OM&A that HONI will conduct." If the *annual payments to First Nations for easements to locate the East-West Tie line* are included in total OM&A, how much of the annual OM&A budget is accounted for by the Hydro One SLA?

HONI 8

Issue List Item:
#7 – Deferral/Variance Accounts

Topic:
Proposed Revenue Differential Account

References:
EB-2020-0150 – Exhibit H, Tab 1, Schedule 1 – Deferral and Variance Accounts

EB-2019-0082 – Exhibit H - Deferral and Variance Accounts – Hydro One Network Inc. Revenue Requirement Application (2020 through 2022),

Questions:

a) Please confirm that this account will calculate only the difference in timing (i.e. the forecast in-service date) and that no other revenue requirement inputs will change (i.e. all other inputs to the revenue requirement calculation will not be adjusted – such as rate base, long-term debt rate, working capital rate etc.)?

b) If a delay in the planned in-service date was avoidable or could have been mitigated by NextBridge, does NextBridge agree that only entries to the benefit of ratepayers should be recorded in the account?

HONI 9

Issue List Item:
#7 – Deferral/Variance Accounts

Topic:
Transmission Asymmetrical Capital Account

References:
Exhibit H, Tab 1, Schedule 1 – Deferral and Variance Accounts

Preface:
Many Utilities in Ontario, including Hydro One, have an OEB-approved asymmetrical capital variance account. The account protects ratepayers from any in-service forecast variance, such that ratepayers are not paying for an asset that was not placed in-service. The asymmetrical nature of the account ensures that if a utility cannot execute the full extent of its capital in-service plan, as forecast in its rebasing rate application, the associated revenue requirement of the assets not in-serviced are returned to ratepayers.

Questions:

a) Please provide the rationale for why NextBridge believes that a similar asymmetrical variance account should not apply to NextBridge during the duration of its rate filing period for its newly constructed single line asset facility?

b) If NextBridge does believe that this account should apply, please provide an example calculation assuming that NextBridge under-in-services in 2021 and over-in-services in 2022.

HONI 10

<u>Issue List Item:</u>
#7 – Deferral/Variance Accounts

<u>Topic:</u>
Transmission Asymmetrical Capital Account

<u>References:</u>
Exhibit H, Tab 1, Schedule 1 – Deferral and Variance Accounts

> *“NextBridge will potentially apply for Z-factor treatment if material costs are incurred for unforeseen events for reasons beyond the company’s control that occur during the IR Term. NextBridge will apply for an accounting order for use of this account should such an event occur and will notify the OEB prior to including any amounts in this account.”*

<u>Preface</u>:
Like all transmitters in Ontario, NextBridge will have access to standard regulatory mechanisms, such as the Z-Factor (which NextBridge is specifically seeking OEB confirmation to utilize if appropriate circumstances prevail), off-ramps, and the Incremental Capital Module (ICM) or Advance Capital Module (ACM), if it encounters circumstances beyond management’s control that impact the profitability/ sustainability of operations during the Application’s proposed rate file period.

<u>Questions:</u>

a) Please explain the rationale behind why NextBridge believes it requires additional forms of regulatory protection from the new accounts it has requested the OEB to approve in this Application.

HONI 11

Issue List Item:
#5 – Operations, Maintenance & Administration Costs

Topic:
Tax

References:
Reference 1 – Exhibit A, Tab 3, Schedule 1, page 3 of 22

Reference 2 – Exhibit F-12-01-01 – Calculation of Utility Income Taxes for Test Year

Reference 3 – Exhibit F, Tab 13, Schedule 1, page 1 of 4

Reference 4 – Exhibit H, Tab 1, Schedule 1, page 1 of 5

Questions:

a) OMERS is a pension plan registered in Canada, holding 20% interest in NextBridge through Borealis NB Holdings Inc. Since Canadian pension plans are generally tax-exempt pursuant to the Income Tax Act, and it is generally understood that wholly-owned subsidiaries of pension plans are also tax-exempt, please clarify why Bamkushwada LP is stated to be the only non-taxable entity whereas Borealis NB Holdings Inc. is also a non-taxable entity. If Borealis NB Holdings Inc. is a non-taxable entity, why does it appears to be taxable in Reference 2, even though it is held by OMERS? Please explain.

b) In Reference 2, assuming that “NEE” represents NextEra Energy NextBridge Holding, ULC, “ENB” represents Enbridge Inc., “OMERS” represents Borealis NB Holdings, Inc., and “BLP” represents Bamkushwada, LP, please confirm the tax status of each partner and specifically whether each partner is taxable or tax-exempt for Canadian federal and provincial income tax purposes.

c) With respect to Reference 4, in the event that the tax-exempt statuses of the partners are challenged and revoked, will taxes associated with such changes in tax-exemption status be included in account 1592?

d) Will the tax associated with all changes in ownership between tax-exempt and taxable ownership be recorded in account 1592?

e) Notwithstanding changes in ownership or tax statuses, will any tax impacts arising from tax assessments/reassessments on filing positions be recorded in account 1592?

HONI 12

Issue List Item:
#5 – Operations, Maintenance & Administration Costs

#6 – Rate base and Cost of Capital

Topic:
Indigenous Economic Participation and Indigenous Consultation

References:
Reference 1 – Exhibit C, Tab 2, Schedule 4

Reference 2 – Exhibit F, Tab 4, Schedule 2

Questions:

a) How will the $9.7 million of Indigenous Economic Participation be spent? Please categorize this spend based on the activities identified in paragraphs 83, 84 and 85 of Reference 1 above.

b) At Reference 2, please clarify why no costs have been incurred to acquire a Section 28(2) permit for Pic Mobert First Nation. What is the estimated costs of any outstanding permits?

c) Please elaborate on paragraph 20 of Reference 2. More specifically, please elaborate on how exactly the $0.89M would be utilized as an OM&A program delivery cost.