



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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January 7, 2021
Our File: EB20200150

Attn: Christine Long, Registrar

Dear Ms. Long:

Re: EB-2020-0150 – Nextbridge 2022-2031 Rates – SEC Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Attached, please find a copy of SEC’s interrogatories in the above-captioned matter.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (“Act”);

AND IN THE MATTER OF an Application by Upper Canada
Transmission, Inc. operating as NextBridge Infrastructure, LP
for an Order or Orders pursuant to section 78 of the Act
approving rates and other charges for transmission of electricity.

INTERROGATORIES
ON BEHALF OF THE
SCHOOL ENERGY COALITION

SEC-1

[A-2-1, p.2] Please confirm that the Applicant’s proposal is to have a fiscal year for rate-setting purposes beginning April 1st, but with the exception of 2022, a rate year beginning January 1st.

SEC-2

[A-3-1, p.6; <https://www.oeb.ca/sites/default/files/OEB-ltr-2021-inflation-updates-20201109.pdf>]
Please explain why the Applicant is not proposing to use the OEB’s inflation factor weighting for transmission Revenue Cap Plans of 86%/14%, as opposed to its proposed 70%/30% weighting.

SEC-3

[A-3-1, p.6;] The Applicant notes that one of the reasons it is not proposing a productivity factor is that its “only controllable costs are OM&A where productivity is normally realized”. If the Board were to determine that a specific productivity factor should be applied to only the OM&A portion of the test year revenue requirement, what productivity factor would the Applicant believe would be appropriate and on what basis?

SEC-4

[A] Please place on the record in this proceeding a copy of all the Applicant’s evidence (pre-filed evidence, interrogatory responses, oral hearing transcripts, undertaking responses etc.) in EB-2017-0182 regarding construction costs. (Note: It is sufficient for the Applicant to simply agree to deem its evidence in that proceeding on the record for this proceeding and provide a link to the OEB’s WebDrawer, as opposed to re-filing all the material.)

SEC-5

[A-3-1, p.16] The Applicant notes that maintenance services will be provided by Hydro One and their partner, Supercom Industries:

- a. Please explain the relationship between Hydro One and Supercom.
- b. Has the Applicant entered into any preliminary agreement, memorandum of understanding of any other agreements (binding or otherwise) that outlines the

relationship between the Applicant, and Hydro One and/or Supercom, with respect to operations and maintenance activities? If so, please provide a copy.

- c. When does the Applicant expect to enter into a Service Level Agreement with Hydro One and/or Supercom?
- d. Since the Applicant has not entered into a Service Level Agreement with Hydro One and/or Supercom, how has the Applicant forecasted the costs of its Operations & Maintenance budget?

SEC-6

[A-3-1, p.16] The Applicant notes that it will have a Service Level Agreement with its affiliate NextEra Energy Transmission, LLC (“NEET”):

- a. Has the Applicant entered into any preliminary agreement, memorandum of understanding, or any other agreements (binding or otherwise) that outlines the relationship between the Applicant and NEET? If so, please provide a copy.
- b. When does the Applicant expect to enter into a Service Level Agreement with NEET?
- c. Does the Applicant expect to receive any services from any other affiliates? If so, please provide details and what type of agreement will govern those relationships?
- d. What will the basis of the pricing be between the Applicant and any of its affiliates, including NEET?
- e. Since the Applicant has not entered into an SLA with NEET? How has the Applicant forecasted the costs for services it will receive from them?

SEC-7

[Ex. A-3-1] SEC seeks to understand the implications of the Applicant’s Revenue Cap Index proposal. Using an assumed 2% inflation factor, please provide a table that shows for each year of the 2022-2031 rate plan term:

- a. The amount of revenue expected to be collected based on the Applicant’s Revenue Cap Index proposal.
- b. The amount of revenue expected to be collected if the Applicant was using a cost of service methodology. For the purposes of this calculation, assume OM&A increases annually at the assumed rate of inflation.

In your response, please detail all assumptions and provide the underlying calculations (including any live spreadsheets used for the purposes of responding to this interrogatory).

SEC-8

[A-3-1, p.17] Is the Applicant seeking to use the 2020 OEB Cost of Capital parameters for the purpose of setting the test year budget or does it plan to update the parameters for the updated now released 2021 parameters? If not, please explain why not.

SEC-9

[C-2-4] Please provide a copy of the most recent project construction status report or similar document provided to the Applicant’s Board of Directors.

SEC-10

[C-2-4] With respect to construction costs:

- a. Please complete the following table:

Category	EB-2017-0182 Forecast (1)	Costs For Purposes of 2022 Rates (2)	Final Cost Forecast (3)
Construction	356,548		
Site Clearing Costs	107,463		
Site Remediation Costs	13,899		
Materials & Equipment	89,408		
Project Management	4,901		
Construction Management, Engineering, Design & Procurement	19,342		
Real Estate & Property Acquisition costs	23,831		
First Nations & Métis Consultations	13,211		
First Nations & Métis Participation	7,000		
Other Consultations	2,530		
Environmental Approval	13,031		
Regulatory Costs	5,405		
Contingency	49,399		
Interest During Construction (“IDC”)	31,003		
Total Construction Cost	736,971		
(1) EB-2017-0182, Exhibit I.NextBridgeVECC.2			
(2) Costs that the Applicant is seeking to include in opening 2022 rate base			
(3) Most recent forecast of final forecast costs including impacts of COVID-19 and any other costs that it would otherwise include in Construction Cost Variance Account.			

- b. Please explain all material variances by category between, a) the cost forecast included in EB-2017-0182, and b) the forecast costs sought for approval for rate purposes in this application.
- c. Please explain all material variances by category between, a) the cost forecast included in this application, and b) its final cost forecast which includes all costs including those caused by COVID-19 and that would be included in the proposed Construction Cost Variance Account.

SEC-11

[F-4-1, p.12] In EB-2017-0182 the Applicant’s OM&A forecast was \$3.9M a year as compared to the \$4.94 that it now forecasts. Please explain the variance and why it is reasonable.

SEC-12

[F-12-1] Does the Applicant (directly or through its limited partners) expect to pay any income tax during the term of the rate plan other than the Ontario Corporate Minimum Tax? If so, please explain when and on what basis.

SEC-13

[F-13-1, p.2] Please explain how the 2022 forecast Accounting Income was derived.

SEC-14

[F-13-1, p.3] The Applicant states that it will use the OCMT expense incurred in the test year to reduce the income tax expenses in the future years during the IR term, when there is a sufficient level of taxable income. When does the Applicant expect there to be a sufficient level of taxable income to allow for the OCMT to be deducted?

SEC-15

[G-2-2, p.1] What is the forecasted length of the long-term debt financing it expects to obtain?

SEC-16

[H-1-1, Attach 3] SEC seeks to understand how the Applicant envisions the Construction Cost Variance Account to operate:

- a. What exactly is the Applicant recording in the account? Is it the variance in construction costs, the revenue requirement impact of the variance in construction costs, the revenue that would be collected through the Revenue Cap Index if the final construction costs had been approved into rates, or some other amount?
- b. When the balance of the account is approved for disposition, please explain how the Applicant expects to recover the additional amounts. Does it expect the balance to be recovered by way of a rate rider, adjustment to the revenue requirement used for the purposes of the annual Revenue Cap Index, or some other method?

SEC-17

[H-1-1, Attach 3] Please explain why the Applicant proposes to record COVID-19 related construction costs in the proposed Construction Cost Variance Account and not in the OEB's Account 1509, COVID-19 Emergency, Sub-account Other Costs.

SEC-18

[H-1-1, Attach 5] Has the Applicant recorded any amounts in the OEB COVID-19 Account 1509? If so, please provide a detailed breakdown.

Respectfully submitted on behalf of the School Energy Coalition this January 7, 2020.

Mark Rubenstein
Counsel for the School Energy Coalition