

John A.D. Vellone
T (416) 367-6730
F 416.367.6749
jvellone@blg.com

Flora Ho
T (416) 367-6581
F 416.367.6749
fho@blg.com

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada M5H 4E3
T 416.367.6000
F 416.367.6749
blg.com



February 17, 2021

Delivered by Email and RESS

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

Dear Ms. Long:

Re: PUC (Transmission) LP – Application for Electricity Transmission Licence

We are counsel to PUC (Transmission) LP (“PUC Transmission” or the “Applicant”).

PUC Transmission is hereby applying to the Ontario Energy Board (“OEB” or the “Board”) pursuant to Section 60 of the *Ontario Energy Board Act, 1998* (the “OEB Act”) for an Electricity Transmission Licence under Section 57(b) of the OEB Act.

Enclosed is the Applicant’s completed application form, together with all attachments (the “Application”). Payment of the applicable filing fee in the amount of \$1,000 will be made through online payment. The Application contains information and attachments that the Applicant requests to be filed in confidence and such request will be addressed below under the section “Confidentiality Request”.

1. The Applicant

PUC Transmission is a newly-formed Ontario limited partnership. PUC (Transmission) GP Inc. (“PUC Transmission GP”) is the general partner of PUC Transmission. PUC Distribution Inc. (“PUC Distribution”), PUC (Transmission) LP Inc. and PUC (Transmission) GP are wholly owned by PUC Inc. PUC Inc. and PUC Services Inc. are wholly owned by The Corporation of the City of Sault Ste. Marie.

PUC Distribution owns the assets that are used to distribute electricity to residences and businesses within the boundaries of the City of Sault Ste. Marie as well as parts of Prince Township, Dennis Township and the Rankin Reserve. It also owns transmission assets, which are managed, operated and maintained by PUC Services Inc.

There is a letter of support in place for Axiom Infrastructure Canada II Limited Partnership (“AIC II LP”), represented by Axiom Infrastructure Inc., acting on behalf of Axiom Canada II Partner Inc., the general partner of AIC II LP (“Axiom”) pursuant to which Axiom has agreed in principle to finance the costs incurred by PUC Transmission for the proposed facilities set out in the Application, subject to the satisfaction of certain conditions (“Letter of Support”). If such conditions are met, it is anticipated that Axiom or a newly-formed subsidiary of Axiom will become an affiliate of the Applicant.

2. The Proposed Facilities

The Applicant intends to develop the following transmission facilities (“Proposed Facilities”):

- 230 kV Transmission Line (double circuit, with each circuit rated at 400 MVA) approximately 10.1 km in length starting at Hydro One Third Line Transformer Station and ending at the Applicant’s new 230kV Transformer Station. This includes approximately 73 poles total with 180 metre average span length and a steel mono pole construction averaging 140 feet tall.
- 230 kV Transformer Station consisting of 2 - 230 kV buses, 4 diameters in a breaker and a half configuration will be installed in two phases:
 - o Phase 1 – two autotransformers at 230/115/34.5 kV, each rated 120/160/200 MVA
 - o Phase 2 – two additional autotransformers at 230/115 kV, each rated at approx. 165 MVA

The Proposed Facilities’ purpose is to provide additional transmission capacity to a group of industrial load customers to help with insufficient capacity on existing transmission facilities down stream of the Hydro One Third Line Station.

These are the current expectations and plans related to the Proposed Facilities and are subject to adjustments and changes as the Applicant proceeds in the process.

3. Technical and Financial Expertise, Experience and Resources

Technical and Financial Expertise and Experience

The Applicant and its affiliates’ combined expertise, experience and resources provides a very high level of technical capability, expertise and experience with respect to the activities associated with the Application, such as planning, development, financing, construction, ownership, operation and maintenance of electricity transmission facilities within Ontario.

PUC Distribution, an affiliate of the Applicant, currently owns the following transmission assets:

- four 115kV overhead transmission circuits totalling 15.4km in length;
- two 120MVA transformer stations;

- each station includes transformation to step down to 34.5kV for distribution and all associated switchgear, protective systems, telecommunications and SCADA systems.
- host to just over 63MW of renewable generation and 7MW/7MWh IESO contracted energy storage facility.

PUC Services Inc., an affiliate of the Applicant, provides administration, operation and maintenance of the abovementioned transmission assets owned by PUC Distribution.

As these transmission assets and the Proposed Facilities are very similar, this demonstrates that the Applicant has sufficient technical expertise to own, operate and maintain the Proposed Facilities.

In addition, the Applicant plans to bring in contracted resources consistent with best practices. This will further ensure that the Applicant will be able to draw expertise from those with significant experience with projects like the Proposed Facilities.

Individuals employed with PUC Transmission's affiliates, such as PUC Inc. and PUC Services, possess extensive experience in transmission, operations and development and have participated in large Ontario transmission development activities. Some individuals have also been previously employed by Ontario's licenced transmission companies for many years. Further details of affiliates' and key individuals' expertise and experience can be found in the Application and are summarized below:

- Over 40 years experience in the energy sector with significant experience in Transmission, Operations and Development;
- Experience leading Ontario transmission development activities with respect to East West Tie Transmission Project;
- 20-30 years of engineering experience related to electrical transmission and distribution, operations, maintenance and customer service;
- Previously employed with Great lakes Power Transmission/Great Lakes Power Limited with extensive experience in asset management, operations and maintenance of transmission substations; and
- Over 30 years experience in financial and operational analyses and financial control.

In addition, Axium's management team comprises of infrastructure investment specialists with decades of combined experience acquiring, developing, financing, operating and managing infrastructure assets.

Financial Resources

The Applicant has demonstrated its financial feasibility and security in being able to plan, develop, construct, own, operate and maintain electricity transmission facilities within Ontario through the financial statements of its affiliates PUC Inc., PUC Services Inc., and PUC Distribution.

Particularly, with respect to the Proposed Facilities, as mentioned above there is a Letter of Support in place for Axium to finance the costs incurred by PUC Transmission for the Proposed Facilities.

AIC II LP's financial statements have also been provided to show its financial capabilities in supporting the costs incurred by PUC Transmission for the Proposed Facilities.

These financial statements have been filed in confidence (see Section 7 below).

4. Lexi Decision

In the Board's decision on August 10, 2009, the Board denied the application by Lexi Transmission Corporation ("Lexi") for an electricity transmission licence (EB-2009-0164) (the "Lexi Decision"). The Board identified two threshold tests for transmission licence applications:

- (1) whether there is a specific project which underpins the application, and
- (2) in the absence of a specific project, whether the applicant is engaged in transmission activity elsewhere and whether it has the necessary technical and financial expertise to undertake transmission activity in Ontario.

With respect to the first threshold test, the project underpinning the Application will be the Proposed Facilities as described in Section 2 above and in the Application. Subsequent to obtaining an Electricity Transmission Licence, the Applicant intends to bring a leave-to-construct application for development of the Proposed Facilities. The purpose of the Proposed Facilities is to provide additional capacity to a group of industrial load customers, where there is insufficient capacity on the existing transmission facilities, and the Proposed Facilities may also be utilized to provide additional capacity in the future to support PUC Distribution's grid.

As the Applicant has demonstrated that there is a specific project that underpins the Application, it submits that there is no need to proceed to the second threshold test.

Having said that, as more fully detailed in the Application, the Applicant submits that the Applicant combined with its affiliates' extensive transmission experience and Axium's infrastructure investment experience across Canada in the energy sector will ensure that the Applicant has the necessary technical expertise and financial depth to plan, develop, construct, own, operate and maintain electricity transmission facilities in Ontario as detailed in Section 3 above.

5. Effective Date

The Applicant asks that any Electricity Transmission Licence issued pursuant to the Application be made effective as of the date upon which the Applicant applies to amend schedule 1 of the Licence to specify the facilities to be owned and/or operated by the Applicant.

The OEB has previously issued later effective dates for transmission licences that are subject to the occurrence of an event in order to coordinate the timing of the effective date of the licence with the timing of the commencement of prospective transmission services. Following are some examples of licences with such effective dates granted by the OEB:

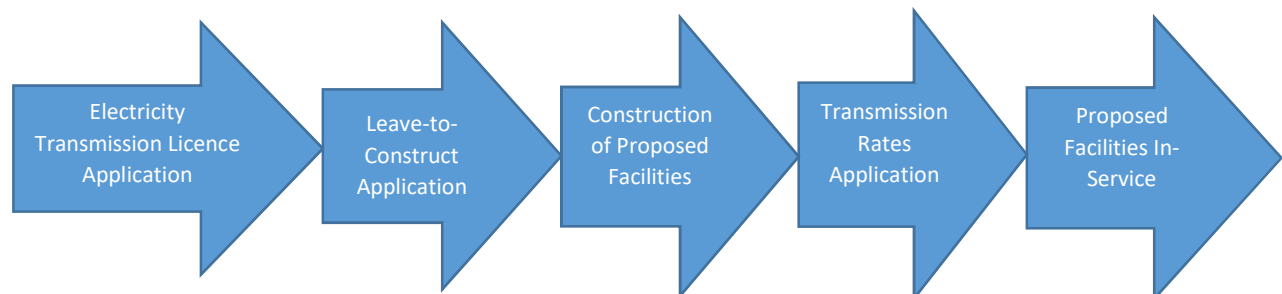
- EB-2011-0350 EWT L.P. Licence No. ET-2011-0350 dated May 31, 2012
- EB-2011-0260 TransCanada Power Transmission (Ontario) L.P., Licence No. ET-2010-0324 dated June 22, 2011 amended November 2, 2011
- EB-2011-0282 RES Canada Transmission LP Licence No. ET-2011-0282 dated December 5, 2011
- EB-2011-0222 Upper Canada Transmission, Inc. Licence No. ET-2011-0222 dated November 25, 2011

Note that in the above examples, the Electricity Transmission Licences also included the alternative of being effective on the date upon which the licensee was designated as a developer of transmission assets in Ontario pursuant to a Board designation process. However, this part does not apply to the Applicant's situation as there is no Board designation process that the Applicant is participating in.

In light of these precedents, the Applicant requests that the OEB grant similar treatment to the Applicant and issue an Electricity Transmission Licence with the effective date to be the date upon which the Applicant applies to amend schedule 1 of the Licence to specify the facilities to be owned and/or operated by the Applicant.

6. In-Service Date

As mentioned above, Subsequent to obtaining an Electricity Transmission Licence, the Applicant intends to bring a leave-to-construct application for development of the Proposed Facilities. The following is the anticipated sequence of OEB related regulatory approvals:



Construction of the Proposed Facilities will commence subsequent to the Applicant obtaining OEB approval for the leave-to-construct application. As such, currently the in-service date of the Proposed Facilities is to be determined. The Applicant estimates the in-service date to be in or around third quarter of 2024.

7. Confidentiality Request

The Applicant is seeking confidential treatment for the following materials as part of the Application:

- Information in Item 10 of the Application, with the exception of the names and positions held of key individuals;

- Attachment 5 – Letter of Support and Financial Statements of Axiom Infrastructure Canada II Limited Partnership filed with “Section 11 - Financial Information” of the Application (with irrelevant portions redacted) (“Relevant Portions of Financial Statements”); and
- Attachment 6 - Pro Forma Financial Statement of the Applicant (“Pro Forma”).

(collectively, the “Confidential Material”)

The reasons for the confidentiality request are set out in sections (i) to (iii) below.

(i) Item 10 of the Application

The Applicant requests that the information in Item 10 of the Application, with the exception of the names and positions held of key individuals, be kept confidential.

The information used to populate Item 10, Section B is personal information, which includes past employment and experience. This information constitutes personal information under Section 2(1)(b) of the *Freedom of Information and Protection of Privacy Act*¹,

In addition, the Applicant notes that as part of the *Application for Electricity Transmission Licence – Application Instructions*, the Board notes:

“The Board shall keep confidential the information in Item 10, Section B of this form, with the exception of the names and positions held of key individuals”.

Accordingly, the Applicant has redacted the information in Item 10, Section B of the Application, with the exception of the names and positions held of key individuals and requests that the Board keep this redacted information as confidential.

(ii) Letter of Support and Financial Statements

Prejudice Competitive Position

The Applicant is filing the Letter of Support and Relevant Portions of Financial Statements in confidence pursuant to the Board’s *Practice Direction on Confidential Filings*² (the “Practice Direction”).

There are redactions in the financial statements of AIC II LP for the parts that are not relevant to AIC II LP’s financial viability. As that information is irrelevant and has no probative value to this Application, it has not been included.

Please see a letter from AIC II LP in support of this confidentiality request and further explanation of parts that are irrelevant and have been redacted (at Attachment 5).

¹ R.S.O. 1990, c. F.31.

² Ontario Energy Board’s Practice Direction On Confidential Filings, Revised October 28, 2016 (“Practice Direction on Confidential Filings”).

The request for confidentiality is related to the balance of the financial statements of AIC II LP which are unreacted (i.e. Relevant Portions of Financial Statements).

Confidential treatment for the Letter of Support and Relevant Portions of the Financial Statements is requested for the following reasons:

Appendix “A” to the Practice Direction sets out the Board’s considerations in determining requests for confidentiality. Among those considerations are the following:

- (a) (i) prejudice to any person’s competitive position;
- (iv) whether the disclosure would be likely to produce a significant loss or gain to any person;
- (g) any other matters relating to FIPPA (the *Freedom of Information and Protection of Privacy Act*) and FIPPA exemptions; and
- (h) whether the type of information in question was previously held confidential by the Board.

With respect to item (g) above, the Board has provided a summary of pertinent *FIPPA* provisions at Appendix C of the Practice Direction. That summary provides, in part, as follows:

“Under section 17(1), the Board must not, without the consent of the person to whom the information relates, disclose a record where:

- (a) the record reveals a trade secret or scientific, technical, commercial, financial or labour relations information;
 - (b) the record was supplied in confidence implicitly or explicitly; and
 - (c) disclosure of the record could reasonably be expected to have any of the following effects:
 - i. prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons or organization;
 - iii. result in undue loss or gain to any person, group, committee or financial institution or agency;
- ...”

AIC II LP is a privately held infrastructure fund that has been established to complete and manage investments in infrastructure assets in Canada. The fund is a Canadian-domiciled limited partnership. The majority of limited partners that have committed capital to the fund comprise public and private pension plans and institutional investors. The Letter of Support and Financial Statements are not publicly available documents and are commercially sensitive. By disclosing the Letter of Support and Financial Statements, AIC II LP’s financial capabilities would be exposed to its competitors (other infrastructure funds and other sources of capital) and would result in placing AIC II LP in a competitive disadvantage against those competitors and would result in a significant loss for AIC II LP.

Previously Held Confidential

The Board's practice has been to retain in confidence financial information submitted as part of electricity licence applications, such as in the following applications:

- "It has been the Board's practice to retain in confidence financial information provided by applicants in support of licence applications."³
- "It has also been the Board's practice to retain in confidence financial information, such as that in Appendix D, provided by applicants in support of licence applications."⁴ [Appendix D being Renewable Energy Systems Holdings Limited Consolidated Financial Statements]

As such, it is reasonable for the Applicant to anticipate that the Board will accord confidential treatment to the financial information of AIC II LP⁵ and requests that the Board grant similar treatment to the Letter of Support and Relevant Portions of the Financial Statements filed with this Application.

(iii) Pro Forma Statement

In response to Item 16 of the Application, the Applicant is filing in confidence with the Application at Attachment 6 the Pro Forma that includes information on the Applicant's revenues, costs, earnings and operating cash flow forecasted for 2024 to 2028.

The Pro Forma contains commercially sensitive information, which if disclosed would prejudice the Applicant's competitive position and/or interfere with its negotiations with third parties. Thus, the disclosure of this information on public record will result in an undue loss to the Applicant.

As an illustrative example, the Pro Forma shows the Applicant's forecasted costs, revenues and operating cash flow in the upcoming years in which the Applicant anticipates procuring services from various third party contractors to perform engineering, procurement and construction services. As such, if the Pro Forma is placed on the public record, then these third party contractors whom the Applicant intends to procure services from will have access to the Applicant's forecasted costs and revenues and will significantly prejudice the Applicant's position when negotiating contracts with these third party contractors. The third party contractors will be able to use this information as leverage in their negotiations and extract concessions. As a result, the Applicant will suffer loss and harm if the Pro Forma is disclosed on public record.

Pursuant to the Board's Practice Direction mentioned above, these are amongst the factors that the Board will consider when deciding on confidentiality of a document. The Applicant requests that the Pro Forma be treated as confidential.

³ AltaLink Ontario, L.P.'s application (EB-2011-0126³) Decision and Order at page 2

⁴ RES Canada Transmission LP's application (EB-2011-0282)⁴ Decision and Order at page 2

⁵ Practice Direction on Confidential Filings, Appendix A, item (h).

(iv) Filing of Confidential Documents

The Applicant is prepared to provide copies of the Confidential Material to parties' counsel and experts or consultants to the proceeding, provided that they have executed the Board's form of Declaration and Undertaking with respect to confidentiality and that they comply with the Practice Direction, subject to the Applicant's right to object to the Board's acceptance of a Declaration and Undertaking from any person. In keeping with the requirements of the Practice Direction, the Applicant is filing confidential versions of the Confidential Material by e-mailing them to the Registrar only. The Confidential Material will be marked "Confidential" and the Applicant requests they be kept confidential.

8. Procedural Steps and Contact Information

The Applicant requests that the Board consider this Application by way of a written hearing. The Applicant also requests that the Board direct all correspondence with respect to this Application to:

<p>PUC (Transmission) LP 500 Second Line East PO Box 9000 Sault Ste. Marie, Ontario, P6A 6P2</p> <p>Mark Faught Director, Finance Tel: (705) 759-0105 Facsimile: (705) 759-6510 Email: mark.faught@ssmpuc.com</p> <p>Tyler Kasubeck Regulatory Financial Analyst Tel: (705) 759-3009 Facsimile: (705) 759-6510 Email: tyler.kasubeck@ssmpuc.com</p>	<p>Borden Ladner Gervais LLP Bay Adelaide Centre, East Tower 22 Adelaide St W. Toronto ON M5H 4E3</p> <p>John A.D. Vellone Tel: (416) 367-6730 Facsimile: (416) 367-6749 Email: jvellone@blg.com</p> <p>Flora Ho Tel: (416) 367-6581 Facsimile: (416) 367-6749 Email: fho@blg.com</p>
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Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:



John A. D. Vellone
/Encl.