



**EB-2014-0330**

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

**AND IN THE MATTER OF** an application made by B2M  
Limited Partnership for an interim transmission rate order  
pursuant to section 78 of the *Ontario Energy Board Act*,  
*1998*;

**BEFORE:** Ken Quesnelle  
Presiding Member

**DECISION AND INTERIM ORDER**

December 11, 2014

**BACKGROUND**

On November 28, 2013, B2M Limited Partnership (“B2M LP”) received approvals (EB-2013-0078, EB-2013-0079, EB-2013-0080) from the Ontario Energy Board (the “Board”) pursuant to sections 60 and 86(1)(b) of the Ontario Energy Board Act (the “Act”) for a transmission licence and conditional leave to purchase certain Bruce to Milton Transmission Project assets (the “Transferred Assets”) from Hydro One Networks Inc. (“Hydro One”). On January 17, 2014, B2M LP advised the Board that all conditions of the November 28th Order had been satisfied.

The limited partners of B2M LP will be B2M GP Inc (“GPCo”), Hydro One B2M LP Inc (“HO LPCo”) and SON LPCo. Each of the Chippewas of Nawash First Nation and Chippewas of Saugeen First Nation (“SON”) own the outstanding shares in SON LPCo. The contemplated transaction provides SON LPCo., as bare trustee for the SON, with a minority ownership interest in B2M LP formed to own and operate the Transferred Assets.

According to the application, the partnership requires rates to be in place in order to complete financing arrangements and proceed with the transaction. B2M LP requires authorization from the Board to collect transmission rate revenues in relation to the Transferred Assets.

B2M LP updated its application on December 4, 2014 with the Board’s Cost of Capital parameters as issued on November 20, 2014. The applicant has requested a decision on its interim transmission revenue requirement by December 12, 2014.

**The Application**

On October 24, 2014 B2M LP applied under sections 78(3) and 21(7) of the Act for approval of its initial transmission revenue requirement and rates on an interim basis. The interim rate is proposed to commence coincident with the transfer of the Transferred Assets to B2M LP from Hydro One. The interim rate is designed to recover revenue equal to the current value and capital costs of the assets and their current related operations, maintenance and administration expenses. The applicant’s interim revenues would be recovered through its share of the 2015 Uniform Transmission Rates as approved by the Board

B2M LP applied for a revised revenue requirement of \$40,550,724 on the basis of an average 2015 rate base value of \$523.9 million and other expenses. The amounts were

based on information that was reviewed by Hydro One and the application included a letter of support from Hydro One's Chief Financial Officer. The costs to be recovered are as follows:

Operations, Maintenance & Administration	\$ 853,266
Depreciation and Amortization	\$ 6,797,120
Return on Capital	\$34,548,831
Income Taxes	\$ (1,648,492)
Total Revenue Requirement	\$40,550,724

Currently, the revenue collected for service provided by the Transferred Assets is included in Ontario's 2014 uniform transmission rates and is paid to Hydro One by the Independent Electricity System Operator. This Decision will have the effect of re-allocating the revenues to the new owner of the assets. Consequently, the transfer of the associated revenue requirement will not have any impact on the total cost of transmission service in 2015.

B2M LP also indicated that its 2015 cost of service application for final rates will seek approval for the period commencing on the date interim rates take effect. The cost of service application will include information concerning required start-up costs, reduced tax costs, and forecasts of B2M LP's future incremental operating and capital costs over the period in which final rates are to be in effect.

### **DETERMINATION TO DISPOSE OF THIS PROCEEDING WITHOUT A HEARING**

The Board notes that B2M LP has requested that this application proceed without further procedural steps, such as public newspaper notification or an interrogatory process.

Section 21(4)(b) of the Act provides that the Board may dispose of a proceeding without a hearing if it determines that "no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing."

Given that the relief sought in the current proceeding is of an interim nature and that the rate will be subject to a full review in B2M LP's 2015 cost of service proceeding, the

Board has determined that no person will be adversely affected in a material way by the outcome of this proceeding, and, in accordance with section 21(4)(b) of the Act, will dispose of this matter without a hearing.

## **FINDINGS**

The Board approves the rate relief requested by the applicant on an interim basis, effective January 1, 2015 pending the Board's final decision in B2M LP's 2015 cost of service application proceeding. This determination is made without prejudice to the Board's decision on the 2015 cost of service decision, and should not be construed as predictive, in any way whatsoever, of the Board's final determination with regards to the rates arising from the cost of service application. The Board will require B2M LP to file its 2015 cost of service transmission application no later than April 1, 2015.

## **IMPLEMENTATION**

The rates and revenue shares for all Ontario transmitters for 2015 will be determined when the Uniform Transmission Rate Order is issued for January 1, 2015 (EB-2014-0357), incorporating the Board's findings for this case and the current Hydro One, Great Lakes Power Transmission and Canadian Niagara Power Transmission cases currently before the Board.

## **THEREFORE, THE BOARD ORDERS THAT:**

1. The Uniform Transmission Rate revenue share requested by B2M LP in this application is approved on an interim basis, for transmission revenue requirement and rates effective January 1, 2015.
2. B2M LP shall file a full cost of service transmission rate application for final revenue requirement and rates, no later than April 1, 2015.

**DATED** at Toronto, December 11, 2014

## **ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

