

December 17, 2015

Richard King
Direct Dial: 416.862.6626
rking@osler.com
Our Matter Number: 1159580

SENT BY ELECTRONIC EMAIL

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor, P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms Walli:

**Five Nations Energy Inc.
Request for Interim Revenue Requirement (2016)**

We are counsel to Five Nations Energy Inc. (“FNEI”). By way of this letter, we are requesting that the Board make FNEI’s current transmission revenue requirement interim commencing January 1, 2016.

On October 15, 2015, FNEI purchased 80 km of transmission line from Hydro One Networks Inc. (“HONI”). This 80 km of line is contiguous with FNEI’s existing transmission system, and was purchased at its net book value of \$4,896,221.75, plus HST. The addition of this asset is material to FNEI’s rate base. As a result, FNEI is currently working towards preparing a cost-of-service rate application for 2016, which FNEI expects to be in a position to file in April 2016. The application will, *inter alia*, reflect the revenue requirement impacts associated with the addition of this asset to FNEI’s system.

For context, FNEI’s current Board-approved rate base (set in EB-2009-0287, for the calendar year 2010) is \$28.18 million (exclusive of the working capital allowance). Thus, the transaction to acquire the 80 km on its own amounts to a 17% increase in FNEI’s rate base.

FNEI makes its request on the following grounds:

- As noted above, the rate base impact to FNEI is significant, and FNEI expects the associated revenue requirement change to FNEI to be material.
- The transaction was concluded late in the calendar year, and it would have been impossible for FNEI to prepare and file a full rate application, and have it disposed of by the Board, in calendar year 2015.

- While material to FNEI, the revenue requirement impacts to the provincial transmission pool will be extremely small. FNEI's allocation factor for provincial transmission revenues is approximately 0.4%. The impact of the 80 km transaction would be a fraction of this small amount.

For completeness, we are copying this letter on the listed representatives of the other rate-regulated transmitters and the intervenors in FNEI's last rate proceeding (including the Independent Electricity System Operator ("IESO")).

Should you have any questions, please feel free to contact me directly.

Yours very truly,



Richard King

RK:hi

- c:
- H. Thiessen (OEB)
 - O. Hubert (B2M Limited Partnership)
 - D. Bradbury (Canadian Niagara Power Inc.)
 - D. Fecteau (Great Lakes Power Transmission Inc.)
 - E. Henderson (Hydro One Networks Inc.)
 - D. MacIntosh (Energy Probe)
 - N. Marconi (IESO)
 - R. Reimer (FNEI)