

June 11, 2020

BY EMAIL AND RESS

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

Dear Ms. Long:

**Re: Consultation on the Deferral Account – Impacts Arising from the COVID-19
Emergency
Ontario Energy Board File Number: EB-2020-0133
NextBridge’s Written Comments on Draft Issues List**

As required by the Board’s May 14, 2020 letter in the above-referenced Docket, Upper Canada Transmission, Inc. operating as NextBridge Infrastructure (“NextBridge”), an electricity transmitter, hereby submits comments on Board’s Draft Issues List. Specifically, NextBridge requests that the OEB add an issue addressing whether incremental capital costs, and associated interest, related to COVID-19 for projects currently under construction should be tracked separately, and if so whether the tracking should occur in (1) a subaccount of Account 1509 – Impacts Arising from the COVID-19 Emergency or (2) a subaccount of the existing Uniform System of Accounts number 2055 “Construction Work in Progress – Electric” (“CWIP”).

The construction of the 450-kilometer East-West Tie Line in Northwestern Ontario began in the fall of 2019 and has been impacted by the COVID-19 pandemic, as described in NextBridge’s April 22, 2020 Quarterly Report submitted in EB-2017-0182. NextBridge is a new regulated transmitter with no active rates in place and has no existing assets; therefore, any incremental costs only reflect the actual cost of construction related to the asset.

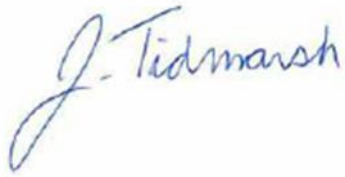
In its February 11, 2019 decision in EB-2017-0182, the Board directed NextBridge to use CWIP Account 2055 to record construction costs incurred after July 31, 2017. NextBridge believes it is appropriate to continue to track the incremental construction work in progress and interest costs related to the COVID-19 emergency in a new subaccount of Account 2055. Alternatively, in line with the Board’s letter of March 25, 2020 outlining the establishment of deferral accounts to record impacts arising from the COVID-19 emergency, capital costs, and associated interest, these costs could be captured for projects currently under construction in a subaccount of Account 1509. However, NextBridge’s interpretation of proper GAAP accounting treatment would be to classify these costs as a CWIP asset. Conversely, classifying the costs as a non-current asset (deferral account 1509) is not reflective of NextBridge’s current construction phase.

While NextBridge's situation of not having existing rates is unique, there are undoubtedly other transmitters or distributors that have construction-related impacts from COVID-19. Therefore, NextBridge requests that the Board add the following issues under subcategory C "Accounting Matters":

- What account should be used for distributors and transmitters currently constructing capital projects?

Please contact me with any questions.

Sincerely,

A handwritten signature in blue ink that reads "J. Tidmarsh". The signature is written in a cursive style with a large, looping initial "J".

Jennifer Tidmarsh
Project Director, NextBridge