Hydro One Networks Inc.
483 Bay Street
7th Floor South Tower
Toronto, Ontario M5G 2P5
HydroOne.com

Elise Andrey
Director, Applications Delivery
C 416.770.6305
Elise.Andrey@HydroOne.com

BY EMAIL AND RESS

May 20, 2026

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Mr. Murray,

Hydro One Sault Ste. Marie Limited Partnership – Request for 2027 Interim Transmission Revenue Requirement

Pursuant to section 78 of the *Ontario Energy Board Act, 1998,* Hydro One Sault Ste. Marie Limited Partnership (HOSSM) is filing this letter to request an interim revenue requirement effective January 1, 2027.

Background

In the OEB's Decision and Order in EB-2016-0050, the OEB approved the acquisition of HOSSM[1] by Hydro One Inc. as well as a ten-year deferral period for rebasing. In the same decision, the OEB determined that HOSSM would continue with its 2016 revenue requirement and could bring forward a separate rate application, proposing a revenue cap index for the deferred rebasing period. In its Decision in EB-2018-0218, the OEB approved HOSSM's proposed revenue cap index methodology and determined that the methodology would be used to calculate HOSSM's base transmission revenue requirement for the years 2019 to 2026.

At the time of the acquisition of HOSSM, it was understood that HOSSM and Hydro One would continue to operate as separate licensed transmitters due to debt covenants in place until 2023 which prevented HOSSM from being amalgamated absent the consent of the debt holders.[2] Although HOSSM had to remain financially and legally separate, it was operationally integrated into Hydro One in the years following the acquisition.

Prior to 2023, steps were taken to plan the merging of HOSSM into Hydro One. At that time, a permit held by HOSSM in relation to transmission assets on a reserve was found to be not assignable. As a result, HOSSM cannot transfer its transmission assets to Hydro One, as the permit must be transferred alongside the assets and cannot be transferred to Hydro One without being amended. Amending the permit requires working with the Indigenous community. Hydro One took steps to begin work with the Indigenous community right away. Hydro One continues to work collaboratively with the Indigenous community, and once a mutual agreement is reached, both parties will be positioned to approach the Federal government for consent to

[1] HOSSM was named Great Lakes Power Transmission LP at the time of the acquisition; a name change took place on January 16, 2017.
[2] See EB-2016-0050 Decision and Order issued October 13, 2016, page 3.

the permit amendment. While the exact timing is not yet known, the intent is to advance this work in alignment with the Indigenous community's priorities, with the expectation that this will not occur before HOSSM's 2027 rebasing year but could potentially occur during the 2028-2032 period.

As a result of the above, HOSSM will be kept legally and financially separate until the permit is amended. However, given HOSSM's operational integration with Hydro One, HOSSM will be included (with a separate revenue requirement request) in Hydro One's upcoming joint rate application for 2028-2032 (the JRAP 2028 Application).

HOSSM's Proposed Plan

In Hydro One's joint rate application for the 2023-2027 years (EB-2021-0110), Hydro One indicated as follows with respect to HOSSM:

> Before the end of HOSSM's deferred rebasing period Hydro One will seek approval for an appropriate regulatory approach to reflect a rebasing of HOSSM for 2027. Such an approach will respect the completion of the deferred rebasing period, consider customer interests and benefits, and bridge the end of HOSSM's deferred rebasing period and the commencement of a new rate period for Hydro One in 2028, which will include Hydro One and HOSSM on a combined basis.[3]

In alignment with the above plan, HOSSM proposes as follows:

- With this letter, HOSSM is requesting that its approved base revenue requirement for 2026 ($49,246,640) be utilized for 2027 on an interim basis.

- In the forthcoming JRAP 2028 Application, evidence will be filed in support of the rebasing of HOSSM for 2027 and 2028 with the applicable incentive framework for the period 2029 to 2032.

    - In other words, making the 2027 revenue requirement interim will allow for HOSSM to be rebased retroactively through the JRAP 2028 Application, in which HOSSM will be a joint applicant along with Hydro One Distribution and Hydro One Transmission. The JRAP 2028 Application will also propose that 2028 be treated as a HOSSM rebasing year to align HOSSM with Hydro One's rate term and the application of the incentive rate frameworks.

    - If HOSSM's 2027 revenue requirement is approved, HOSSM proposes to have its approved 2028 revenue requirement adjusted to account for revenue that should have been collected in 2027. An appropriate recovery mechanism will be proposed in relation to this in the JRAP 2028 Application and will be subject to questions and feedback from parties to that proceeding.

    - HOSSM DVA balances will be disposed of as part of JRAP 2028.[4]

[3] See Exhibit A-08-01, page 5.
[4] This includes the balance in HOSSM's ESM account relating to 2025, and any ESM balance relating to 2026.

Based upon the foregoing, HOSSM's request for an interim 2027 revenue requirement, to be combined with an appropriate recovery mechanism, preserves the completion of the deferred rebasing period by providing for a rebasing of 2027 as part of the JRAP 2028 Application, while also considering customer interests and benefits through that ultimate rebasing. This approach also bridges the end of HOSSM's deferred rebasing period and the commencement of a new rate period for Hydro One in 2028.

HOSSM requests that this application be disposed of without a hearing and hereby provides its consent to same. HOSSM submits that in accordance with the requirements of s. 21(4)(b) of the *Ontario Energy Board Act, 1998*, no person will be adversely affected in a material way by the outcome of this request for interim revenue requirement.

An electronic copy of this letter has been submitted, by Hydro One Networks Inc., on behalf of HOSSM, using the Board's Regulatory Electronic Submission System.

Sincerely,

Elise Andrey