

BY EMAIL AND RESS

July 3, 2026

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

Dear Mr. Murray,

EB-2026-0078 – Application by Waasigan Transmission Line Partnership, by its general partner, Waasigan Transmission GP Inc. for 2027 Transmission Revenue Requirement

Hydro One Networks Inc. (Hydro One), on behalf of Waasigan Transmission Line Partnership (WTLP), is submitting WTLP's 2027 Transmission Revenue Requirement Application, using the Ontario Energy Board's (OEB) Regulatory Electronic Submission System.

Given that WTLP will operate a single transmission asset, with minimal operating costs and no forecast capital expenditures, Hydro One proposes that this Application would be most effectively dealt with in written form. Moreover, Hydro One suggests the OEB make provision for a settlement conference to help expedite the Application.

WTLP will post electronic copies of the Application and supporting evidence on Hydro One's website for public access. An electronic copy of the Application and evidence has been submitted using the OEB's Regulatory Electronic Submission System.

Sincerely,



Elise Andrey

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APPLICATION

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Waasigan Transmission
Line Partnership by its general partner, Waasigan Transmission GP
Inc, for an Order or Orders made pursuant to section 78 of the Act
approving rates for the transmission of electricity.

1. This is an Application by Waasigan Transmission Line Partnership (WTLP), by its
general partner, Waasigan Transmission GP Inc. (WTGP). WTLP is a Limited
Partnership. Hydro One Networks Inc. (HONI) is a Limited Partner of WTLP and
WTGP is the general partner. In addition, up to nine First Nations will purchase
equity ownership in WTLP through HONI's First Nations Equity Partnership model.¹
The First Nations ownership of WTLP will be approximately 50%. These First Nation
community partners are as follows:

- Eagle Lake First Nation,
- Gakijiwanong Anishinaabe Nation,
- Fort William First Nation,
- Seine River First Nation,
- Lac Seul First Nation,
- Nigigoonsiminikaaning First Nation,
- Ojibway Nation of Saugeen,
- Lac des Mille Lacs First Nation, and,
- Wabigoon Lake Ojibway Nation.

¹ Please see Exhibit A-05-01 for detail.

- 1 2. WTLP is expected to carry on the business of owning and operating transmission
2 facilities in Ontario.
- 3
- 4 3. WTGP on behalf of WTLP hereby applies (the Application) to the Ontario Energy
5 Board (OEB), pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, for an
6 Order or Orders approving:
 - 7 i. A revenue requirement of \$5.4M for the period of 2026 when the Waasigan
8 transmission line (Phase 1) assets will be placed in-service;²
 - 9 ii. A revenue requirement of \$42M for the full calendar year of 2027;
 - 10 iii. Inclusion of WTLP's approved rates revenue requirement in the OEB's
11 determination of the 2027 Network pool of the Uniform Transmission Rates
12 (UTRs);
 - 13 iv. The establishment and approval of new regulatory accounts, as described
14 herein, effective January 1, 2027;
 - 15 v. An effective date of January 1, 2027;
 - 16 vi. Such further and other relief that may be requested by WTLP in the course of
17 this proceeding, as may be granted by the OEB.
- 18
- 19 4. This Application is contingent upon the OEB's approval of the application filed with
20 the OEB on March 27, 2026 on behalf of HONI and WTLP.³ The March 27, 2026
21 application includes a request by WTLP for a transmitter licence, a request for
22 approval to establish a deferral account to record revenue requirement once the
23 Waasigan project is placed in-service, and a request for leave for Hydro One to sell
24 certain Waasigan project assets located between Lakehead and Mackenzie
25 transmission stations to WTLP.

² In EB-2026-0090 currently before the OEB, WTLP requested approval to establish an account for the purpose of recording the revenue requirement relating to the Waasigan Project once it is placed in service, and up until the OEB-approved effective date of WTLP's first revenue requirement application

³ EB-2026-0090.

5. This Application has been prepared in accordance with the OEB's *Filing Requirements for Electricity Transmission Rate Applications* dated October 30, 2025.

6. The persons affected by this Application are Ontario ratepayers. It is impractical to set out their names and addresses because they are too numerous.

FORM OF HEARING REQUESTED

7. The Application may be viewed on the Internet at the following address:
<https://www.hydroone.com/abouthydroone/RegulatoryInformation/txrates>

8. WTLP requests that this Application be heard by way of a written hearing.

PROPOSED EFFECTIVE DATE

9. WTLP requests that the Order or Orders requested herein be made effective January 1, 2027.

CONTACT INFORMATION

10. WTLP requests that a copy of all documents filed with the OEB by each party to this Application be served on the Applicant and the Applicant's counsel as follows:

a) The Applicant:

Eryn Mackinnon
Regulatory Advisor
Hydro One Networks Inc.

Mailing Address:	7 th Floor, South Tower 483 Bay Street Toronto, Ontario M5G 2P5
Telephone:	(437) 318-3700
Electronic access:	Regulatory@HydroOne.com

1 **b) The Applicant's Counsel:**

2 Alastair MacKinnon
3 McCarthy Tétrault LLP

4
5 Telephone: (403) 260-3515
6 Electronic access: E: amackinnon@mccarthy.ca

7
8
9
10 **DATED** this 3rd day of July 2026.

11
12 Waasigan Transmission Limited Partnership
13 By its general partner Waasigan Transmission GP
14 Inc.

15
16 

17
18 Alastair MacKinnon
19 Counsel to Waasigan Transmission Limited
20 Partnership and Waasigan Transmission GP Inc.

CERTIFICATION OF EVIDENCE, DEFERRAL AND VARIANCE
ACCOUNT BALANCES AND REGARDING PERSONAL INFORMATION

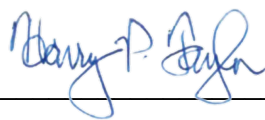
TO: ONTARIO ENERGY BOARD

This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's *Filing Requirements for Electricity Transmission Applications*.

The undersigned Harry Taylor, being Hydro One's EVP, Chief Financial and Regulatory Officer as well as Waasigan Transmission GP Inc.'s President and Secretary, hereby certifies for and on behalf of Waasigan Transmission Limited Partnership (WTLP) that:

1. The evidence submitted in support of WTLP's 2027 revenue requirement application (EB-2026-0078) filed with the Ontario Energy Board is accurate, consistent and complete to the best of my knowledge.
2. The documents filed in support of WTLP's application do not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.
3. Hydro One has the appropriate processes and internal controls for the preparation, review, verification and oversight of all deferral and variance accounts.

DATED this 29th day of June, 2026.



HARRY TAYLOR

Hydro One Limited

483 Bay Street
8th Floor South Tower
Toronto, Ontario M5G 2P5

HydroOne.com

June 29, 2026

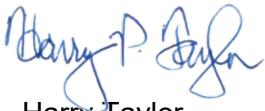
Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street

**RE: Board of Directors' Support for Waasigan Transmission LP 2027
Revenue Requirement Application**

Dear Mr. Murray,

I am the sole Director of Waasigan Transmission GP Inc. This letter is to provide confirmation that the Board of Directors of Waasigan Transmission GP Inc., the general partner of Waasigan Transmission LP is aware of and supports the submission of the 2027 Revenue Requirement Application for Waasigan Transmission LP.

Sincerely,



Harry Taylor
Director, Waasigan Transmission GP Inc.

COMPLIANCE WITH APPLICABLE FILING REQUIREMENTS

1.0 INTRODUCTION

WTLP has prepared this Application in accordance with the OEB's guidance in its *Filing Requirements for Electricity Transmission Rate Applications* (October 30, 2025) (Transmission Filing Requirements). WTLP has presented the content to align with Chapter 2 of the Transmission Filing Requirements (Chapter 2). To assist the OEB in its review of the Application, WTLP has prepared a checklist of the Transmission Filing Requirements including the relevant evidentiary references for each item. This checklist is provided as Attachment 1 to this Exhibit.

2.0 NON-APPLICABLE FILING REQUIREMENTS

Given that WTLP is a single transmission line asset with no customers and no operable assets, many Transmission Filing Requirements are not applicable. These include:

1. Customer Engagement

- WTLP has not performed any customer engagement activities and analysis.

2. Transmission System Plan

- WTLP has prepared an abridged Transmission System Plan (TSP) given that it is not proposing capital expenditures during the rate period.

3. Working Capital Allowance

- It was established in B2M LP's 2015 transmission rates application (EB-2015-0026) that there is no need for a working capital allowance. The same situation applies for WTLP and therefore there is no request for a working capital allowance to be included in rate base.

4. Economic Overview / Load Forecast

- WTLP's transmission assets are comprised solely of a 230kV double-circuit transmission line. WTLP does not own any station assets, and does not have any

1 delivery points. As a result, WTLP has no discrete, incremental load
2 determinants to include in the UTR forecast.

3

- 4 • As proposed in this Application, the only rate pool applicable for WTLP assets
5 will be the Network pool. Therefore, no further cost allocation methodology is
6 presented in this application.

7

8 **5. Other Revenue**

- 9 • No external revenue is anticipated for WTLP.

10

11 **6. Employee Compensation**

- 12 • WTLP has no employees. Operations and management services are provided by
13 HONI by a service level agreement as outlined in Exhibit F-03-01.

14

15 **3.0 NOTICE PUBLICATION**

16 With respect to where the notice of hearing should be published, WTLP recommends the
17 publications listed below. The recommended publications are those in general circulation
18 amongst the ratepayers who are expected to directly benefit from the Waasigan project.

19

- 20 • Chronicle Journal
21 • Dryden Observer
22 • Sioux Bulletin
23 • Thunder Bay Source
24 • Fort Frances Times
25 • Atikokan Progress
26 • Wawatay News: www.wawateaynews.ca

27

28 **4.0 MATERIALITY THRESHOLD**

29 In terms of the materiality threshold applicable to WTLP, 0.65% of the 2027 revenue
30 requirement is \$273k.

1 **5.0 DEVIATIONS FROM THE FILING REQUIREMENTS**

2 WTLP has complied with the OEB's policies and guidelines as set out in the
3 Transmission Filing Requirements.

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FILING REQUIREMENT CHECKLIST

1

2

3 This attachment has been filed separately in MS Excel format.

**SUMMARY OF BOARD DIRECTIVES AND UNDERTAKINGS FROM
PREVIOUS PROCEEDINGS**

In the leave to construct decision for the Waasigan transmission line (EB-2023-0198) the OEB included the following directive: “At the appropriate future proceeding, Hydro One should demonstrate how adopting the ECI-EPC model benefited ratepayers and how overhead functions were reassessed to avoid cost duplication.”¹

This information was included in the Overhead Capitalization Methodology Exhibit C-02-01 of the Chatham to Lakeshore transmission line revenue requirement application filed in 2024 (EB-2014-0216).

¹ EB-2023-0198, Decision and Order, April 16, 2024, p. 19.

EXECUTIVE SUMMARY

This Exhibit describes the key aspects of Waasigan Transmission Limited Partnership (WTLP)'s application (the Application) in respect of its proposed transmission revenue requirement for 2027.

1.0 WAASIGAN TRANSMISSION LIMITED PARTNERSHIP

As set out in more detail in Exhibit A-05-01, WTLP is a limited partnership between Hydro One Networks Inc. (HONI), and Waasigan Transmission GP Inc. Nine First Nation partners have collaborated on and consented to project development and have secured the opportunity to take a total overall ownership share of approximately 50%¹ of the line through HONI's First Nations Equity Partnership model. It is anticipated they will purchase their ownership units shortly after the Waasigan transmission line is placed in-service.

On December 11, 2013, the Minister of Energy (now the Minister of Energy and Electrification) with the approval of the Lieutenant Governor in Council made an Order in Council declaring that construction of the Waasigan transmission line was needed in accordance with s.28.6.1 of the OEB Act.

Hydro One obtained leave of the Board to construct the Waasigan transmission line on April 16, 2024, pursuant to OEB Decision EB-2023-0198. To meet the in-service timing requirements set by the Independent Electricity System Operator, the Waasigan transmission line is being constructed in two phases. The anticipated in-service date for Phase 1 is forecast to be on or about November 15, 2026, while the Phase 2 in-service date is expected in the fourth quarter of 2027.

As a whole, the Waasigan transmission line is comprised of two sections of 230 kV overhead transmission lines spanning between Lakehead TS, Mackenzie TS and Dryden TS, totaling approximately 360km. Phase 1 is comprised of a double circuit 230 kV

¹ The General Partner entity will own 0.01% of the LP units. Hydro One and the First Nations will split the rest of the units, 50/50. Therefore, the First Nations will own 49.995% of WTLP.

transmission line spanning approximately 190km between Lakehead TS (in the municipality of Shuniah) to Mackenzie TS (in the town of Atikokan). Phase 2 includes a single circuit 230 kV transmission line spanning approximately 170km between Mackenzie TS and Dryden TS (in the city of Dryden). This application, including the asset values stated herein, is limited to Phase 1 of the project which is expected to go into service in November 2026. Phase 2 will be addressed through a separate rate application expected in 2027.

The Waasigan transmission line is intended to support to economic development in the area west of Thunder Bay, most notably from the projected growth of the mining sector, by increasing supply and reliability through the alleviation of existing transmission constraints. Most recently, the Waasigan transmission line was identified in the Ontario government's *Powering Ontario's Growth* report as one of the electricity system upgrades being undertaken to unlock opportunities in Northern Ontario. Additionally, the Waasigan transmission line will provide further system benefits including addressing constraints on eastbound transfers out of the west of Thunder Bay region that currently prevents local generation and imports from Manitoba and Minnesota from providing greater value to the Ontario system and limit new resource development west of Thunder Bay.

2.0 APPROVALS REQUESTED

In this Application, WTLP is requesting the Ontario Energy Board's (OEB) approval for:²

- i. A revenue requirement of \$5.4M for the period of 2026 when the Waasigan transmission line (Phase 1) assets will be placed in-service;³
- ii. A revenue requirement of \$42M for the full calendar year of 2027;
- iii. Inclusion of WTLP's approved rates revenue requirement in the OEB's determination of the 2027 Network pool of the Uniform Transmission Rates (UTRs);

² As described in Exhibit A-02-01.

³ In EB-2026-0090 currently before the OEB, WTLP requested approval to establish an account for the purpose of recording the revenue requirement relating to the Waasigan Project once it is placed in service, and up until the OEB-approved effective date of WTLP's first revenue requirement application

- iv. The establishment and approval of new regulatory accounts, as described herein, effective January 1, 2027;
- v. An effective date of January 1, 2027; and
- vi. Such further and other relief that may be requested by WTLP in the course of this proceeding, and as may be granted by the OEB.

This Application is contingent upon the approval of the application filed with the OEB on March 27, 2026 on behalf of HONI and WTLP.⁴ The March 27, 2026 application includes a request by WTLP for a transmitter licence, a request for approval to establish a deferral account to record revenue requirement once the Waasigan project is placed in-service, and a request for leave for Hydro One to sell certain Waasigan project assets located between Lakehead and Mackenzie transmission stations to WTLP.

The inclusion of WTLP's rates revenue requirement in the UTR in 2027 will increase the current 2026 Network UTR from \$6.39/kW⁵ to \$6.60/kW effective January 1, 2027. The Line Connection and Transformation Connection UTRs are unaffected by WTLP, as described in Sections 5.9 below.

The inclusion of WTLP's rates revenue requirement in the UTR in 2027 will result in a net impact on average transmission rates of 1.936% and a total bill impact of 0.22% (\$0.32 per month) for a typical Hydro One Residential (HONI-Dx R1) customer consuming 750 kW per month and; similarly, a total bill impact of 0.15% (\$0.70 per month) for a typical Hydro One energy-billed General Service (HONI-Dx GS<50kW) customer consuming 2,000 kWh per month. A summary is provided in Table 7, below and further details are provided in Exhibit I-02-01.

3.0 REVENUE REQUIREMENT FRAMEWORK

Consistent with the OEB's *Custom IR Guidance for Transmitters with a Declining Rate Base* issued October 30, 2025, WTLP proposes:

⁴ EB-2026-0090.

⁵ EB-2025-0232, Decision and Rate Order on 2026 Uniform Transmission Rates, January 15, 2026.

- to include in its revenue requirement return on capital, depreciation, OM&A, and income tax expenses based on a cost forecast, as detailed in this Application;
- an earnings sharing mechanism (ESM), as detailed in Exhibit H-01-01;
- off-ramps, as detailed below; and
- performance reporting, as detailed in Exhibit D-01-01.

Also consistent with the OEB's *Custom IR Guidance for Transmitters with a Declining Rate Base*, WTLP will file a future rate application with a minimum term of 5 years. As noted above, the Waasigan transmission line will be placed into service in two distinct phases. Current forecasts are that Phase 1 will be placed into service on or about November 15, 2026. Phase 2 is forecast to be placed into service approximately 12 months after Phase 1. Given this approach, in this application WTLP is proposing to set its revenue requirement for the Phase 1 portion of the project only. This includes a) the approximate 45-day period of service in late 2026, and b) the full 12-month period of 2027. WTLP intends to file a new rate application in mid-2027 that will encompass both phases of the project. WTLP believes that this is the best option for ratepayers because the cost forecasts for the entire project, including Phase 2, will be better refined by mid-2027.

3.1 PROTECTIONS FOR RATEPAYERS

WTLP is proposing the following features in this Application to provide protection for customers and to align its interests with the ratepayers of Ontario.

EARNINGS SHARING MECHANISM (ESM)

WTLP proposes to share, with customers, 50% of any portion of 2027 earnings that exceed the OEB-allowed regulatory return on equity (ROE) by more than 100 basis points. See Exhibit H-01-01 for further details.

Z-FACTOR

WTLP is proposing, consistent with the OEB's *Handbook for Utility Rate Applications*, that the OEB's Z-factor mechanism be available over the term of this Application. The criteria that would apply to the use of the z-factor mechanism are detailed in exhibit A-04-01.

PERFORMANCE METRICS

As detailed in Exhibit D-01-01, WTLP is proposing performance measures that align with RRF outcomes. These measures protect customers by providing transparency in respect of the performance of WTLP's assets. They allow for verification that the assets are operated within the expected parameters and continue to serve the electricity consumers of Ontario effectively.

4.0 WTLP'S STRATEGIC PLAN

WTLP's plan, on which this Application is based, was informed by its values and strategic objectives described in the section below.

WTLP has carefully considered the interests of provincial ratepayers, including their general desire for low rates and high reliability. Consistent with these objectives, WTLP is not proposing any capital investments beyond those required to in-service the Waasigan transmission line and to complete all associated project trailing costs⁶ following in-service. WTLP's plan contemplates a modest OM&A budget sufficient to maintain its transmission operations.

WTLP's asset management process, as well as capital expenditure and operation and maintenance expenses for 2027 are further described in Attachment 1 to Exhibit B-01-03.

4.1 WTLP'S VALUES AND STRATEGIC OBJECTIVES

WTLP is driven primarily by the values of health and safety, environmental protection and stewardship, and meaningful Indigenous participation. WTLP's strategy and business values must operate with revenue that can balance the financing of the investment in infrastructure while maintaining affordable and reliable service.

⁶ A project of the scale of the Waasigan transmission line incurs capital costs after the asset has gone into service that are necessary for successful completion of the project. These "trailing costs" are typically due to regulatory, permitting and/or contractual requirements. Trailing costs can vary as the scale of requirements will not be known until other work is completed. Examples of these costs include environmental work on disturbed lands and cleanup costs arising from the project such as construction road removal and remediation.

1 WTLP will be approximately 50% owned by First Nation partners over whose traditional
2 territory the transmission line crosses.

3

4 The five-year vision associated with WTLP's strategic objectives is shown in Table 1. In
5 managing its transmission assets, WTLP is committed to meeting the OEB's Renewed
6 Regulatory Framework (RRF) outcomes as demonstrated by the alignment of WTLP's
7 strategic objectives to the RRF outcomes.

8

9 **Table 1 - WTLP Strategic Objectives***

RRF Outcomes	Strategic Objectives	Five-Year Vision
Customer Focus	Reliable Transmission	Maintain top-tier transmission reliability performance and improve long-term system reliability.
	Foster Indigenous Partnerships	To foster positive partnerships with the Indigenous communities and the First Nation partners on the line .
Operational Effectiveness	Injury-Free	Ensure WTLP's operations and management services agreement is executed in accordance with good utility practice for employee and public safety.
	Cost Control	Secure a reasonable service agreement with HONI that minimizes cost.
Public Policy Responsiveness	Public Policy Responsiveness	Support government objectives by delivering on obligations mandated by government through legislation and regulatory requirements.
	Protecting the Environment	Sustainably manage WTLP's environmental footprint.
Financial Performance	Owner's Value	Achieve the Regulated Return on Equity allowed by the Ontario Energy Board.
	Ratepayer Value	Plan and strategically execute responsible investment in rate base assets to ensure the safety and reliability of the grid while ensuring manageable and stable rate impacts over the course of the planning period.

*Exhibit Reference: B-01-02, Table 1

5.0 KEY ELEMENTS OF THE APPLICATION

5.1 REVENUE REQUIREMENT

WTLP's proposed 2027 revenue requirement is shown in Table 2.

Table 2 - Revenue Requirement (\$M)*

Components	2027
OM&A	1.7
Depreciation	6.8
Income Taxes	0.3
Return on Capital	33.1
Total Base Revenue Requirement	41.8*
Add: 2026 Period Revenue	5.4
Rates Revenue Requirement	47.2

* Exhibit Reference: E-01-01, Table 1.

5.2 BUDGETING ASSUMPTIONS

This does not apply given that WTLP is applying for one year of revenue requirement only at this time.

5.3 LOAD FORECAST

WTLP has included no load forecast in this Application, as there will be no metering points or delivery points on the Waasigan transmission line for the purpose of establishing charge determinants. All power transported using the Waasigan transmission line will be delivered to the final customer by another transmitter and thus is included in such other transmitter's load forecast. The revenue requirement is allocated to the provincial Network rate pool, as all assets serve the Network with no Transformation or individual customer services. Once the revenue requirement by rate pool has been established, rates are determined by applying the provincial charge determinants for each pool to the total revenue for each pool.

5.4 TRANSMISSION SYSTEM PLAN (TSP)

This section summarizes the major drivers and elements of WTLP's TSP (Exhibit B-01-03, Attachment 1). WTLP has aligned its TSP in accordance with Chapter 2 of the Ontario

1 Energy Board's (OEB) *Filing Requirements for Electricity Transmission Applications*
2 published on October 30, 2025.

3 4 **5.4.1 ASSET MANAGEMENT PROCESS**

5 WTLP will enter into a Service Level Agreement (SLA) with HONI to plan, organize, and
6 execute the operation and maintenance of the assets and provide certain corporate and
7 administrative support services. WTLP will rely on HONI's asset management process.
8 HONI has continued to implement several refinements in its asset strategies and
9 investment assessment to improve upon its asset management process, as documented
10 in EB-2021-0110, Exhibit B-02-01, Section 2.2.

11 12 **5.4.2 INVESTMENT PLANNING PROCESS**

13 WTLP's operational needs will be assessed by HONI on an annual basis and be
14 incorporated into HONI's investment planning process to establish a plan that addresses
15 those operational needs while minimizing rate impacts. This planning process ultimately
16 forms part of the overall asset management process, which is aimed at identifying and
17 scoping the optimal timing of capital investments and asset maintenance throughout the
18 life cycle of assets.

19 20 **5.4.3 CAPITAL EXPENDITURES**

21 WTLP's transmission system is limited to the components of a 230kV double circuit
22 transmission line. Since this line is new, no capital investments are being planned for 2027.

23 24 **5.5 RATE BASE**

25 The forecast rate base over the 2027 period is provided in Table 3 below. Details are
26 provided in Exhibit C-01-01.

Table 3 - Transmission Rate Base (\$M) *

Description	2026	2027
Mid-Year Gross Plant	515.0	520.0
Mid-Year Accumulated Depreciation	(0.9)	(4.3)
Mid-Year Net Plant	514.1	515.7
Cash Working Capital	0.0	0.0
Materials and Supply Inventory	0.0	0.0
Transmission Rate Base	514.1	515.7

* Exhibit Reference: C-01-01, Table 3

⁽¹⁾ 2026 rate base was calculated to reflect the full rate base, upon date of in-service, rather than the half-year rule, in alignment with other recent single-asset utility applications.

5.6 PERFORMANCE AND REPORTING

WTLP is proposing to track its performance by utilizing the measures approved by the OEB for Bruce to Milton Limited Partnership, Niagara Reinforcement Limited Partnership and Chatham x Lakeshore Limited Partnership.

The performance measures, along with their associated RRF performance outcomes are shown in Table 4 and further described in Exhibit D-01-01.

Table 4 - WTLP's Performance Measures*

RRF Outcomes	Performance Measure
Operational Excellence	Average System Availability (%)
Operational Excellence	T-SAIDI WTLP Contribution
Operational Excellence	T-SAIFI WTLP Contribution
Operational Excellence	Maintenance Cost (\$K) per circuit kilometer ⁷
Public Policy Responsiveness	NERC Vegetation Compliance

* Exhibit Reference: D-01-01, Table 1

⁷ Circuit kms refer to total route kms multiplied by number of circuits per km.

5.7 OPERATIONS, MAINTENANCE AND ADMINISTRATION (OM&A)

WTLP is managed by its general partner, WTGP, which plans to retain HONI under an SLA, to plan, organize, and execute the operation and maintenance of the assets and provide certain corporate and administrative support services as outlined in Exhibit F-03-01.

OM&A expenses are derived from the various work programs and functions performed by or on behalf of the partnership. OM&A costs consist of indirect costs to WTLP from the SLA with HONI, and other incremental expenses expected to be directly incurred by WTLP.

Further details are presented in Exhibit F-02-01.

Table 5 - Summary of OM&A (\$ M)*

Description	
	2027
Estimated SLA Costs	0.9
Incremental Expenses	0.8
Total OM&A	1.7

* Exhibit Reference: F-02-01, Table 1

5.8 COST OF CAPITAL

Table 6 below summarizes the return on capital for 2027.

Table 6 - 2027 Return on Capital

	Return on Capital (\$M)
	2027
Long term debt	13.7
Short-term debt	0.6
Common Equity	18.8
Total	33.1

1 WTLP's deemed capital structure for rate-making purposes is 60% debt and 40% common
2 equity of utility rate base where the 60% debt component is comprised of 4% deemed
3 short-term debt and 56% long-term debt.⁸

4
5 At the time of the Draft Rate Order (DRO) in this proceeding, WTLP intends to update the
6 2027 revenue requirement based on the OEB's release of its 2027 cost of capital
7 parameters to reflect: (a) the OEB-prescribed 2027 return on equity and short-term debt
8 rates; and (b) a long-term debt rate based on WTLP's forecast debt financing in 2027,
9 using the September 2026 Consensus Forecast. The ROE and short-term debt rate
10 parameters will remain fixed during 2027.

11
12 At the time of in-servicing Phase 1 of the Waasigan transmission line, WTLP expects to
13 issue two notes of approximately \$144.5M each, representing 56% of WTLP's Phase 1
14 rate base, bearing interest at 4.32% and 4.91% respectively. These notes are planned to
15 be refinanced during 2027 with debt issued by WTLP. The financing debt issue will mirror
16 the terms included in an actual debt issue planned to be issued by Hydro One Inc. to third
17 party public debt investors. This is expected to occur by mid-2027.

18
19 Further details regarding the cost of capital can be found in Exhibit G-01-01.

20 21 **5.9 COST ALLOCATION AND RATE DESIGN**

22 All assets associated with WTLP are classified as Network in accordance with HONI's
23 functionalization of assets approved by the OEB for HONI's Transmission rate
24 applications, most recently in EB-2021-0110.⁹ Accordingly, the total rates revenue
25 requirement associated with WTLP's transmission assets will be allocated to the Network
26 pool. Further details regarding the cost allocation and rate design are provided in Exhibit
27 I-01-01.

⁸ Consistent with the Board's findings in its Decision and Order, Generic Proceeding – Cost of Capital and Other Matters, dated March 27, 2025 (EB-2024-0063) (the "Generic CoC Decision").

⁹ EB-2021-0110, Exhibit H-01-02, Section 3.0 filed August 5, 2021

1 **5.10 DEFERRAL AND VARIANCE ACCOUNTS**

2 WTLP is requesting approval of four accounts as detailed in Exhibit H-01-01.

3
4 Moreover, in the WTLP Licencing and Deferral Account Application currently before the
5 OEB (EB-2026-0090), WTLP requested approval to establish the WTLPDA for the
6 purpose of recording the revenue requirement related to the Waasigan project once it is
7 placed in service, and up until the OEB-approved effective date of WTLP's first revenue
8 requirement application.¹⁰

9
10 A revenue requirement currently forecasted to be \$5.35M is expected to be recorded in
11 the WTLPDA upon the Waasigan Project being placed in-service in 2026 (Phase 1). This
12 revenue requirement for 2026 has been included in the 2027 rates revenue requirement
13 requested in this Application.¹¹ At the time of the Draft Rate Order in this proceeding,
14 WTLP will reflect any updates to the 2026 revenue requirement based on the OEB's
15 decision in this proceeding.

16
17 **5.11 BILL IMPACTS**

18 A summary of the estimated impacts of this Application on average transmission rates and
19 total bills for transmission and distribution-connected customers is provided in Table 7.
20 Detailed calculations are provided in Exhibit I-02-01.¹²

21
22 The total bill impact for a typical HONI-Dx R1 customer consuming 750 kWh, and for a
23 typical HONI-Dx GS<50kW customer consuming 2,000 kWh is determined based on the
24 forecast change in the customer's Network Retail Transmission Service Rates (RTSR-N).

¹⁰ EB-2026-0090, Application for Waasigan Transmission Limited Partnership (WTLP) Licencing and Deferral Account, Appendix 5, filed on March 27, 2026

¹¹ See Exhibit E-01-01.

¹² Bill impacts reflect WTLP's proposed rates revenue requirement in this Application, as per Sections 2.7.1 and 2.12 of the OEB's Chapter 2 filing requirements for Transmission Revenue Requirement Applications.

**Table 7 - Summary of Impacts on Average Transmission Rates and
Transmission and Distribution-Connected Customers**

	2027
Rates Revenue Requirement (\$M)	47.2
Net Impact on Average Transmission Rates	1.936%
Average Transmission Customer Total Bill Impact	0.247%
Typical Hydro One R1 Customer Total Bill Impact (750 kWh)	\$0.32
	0.22%
Typical Hydro One GS<50kW Customer Total Bill Impact (2000 kWh)	\$0.70
	0.15%

6.0 CONCLUSION

WTLP's Application will balance the needs of its system and assets and allow it to operate and maintain these assets in accordance with reliability standards and to satisfy regulatory, environmental, and legal requirements.

WTLP will operate under unique circumstances when considering its corporate structure, asset holdings, and operating and management arrangements. This Application will help ensure that WTLP's assets are managed effectively to benefit electricity customers across Ontario.

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REVENUE REQUIREMENT FRAMEWORK SUMMARY

1.0 INTRODUCTION AND OVERVIEW

Consistent with the OEB's *Custom IR Guidance for Transmitters with a Declining Rate Base* issued October 30, 2025, WTLP proposes:

- to include in its revenue requirement return on capital, depreciation, OM&A, and income tax expenses based on a cost forecast, as detailed in this Application;
- an earnings sharing mechanism (ESM), as detailed in Exhibit H-01-01;
- off-ramps, as detailed below; and
- performance reporting, as detailed in Exhibit D-01-01.

Also consistent with the OEB's *Custom IR Guidance for Transmitters with a Declining Rate Base*, WTLP will file a future rate application with a minimum term of 5 years. As noted above, the Waasigan transmission line will be placed into service in two distinct phases. Current forecasts are that Phase 1 will be placed into service on or about November 15, 2026. Phase 2 is forecast to be placed into service approximately 12 months after Phase 1. Given this approach, in this application WTLP is proposing to set its revenue requirement for the Phase 1 portion of the project only. This includes a) the approximate 45-day period of service in late 2026, and b) the full 12-month period of 2027. WTLP intends to file a new rate application in mid-2027 that will encompass both phases of the project. WTLP believes that this is the best option for ratepayers because the cost forecasts for the entire project, including Phase 2, will be better refined by mid-2027.

1.1 PROTECTIONS FOR RATEPAYERS

WTLP is proposing the following features in this Application to provide protection for customers and to align its interests with the ratepayers of Ontario.

EARNINGS SHARING MECHANISM (ESM)

WTLP proposes to share, with customers, 50% of any portion of 2027 earnings that exceed the OEB-allowed regulatory return on equity (ROE) by more than 100 basis points. The customer share of the earnings will be adjusted for any tax impacts and will be credited to the ESM deferral account for clearance at the time of WTLP's next rebasing. See Exhibit H-01-01 for further details.

Z-FACTOR

WTLP is proposing, consistent with the OEB's *Handbook for Utility Rate Applications*, that the OEB's Z-factor mechanism be available over the term of this Application. The criteria that would apply to the use of the Z-factor mechanism are those outlined by the OEB in Chapter 2 of the Filing Requirements for Electricity Transmission Applications, section 2.8.11. WTLP proposes that the threshold for the Z-factor mechanism would be an amount higher than the materiality threshold set out in Exhibit A-02-02.

Events that may necessitate the use of the Z-factor mechanism include:

- Extreme weather events, such as storms;
- Investments that are government-mandated or otherwise outside of management's control;
- Changes to IESO market rules;
- Changes to OEB codes, policies or other directions;
- Changes to accounting frameworks or technical standards;
- Changes to government policy, legislation, or regulation, such as environmental laws; and
- Any other one-time or ongoing events that meet the Z-factor criteria.

PERFORMANCE METRICS

As detailed in Exhibit D-01-01, WTLP is proposing a number of performance measures that align with RRF outcomes. These measures protect customers by providing transparency in respect of the performance of WTLP's assets. They allow for verification

- 1 that the assets are operated within the expected parameters and continue to serve the
- 2 electricity consumers of Ontario effectively.

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DESCRIPTION OF THE PARTNERSHIP

Waasigan Transmission Limited Partnership (WTLP) is a limited partnership between Hydro One Networks Inc. (HONI), and Waasigan Transmission GP Inc. Nine First Nation partners have collaborated on and consented to project development and have secured the opportunity to take a total overall ownership share of approximately 50%¹ of the line through HONI's First Nations Equity Partnership model. It is anticipated they will purchase their ownership units shortly after the Waasigan transmission line is in-serviced. Please see below for the post-buy-in structure that is expected for WTLP.

Hydro One Networks Inc. (HONI)

HONI is a wholly owned subsidiary of Hydro One Inc., which in turn is a wholly-owned subsidiary of Hydro One Limited, a publicly listed business corporation. HONI acts as a Limited Partner of WTLP.

Waasigan Transmission GP Inc. (WTGP)

WTGP holds the general partner interests and carries out the general partner responsibilities of WTLP including management and oversight of the partnership. WTGP will be responsible for ensuring that the assets held by WTLP are operated and maintained in accordance with all applicable regulatory standards and HONI's maintenance and operating practices. WTGP will carry out these functions through an operations and management services agreement with HONI.

WTGP will be owned collaboratively by Hydro One Inc. and the First Nations.

First Nations Partners

First Nation partner communities are working through their respective protocols to make a final decision on the financing of their investment and are expected to invest in the

¹ The General Partner entity will own 0.01% of the LP units. Hydro One and the First Nations will split the rest of the units, 50/50. Therefore, the First Nations will own 49.995% of WTLP.

1 line shortly following in-servicing of the asset. Nine First Nations in the region have
2 played a critical role in collaborating on project development and consented to the
3 project. They have secured the opportunity to secure an approximately 50% ownership
4 share and should one or more decide not to invest, their portion of equity will be offered
5 to the remaining First Nations partners that decided to invest. This will ensure the 50%
6 First Nations ownership commitment is maintained. HONI has negotiated equity
7 partnership to the following potential First Nation community partners, named below:

8
9 Eagle Lake First Nation,
10 Gakijiwanong Anishinaabe Nation,
11 Fort William First Nation,
12 Seine River First Nation,
13 Lac Seul First Nation,
14 Nigigoonsiminikaaning First Nation,
15 Ojibway Nation of Saugeen,
16 Lac des Mille Lacs First Nation, and,
17 Wabigoon Lake Ojibway Nation.

18
19 It is currently expected that the first seven Nations listed above will invest through a
20 partnership called Gwayakocchigewin Limited Partnership (GLP) and GLP will then
21 make the investment on behalf of those member nations for approximately 38.89% (7/9)
22 of WTLP. The remaining two nations are currently expected to invest individually for
23 approximately 5.55% (1/9) each.

24
25 Please see Figure 1 below for the current, expected WTLP structure before and after
26 First Nation buy-ins.

27
28 First Nation support is critical to the Project. The established relationship and continued
29 cooperation between the First Nation partners and HONI is critical to ensuring a timely
30 and efficient in-servicing of the Project. HONI acknowledges that Indigenous
31 communities have unique historic and cultural relationships with their land and a unique

1 knowledge of the natural environment. Through a community led approach to
2 engagement, topics identified as being priorities of the communities included
3 environmental protection, employment, training, contracting and economic participation.
4 These items became cornerstone elements of the project. Meaningful participation and
5 input into the decision making on the Project by First Nations will benefit the Ontario bulk
6 electricity system and ultimately electricity customers across Ontario.

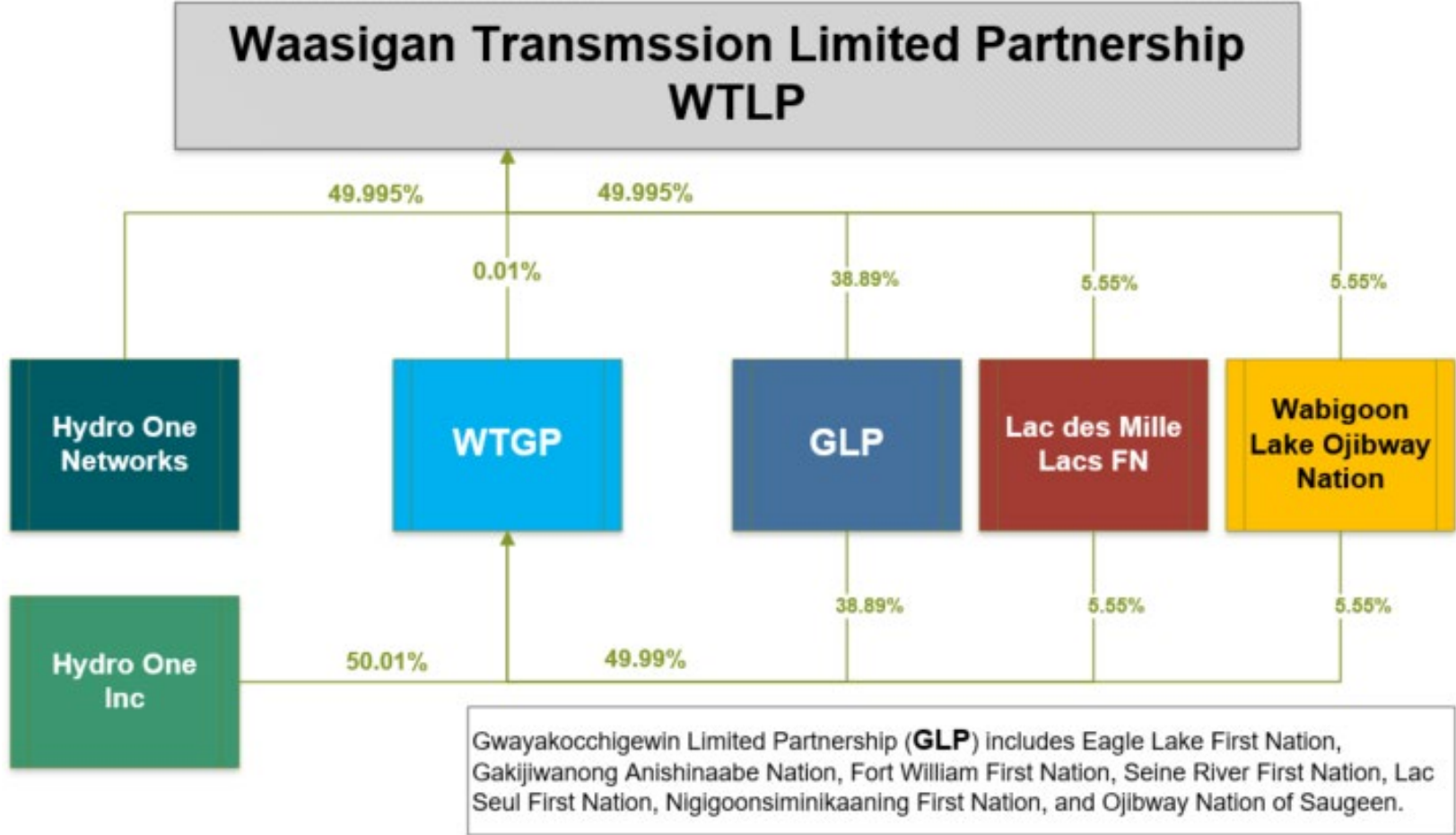


Figure 1: WTLP

FINANCIAL INFORMATION

1.0 ACCOUNTING STANDARD

WTLP is requesting to use United States Generally Accepted Accounting Principles (US GAAP) for purposes of rate setting, regulatory accounting and regulatory reporting.

In HONI's 2023 - 2027 Custom IR application (EB-2021-0110), HONI was approved to continue using US GAAP as the basis of accounting for regulatory purposes.¹ Approval to use US GAAP for WTLP will facilitate Hydro One Inc.'s consolidated reporting for securities filing purposes, thus avoiding incremental costs and reduced productivity.

2.0 CHANGES TO ACCOUNTING POLICIES

In keeping with good corporate governance, WTLP will review and, if appropriate, revise its policies and procedures from time to time.

3.0 OTHER SUPPORTING FINANCIAL INFORMATION

As WTLP's debt will be managed under HONI, there are no rating agency reports, prospectuses or information circulars that are specific to WTLP. Please see EB-2021-0110, Exhibit A-06-03, Attachments 1 to 3, and Exhibit A-06-05, Attachment 1 for such information that was filed for HONI in its 2023 - 2027 Custom IR proceeding.

Hydro One Limited's most recent annual report, which includes its 2025 Management Discussion and Analysis and Consolidated Financial Statements, is included on the Hydro One corporate website at the link below:

- [2025 Annual Report](#)

¹ Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, EB-2021-0110, Hydro One Networks Inc., November 29, 2022.

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Exhibit A
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WTLP FINANCIAL STATEMENTS - HISTORICAL YEARS

1
2
3
4

WTLP is a newly formed partnership and, as a result, there are no historical financial statements to include in this Application.

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1 **RECONCILIATION OF REGULATORY FINANCIAL RESULTS WITH**
2 **AUDITED FINANCIAL STATEMENTS (2025)**

3
4 WTLP is a newly formed partnership and, as a result, there are no financial results to
5 reconcile in this Application.

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ISSUES LIST

A. GENERAL

1. Has WTLP responded appropriately to all relevant Ontario Energy Board (OEB) directions from previous proceedings?
2. Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?

B. PERFORMANCE

3. Is the proposed monitoring and reporting of performance adequate?

C. OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

4. Are the proposed expenditure levels for 2027 OM&A appropriate?
5. Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?
6. Is the proposed depreciation expense appropriate?

D. RATE BASE & COST OF CAPITAL

7. Are the amounts proposed for rate base and capital structure reasonable?
8. Is the forecast of long-term debt appropriate?

E. DEFERRAL/VARIANCE ACCOUNTS

9. Are the amounts proposed for disposition appropriate?
10. Are the proposed deferral and variance accounts appropriate?

F. COST ALLOCATION

11. Is the proposed cost allocation appropriate?

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TRANSMISSION SYSTEM OVERVIEW

1.0 INTRODUCTION

Waasigan Transmission Line Limited Partnership (WTLP) is in the process of obtaining a license from the Ontario Energy Board (OEB) to own, operate and maintain transmission facilities in the Province of Ontario (EB-2026-0090). This Exhibit provides a description of WTLP's transmission assets, and a discussion on the requirements for WTLP within the electricity industry and regulatory framework in Ontario.

2.0 DESCRIPTION OF WTLP TRANSMISSION ASSETS

Phase 1 of WTLP's transmission assets is comprised of a 230kV double-circuit transmission line from Lakehead TS to the Mackenzie TS on a new corridor. This circuit will have a minimum rating under following conditions: summer continuous 880A; summer long term emergency 1100A; winter continuous 1020A; and winter long term emergency 1230A and utilize ACSR of 795 kcmil sizing. WTLP Phase 1 will increase electricity supply to the region west of Thunder Bay, provide a means for new customers and growing loads to be served with clean and renewable sources that comprise Ontario's supply mix, and enhance the potential for development and connection of renewable energy facilities.

There is an existing 230 kV double-circuit transmission line connecting Lakehead TS and Mackenzie TS; circuit nomenclature being A21L and A22L. With the completion of WTLP Phase 1, there will be an additional 230kV double-circuit transmission line between Lakehead TS and Mackenzie TS, with circuit nomenclature A30L and A31L. The total route length from Lakehead TS to Mackenzie TS is approximately 190 km. Additionally, new OPGW fibre installed atop the new circuits will allow for telecommunication as part of the new line protection scheme. The transmission circuit route passes through the two northern Ontario districts of Thunder Bay and Rainy River. The circuits terminate at the station side dead-end insulators. The schematic diagram of WTLP Phase 1's double circuit transmission line is depicted in Figure 1 below.

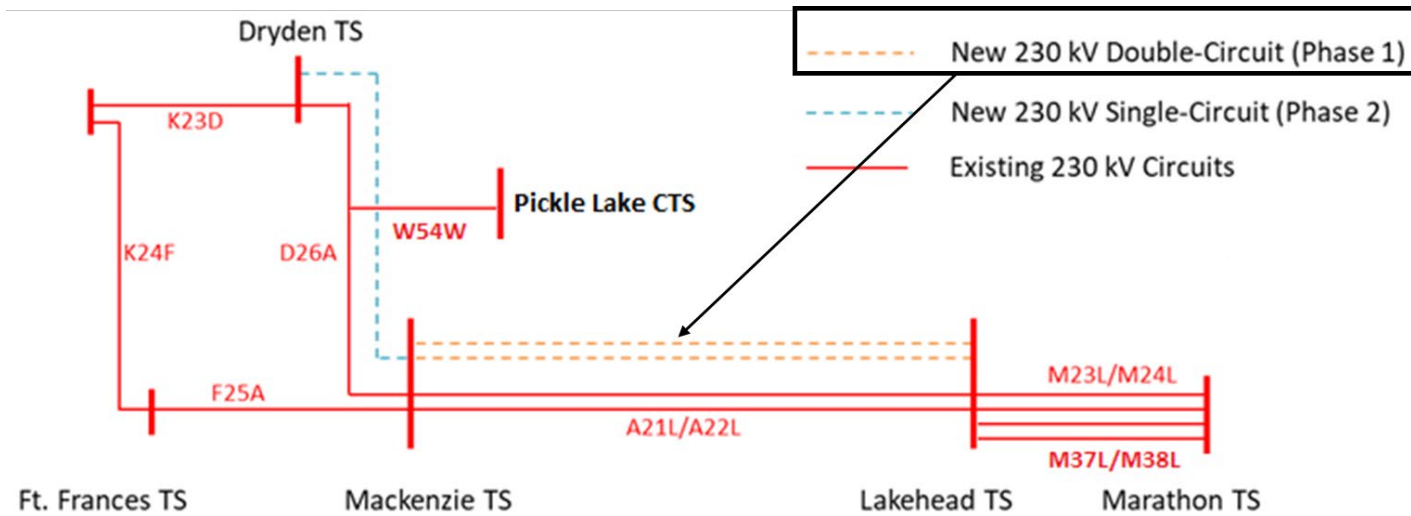


Figure 1: WTLP Phase 1 Transmission Line Schematic Diagram

The major components of these circuits include overhead conductors, steel support structures and foundations, insulators, and connecting hardware and grounding systems. A summary of the Phase 1 key assets is provided in Table 1.

Table 1 - Asset Summary

WTLP PHASE 1 Assets	
Fixed Assets (Net Book Value)	See Exhibit C-01-01
Transmission System Voltages	230kV
Overhead Transmission Line Conductors	1140 km ^[1]
Steel Support Structures	505 structures
Line Insulators	3390 strings
Optical Ground Wire	380 km ^[2]
Shieldwire	N/A

^[1] Each of the 2 circuits holds 190 km of conductor per phase, with 3 phases (conductor strings) per circuit.

^[2] 2 OPGW wires, each approximately 190 km in length

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COMPANY VALUES AND STRATEGIC OBJECTIVES

1.0 INTRODUCTION

This Exhibit provides an overview of WTLP's business objectives and company values. It also outlines WTLP's strategic goals and vision.

2.0 WTLP'S PRIORITIES & OBJECTIVES

WTLP's priorities include safety, reliable and efficient stewardship of assets, and conducting its business in a manner that respects Indigenous peoples and their traditions.

The five-year vision associated with WTLP's strategic objectives is shown in Table 1. In managing its transmission assets, WTLP is committed to meeting the OEB's Renewed Regulatory Framework (RRF) outcomes as demonstrated by the alignment of WTLP's strategic objectives to the RRF outcomes.

Table 1 - WTLP Strategic Objectives

RRF Outcomes	Strategic Objectives	Five-Year Vision
Customer Focus	Reliable Transmission	Maintain top-tier transmission reliability performance and improve long-term system reliability.
	Foster Indigenous Relationships	To foster positive partnerships with the Indigenous communities and the First Nation partners on the line.
Operational Effectiveness	Injury-Free	Ensure WTLP's operations and management services agreement is executed in accordance with good utility practice for employee and public safety.
	Cost Control	Secure a reasonable service agreement with Hydro One Networks Inc. that minimizes cost.
Public Policy Responsiveness	Public Policy Responsiveness	Support government objectives by delivering on obligations mandated by government through legislation and regulatory requirements.
	Protecting the Environment	Sustainably manage WTLP's environmental footprint.
Financial Performance	Owner's Value	Achieve the Regulated Return on Equity allowed by the Ontario Energy Board.
	Ratepayer Value	Plan and strategically execute responsible investment in rate base assets to ensure the safety and reliability of the grid while ensuring manageable and stable rate impacts over the course of the planning period.

WTLP is proposing to track its performance using the outcomes described in Exhibit D-01-01 to ensure WTLP satisfies its plan.

External and unexpected factors may impact WTLP's achievement of its outcomes. These include examples such as unforeseen weather events and material changes to codes and standards. However, all Operation & Maintenance work is completed to ensure compliance with regulatory requirements, good utility practice, and manage spending within budget.

**SUMMARY OF CAPITAL EXPENDITURES AND IN-SERVICE
ADDITIONS**

WTLP's Phase 1 230kV double circuit transmission line (A30L and A31L) is new and planned to be energized in November 2026. No additional capital work is planned in 2026 or 2027 on the newly built line. Further details on the asset life cycle and condition assessments are included in WTLP's Transmission System Plan found in Attachment 1 to this Exhibit.

Although a 230kV double circuit transmission line, if maintained properly, is extremely durable and resilient in normal circumstances, extraordinary events (including tornados and ice formations) can occur and cause damage to the line. These types of extreme weather events, while uncommon, may result in unplanned capital spending to repair the system. Due to the risk of major storm damage or other events and as indicated in Exhibit A-04-01, WTLP is proposing to use a Z-factor approach to seek relief for unplanned spending for unforeseen events. In accordance with the OEB's Filing Requirements,¹ this mechanism would apply to the recovery of material costs (that meet the eligibility criteria) associated with unforeseen events that are outside the control of the transmitter's ability to manage, such as storms causing damage to its assets.

¹ See Section 2.8.11 of the OEB Filing Requirements for Electricity Transmission Applications

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Transmission System Plan

Forecast Period: 2027

Waasigan Transmission Line Limited Partnership Phase 1

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1.0 INTRODUCTION

Waasigan Transmission Line Limited Partnership (WTLP) prepared this 2027 Transmission System Plan (TSP) in accordance with Chapter 2 of the Ontario Energy Board's (OEB) Filing Requirements for Electricity Transmission Applications.

The planning tools, processes, and investments outlined in this TSP are based upon the current state of the assets owned by the partnership, which are new.

2.0 TRANSMISSION SYSTEM PLAN

2.1 TRANSMISSION SYSTEM PLAN OVERVIEW (*OEB FILING REQ. 2.4.1*)

This section summarizes the key components that make up the integrated TSP and contextualizes the quantitative and qualitative information provided throughout.

2.1.1 KEY ELEMENTS OF THE PLAN

WTLP's Phase 1 transmission line is comprised of two 230kV transmission circuits, A30L and A31L, spanning approximately 190km between Lakehead TS (in the municipality of Shuniah) to Mackenzie TS (in the town of Atikokan). Phase 1 is forecast to be placed into service on or about November 15, 2026. Since the line is new, no capital investments are planned for 2026 or 2027.

The forecast OM&A expenditure is a relatively small portion, less than 4%, of the total revenue requirement. The proposed OM&A funding will ensure that WTLP's assets are operated and maintained in accordance with good utility practice and reliability standards.

2.1.2 CUSTOMERS' PREFERENCES AND EXPECTATIONS

WTLP's Phase 1 230kV double circuit transmission line is part of Ontario's bulk electric system, which helps to ensure the adequacy of supply to the province by connecting to major generating sources and delivering that power to major load centres in Ontario. WTLP has no delivery points and therefore does not serve any customers directly. Therefore, the partnership has not performed any independent customer research.

WTLP's plan supports the general objective of maintaining long-term system reliability while ensuring manageable and stable rate impacts to ratepayers over the course of the planning period. The plan proposes no capital projects and includes a modest OM&A budget to maintain WTLP's transmission reliability. WTLP will enter into a Service Level Agreement (SLA) with Hydro One Networks Inc. (HONI) to provide maintenance and operational services on the transmission line. Having this service provider, with its breadth of capabilities and local knowledge, provides assurance that the assets will be operated and maintained in accordance with good utility practice and reliability standards.

2.1.3 ANTICIPATED SOURCES OF EFFICIENCIES

The majority of WTLP's OM&A expense is for services that will be provided by HONI. Efficiencies gained by HONI are passed through to WTLP. WTLP's asset for Phase 1 is a 230kV double circuit transmission line that is generally located close to other transmission lines owned by HONI. Given the proximity of the assets, there are meaningful efficiencies inherent in having one party, HONI, plan and perform the work on the lines simultaneously.

WTLP's other OM&A costs that are incurred outside of the HONI Service Level Agreements, are relatively small. These include such items as insurance and auditor fees.

2.1.4 PERIOD COVERED AND VINTAGE OF INFORMATION

This TSP covers a one-year forecast period consisting of the stub period for 2026 and 2027. The information and statistics contained in this TSP is considered current as of year-end of 2025, unless otherwise noted.

2.1.5 ASSET MANAGEMENT PROCESS

WTLP is planning to retain HONI under a SLA to plan, organize, and execute the operation and maintenance of the assets and provide certain corporate and administrative support services. WTLP relies upon HONI's asset management process to develop its plan, as articulated in Section 3.1 Asset Lifecycle Optimization Policies and Practices below.

1 **2.1.6 GRID MODERNIZATION**

2 At this time, WTLP is not implementing any capital plans for future initiatives such as
3 distributed energy resources, grid modernization or climate change.

5 **2.2 PLANNING WITH THIRD PARTIES (OEB FILING REQ. 2.4.3)**

6 WTLP is not a lead transmitter for any of the regional planning regions. WTLP's
7 transmission lines are part of the bulk system. The bulk system planning is under the
8 purview of the Independent Electricity System Operator and is coordinated as part of that
9 undertaking. If requested, WTLP will participate in the bulk system planning process
10 and/or regional bulk system planning process, as per Section 3C of the Transmission
11 System Code and the OEB endorsed Planning Process Working Group Report, in
12 compliance with WTLP's obligations as a licensed transmitter. WTLP is not expecting such
13 a request during the rate period of this application.

15 **2.3 PERFORMANCE MEASUREMENT FOR CONTINUOUS IMPROVEMENT**

16 Please see Exhibit D-01-01.

18 **3.0 ASSET MANAGEMENT PROCESS (OEB FILING REQ. 2.4.2)**

20 **3.1 ASSET MANAGEMENT PROCESS OVERVIEW**

21 WTLP seeks to identify and prioritize asset maintenance and capital investments in an
22 optimal way throughout the life cycle of its assets. To achieve this goal, WTLP plans to
23 work with HONI to undertake a strategic and methodical asset management process,
24 drawing upon HONI's extensive expertise and experience to monitor its transmission
25 system assets, identify and define needs, and determine the optimal timing for investment
26 and maintenance activities in the future. In doing so, WTLP strives to ensure that it can
27 deliver, over the long term, a level of transmission service that is responsive to operational
28 needs, while also minimizing rate impacts and risks to electricity customers of Ontario.

3.2.2 SYSTEM CONFIGURATION

The transmission line will have two circuits between Lakehead TS and Mackenzie TS. It is comprised of 795 kcmil ACSR conductor. There are two OPGW 96 strand fibre cables for the double circuit line Phase 1 Project, between Lakehead TS and Mackenzie TS. The circuits terminate at the station gantry structure. Table 1 provides a high-level description and quantity of major transmission assets that comprise Phase 1 of the WTLP transmission line.

Table 1 - Asset Summary

Asset Type	Description	Quantity
Conductor	The conductor of an overhead transmission line is the asset responsible for transporting electricity between system nodes.	1140 km ¹
Steel Structures	Steel structures elevate transmission lines above the ground, providing clearance from ground objects and separation between the circuit conductors and other line components.	505 structures
Insulators	Insulators provide mechanical support for overhead conductors and must provide electrical isolation between the energized conductors they support and the grounded towers to which they are attached.	3390 strings
Optical Ground Wire	OPGW is used to provide a telecommunication path between Transmission Stations as well as lightning protection.	380 km ²

These asset types are similar in all manner to those on HONI's transmission system. For further descriptions of each asset component and the maintenance plans please refer to HONI's Joint Rate Application (EB-2021-0110) in Exhibit B-02-01 Section 2.1.2.2, Key Transmission Assets.

3.2.3 ASSET CONDITION

This section presents the service profile and condition of WTLP's key Phase 1 transmission assets.

¹ Each of the 2 circuits holds 190 km of conductor per phase, with 3 phases (conductor strings) per circuit.

² 2 OPGW wires, each approximately 190 km in length

In-Service Profile

The Estimated Service Life (ESL) is defined as the average time duration in years that assets can be expected to operate under normal system conditions and is determined by considering manufacturer guidelines and HONI's historical asset retirement data. Assets operating beyond ESL generally have an increasing likelihood of failure. Since all assets owned by WTLF are brand new, any reasonable expectation of failure due to ESL-related factors are several years or decades in the future. The asset profile, as presented in Table 2, provides the average age of the components and the ESL.

Table 2 - Asset Service Profile

Asset Type	Average Age (years)	Expected Service Life (years)
Conductors	0	90
Steel Structures	0	80
Insulator Strings	0	Life of Line
OPGW	0	40

Condition

The asset condition is presented in Table 3. Asset condition assessments are conducted for each asset as they reach an individual age threshold, which varies depending on asset type. These assessments are the primary driver for determining if assets on the system need to be replaced. Condition assessment results are categorized as "Good", "Fair", or "Poor" as per definitions below:

- **Good:** These assets are new or show minimal signs of deterioration.
- **Fair:** Assets that are experiencing deterioration and the condition of these assets is monitored for progression of further deterioration.
- **Poor:** Assets that have deteriorated to a point where their ability to continue providing the intended functionality or service is at risk.

Table 3 below outlines the condition of all WTL Phase 1 assets.

Table 3 - Asset Condition Summary

Asset Type	Quantity	Poor	Fair	Good
Conductors	1140 km ³	0%	0%	100%
Steel Structures	505 structures	0%	0%	100%
Insulators	3390 strings	0%	0%	100%
OPGW	380 km ⁴	0%	0%	100%

All of WTL's Phase 1 assets will be new. Therefore, little, if any, degradation will have occurred, and these assets will be considered to be in good condition.

3.2.4 ASSET UTILIZATION

WTL's Phase 1 circuits will increase the transfer capability of the west of Thunder Bay area by approximately 350 MW. This 230kV double circuit transmission line is part of the bulk system and is operated in accordance with the planning criteria as part of the IESO-controlled grid. The adequacy of the bulk system is assessed by the IESO as part of the bulk system planning processes in accordance with NERC and NPCC Standards, including the IESO's Ontario Resource Transmission Assessment Criteria (ORTAC). The bulk system is currently within acceptable capacity levels.

3.3 ASSET LIFECYCLE OPTIMIZATION POLICIES AND PRACTICES

As documented in Section 3.1, WTL plans to work with HONI to undertake a strategic and methodical asset management process, drawing upon HONI's extensive expertise and experience to maintain its transmission system assets. HONI has developed and implemented asset strategies for various components of the transmission system. The specific strategies related to overhead transmission line assets are outlined in detail in HONI's Joint Rate Application (EB-2021-0110) in Exhibit B-02-01, Section 2.2. The

³ Each of the 2 circuits holds 190 km of conductor per phase, with 3 phases (conductor strings) per circuit.

⁴ 2 OPGW wires, each approximately 190 km in length.

following sections provide an overview of the specific operations and maintenance activities and replacement strategies applicable to WTLP.

3.3.1 ROUTINE OPERATION AND MAINTENANCE

On behalf of WTLP, HONI will perform routine operation and maintenance of WTLP's transmission assets as follows.

Operating Services:

Operating services include the monitoring and control of the transmission system, in accordance with the requirements of WTLP's Transmission Licence and services required to fulfill all of WTLP's obligations under its Connection Agreement and the IESO-WTLP operating requirements. These services include, but are not limited to, the following:

- Alarm/asset monitoring, and minor control;
- Asset operation and switching;
- Emergency response to transmission system events;
- Outage processing;
- Crew dispatching;
- Record maintenance; and
- IT support of the power system applications used by operators.

Maintenance Services:

The maintenance services include all planned and corrective maintenance services of the transmission line assets and rights-of-way in accordance with the requirements and obligations of WTLP's Transmission Licence. Further details are outlined below.

a) Overhead Transmission Lines

On behalf of WTLP, HONI will routinely inspect the overhead transmission lines by ground and aerial-based patrols to identify safety and reliability defects. If significant defects are identified during the patrols, HONI will also undertake emergency repairs and response to restore power or minor corrective work to resolve reliability and safety problems with transmission line assets when necessary. This is unplanned work that constitutes minor corrective action and does not constitute replacement of major assets (towers, conductors,

1 insulators etc.). As assets age, separate detailed assessments are also performed on
2 individual conductor and structure assets to monitor the asset condition and determine
3 when replacement is required.

4
5 **b) Transmission Rights-of-Way**

6 On behalf of WTLP, HONI plans to perform regular maintenance to maintain clearance
7 distances between the energized circuits (A30L and A31L for Phase 1) and the vegetation
8 located on and adjacent to the transmission right-of-way. In the Thunder Bay area of
9 Northern Ontario, vegetation maintenance is performed on clearing cycles of six years.
10 Cycle lengths have been set to ensure that rights-of-way are in good condition and
11 maintain a sustainable level of reliability between maintenance cycles. WTLP's
12 transmission lines are subject to NERC Reliability Standard FAC-003 entitled
13 '*Transmission Vegetation management Reliability Standard*', which requires WTLP to
14 report all sustained outages caused by vegetation on 230kV circuits within WTLP's control.
15 If vegetation management issues arise mid-cycle, HONI would undertake corrective action
16 to resolve reliability and safety problems.

17
18 **c) OPGW**

19 On behalf of WTLP, HONI plans to utilize a condition-based asset management strategy
20 to assess and prioritize the replacement of its shield wire fleet. Asset age is utilized to
21 trigger condition assessments. Since OPGW is a relatively new asset type, asset age
22 triggering condition assessments as well as the condition assessment process have yet
23 to be determined.

24
25 A summary of the planned maintenance activities and frequency of maintenance can be
26 found in Table 4.

1

Table 4 - Summary of Planned Maintenance Activities

Asset	Maintenance	Frequency	Description
Overhead Transmission Lines	Helicopter Patrol	3 year	High-speed patrol to identify major defects on overhead transmission line assets.
	Detailed Helicopter Inspection (DHI)	12 years (starting after 25 years)	More detailed helicopter inspection, to identify defects and assess condition at a component level.
	Ground Patrol	12 years	Detailed ground-based patrol to identify defects on overhead transmission line assets.
	Thermovision	2 year	Patrol to identify defective transmission line components by detecting their heat signature using infrared cameras.
Transmission Rights of Way	Line Clearing	6 years	Consists of trimming tree branches and removing any unhealthy trees on the edge of or adjacent to the right-of-way that has the potential to exceed WTLP's clearances to the overhead transmission lines.
	Brush Control	6 years	Includes manual cutting, and/or mechanical clearing to manage vegetation growth on the right-of-way to ensure adequate clearances and access to WTLP's overhead transmission lines.
	Condition Patrol	6 years	A mid-cycle working inspection to identify and mitigate any vegetation which requires maintenance prior to the next scheduled line clearing or brush control activity.
	Property Owner Notifications	6 years	Prior to the execution of vegetation maintenance on rights-of-way, HONI contacts all required adjacent property owners and external stakeholders to communicate maintenance plans.
	Annual Vegetation Patrol	1 year	In accordance with NERC Standard FAC-003, WTLP is required to annually inspect all 230kV circuits.
OPGW	OPGW Condition Assessment	TBD	Condition assessment process for OPGW is currently being developed

3.3.2 ASSET REPLACEMENT

WTLP's planned replacement strategy is aligned with HONI's strategy. Assets are replaced based on condition assessments. Once an asset is determined to be in poor condition, it is scheduled and prioritized for replacement. In the event of material unplanned capital replacement, WTLP proposes to utilize a Z-factor claim approach.

3.4 SYSTEM CAPABILITY ASSESSMENT RENEWABLE ENERGY GENERATION

WTLP's transmission lines are operated in accordance with the planning criteria as part of the IESO-controlled grid based on the load, generation and import patterns. The WTLP Phase 1 circuits, A30L and A31L, are designed to allow for both the transfer of committed generating resources and the potential to enable new renewable resources in the Thunder Bay region. If new generation requests emerge, the assessment of capacity need or limitation would be completed under the purview of the IESO as part of bulk system planning. At this time, there is no meaningful increase in the renewable energy generation connection forecast that is expected to affect WTLP's Phase 1 assets.

4.0 CAPITAL EXPENDITURE PLAN (*OEB FILING REQ. 2.4.4*)

This section provides the details of the overall plan that WTLP plans to undertake over 2027 and other pertinent information regarding the elements of the planning process.

4.1 CAPITAL PLANNING PROCESS OVERVIEW

On behalf of WTLP, HONI plans to complete an annual investment planning process to establish a plan that appropriately reflects operational needs, while minimizing rate impacts. This planning process ultimately forms part of the overall asset management process, which is aimed at identifying and scoping the optimal timing of capital investments and asset maintenance throughout the life cycle of assets, as discussed in Section 3.3 above. WTLP's 2027 plan is an output of this asset management framework.

4.2 CAPITAL AND OM&A EXPENDITURE SUMMARY

Table 5 provides a summary of WTLP's overall plan for assets in Phase 1. WTLP is not anticipating any capital spending in 2027.

1 WTLP is forecasting modest system OM&A expenditures in 2027. Please see Exhibit F-
2 02-01.

3

4

Table 5 - Overall Plan (\$Millions)

OEB Appendix 2-AB

OEB Category	Forecast	Forecast
	2026	2027
System Access	0.0	0.0
System Renewal	0.0	0.0
System Service	0.0	0.0
General Plant	0.0	0.0
Total Capital	0.0	0.0

5 **4.3 JUSTIFYING CAPITAL EXPENDITURES**

6 Since WTLP's Phase 1 circuits are brand new, no capital expenditures are planned for
7 2027.

WTLP ASSET VALUES

1.0 PROJECT BACKGROUND

On December 11, 2013, the Minister of Energy (now the Minister of Energy and Electrification) with the approval of the Lieutenant Governor in Council made an Order in Council declaring that construction of the Waasigan transmission line was needed in accordance with s.28.6.1 of the OEB Act.

Hydro One obtained leave of the Board to construct the Waasigan transmission line on April 16, 2024, pursuant to OEB Decision EB-2023-0198. To meet the in-service timing requirements set by the Independent Electricity System Operator, the Waasigan transmission line is being constructed in two phases. The anticipated in-service date for Phase 1 is forecast to be on or about November 15, 2026, while Phase 2 is expected in the fourth quarter of 2027.

The complete Waasigan transmission line is comprised of two sections of 230 kV overhead transmission lines spanning between Lakehead TS, Mackenzie TS and Dryden TS, totaling a distance of approximately 360km. Construction of the transmission facilities is occurring in two phases. Phase 1 is a double circuit 230 kV transmission line spanning approximately 190km between Lakehead TS (in the municipality of Shuniah) to Mackenzie TS (in the town of Atikokan). Construction of Phase 2 includes a single circuit 230 kV transmission line spanning approximately 170km between Mackenzie TS to Dryden TS (in the city of Dryden). The asset values in this application are limited to Phase 1 of the project which is expected to go into service in 2026. Phase 2 will be part of a separate application expected in 2027.

The Waasigan transmission line was identified as a means to support economic development in the west of Thunder Bay area, most notably from the projected growth of the mining sector, by increasing supply and reliability through the release of existing transmission constraints. Most recently, the Waasigan transmission line was identified in the Ontario government's Powering Ontario's Growth report as one of the electricity

1 system upgrades being undertaken to unlock opportunities in Northern Ontario. In addition
2 to addressing the identified needs, the Waasigan transmission line will provide further
3 system benefits including addressing constraints on eastbound transfers out of the west
4 of Thunder Bay region that currently prevents local generation and imports from Manitoba
5 and Minnesota from providing greater value to the Ontario system, and limits new resource
6 development west of Thunder Bay.

7
8 In the OEB's leave-to-construct decision, the OEB found that the estimated total Project
9 capital cost of \$993.7M, \$546.1M for Phase 1 and \$447.6M for Phase 2¹, was
10 reasonable.²

11 12 **2.0 EXPLANATION OF VARIANCES TO ORIGINAL ESTIMATE**

13 The project estimate for the leave to construct application was developed using cost
14 estimates and a fixed price bid from the selected EPC contractor. As with most projects,
15 there were risks associated with estimating costs. HONI's cost estimate included an
16 allowance for contingencies in recognition of these risks. The risks highlighted below were
17 the major contributors to the total contingency suggested for this project:

- 18 • Land Acquisition – Risk of owners not accepting Hydro One's voluntary
19 agreements, which may lead to expropriation and subsequent impact on cost and
20 schedule;
- 21 • Engagement and Consultation – Risks associated with local government and/or
22 leadership changes that would affect relationships and agreements; and
- 23 • Approvals, Permits and Authorizations – Risk of delay when obtaining the
24 necessary approvals, permits and authorizations.

25
26 To account for the above risks, HONI included approximately \$99.9M in contingency for
27 the line work with Phase 1 Line contingency of \$57.2M. The total line estimate in HONI's

¹ EB-2022-0140 Exhibit B-7-1.

² EB-2022-0140 Decision and Order dated November 24, 2022, p. 20.

1 leave to construct application³ was \$993.7M based on an AACE Class 3 estimate (+30%
2 / -20%).

3
4 The current total forecast cost of the line for Phase 1 and Phase 2 is \$975.0M with Phase
5 1 forecasting a total capital expenditure of \$525M, resulting in total estimated savings of
6 \$21.1M compared to the estimate of \$546.1M⁴ at the time of the leave-to-construct
7 application. Phase 2, which is not part of this application, is currently tracking to the
8 approved leave-to-construct application budget.

9
10 There are several primary reasons for the forecast decrease in total expenditures for
11 Phase 1. While a number of risks such as risks in relation to Stage 3 and Stage 4
12 archaeology did materialize, requiring additional investigations and studies, other risks
13 were either mitigated or avoided entirely resulting in a partial reduction in contingency
14 requirement. Furthermore, Real Estate expenditures were lower than forecasts as the
15 project was able to secure almost all permanent land rights voluntarily in advance of the
16 start of construction, thereby minimizing possible costs associated with expropriation.
17 Likewise, additional efficiencies as compared to budget were achieved in the required
18 Project Management through the use of an integrated team of Project Management Office
19 – Owner's Engineer (PMO-OE) and inspectors overseen by Hydro One staff. The current
20 estimate includes contingency, primarily related to final construction activities and the
21 potential shift in outages that are required to bring the project into service.

22
23 A project of the scale of the Waasigan transmission line incurs capital costs after the asset
24 has gone into service that are necessary for successful completion of the project. These
25 "trailing costs" are typically due to regulatory, permitting and/or contractual requirements.
26 Trailing costs can vary as the scale of requirements will not be known until other work is
27 completed. Examples of these costs include environmental work on disturbed lands and
28 cleanup costs arising from the project such as construction road removal and remediation.
29 For Phase 1, the trailing costs are currently forecasted to be \$10M and are expected to

³ EB-2022-0140 Exhibit B-07-01.

⁴ EB-2022-0140 Exhibit B-07-01.

1 mostly be incurred in 2027. Due to the uncertainty of the requirements of the trailing
2 activities, which will not be fully known until after in-service, it is proposed that these
3 expenditures be subject to a true up mechanism, similar to what was approved by the
4 Board in EB-2024-0216. This will ensure that only the expenditures incurred are recovered
5 from ratepayers.

7 **3.0 OVERHEAD CAPITALIZATION RATE**

8 The overhead capitalization rate used for the project is the overhead capitalization rates
9 for Early Contractor Involvement Engineering Procurement and Construction Delivery
10 ("ECI-EPC") projects. Details on this rate were set out in Waasigan transmission line
11 section 92 application⁵ and this rate was addressed and accepted in the Chatham x
12 Lakeshore Limited Partnership revenue requirement application decision and settlement.⁶

⁵ EB-2023-0198 Exhibit B-07-01 & B-07-01-01.

⁶ See pdf page 33, EB-2024-0216 Decision and Order dated December 17, 2024.

RATE BASE

1.0 INTRODUCTION

This Exhibit outlines WTLP's rate base for 2027 and provides a description of each rate base component.

The rate base underlying the revenue requirement for 2027 includes a forecast of net utility plant, calculated on a mid-year average basis. No working capital has been requested, as discussed in section 3 below.

2.0 UTILITY RATE BASE

WTLP's utility rate base calculations, including gross plant, accumulated depreciation and the resulting rate base, are filed at Exhibit C-01-01, Attachments 1 through 4.

WTLP's forecast rate base for the 2026 and 2027 years are shown in Table 1 below.

Table 1 - Transmission Rate Base (\$ M)

Description	2026	2027
Mid-Year Gross Plant	515.0 ¹	520.0
Mid-Year Accumulated Depreciation	(0.9) ¹	(4.3)
Mid-Year Net Plant	514.1	515.7
Cash Working Capital	0.0	0.0
Materials and Supply Inventory	0.0	0.0
Transmission Rate Base	514.1	515.7

^[1] 2026 rate base was calculated to reflect the full rate base, upon date of in-service, rather than the half-year rule, in alignment with other recent single-asset utility applications such as EB-2020-0150 and EB-2024-0216.

Table 2 provides the 2026 and 2027 continuity of total fixed assets and in-service additions. Further details in gross plant are discussed in Exhibit B-01-03, Attachment 1 from Sections 4.1 through 4.3.

Table 2 - Continuity of Fixed Assets Summary (\$ M)

Description	2026	2027
Opening Gross Asset Balance	0.00	515.0
In-Service Additions	515.0	10.0 ²
Retirements	0.0	0.0
Sales	0.0	0.0
Transfers / Other	0.0	0.0
Closing Gross Asset Balance	515.0	525.0

² Reflects trailing costs for the WTLP Project. The rate base is estimated to be \$525M once all trailing costs are included.

3.0 CASH WORKING CAPITAL

Consistent with the prior submitted transmission rate applications for B2M Limited Partnership (B2MLP), Niagara Reinforcement Limited Partnership (NRLP) , and Chatham x Lakeshore Limited Partnership's (CLLP) 2025 to 2029 rates, WTLP's expenses and revenues are planned to be generally synchronized such that no working capital has been requested in this Application. Despite not having undertaken an independent assessment, WTLP believes that it is appropriate to have approximately zero working capital requirement, analogous to that of B2MLP, NRLP and CLLP.

4.0 IN-SERVICE ADDITIONS

In-service additions represent increases to rate base as a result of capital work being declared in-service and ready for use.

Since WTLP's assets are new, WTLP expects the asset condition to remain in good condition and has no plans for any in-service additions during the rate period, other than those reflected in the table above.

CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT

1

2

3 This attachment has been filed separately in MS Excel format.

1 **CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT –**
2 **ACCUMULATED DEPRECIATION**

3

4 This attachment has been filed separately in MS Excel format.

FIXED ASSET CONTINUITY SCHEDULES: CHAPTER 2

APPENDIX 2-BA

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STATEMENT OF UTILITY AVERAGE RATE BASE

1

2

3 This attachment has been filed separately in MS Excel format.

PERFORMANCE MEASURES

1.0 INTRODUCTION

The Waasigan Transmission Limited Partnership (WTLP) system is a transmission line asset with no associated station assets or delivery points. The performance of the equipment does not lend itself to applying the typical measures that might be in place for other transmitters since they typically rely on performance across delivery points. As a result, the traditional definition of SAIDI and SAIFI cannot be applied to WTLP. WTLP proposes to provide two alternative performance metrics, which measure interruptions to HONI delivery points that are caused by WTLP's circuits (T-SAIDI WTLP Contribution and T-SAIFI WTLP Contribution). The revised performance metric descriptions are provided in Appendix A below.

2.0 PERFORMANCE MEASURES

To ensure consistency with the performance measures utilized for Bruce to Milton Limited Partnership (B2MLP), Niagara Reinforcement Limited Partnership (NRLP) and Chatham to Lakeshore Limited Partnership (CLLP), WTLP is proposing to track the following performance measures:

- Transmission System Average Interruption Frequency WTLP Contribution;
- Transmission System Average Interruption Duration WTLP Contribution;
- Average System Availability;
- NERC Vegetation Compliance;
- Maintenance Cost per Circuit Kilometer; and
- Annual Achieved Return on Equity.

The performance measures will be tracked annually, and the results of this tracking from the first full year¹ will be reported to the OEB. WTLP has aligned its performance measures to the OEB's Renewed Regulatory Framework (RRF) outcomes to ensure that WTLP is

¹ Reporting of the proposed measures is not planned for the short period in 2026 during which Phase 1 of the line is expected to be in service.

monitoring and measuring performance relative to these outcomes. Table 1 provides a summary of the proposed targets for 2027.

Table 1 - WTLP Performance Measures

RRF Outcomes	Performance Measure	Target
		2027
Operational Excellence	Average System Availability (%)	100.0
Operational Excellence	T-SAIDI WTLP Contribution	0
Operational Excellence	T-SAIFI WTLP Contribution	0
Public Policy Responsiveness	NERC Vegetation Compliance	Compliant
Operational Excellence	Maintenance Cost (\$K) per circuit kilometer	0.26
Financial Performance	Annual Achieved Return on Equity (ROE) (%)	The Partnership strives to achieve the OEB deemed return.

In all cases, the performance measures verify that the assets are operating within expected parameters and continue to serve the electricity consumers of Ontario effectively.

Maintenance costs for WTLP are low for 2027 primarily due to no planned major vegetation maintenance work for this period. Major vegetation maintenance is completed on a 6-year cycle and is required for compliance with NERC standards. As this is a new asset being in-serviced in 2026, the first planned major vegetation maintenance is expected in approximately 2032.

Other than vegetation management expenses, the overall maintenance expenses remain well below what would otherwise be expected for an average circuit. However, given the limited operational scope of WTLP assets, the cost comparisons may not be a fair comparison to the average costs of other transmitters.

APPENDIX A – DESCRIPTION OF THE PERFORMANCE MEASURES

Average System Availability

“System Availability” is a measure of the extent to which the transmission line(s) are available for use within the system. For the purposes of quantifying this metric, the cause of the forced outages that would contribute to the unavailability of the transmission lines would be limited to factors affecting assets owned by WTLP as opposed to any other equipment, owned by HONI, which could also cause the transmission line(s) to be removed from service.

$$= 1 - \left(\frac{\sum_{i=1}^{N_L} F_{L_i}}{T_L} \right) \times 100\%$$

- F_{L_i} is the annual forced outage duration in hours due to transmission line-related outages of circuit L_i .
- T_L is the inventory (expressed in 100 km-hours) of all in-service transmission circuits.
- N_L is the total number of in-service transmission circuits

Contribution to Delivery Point Performance

WTLP assets do not contain any delivery points. As a result, traditional delivery point performance metrics do not apply. In place of these traditional metrics, two substitute performance metrics are utilized.

T-SAIDI (Transmission System Average Interruption Duration Index) Contribution (minutes per DP per year) measures the WTLP asset contribution to HONI’s overall SAIDI. Similarly, T-SAIFI (Transmission System Average Interruption Frequency Index) Contribution (# of interruptions per DP per year) measures the WTLP asset contribution to HONI’s overall SAIFI.

The formulae for the two measures are as follows:

$$T - SAIFI_{WTLP \text{ Contribution}} = \frac{\sum_{i=1}^k (SF_i + MF_i)}{n}$$

$$T - SAIDI_{WTLP \text{ Contribution}} = \frac{\sum_{i=1}^k (SD_i)}{n}$$

Where:

- n is the total number of HONI delivery points.
- k is the total number of HONI delivery points that may be impacted by WTLP circuits.
- SF and MF are the number of sustained and momentary interruptions experienced at Delivery Point i in a given year caused by WTLP circuits.
- SD is the duration of the sustained interruptions experienced at Delivery Point i in a given year caused by WTLP circuits.

Only forced direct outages are included in performance measures. Lines being removed from service due to non-circuit issues, i.e. subordinate outages, are excluded from performance measures. Only line outages are included in performance measures. Line terminal outages, such as outages caused by lines being removed from service due to non-circuit issues are excluded from performance measures as these terminal assets are not owned by WTLP.

NERC Vegetation Compliance

NERC Vegetation Compliance is a measure of the extent to which WTLP is compliant with NERC's Standard FAC-003-05 '*Transmission Vegetation Management*'. NERC developed a Transmission Vegetation Management Standard with the objective to prevent vegetation-related outages which could contribute to a cascading grid failure, especially under heavy electrical loading conditions. Each transmission owner is required to have a transmission vegetation management program designed to control vegetation on the

1 active transmission line ROW in accordance with the requirements in NERC Standard
2 FAC-003-05. Compliance with the Standard is mandatory and enforceable.

3
4 **Maintenance Cost (\$K) per circuit kilometer**

5 For WTLP, there are 190 route kilometres, multiplied by two circuits, resulting in 380 circuit
6 kilometres. The Maintenance Cost per circuit kilometre is the total proposed cost to
7 maintain the line divided by the number of circuit kilometres. For 2027, the Maintenance
8 Cost per circuit kilometre is approximately \$260.

9
10 **Return on Equity**

11 Return on Equity (ROE) is the return WTLP earns on the equity component of its regulated
12 rate base. The achieved ROE is calculated using the OEB's Reporting and Record
13 Keeping Requirements (RRR) 3.1.4 ROE Template for Electricity Transmitters.

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REVENUE REQUIREMENT

1.0 SUMMARY OF REVENUE REQUIREMENT

WTLP follows standard regulatory practice and has calculated its revenue requirement as follows:

Table 1 - Revenue Requirement (\$ M)

Components	2027	Reference
OM&A	1.7	Exhibit F-01-01
Depreciation	6.8	Exhibit F-05-01
Income Taxes	0.3	Exhibit F-06-01-01
Return on Capital	33.1	Exhibit G-01-03
Total Base Revenue Requirement	41.8	
Add: Other ¹	5.4 ²	Exhibit H-01-01
Rates Revenue Requirement	47.2	Exhibit E-01-01-01

The above rates revenue requirement is the amount required by WTLP to achieve its business objectives, responsible stewardship of a safe and reliable system, and impact on rates. The rates revenue requirement is also a reflection of WTLP's commitment to operating at the lowest practical cost. An excel version of the 2027 revenue requirements has been provided at Attachment 1 of Exhibit E-01-01.

¹ The 2027 rates revenue requirement consists of the 2027 base revenue requirement of \$41.8M and the forecast revenue requirement for 2026 of \$5.4M. Please see Exhibit C-01-01 for more information.

² \$5.4M is the revenue requirement associated with 2026 rate base. as shown in Exhibit C-01-01.

2.0 CALCULATION OF REVENUE REQUIREMENT

The details of the Revenue Requirement components are as follows:

Table 2 - OM&A Expense (\$ M)*

	2027
Estimated SLA Costs	0.9
Incremental Expenses	0.8
Total OM&A	1.7

* Exhibit F-02-01

Table 3 - Depreciation and Amortization Expense (\$ M)*

	2027
Depreciation	6.8
Total Depreciation Expense	6.8

*Exhibit F-05-01

Table 4 - Corporate Income Taxes (\$ M)*

	2027
Taxable Income after loss carryforward	0.0
Tax Rate	26.5%
Subtotal	0.0
Add: Corporate Minimum Tax	0.3
Total Income Taxes	0.3

* Exhibit F-06-01, Attachment 1

Table 5 - Return on Capital (\$ M)*

	2027
Return on Debt	14.3
Return on Equity	18.8
Return on Capital	33.1

* Exhibit G-01-03

3.0 REVENUE REQUIREMENT – YEAR OVER YEAR COMPARISON

There was no previously approved revenue requirement for WTLF. Therefore, this section of the Application is not applicable.

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CALCULATION OF REVENUE REQUIREMENT

This attachment has been filed separately in MS Excel format.

OPERATING COSTS SUMMARY

1.0 INTRODUCTION

This Exhibit presents an overview of WTLP's operating costs and includes the following elements, for which the overall costs are shown in Table 1 below:

- Operation, Maintenance and Administrative (OM&A),
- Depreciation and Amortization, and
- Income Taxes.

Table 1 - Operating Costs (\$ M)

Description	2026	2027
OM&A	0.2	1.7
Asset Removal Costs	0.0	0.0
Depreciation and Amortization	0.9	6.8
Income Taxes	0.0	0.3
Total Operating Costs	1.1	8.7

The proposed operating costs for 2027 is forecast to be \$8.7M. The increase from 2026 to 2027 is due to higher OM&A and Depreciation expenses that reflect a full year of operation, as documented in Exhibit F-02-01.

2.0 KEY ELEMENTS OF OPERATING COSTS

WTLP's operating costs forecast has been developed to sustain the safe and reliable operation of its transmission assets.

2.1 OPERATION, MAINTENANCE AND ADMINISTRATIVE (OM&A)

WTLP is managed by its general partner, Waasigan Transmission GP Inc. (WTGP). WTGP intends to retain Hydro One Networks Inc. (HONI) under a Service Level Agreement, to plan and organize the operation and maintenance of the assets and provide certain corporate and administrative support as outlined in Exhibit F-03-01.

OM&A expenses are derived from various work programs and functions performed by or on behalf of the Partnership. Further details on the OM&A costs are provided in Exhibit F-02-01.

2.2 DEPRECIATION AND AMORTIZATION

The depreciation expense for WTLF in this Application is supported by the depreciation study of Alliance Consultant Group (Alliance) for HONI Transmission in Exhibit E-08-01 of the 2023 to 2027 HONI Custom IR application (EB-2021-0110). Further details are provided in Exhibit F-05-01.

2.3 INCOME TAXES

Under the *Income Tax Act*, a partnership is not taxable but is required to compute its taxable income, which is then allocated to its partners. Details of the calculation of the Income Tax expense are shown in Exhibit F-06-01.

SUMMARY OF OM&A EXPENDITURES

1.0 SUMMARY OF OM&A EXPENDITURES

The proposed Operation, Maintenance, and Administration (OM&A) expenses will support the work required by WTLP to meet public and employee safety objectives, maintain transmission reliability, and comply with regulatory requirements, environmental requirements, and Government direction. Key components in the build-up of OM&A requirements include:

- An estimate of the Service Level Agreement (SLA) expected to be entered into with HONI, and
- Ongoing Incremental Expenses directly incurred by the Partnership.

Table 1 provides a summary of the forecast OM&A expenditures for each year of the rate term, and a breakdown of the key components within OM&A. Tables 2 and 3 provide the breakdown of estimated SLA costs, and Incremental Expenses respectively.

Overall, WTLP's OM&A spending on a per asset basis is low in comparison to other transmitters in Ontario. This relates primarily to the characteristics of the assets that it owns. WTLP owns an approximately 190 km 230kV double-circuit transmission line (Phase 1 only) that requires periodic vegetation management expenses and operating services. Otherwise, costs are low because the line is new, and the company owns no station assets. Additionally, this type of asset is extremely reliable and has a low probability of fault or other incident requiring corrective maintenance or repair expenditures.

More details on the forecast spending on each of these components are included below.

Table 1 - Summary of OM&A (\$ M)

Description	2026	2027
Estimated SLA Costs	0.11	0.87
Incremental Expenses	0.10	0.80
Total OM&A	0.22	1.67

2.0 KEY COMPONENTS OF THE OM&A EXPENDITURES

2.1 SERVICE LEVEL AGREEMENT COSTS

A significant portion of the OM&A expenses required to satisfy the obligation and objectives of WTLP arise as a result of the SLA between HONI and WTLP. The services that will be procured from HONI are not reasonably available in the market in the manner, type and quantity that fits with WTLP's requirements. There are no known service providers that can unilaterally provide these bundled services in this manner. Entering into a multi-vendor management arrangement would engender significant additional management costs. All services to be procured from HONI are done so on a fully allocated cost basis. This is similar to the services procured from HONI for B2M LP, NRLP, and CLLP.

Table 2 presents the required funding for these services for 2027. Further details on these services are provided in the following sections.

Table 2 - Total Estimated Service Level Agreement Costs (\$ M)

Description	2026	2027
Maintenance Expenses	0.01	0.10
Shared Asset Allocations	0.05	0.38
Administrative and Corporate Expenses	0.05	0.39
Total Service Level Agreement Costs	0.11	1.67

2.1.1 MAINTENANCE EXPENSES

The maintenance expenses relate to the maintenance services planned to be performed by HONI, on behalf of WTLP under an SLA. Examples of the services are:

- Overhead Transmission Lines maintenance including thermovision, helicopter and ground patrols; and
- Transmission Right-of-Way (RoW) maintenance, including mandatory annual NERC vegetation patrols, line clearing, brush control, condition patrol and property owner notifications.

Maintenance costs for WTLP Phase 1 are low for 2027 primarily due to no planned major vegetation maintenance work for this period. Major vegetation maintenance is completed on a 6-year cycle and is required for compliance with NERC standards. Since this is a new asset with a cleared RoW, the first planned major vegetation maintenance will not take place for several years. Maintenance expenses for 2026 and 2027 are outlined in Table 2 above.

Further details on the maintenance services are presented in WTLP's Transmission System Plan in Attachment 1 to Exhibit B-01-03.

2.1.2 SHARED ASSET ALLOCATION

WTLP is charged transfer pricing by HONI for the use of certain Shared Assets. The Shared Assets allocated to WTLP include major fixed assets and intangible assets, as well as minor fixed assets. The average forecast amount of 0.38 M per year mainly relates to the use of HONI's SAP system, an enterprise-wide system that integrates work management, finance, supply chain and customer service and other enterprise software. Further details on the Shared Asset Allocation are described in Exhibit F-03-01.

2.1.3 ADMINISTRATIVE AND CORPORATE EXPENSES INCLUDING OPERATING SERVICES

The Administrative and Corporate Expenses include the costs arising from the support functions provided by HONI to WTLP for administrative services and systems. The

1 investment in those systems and the cost of their operation are incurred by HONI but are
2 allocated to Hydro One Inc. and its affiliates, including WTLP, based on a cost allocation
3 methodology.

4
5 This methodology lowers costs for all the HONI affiliates by providing access to a
6 sophisticated administration infrastructure at a lower cost than if each built its own unique
7 and independent system. This sharing of the costs for a unified infrastructure benefits
8 ratepayers through lower rates and has been accepted by the OEB in numerous previous
9 proceedings, including B2M LP's 2025 to 2029 Transmission Revenue Requirement
10 Application (EB-2024-0116), NRLP's 2025 to 2029 Revenue Requirement Application
11 (EB-2024-0117) and CLLP's 2025 to 2029 Revenue Requirement Application (EB-2024-
12 0216). Per the methodology, corporate cost allocations now include operating services as
13 described below:

- 14 • Monitoring/Control of the transmission system, including alarm monitoring, asset
15 monitoring, and minor control;
- 16 • Asset operation within HONI-prescribed limits including the application of HONI
17 equipment directives and switching on HONI's transmission system to regulate
18 WTLP's transmission system;
- 19 • Emergency Response to transmission system events, including response to IESO-
20 directed emergency actions, and implementation of load shedding;
- 21 • Outage Processing including scheduling, planning, and submitting to IESO;
- 22 • Crew Dispatching, including 24/7 assessment contacting, and dispatching;
- 23 • Recording Maintenance including retention of logged items, retention of SCADA
24 information, and trip reports; and
- 25 • Power System IT support of the power system applications used by operators.

26
27 Further details on the common corporate costs and cost allocation methodology are
28 provided in Exhibit F-04-01.

2.2 INCREMENTAL EXPENSES

There are certain functions that must be executed directly by WTLP to meet its obligations and objectives that are not supported by the anticipated SLA with HONI. Table 3 presents the required funding for performance of these functions for 2027. Further details on these functions are provided in the sections below.

Table 3 - Total Incremental Expenses (\$ M)

Description	2026	2027
Insurance	0.03	0.20
Regulatory	0.01	0.05
Administrative	0.02	0.15
Managing Director's Office	0.05	0.38
Office Lease	0.00	0.02
Total Incremental Expense	0.10	0.80

2.2.1 INSURANCE

WTLP is obligated, by its partnership agreement and by good utility practice, to maintain an appropriate level of insurance to protect against catastrophic loss. WTLP is fortunate to be able to leverage the existing HONI insurance policies, rather than procuring insurance protection unilaterally. This results in considerable savings for WTLP. The annual premiums for this insurance are estimated to be about \$0.2M.

2.2.2 REGULATORY

WTLP incurs regulatory expenses related to applications as well as its cost assessment from the OEB. The total amount anticipated in 2027 is \$0.05M to cover costs incurred directly by WTLP.

2.2.3 ADMINISTRATIVE

WTLP incurs administrative expenses for other external fees and expenses not otherwise covered, such as auditor and professional fees, statutory remittances, and other items. The administrative expenses are approximately \$0.15M annually.

1
2 **2.2.4 MANAGING DIRECTOR'S OFFICE**

3 The partnership has a Managing Director, who is empowered to oversee and operate the
4 partnership. The Managing Director's duties include:

- 5 • Monitoring and ensuring that the terms and conditions of the partnership
6 agreement are fulfilled;
- 7 • Working with employees from HONI and other entities to ensure that the Applicant
8 and its assets are properly maintained and administered;
- 9 • Managing and Chairing Committee meetings with the partners on a regular basis,
10 as spelled out in the partnership agreement;
- 11 • Ensuring that the partners are kept well informed and advised of the partnership's
12 operations, and educated on what it means to be a transmission owner and
13 operator in Ontario;
- 14 • Authorizing the disbursement of funds by the partnership to meet its obligations
15 and expenses;
- 16 • Instituting communications with communities and the public at large, through
17 meetings, websites and other media;
- 18 • Representing the partnership at hearings, industry events and other situations; and
- 19 • Any and all other duties that may be required to manage the partnership and
20 effectively support its operations.

21
22 To complete these tasks, the Managing Director's Office is provided with an annual budget
23 for things such as salary, office lease, communication, and other expenses that may be
24 required. As such, the Managing Director's Office expense included is approximately
25 \$0.38M annually.

AFFILIATE SERVICE AGREEMENTS

1.0 INTRODUCTION

This Exhibit discusses the agreements between WTLP and HONI for operations services, maintenance services, and common administrative and corporate services.

2.0 DEVELOPMENT OF THE SERVICE LEVEL AGREEMENT

WTLP and HONI identified the nature of the services required for the safe and prudent operation of WTLP's transmission assets in accordance with good utility practice. Per standard practice, prior to the in-service date, an Agreement for Operations and Management Services (the Agreement) will be established to capture these requirements.

3.0 TERMS AND CONDITIONS

In accordance with the transmission licence which WTLP expects to be issued as well as the OEB's Affiliate Relationships Code (ARC), and all other applicable codes, rules, orders and decisions of the OEB, the Agreement will describe the terms and conditions of the services that HONI will provide to WTLP. These include the provision of operations and management services, fees and taxes, invoicing and payment, budgets, accounts and right to audit, liability and force majeure events, dispute resolution procedures, confidentiality and intellectual property, and term and termination of the agreement. More details on the key clauses are provided below.

3.1 PROVISION OF OPERATIONS AND MANAGEMENT SERVICES

The Agreement will address the provision by HONI to WTLP of operations, maintenance, and certain common administrative and corporate services. A description of the services that are expected to be in the Agreement is provided in Table 1.

Table 1 - Service Level Agreement

Services Provider	Services Recipient(s)	Description of Services
Hydro One Networks Inc.	WTLP	a) Operations Services – monitoring and control of the transmission system, in accordance with the requirements of WTLP's transmission licence and all services required to fulfill all of WTLP's obligations under its Connection Agreement and the IESO-WTLP operating requirements.
Hydro One Networks Inc.	WTLP	b) Maintenance Services – all maintenance, repair and refurbishment services, in accordance with the requirements of WTLP's transmission licence and all services required to fulfill all of WTLP's obligations under its Connection Agreement and the IESO-WTLP operating requirements.
Hydro One Networks Inc.	WTLP	c) Administrative and Corporate Services – some corporate and administrative services provided by HONI, including finance and regulatory support, tax advice and returns preparation, treasury, communications and government relations, legal advice, real estate support, corporate security services, First Nations support and other services as required from time to time.

3.2 FEES

Pursuant to the ARC, where a utility provides to an affiliate a service, resource, product or use of an asset, for which a reasonably competitive market exists, the utility shall charge no less than the greater of (i) the market price of that service, product, resource or use of asset, or (ii) the utility's fully-allocated cost to provide that service, product, resource or use of asset. In purchasing such a service, resource, product or use of an asset from an affiliate, a utility shall pay no more than the market price for that service, product, resource or use of an asset. Where no reasonably competitive market exists, a utility shall charge no less than its fully-allocated cost to provide the service, product, resource or use of asset, and a utility receiving such service, product, resource or use of asset shall pay no more than the affiliate's fully-allocated cost to provide the service, product, resource or use of asset. The level of costs for WTLP's services will be determined in accordance with the principles above, where the fees charged for the operations services and

1 management services provided by HONI to WTLP will be set in line with fully-allocated
2 costs.

3
4 The services which will be procured by WTLP from HONI are not reasonably available in
5 the market in the manner, type and quantity that fits with WTLP's requirements. There is
6 no known provider that can unilaterally provide these bundled services in this manner. To
7 enter a multi-vendor management situation would give rise to significant additional
8 management costs. As a result, the services procured from HONI are done so on a fully-
9 allocated cost basis where WTLP relies on the methodology within the Black & Veatch
10 (B&V) study previously completed for HONI.

11 12 **3.3 SHARED ASSET ALLOCATION**

13 WTLP is charged transfer pricing by HONI for the use of certain Shared Assets. The
14 service level agreement expected between WTLP and HONI for services provided to, or
15 received from, HONI are described above. The Shared Assets allocated to WTLP include
16 major fixed assets and intangible assets, as well as minor fixed assets. For example, one
17 significant Shared Asset is the SAP system, which is software that integrates work
18 management, finance, supply chain and customer service and other enterprise software.

19
20 WTLP is a single asset transmission utility similar to B2M LP, NRLP and CLLP and has
21 similar Shared Asset usage. For this application, the Shared Asset allocation charged to
22 WTLP is estimated by taking the average shared asset allocation amount per net fixed
23 asset amount of B2M LP, NRLP and CLLP and applying this rate against the net fixed
24 asset amount of WTLP. The methodology for calculating the transfer pricing for B2M and
25 NRLP is described in more detail in HONI's 2023 to 2027 Custom IR application in EB-
26 2021-0110, Exhibit E-04-08 Attachment 1. The OEB accepted HONI's use of the Black &
27 Veatch's Shared Asset allocation methodology in HONI's 2023 to 2027 Custom IR
28 proceeding.

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COMMON CORPORATE COSTS, COST ALLOCATION METHODOLOGY

Common Corporate Costs are costs incurred to provide service on a shared basis among HONI and its affiliates, including WTLP. The provision of these services is centralized to enable them to be delivered efficiently. Common Corporate Costs are allocated among HONI and its affiliates, including WTLP, based on an established methodology that uses cost causality principles.

Common Corporate Costs include Corporate Common Functions and Services (CCF&S), Asset Management, Information Technology, and Operating Programs. As it relates to WTLP, the allocated CCF&S costs include services provided by Finance, Taxation, Planning, Security Operations, Real Estate Services, Indigenous Relations, Regulatory Affairs and General Counsel.

Since 2004, in connection with each major cost of service application, HONI has commissioned a study by Black & Veatch (now Atrium Economics) to recommend a best practice methodology to allocate common corporate costs among the business entities using the common services. The adopted methodology represents the industry's best practices, identifying appropriate cost drivers to reflect cost causality and benefits received. In B2MLP, NRLP and CLLP's 2025 to 2029 Transmission Rates Applications (EB-2024-0116, EB-2024-0117, and EB-2024-0216 respectively), the same corporate cost allocation prepared by an independent expert, Atrium Economics, in HONI's 2023 - 2027 Custom IR application (EB-2021-0110) was included. The forecast allocation of Common Corporate Costs to WTLP for 2027 is forecast to be an average of \$0.39M annually based on the same methodology.

Filed: 2026-07-03
EB-2026-0078
Exhibit F
Tab 4
Schedule 1
Page 2 of 2

1

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DEPRECIATION EXPENSES

1.0 INTRODUCTION

The purpose of this exhibit is to summarize the method and amount of WTLP's depreciation and amortization expense.

2.0 DEPRECIATION METHODOLOGY

The depreciation and amortization expense for WTLP's application for transmission revenue requirement for 2027 will rely upon the latest depreciation study conducted by Alliance Consultant Group (Alliance) for HONI's 2023-2027 Custom IR application (EB-2021-0110).

In EB-2021-0110, HONI engaged Alliance to perform a depreciation study covering HONI's transmission, distribution and common assets as the basis for HONI's Transmission and Distribution depreciation and amortization expenses from 2023 to 2027. The OEB approved those expenses and the basis for their calculation.

In this Application, HONI's Alliance depreciation study will form the basis for WTLP's depreciation rates and depreciation expense for 2027. The depreciation rates for WTLP are derived from the projected useful lives (or projection lives) by asset account found in Alliance's depreciation study.¹ As a single asset transmission utility, WTLP's assets are similar in nature to certain HONI's transmission assets and are expected to perform in the same manner as the assets on which HONI's depreciation study was based. Accordingly, there is no value or need to incur significant additional expense to maintain unique depreciation rates for WTLP.

¹ EB-2021-0110, Application, Exhibit E-08-01, Attachment 1, Alliance Depreciation Study, Appendix E-1, p. 114 of 146

3.0 DEPRECIATION EXPENSE

As discussed above, WTLP relied upon HONI's updated depreciation study for transmission assets approved in HONI's 2023 - 2027 Custom IR Application (EB-2021-0110, Exhibit E-08-01, Attachment 1), which adopted the Alliance methodology to determine the depreciation expense. The depreciation expenses are summarized in Table 1.

Table 1 - WTLP Depreciation and Amortization Expenses (\$ M)

Description	<u>2026</u>	<u>2027</u>
Depreciation On Fixed Assets	0.9 ¹	6.8
Less Capitalized Depreciation	-	-
Asset Removal Costs	-	-
Losses/(Gains) On Asset Disposition	-	-
Total	0.9	6.8

^[1] 2026 rate base was calculated to reflect the full rate base, upon date of in-service, rather than the half-year rule, in alignment with other recent single-asset utility applications such as EB-2020-0150

Consistent with the CLLP application (EB-2024-0216), the half-year rule was not applied as the assets are expected to be placed into service on November 15, 2026; accordingly, only 47 days of depreciation was recognized in 2026 to minimize rate impacts. Similarly, the half-year rule is not applied to trailing costs for assets anticipated to come into service in 2027. As the asset is already in service, trailing costs are depreciated based on their actual in-service timing, ensuring alignment between depreciation expense and when the related investment begins providing service.

Detailed depreciation schedules are filed in Exhibit F-05-01, Attachment 1.

1 **DEPRECIATION AND AMORTIZATION EXPENSES SCHEDULE**

2

3 This attachment has been filed separately in MS Excel format.

APPENDIX 2-BB AND 2-C

1

2

3 This attachment has been filed separately in MS Excel format.

CORPORATE INCOME TAXES

1.0 OVERVIEW

This Exhibit explains how WTLP proposes to calculate its income tax expenses for the purposes of rate recovery. Exhibit F-06-01, Attachment 1 contains detailed calculations of income tax, including supporting schedules and reconciliations, as needed. There is no historical period.

2.0 OVERVIEW OF INCOME TAXES

2.1 INTRODUCTION

WTLP is a limited partnership pursuant to the *Limited Partnerships Act* (Ontario). A partnership is not a taxpayer under the *Income Tax Act*. A partnership is required to compute its taxable income, which is then allocated and taxed in the hands of its partners. The expected WTLP partners include:

Partner	Interests	Description
Hydro One Networks Inc. (HONI)	LP	A corporation owned directly by Hydro One Inc.
First Nations Partners	LP	First Nations Partners Include: • Eagle Lake First Nation • Gakijiwanong Anishinaabe Nation • Fort William First Nation • Seine River First Nation • Lac Seul First Nation • Nigigoonsiminikaaning First Nation • Ojibway Nation of Saugeen • Lac des Mille Lacs First Nation • Wabigoon Lake Ojibway Nation
Waasigan Transmission GP Inc. (WTGP)	GP	A corporation owned directly by Hydro One Inc.

1 The First Nations are exempt from corporate income tax. Therefore, the taxable income
2 in WTLP that is allocated to the First Nations partners will not be subject to income tax.
3 This leads to less total income tax paid, which is a savings to ratepayers.
4

5 **2.2 REGULATORY INCOME TAX EXPENSE**

6 Regulatory income taxes for WTLP are determined by applying the statutory tax rate to
7 the regulatory taxable income allocated to HONI and WTGP, the taxable corporate
8 partners of WTLP.
9

10 **2.3 CORPORATE MINIMUM TAX**

11 Ontario Corporate Minimum Tax (OCMT) is designed to impose a minimum tax based on
12 financial statement income calculated without most tax adjustments. The OCMT paid in
13 the year can be applied to reduce Ontario taxes payable in future year.¹ HONI and WTGP
14 will be subject to OCMT in 2026 and 2027 as shown in Exhibit F-06-01, Attachment 1.
15 OCMT expense is expected throughout the period in deriving the overall tax expense.
16 These credits are expected to be accumulated and utilized in the future when there is
17 sufficient taxable income.
18

19 **2.4 INCOME TAX RATE (FEDERAL AND ONTARIO)**

20 A combined income tax rate of 26.5% has been used for the forecast years, as set out in
21 Table 1 below, comprising a federal rate of 15% and a provincial rate of 11.5%. Any
22 variance between actual taxes payable and forecast taxes, because of tax policy and
23 legislation changes, will be captured in a variance account for tax rate changes as per
24 Section 7.1 of the 2006 Electricity Distribution Rate (EDR) Handbook, as described further
25 in Exhibit H-01-01.

¹ OCMT has a 20-year carry forward period and it will expire unutilized after 20-year period.

Table 1 - Combined Income Tax Rates

	2026	2027
Federal Tax Rate (%)	15.00	15.00
Provincial Rate (%)	11.50	11.50
Total Statutory Tax Rate (%)	26.50	26.50

3.0 RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND TAXABLE INCOME

Reconciliation between the regulatory net income before tax (NIBT) and taxable income is provided in Exhibit F-06-01, Attachment 1. This schedule shows how the taxable income is computed by adjusting the NIBT for items such as accounting depreciation and tax capital cost allowance (CCA). The calculation of CCA is provided in Exhibit F-06-01, Attachment 1. The CCA calculations incorporate the reaccelerated investment incentive for capital cost allowance that was enacted in March 2026. To make it easier to follow these reconciliations, WTLP has separated the tax adjustments into the following categories:

1. Recurring items that must be added (or deducted) because they have been included in the OM&A expenses in arriving at the revenue requirement, or for which appropriate tax adjustments are made (for example, depreciation versus CCA); and
2. Recurring items not in the revenue requirement.

4.0 OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME

The starting point for the computation of WTLP taxable income is the NIBT as shown on the utility's income statement for the year. The NIBT is prepared by using U.S. Generally Accepted Accounting Principles, but taxable income is computed using the relevant income tax legislation, interpretations and assessing practices. Therefore, there are several adjustments that are typically made, where applicable, to the NIBT to arrive at taxable income and most of these adjustments are made to account for timing differences. Adjustment for timing differences can arise when: (1) expenditures are both capitalized

1 and depreciated over time for both financial accounting and tax requirements, but the
2 depreciation rates and depreciation methodology are different; or (2) costs that are
3 expensed for financial accounting purposes but not for tax purposes or vice versa. A
4 common item that increases NIBT (i.e., it is added back to NIBT for tax purposes) is
5 financial accounting depreciation and amortization with CCA being the common item that
6 reduces NIBT (i.e., it is deducted from NIBT for tax purposes). Consequently, the NIBT
7 must be adjusted for amounts included (or deducted) for accounting purposes that are not
8 income (or deductible) for tax return purposes.

9
10 **5.0 TAXABLE TREATMENT OF REGULATORY ASSETS AND REGULATORY**
11 **LIABILITIES**

12 Regulatory assets and regulatory liabilities are typically recognized by the utility's balance
13 sheets for forgone revenue or for expenses that have been incurred, for which recovery
14 will be sought from ratepayers through future rates. Disposition of the deferral accounts is
15 determined by the OEB.

16
17 For example, in the illustrative example shown in Table 2, assuming that a 26.5% tax rate
18 applies, and a \$100 expense is incurred, the utility will record a regulatory asset for the
19 expense to be recovered in the future while tax will be allowed a deduction of the \$100 for
20 the year in which the expense is incurred in computing taxable income. If the OEB
21 subsequently approves recovery of this expense over a two-year period through a rate
22 rider, the utility will include the approved recovery amounts in computing taxable income
23 for the year in which it is billed to ratepayers. The net result is that the utility has recovered
24 the \$100 cost although the income or expense has been taxed or deducted in different
25 years.

**Table 2 - Example of the Income Tax Treatment of Regulatory Assets and
Regulatory Liabilities Disposition**

	Year 1	Year 2	Year 3	CUMULATIVE
Income (deduction)	(100)	50	50	Nil
Tax Refund (payable)	26.5	(13.25)	(13.25)	Nil
Cash Inflow (outflow)	(73.5)	36.75	36.75	Nil

Therefore, regulatory assets and regulatory liabilities have not been included in computing tax payable for purposes of the revenue requirement since the associated tax benefit has or will be obtained through the tax system, within a reasonable time horizon.

6.0 INTEGRITY CHECKS

WTLP has performed the integrity checks as described in Section 2.8.10.2 of the Filing Requirements.

7.0 SUPPORTING ATTACHMENTS

The attachments supporting the determination of the income tax expense are provided in the following attachments:

Attachment 1: Calculation of Utility Income Taxes and Capital Cost Allowance

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1 **CALCULATION OF UTILITY INCOME TAXES AND CAPITAL COST**
2 **ALLOWANCE**

3

4 This attachment has been filed separately in MS Excel format.

CAPITAL STRUCTURE/COST OF CAPITAL

1.0 INTRODUCTION

This Exhibit summarizes the method and cost of financing WTLP's Phase 1 capital requirements for 2027. The cost of capital has been reflected in the revenue requirement of this Application.

At the time of the Draft Rate Order (DRO) in this proceeding, if possible, WTLP intends to update the 2027 revenue requirement based on the OEB's release of its 2027 cost of capital parameters to reflect: (a) the OEB-prescribed 2027 return on equity (ROE) and short-term debt rates; and (b) a long-term debt rate based on WTLP's forecast debt refinancing in 2027, using the September 2026 Consensus Forecast.

At the time of in-servicing Phase 1 of the Waasigan transmission line, WTLP will issue two notes in the amount of \$144.4M each, representing 56% of WTLP's Phase 1 rate base, bearing interest at 4.32% and 4.91% respectively. These notes are planned to be refinanced during 2027 with debt issued by WTLP. The refinancing debt issue will mirror the terms included in an actual debt issue planned to be issued by Hydro One Inc. to third party public debt investors. This is expected to occur by mid-2027.

2.0 CAPITAL STRUCTURE

WTLP's deemed capital structure for rate-making purposes is 60% debt and 40% common equity of utility rate base where the 60% debt component is comprised of 4% deemed short-term debt and 56% long-term debt.

This capital structure is consistent with the OEB's findings in its Decision and Order, Generic Proceeding – Cost of Capital and Other Matters, dated March 27, 2025 (EB-2024-0063) (the "Generic CoC Decision"). WTLP is allocated debt from Hydro One Inc.'s forecasted 10- and 30-year debt issues, and its financing strategy takes into consideration the objectives of cost effectiveness, liquidity and ensuring the term of the debt portfolio is compatible with the long service lives of the transmission assets.

2.1 COST OF CAPITAL SUMMARY

The cost of capital as described in this Exhibit has been reflected in the revenue requirement for 2027 of this Application. WTLP's proposed 2027 cost of capital requirements (including debt and equity summary schedules) are presented in Exhibit G-01-03.

As discussed above, when the OEB releases its 2027 cost of capital parameters during this proceeding, WTLP will update the revenue requirement for the 2027 year to reflect: (a) the OEB-prescribed 2027 ROE and short-term debt rates; and (b) a long-term debt rate based on the rate on WTLP's forecast debt refinancing in 2027, using the September 2026 Consensus Forecast.

Hydro One expects the OEB to issue its Decision and Order before WTLP issues actual debt to finance its long-term debt component of its rate base. Actual debt issuances will be included as part of a future application.

3.0 RETURN ON COMMON EQUITY

WTLP's evidence reflects a return on equity (ROE) of 9.11% as a placeholder for 2027 based on the cost of capital parameters released by the OEB on October 31, 2025, effective for January 1, 2026 rates. It is calculated using the OEB's formulaic approach, as set out in Schedule C of the Generic CoC Decision.

WTLP proposes to update the equity cost of capital for the 2027 year by using the 2027 ROE to be released by the OEB in the fall of 2026.

4.0 DEEMED SHORT-TERM DEBT

The OEB has determined that the deemed amount of short-term debt that should be factored into rate-setting be fixed at 4% of rate base. The deemed short-term rate of 2.72% is being used by WTLP as a placeholder for 2027 and is based on the Cost of Capital Parameters released by the OEB on October 31, 2025, for rates effective January 1, 2026.

1 WTLP proposes to update the short-term debt rate for 2027 based on the 2027 deemed
2 short-term debt rate to be released by the OEB in the fall of 2026.

3 4 **5.0 LONG-TERM DEBT**

5 The OEB has determined that the deemed amount of long-term debt that should be
6 factored into rate-setting be fixed at 56% of rate base, consistent with the Generic CoC
7 Decision. The forecast weighted average long-term debt rate is 4.75% for 2027. Details
8 used in the calculation of the forecast long-term debt rate are presented in Exhibit G-01-
9 02.

10
11 At the time of DRO, WTLP will update the long-term debt rate for the 2027 year based on
12 the September 2026 Consensus Forecast, consistent with the proposed update of the
13 return on common equity and deemed short-term interest rate.

14 15 **5.1 WTLP LONG-TERM DEBT**

16 Hydro One Inc. provides treasury services to WTLP. WTLP issues debt to Hydro One Inc.
17 to reflect debt issued by Hydro One Inc. to third-party public debt investors. Hydro One
18 Inc. plans to issue debt to third-party public debt investors in 2027. Timing will depend on
19 market conditions. Third-party public debt investors hold all of the long-term debt issued
20 by Hydro One Inc. The debt portfolio for WTLP is detailed in Exhibit G-01-02.

21 22 **5.2 CREDIT RATINGS**

23 As an issuing entity, Hydro One Inc. obtains credit ratings from credit rating agencies as
24 a requirement to issue medium-term notes in the Canadian public debt markets. Table 1
25 lists the credit ratings of Hydro One Inc.'s debt obligations by DBRS Limited, Moody's
26 Investors Service and S&P Global Ratings:

Table 1 - Credit Ratings for Hydro One Inc.

Rating Agency	Short-term Debt	Long-term Debt
DBRS Limited (DBRS)	R-1(low)	A(high)
Moody's Investors Service (Moody's)	Prime-2	A3
S&P Global Ratings (S&P)	A-1(mid)	A

Rating agency reports are available at Exhibit A-06-03 of Hydro One's 2023-27 Custom IR Application for Transmission and Distribution (EB-2021-0110).

5.3 FORECAST DEBT

The OEB has determined in its Cost of Capital Report that the rate for new debt that is held by a third-party public debt investor will be the prudently negotiated contract rate. This would include recognition of premiums and discounts.

WTLP's planned borrowing requirement in 2027 is \$288.8M, based on its most recent forecast. WTLP's borrowing requirements are determined based on its rate base and capital structure as discussed in Section 2 of this Exhibit.

For the purpose of this Application, WTLP's evidence reflects a long-term debt rate of 4.75%, as a placeholder for 2027. For 2027, WTLP has applied the long-term debt rates based on HONI's forecasts for new long term debt rate calculations for 2027, reflecting the May 2026 Consensus Forecasts and the average of indicative new issue spreads for May 2026. Table 2 lists the fixed-rate notes that Hydro One Inc. plans to issue for WTLP in 2027, as shown in lines 2 and 3 of Exhibit G-01-02.

Table 2 - Forecast Debt Issues for 2027

Principal Amount (\$M)	Term (Years)	Coupon
144.4	10	4.32%
144.4	30	4.91%

WTLP has calculated the weighted average debt rate to be 4.75% for 2027, as shown in Exhibit G-01-02.

WTLP assumes that for rates effective January 1, 2027, the forecast interest rate for WTLP's debt issues will be updated based on the September 2026 Consensus Forecasts and the average of indicative new issue spreads for September 2026 that will be obtained from the Hydro One Medium Term Note (MTN) dealer group for each planned issuance term.

5.4 INTEREST RATES ON 2027 FORECAST DEBT ISSUES

WTLP's borrowing will be financed at market rates applicable to Hydro One Inc. Table 3 summarizes the derivation of the forecast Hydro One Inc. yields for the planned 10-year and 30-year issuance terms for 2027.

Table 3 - Forecast Yield for 2027 Issuance Terms

	2027	
	10-year	30-year
Government of Canada	3.50%	3.86%
Hydro One Spread	0.82%	1.05%
Forecast Hydro One Yield	4.32%	4.91%

Each rate comprises the forecast Government of Canada bond yield plus the Hydro One Inc. credit spread applicable to that term. The ten-year Government of Canada bond yield forecast for 2027 is based on the average of the three-month and 12-month forecast from the May 2026 Consensus Forecast. The 30-year Government of Canada bond yield forecasts are derived by adding the May 2026 average spreads (30-year to 10-year for the 30-year forecast) to the 10-year Government of Canada bond yield forecast. Hydro One's credit spreads over the Government of Canada bonds are based on the average of indicative new issue spreads for May 2026 obtained from the Company's MTN dealer group for each planned issuance term.

WTLP assumes that, for rates effective January 1, 2027, the forecast interest rate for Hydro One Inc.'s debt issues will be based on the September 2026 Consensus Forecasts and the average of indicative new issue spreads for September 2026 that will be obtained from the Hydro One Inc. MTN dealer group for each planned issuance term.

5.5 TREASURY OM&A COSTS

Treasury OM&A costs are incurred to:

- execute borrowing plans and issue commercial paper and long-term debt;
- ensure compliance with securities regulations, bank and debt covenants;
- manage WTLP's daily liquidity position, control cash, and manage the company's bank accounts;
- settle all transactions and manage relationships with creditors; and
- communicate with debt investors, banks and credit rating agencies.

Treasury OM&A costs are provided in the long-term debt schedules in Exhibit G-01-02.

5.6 OTHER FINANCING-RELATED FEES

Column (e) of Exhibit G-01-02 (Premium, Discount and Expenses) represents the costs of issuing debt. These costs are specific to each debt issue and include commissions, legal fees, debt discounts or premiums on issues and re-openings of issues relative to par, and hedge gains or losses.

Other financing-related fees include the Transmission allocation of Hydro One Inc.'s standby credit facility, annual credit rating agency, filing fees to security regulators, letters of credit, banking, custodial and trustee fees. These fees are summarized in the long-term debt schedules in Exhibit G-01-02.

1 **COST OF LONG-TERM DEBT CAPITAL**

2

3 This exhibit has been filed separately in MS Excel format.

1 **SUMMARY OF COST OF CAPITAL (UTILITY CAPITAL STRUCTURE)**

2

3 This exhibit has been filed separately in MS Excel format.

REGULATORY ACCOUNTS

1.0 INTRODUCTION

This Exhibit provides a description of the regulatory accounts requested by WTLP and a proposal with respect to disposition.

2.0 DESCRIPTION OF REGULATORY ACCOUNTS REQUESTED

In this Application, WTLP requests approval to establish the following regulatory accounts as described herein:

- Forgone Revenue Deferral Account
- Earnings Sharing Mechanism (ESM) Deferral Account
- Tax Rate and Rule Changes Variance Account
- WTLP Transmission Line Revenue Requirement Variance Account

The proposed regulatory accounts will be established consistent with the OEB's requirements as set out in the Accounting Procedures Handbook, subsequent OEB direction, or as per specific requests initiated by WTLP. The draft accounting orders are provided in Attachments 1 to 4 of this Exhibit.

WTLP plans on utilizing the following OEB generic account, as established in the OEB's *Report on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)*¹, in the event there are entries related to unanticipated legislated tax changes over the rate term:

- Tax Rate and Rule Changes Variance Account

2.1 FORGONE REVENUE DEFERRAL ACCOUNT (ACCOUNT 1508)

This account is requested in the event that the OEB's decision in respect of UTRs is not issued in time for UTRs to be implemented effective January 1 of a given year and as a

¹ EB-2008-0046, *Report on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)*

1 result, there is a need to track foregone revenue for WTLP. The forgone revenue
2 deferral account will record any differences between the existing rates revenue
3 requirement recovered as part of existing UTRs of a given year and the actual OEB-
4 approved rates revenue requirement that should be collected under the updated UTRs
5 of a given year. Any balance will be interest improved and submitted for disposition at
6 WTLP's next revenue requirement application.

8 **2.2 ESM DEFERRAL ACCOUNT (ACCOUNT 2435)**

9 The ESM deferral account, effective January 1, 2027, will record any over-earnings
10 realized during 2027 that is above 100 basis points of the deemed return on equity.
11 WTLP will share with customers 50% of any earnings that exceed the regulated return
12 on equity reflected in this Application by more than 100 basis points.

13
14 The use of an ESM provides protection for ratepayers if forecasts differ from actual
15 results. The 100 basis points is consistent with the OEB-approved threshold for other
16 transmission businesses. The ratepayer's share of the earnings is adjusted for any tax
17 impacts and is credited to the deferral account.

19 **2.3 TAX RATE AND RULE CHANGES VARIANCE ACCOUNT (ACCOUNT 1592)**

20 The Tax Rate and Rule Changes variance account, effective January 1, 2027, will track
21 the revenue requirement impact of any differences that may arise in the case of:

- 22 • a legislative or regulatory change to the tax rates or rules compared to costs
23 approved by the OEB as part of transmission rates; and
- 24 • a change in, or a disclosure of, a new assessment or administrative policy that is
25 published in the public tax administration or interpretation bulletins by relevant
26 federal or provincial tax authorities.

27
28 WTLP plans to use this account to track the revenue requirement impact of any
29 legislative or regulatory changes to tax rates or rules during the year, and any impacts

1 related to accelerated CCA deductions consistent with the OEB's directions in its May 6,
2 2026 Letter².

3
4 **2.4 WTLP TRANSMISSION LINE REVENUE REQUIREMENT VARIANCE**
5 **ACCOUNT (ACCOUNT 1508)**

6 WTLP proposes the establishment of a new "WTLP Transmission Line Revenue
7 Requirement Variance Account", effective January 1, 2027, to record the differences
8 between the revenue requirement associated with actual rate base and approved rate
9 base for 2027. In the event the WTLP assets are in-serviced after November 15, 2026,
10 the WTLP Variance Account shall also record the refund of the 2026 revenue
11 requirement, less any removal costs.

12
13 **3.0 ACCOUNTS SOUGHT FOR DISPOSITION**

14 With the exception of the account discussed below, WTLP expects to bring forward
15 regulatory account balances for disposal at its next revenue requirement application.

16
17 **3.1 WAASIGAN TRANSMISSION LINE REVENUE REQUIREMENT DEFERRAL**
18 **ACCOUNT (WTLPPDA)**

19 In the WTLP Licencing and Deferral Account Application currently before the OEB (EB-
20 2026-0090), WTLP requested approval to establish the WTLPPDA for the purpose of
21 recording the revenue requirement related to the Waasigan project once it is placed in
22 service during both Phase 1 and Phase 2, and up until the OEB-approved effective date
23 of WTLP's corresponding revenue requirement applications.³

24
25 A revenue requirement currently forecasted to be \$5.38M is expected to be recorded in
26 the WTLPPDA upon the Waasigan transmission line being placed in-service in 2026
27 (Phase 1). This revenue requirement for 2026 has been included in the 2027 rates

² OEB Letter, Accounting and Rates Direction Regarding Bill C-15 for the Reaccelerated Investment Incentive for Capital Cost Allowance, dated May 6, 2026

³ EB-2026-0090, Application for Waasigan Transmission Limited Partnership (WTLP) Licencing and Deferral Account, Appendix 5, filed on March 27, 2026

1 revenue requirement requested in this Application (see Exhibit E-01-01). At the time of
2 the DRO in this proceeding, WTLP will reflect any updates to the 2026 revenue
3 requirement based on the OEB's decision in this proceeding.

4 5 **4.0 ACCOUNTING AND CONTROL PROCESS**

6 The accounts noted above will be managed in a consistent manner. When applicable,
7 they will be updated monthly, and interest applied to the monthly opening principal
8 balance in each account according to the OEB-approved rate. Balances will be reported
9 to the OEB as part of the quarterly reporting process and will be consistent with the last
10 audited financial statements.

11
12 A certification on the process to prepare and validate the account balances, consistent
13 with Chapter 1 of the OEB's *Filing Requirements for Electricity Transmission Rate*
14 *Applications*, has been provided at Exhibit A-02-01-01.

TRANSMISSION ACCOUNTING ORDER – FORGONE REVENUE DEFERRAL ACCOUNT

WTLP proposes the establishment of a new “Forgone Transmission Revenue Deferral Account” to record any differences between revenue earned by WTLP under existing Uniform Transmission Rates (UTR) in a given year, and the revenues that would have been received in a given year under the approved UTRs based on OEB-approved rates revenue requirement (“Forgone Revenue”). The account will capture the Forgone Revenue from the first day of the year to the date when the approved rates revenue requirement is reflected in an update to the UTRs.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “Forgone Transmission Revenue Deferral Account”. WTLP will record interest on the balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	Account Description
DR: 1508	Other Regulatory Assets – Sub account “Forgone Revenue Deferral Account”
CR: 4110	Transmission Services Revenue

To record the difference between the existing rates revenue requirement recovered as part of existing UTRs of a given year and the actual OEB-approved rates revenue requirement that should be collected under the updated UTRs of a given year.

USofA #	Account Description
DR: 1508	Other Regulatory Assets – Sub account “Forgone Revenue Deferral Account”
CR: 6035	Other Interest Expense

1

2 To record interest improvement on the principal balance of the “Forgone Revenue Deferral
3 Account”.

TRANSMISSION ACCOUNTING ORDER – ESM DEFERRAL ACCOUNT

The Earnings Sharing Mechanism (ESM) Deferral Account shall record 50% of earnings that exceed the regulatory return on equity (ROE) reflected in this Application by more than 100 basis points in any year of the five-year term through WTLP's transmission revenue. WTLP shall use a methodology which is similar to what is outlined in the annual RRR 2.1.5.6 filing. The calculation of actual ROE shall use the actual rate base for that period. The ROE calculation shall be normalized for revenue impacting items such as entries that are recorded in the year which relate to prior years to normalize the in-year net income. The portion of WTLP owned by Hydro One is subject to tax and the associated taxes will be included as part of the calculation of ROE.

The account will be established as Account 2435, Accrued Rate-Payer Benefit effective January 1, 2025. WTLP shall record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this deferral account.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate-Payer Benefit

Initial entry to record the over-earnings realized in any year of the five-year term.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate Payer Benefit

To record interest improvement on principal balance of ESM deferral account.

TRANSMISSION ACCOUNTING ORDER – TAX RATE AND RULE CHANGES VARIANCE ACCOUNT

WTLP proposes the establishment of a new “Tax Rate and Rule Changes Variance Account” to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB in WTLP’s 2027 transmission rates.

The account will be established as Account 1592, PILS and Tax Variances for 2006 and Subsequent Years effective January 1, 2027. WTLP will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

Variances specific to the impact of changes in CCA rules will be reflected in a sub-account of this account, 1592 – PILs and Tax Variances – CCA Changes.

The following outlines the proposed accounting entries for this variance account.

USofA #	Account Description
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 4110	Transmission Services Revenue

Initial entry to record the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB.

USofA #	Account Description
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 6035	Other Interest Expense

To record interest improvement on the principal balance of the tax rate and rule changes variance account.

**TRANSMISSION ACCOUNTING ORDER - WTLP TRANSMISSION LINE
REVENUE REQUIREMENT VARIANCE ACCOUNT**

WTLP proposes the establishment of a new “WTLP Transmission Line Revenue Requirement Variance Account” to record the differences between the revenue requirement associated with actual rate base and approved rate base for 2027. In the event the WTLP assets are in-serviced after November 15, 2026, the WTLP Variance Account shall also record the refund of the 2026 revenue requirement, less any removal costs.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “WTLP Transmission Line Revenue Requirement Variance Account” effective January 1, 2026. WTLP shall record interest on the balance in the sub-account using the prescribed interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	Account Description
DR/CR:1508	Other Regulatory Assets – Sub account “WTLP Transmission Line Revenue Requirement Variance Account”
CR/DR: 4110	Transmission Services Revenue

To record the differences between the revenue requirement associated with the actual rate base related to the in-servicing of WTLP’s assets and the revenue requirement associated with the OEB-approved rate base.

USofA #	Account Description
DR/CR: 1508	Other Regulatory Assets – Sub account “WTLP Transmission Line Revenue Requirement Variance Account”
CR/DR: 6035	Other Interest Expense

1

2 To record interest improvement on the principal balance of the “WTLP Transmission Line
3 Revenue Requirement Variance Account”.

COST ALLOCATION AND RATE DESIGN

1.0 COST ALLOCATION

All assets associated with WTLP are classified as Network in accordance with HONI's functionalization of assets approved by the OEB for HONI's Transmission Rate Applications, most recently in EB-2021-0110.¹ Accordingly, the total rates revenue requirement associated with WTLP's transmission assets will be allocated to the Network pool. A listing of the WTLP assets by functional category is provided below in Table 1.

Table 1 - WTLP Assets by Functional Category

Circuit	Section	From	To	Functional Category
A30L	1	Lakehead TS	Mackenzie TS	Network
A31L	1	Lakehead TS	Mackenzie TS	Network

The WTLP Network rates revenue requirement for the purpose of setting Uniform Transmission Rates (UTRs) effective for the 2027 year is \$47.2M,² as determined in Exhibit E-01-01.

2.0 CHARGE DETERMINANTS

There are no customer delivery points supplied directly from the WTLP assets, and as such the WTLP Network charge determinant for the purpose of setting UTRs is zero. All power transported using WTLP's assets are delivered to the final customer by another transmitter and thus is included in another transmitter's load forecast.

¹ EB-2021-0110, Exhibit H-01-02, Section 3.0 filed August 5, 2021

² The 2027 rates revenue requirement consists of the 2027 base revenue requirement of \$41.8M and the forecast revenue requirement for 2026 of \$5.4M.

Filed: 2026-07-03
EB-2026-0078
Exhibit I
Tab 1
Schedule 1
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1

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OVERVIEW OF UNIFORM TRANSMISSION RATES

1.0 INTRODUCTION

Transmission rates in Ontario have been established on a uniform basis for all transmitters in Ontario since April 30, 2002, as per the OEB's Decision in RP-2001-0034/RP 2001 0035/RP-2001-0036/RP-1999-0044. The current Uniform Transmission Rates (UTR) Schedules, which were effective on January 1, 2026, as part of the OEB's Decision and Rate Order in EB-2025-0232 issued on January 15, 2026, are filed as Exhibit I-03-01, Attachment 1. Exhibit I-03-01, Attachment 2 shows the revenue requirement and charge determinant details used to derive the currently approved 2026 UTRs.¹

Since rates are established on a uniform basis, WTLP's requested rates revenue requirement is a contributor to the total revenue requirement to be collected from the provincial UTR. The rates revenue requirement for all the other transmitters in the province approved to participate in the UTR must be added to that of WTLP in order to calculate the total transmission rates revenue requirement to be collected via the UTR.²

The total rates revenue requirement from all transmitters must be allocated to the Network, Line Connection and Transformation Connection rate pools in order to establish uniform rates by pool. The revenue requirement for WTLP will be allocated to the Network rate pool, as discussed in Exhibit I-01-01. The rates revenue requirements by rate pool for the other transmitters are allocated to either the Network rate pool, or in proportion to HONI's Transmission rates revenue requirement across the three rate pools.

¹ EB-2025-0232, Decision and Rate Order, January 15, 2026.

² The other transmitters currently included in the UTRs are Hydro One Networks Inc. (Hydro One), Hydro One Networks Sault Ste. Marie LP (HOSSM), Five Nations Energy Inc. (FNEI), Canadian Niagara Power Inc. (CNPI), Wataynikaneyap Power LP (WPLP), Upper Canada Transmission 2 (UCT 2), B2M Limited Partnership (B2MLP), Niagara Reinforcement Limited Partnership (NRLP) and Chartham x Lakeshore Limited Partnership (CLLP).

1 Once the total rates revenue requirement by rate pool has been established, uniform
2 rates by rate pool are determined by applying the Provincial charge determinants for
3 each rate pool to the total revenue for each rate pool. The Provincial charge
4 determinants are the sum of all charge determinants, by rate pool, approved by the OEB
5 for each of the transmitters participating in the UTR.

6
7 The 2027 UTR schedule is provided in Exhibit I-04-01, Attachment 1, and the rates
8 revenue requirement and charge determinants details used to calculate the draft 2027
9 UTRs are provided in Exhibit I-04-01, Attachment 2. The 2027 UTR calculation includes
10 the requested 2027 WTLP rates revenue requirement and the currently approved values
11 for the other transmitters.

12 13 **2.0 BILL IMPACTS**

14 This section reflects the bill impacts of WTLP's proposed rates revenue requirement in
15 this Application, as per Section 2.12 of the OEB's Chapter 2 filing requirements for
16 Transmission Revenue Requirement Applications. WTLP's assets are a part of a bulk
17 transmission system reinforcement that is needed to address supply needs in the region
18 west of Thunder Bay, as determined in an IESO-initiated planning study.³ Details on the
19 rates impact assessment for the total cost and load impact of the WTLP is provided in
20 Hydro One Networks Inc.'s Leave to Construct Application in EB-2023-0198, Exhibit B-
21 09-01.

22
23 The impact of transmission rates on a customer's total bill varies between transmission-
24 connected and distribution-connected customers. Table 1 shows the estimated average
25 transmission cost as a percentage of the total bill for a transmission-connected
26 customer.

³ Hydro One Networks Inc. Leave to Construct Application, EB-2023-0198, Exhibit B-03-01.

**Table 1 - Estimated Transmission Cost as a Percentage of
Total Electricity Market Costs**

Figure	Cost Component	¢/kWh	Source
A	Commodity	11.43	IESO Monthly Market Report December 2025
B	Wholesale Market Service Charges	0.18	IESO Monthly Market Report December 2025
C	Wholesale Transmission Charges	1.69	IESO Monthly Market Report December 2025
D	Total Monthly Cost for TX-Connected Customers	13.25	D=A+B+C
E	Transmission as % of Total Cost for Tx-Connected Customers	12.8%	E=C/D

The WTLF 2027 rates revenue requirement represents approximately 1.936% of the total rates revenue requirement across all transmitters, which is approximated by adjusting the 2026 overall approved UTR revenue requirement to include the WTLF 2027 rates revenue requirement.⁴ This percentage has been applied to WTLF's changes in revenue requirement to calculate the net impact on average transmission rates. Figure E (12.8%) from Table 1 above has been applied to the net impact on average transmission rates to estimate the bill impact on transmission-connected customers in the 2027 period, as shown in Table 2.

⁴ Exhibit I-04-01, Attachment 1

1 **Table 2 - Average Bill Impacts on Transmission-Connected Customers**

	2026	2027
Rates Revenue Requirement ^[1]	\$0	\$47,171,798
% Change in Rates Revenue Requirement over prior year		100.00%
% Impact of load forecast change		0.00%
Net Impact on Average Transmission Rates ^[2]		1.936%
Transmission as a % of Tx-connected customer's Total Bill		12.8%
Estimated Average Transmission Customer Bill Impact ^[3]		0.247%

^[1] There is no rates revenue requirement in WTLP's 2026 in-servicing year. The 2027 rates revenue requirement consists of the 2027 base revenue requirement of \$41.8M and the forecast revenue requirement for 2026 of \$5.4M per Exhibit E-01-01.

^[2] The calculation of net impact on transmission rates accounts for WTLP's 2027 rates revenue requirement as 1.936% of the total rates revenue requirement of \$2,389,605,744 across all transmitters per Decision and Rate Order, EB-2025-0232 2026 Uniform Transmission Rates, Schedule A, January 15, 2026.

^[3] The calculation of estimated average transmission customer bill impact is the net impact on average transmission rates on the transmission portion of a transmission connected customer's total bill (i.e. 1.936% x 12.8% = 0.247% in 2027).

2 The total bill impacts for a typical medium density residential (HONI-Dx R1) customer
3 consuming 750 kWh monthly and a typical General Service Energy less than 50 kW
4 (HONI-Dx GS<50kW) customer consuming 2,000 kWh monthly are determined based
5 on the forecast change in the customer's Retail Transmission Service Rates (RTSRs) for
6 2027, as detailed in Table 3.

1

Table 3 - Bill Impacts for Typical Distribution-Connected Customers

	Calculation ^[1]	2026	2027
WTLP's Rates Revenue Requirement (\$M) ^[2]	A	-	47.17
WTLP's 2027 Rates Revenue Requirement as % of UTR Network Revenue Requirement ^[3]	B	3.06%	
Estimated Net Impact on RTSR-Network ^[4]	$C=(A/A_{PY}-1)*B_{2026}$		3.06%
Typical Medium Density Residential (HONI-Dx R1) Customer Consuming 750 kWh per Month			
		2026	2027
RTSR Network Charge (\$) ^{[5],[6]}	$D=D_{PY}*(1+ C)$	10.57	10.90
RTSR Connection Charge (\$) ^{[5],[7],[8]}	E	7.59	7.59
Total RTSR Charge (\$)	$F=D+E$	18.16	18.48
Estimated Change in RTSR Network Charge (\$) ^[8]	$G=C*D_{PY}$		0.32
Total Bill (\$) ^[9]	$H=H_{PY}+D$	145.18	145.50
Increase as a % of Total bill	$I=G/H_{PY}$		0.22%
Typical General Service Energy less than 50 kW (HONI-Dx GS<50kW) Customer Consuming 2,000 kWh per Month			
		2026	2027
RTSR Network Charge (\$) ^{[5],[6]}	$J=J_{PY}*(1+ C)$	22.80	23.49
RTSR Connection Charge (\$) ^{[5],[7],[8]}	K	17.54	17.54
Total RTSR Charge (\$)	$L=J+K$	40.33	41.03
Estimated Change in RTSR Network Charge (\$) ^[8]	$M=C*J_{PY}$		0.70
Total Bill (\$) ^[9]	$N=N_{PY}+M$	456.81	457.51
Increase as a % of Total bill	$O=M/N_{PY}$		0.15%

^[1] Inputs are current year (CY) unless otherwise denoted (e.g. PY refers to the value from the previous year).

^[2] WTLP's 2027 rates revenue requirement as per Exhibit E-01-01.

^[3] Represents WTLP's 2027 Rates Revenue Requirement as a share of the approved total 2026 UTR Network Revenue Requirement of \$1,494,770,573 as per OEB Decision and Rate Order, EB-2025-0232, 2026 Uniform Transmission Rates Update-Schedule A, January 15, 2026.

^[4] The calculation of net impact on HONI-Dx's RTSR Network is WTLP's change in rates revenue requirement relative to the total 2026 UTR Network revenue requirement.

^[5] HONI-Dx's currently approved RTSRs are based on the Preliminary 2026 UTRs, EB-2025-0232, October 9, 2025.

^[6] Represents the approved 2026 RTSR Network (\$/kWh) effective January 1, 2026 approved per the OEB Decision and Rate Order, EB-2025-0030, December 23, 2025, multiplied by the monthly consumption (i.e. 750kWh/month Hydro One Distribution R1 or 2,000 kWh/month Hydro One Distribution GS<50kW), multiplied by the corresponding approved loss factor.

^[7] Represents the approved 2026 RTSR Connection (\$/kWh) effective January 1, 2026 approved per the OEB Decision and Rate Order, EB-2025-0030, December 23, 2025, multiplied by the monthly consumption (i.e. 750kWh/month Hydro One Distribution R1 or 2,000 kWh/month Hydro One Distribution GS<50kW), multiplied by the corresponding approved loss factor..

^[8] WTLP's rates revenue requirement is wholly allocated to the Network rate pool. As a result, WTLP's rates revenue requirement impacts RTSR-N, and not RTSR-C.

^[9] Total 2026 bill including HST, based on time-of-use commodity price effective November 1, 2025 and distribution rates effective January 1, 2026 approved per Distribution Rate Order EB-2025-0030, dated December 23, 2025, with 23.5% Ontario Energy Rebate (effective November 1, 2025), \$0.42 Smart Meter Entity Charge (effective January 1, 2023) and Distribution Rate Protection cap of \$42.88 (effective July 1, 2025 for Hydro One Distribution R1). 2027 total bills reflect the year over year estimated change in RTSR-N, and does not account for corresponding adjustments for HST and OER.

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CURRENT ONTARIO TRANSMISSION RATE SCHEDULES

The current UTR Schedules were approved as part of the Decision and Rate Order dated January 15, 2026 in EB-2025-0232. The approved rate schedules, and the revenue requirement and charge determinants for all transmitters used to establish the current UTR and revenue disbursement allocators are included in the following attachments.

Attachment 1: 2026 Ontario Uniform Transmission Rate Schedules

Attachment 2: 2026 Uniform Transmission Rates and Revenue Disbursement Allocators

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SCHEDULE B
2026 UNIFORM TRANSMISSION RATE SCHEDULES
DECISION AND RATE ORDER
EB-2025-0232
JANUARY 15, 2026

2026 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULES

EB-2025-0232

The rates contained herein shall be implemented effective January 1, 2026.

Issued: January 15, 2026

Ontario Energy Board

TRANSMISSION RATE SCHEDULES

TERMS AND CONDITIONS

(A) APPLICABILITY The rate schedules contained herein pertain to the transmission service applicable to:

- The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario.
- The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

(B) TRANSMISSION SYSTEM CODE The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter.

(C) TRANSMISSION DELIVERY POINT The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of

Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

(D) TRANSMISSION SERVICE POOLS The transmission facilities owned by the licensed transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS. The PTS customers that utilize transformation connection assets owned by a licensed transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns all transformation connection assets associated with that transmission delivery point. The PTS customers that utilize lines owned by a licensed transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

(E) MARKET RULES The IESO will provide transmission service utilizing the facilities owned by the licensed transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

EFFECTIVE DATE:
January 1, 2026

BOARD ORDER:
EB-2025-0232

REPLACING BOARD
ORDER: EB-2024-0244
January 21, 2025

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

(F) METERING REQUIREMENTS In accordance with Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licensed Transmission Company that connects the customer to the IESO-Controlled Grid.

(G) EMBEDDED GENERATION The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generation are obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. These terms and conditions also apply to the incremental capacity associated with any refurbishments approved after October 30, 1998, to a generator unit that was connected through an eligible Transmission Delivery Point on or prior to October 30, 1998, and the approved incremental capacity is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, biomass, bio-oil, biogas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO-administered energy markets.

(H) EMBEDDED CONNECTION POINT In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a distribution feeder to the

TRANSMISSION RATE SCHEDULES

Transmission Delivery Point. In the above situations:

- The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO-administered market.
- The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

(I) COME INTO SERVICE has the meaning given to that term in the Code.

(J) CUSTOMER FACILITIES A Transmission Customer's equipment, elements, and facilities of any kind whatsoever that are relevant to a direct connection to the transmission system at a Transmission Delivery Point where the Transmission Customer uses transformation connection assets owned by a licensed transmission company and/or line connection assets owned by a licensed transmission company.

(K) CHANGE IN OWNERSHIP When an existing Transmission Customer (the transferor) transfers the title of a load facility to a new customer (transferee), as provided in written notice to the applicable transmitter and the IESO, by the transferee.

(L) NEW CONNECTION Where new Customer Facilities will be directly connected to the transmission system at a Transmission Delivery Point and energized following commissioning.

(M) PERMANENT DISCONNECTION Where Customer Facilities are permanently disconnected from the transmission system in accordance with Section 20.1 or 20.3.1 and subject to Section 20.5 of the form of Connection Agreement applicable to the Transmission Customer in Appendix 1 to the Code.

(N) EXEMPTION Based on an assessment by the licensed transmission company (and the IESO, where applicable), where the Transmission Customer's forecast capacity needs (associated with a new or modified load facility) exceeds the maximum capacity that can be supplied by the transmission system and the licensed transmission company cannot expand the transmission system to meet the Transmission Customer's forecast capacity needs at the time the Transmission Customer's load facility goes into service (and the Transmission Customer agrees to limit its demand to the maximum capacity allocated), the Transmission Customer shall be subject to gross load billing for Line Connection service charges and Transformation Connection service charges, as appropriate, on only the maximum capacity that can be supplied by the transmission system. The application of gross load billing shall be adjusted by the licensed transmission company to the extent additional capacity can be allocated to meet the capacity needs associated with the Transmission Customer's new or modified load facility.

TRANSMISSION RATE SCHEDULES	PROVINCIAL TRANSMISSION RATES
RATE SCHEDULE: (PTS)	

APPLICABILITY:

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	<u>Monthly Rate (\$ per kW)</u>
Network Service Rate (PTS-N):	6.39
\$ Per kW of Network Billing Demand ^{1,2}	
Line Connection Service Rate (PTS-L):	1.03
\$ Per kW of Line Connection Billing Demand ^{1,3,4}	
Transformation Connection Service Rate (PTS-T):	3.47
\$ Per kW of Transformation Connection Billing Demand ^{1,3,4,5}	

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:

1. The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.
2. The Network Service Billing Demand is defined as the higher of (a) customer Coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IESO settlement systems.
3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by an embedded generator unit for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2 MW or more for renewable generation and 1 MW or higher for non-renewable generation on the demand supplied by the incremental capacity associated with a refurbishment approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, biomass, bio-oil, biogas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.
4. Upon a New Connection, Permanent Disconnection, or Change in Ownership, the total monthly charge for each of the Line Connection Service and the Transformation Connection Service will be prorated. The proration shall be based on the total monthly charge for each service and the applicable number of days of the month using the come into service date for a New Connection, the date of the Permanent Disconnection, or the date of the Change in Ownership of Customer Facilities as identified in an agreement where the transmitter consents to the assignment of the Transmission Connection Agreement by the transferor to the transferee, whichever is applicable.
5. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

EFFECTIVE DATE: January 1, 2026	BOARD ORDER: EB-2025-0232	REPLACING BOARD ORDER: EB-2024-0244 January 21, 2025	Page 5 of 6 Ontario Uniform Transmission Rate Schedule
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TRANSMISSION RATE SCHEDULES

RATE SCHEDULE: (ETS)

EXPORT TRANSMISSION SERVICE

APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

Hourly Rate

Export Transmission Service Rate (ETS):

\$1.95 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

EFFECTIVE DATE:
January 1, 2026

BOARD ORDER:
EB-2025-0232

REPLACING BOARD
ORDER: EB-2024-0244
January 21, 2025

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Ontario Uniform Transmission
Rate Schedule

SCHEDULE A
2026 REVENUE DISBURSEMENT ALLOCATOR
DECISION AND RATE ORDER
EB-2025-0232
JANUARY 15, 2026

Uniform Transmission Rates and Revenue Disbursement Allocators

Effective January 1, 2026

Transmitter	Revenue Requirement			
	Network	Line Connection	Transformation Connection	Total
CNPI	\$2,774,228	\$486,004	\$1,386,969	\$4,647,201
FNEI	\$6,095,648	\$1,067,869	\$3,047,505	\$10,211,021
Hydro One	\$1,290,039,076	\$225,996,046	\$644,952,057	\$2,160,987,179
HOSSM	\$26,511,396	\$4,644,410	\$13,254,311	\$44,410,118
B2MLP	\$37,853,870			\$37,853,870
NRLP	\$8,792,932			\$8,792,932
UCT 2	\$76,968,578			\$76,968,578
WPLP	\$28,930,547			\$28,930,547
CLLP	\$16,804,298			\$16,804,298
All Transmitters	\$1,494,770,573	\$232,194,329	\$662,640,842	\$2,389,605,744

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
CNPI	522.894	549.258	549.258	
FNEI	71.000	83.000	83.000	
Hydro One	229,484.965	222,778.972	189,508.755	
HOSSM	3,498.236	2,734.624	635.252	
B2MLP	-	-	-	
NRLP	-	-	-	
UCT 2	-	-	-	
WPLP	209.974	-	-	
CLLP	-	-	-	
All Transmitters	233,787.069	226,145.854	190,776.265	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (kW/Month)	6.39	1.03	3.47	
CNPI Allocation Factor	0.00186	0.00209	0.00209	
FNEI Allocation Factor	0.00408	0.00460	0.00460	
Hydro One Allocation Factor	0.86304	0.97331	0.97331	
HOSSM Allocation Factor	0.01774	0.02000	0.02000	
B2MLP Allocation Factor	0.02532	0.00000	0.00000	
NRLP Allocation Factor	0.00588	0.00000	0.00000	
UCT 2 Allocation Factor	0.05149	0.00000	0.00000	
WPLP Allocation Factor	0.01935	0.00000	0.00000	
CLLP Allocation Factor	0.01124	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

* The sum of 12 monthly charge determinants for the year.

Note 1: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.

Note 2: FNEI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0129 dated December 16, 2025.

Note 3: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0159 dated October 7, 2025.

Note 4: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0158 dated September 18, 2025.

Note 5: B2MLP Revenue Requirement per OEB Decision and Order EB-2025-0147 dated October 2, 2025.

Note 6: NRLP Revenue Requirement per OEB Decision and Order EB-2025-0148 dated October 2, 2025.

Note 7: UCT 2 Revenue Requirement per OEB Decision and Order EB-2025-0243 dated September 23, 2025.

Note 8: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0192 dated December 16, 2025.

Note 9: CLLP Revenue Requirement per OEB Decision and Order EB-2025-0157 dated December 16, 2025.

Note 10: The revenue requirements of CNPI, FNEI, and HOSSM are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of B2MLP, NRLP, UCT 2, WPLP and CLLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.

Note 11: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters' revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.

1 **PROPOSED ONTARIO TRANSMISSION RATE SCHEDULES**

2

3 The current 2026 UTR Schedules and the revenue requirement and charge

4 determinants for all transmitters are updated with WTLP's 2027 rates revenue

5 requirement to establish the proposed 2027 UTRs and revenue disbursement allocators

6 which are included in the following attachments.

7

8 **Attachment 1:** Proposed 2027 Ontario Uniform Transmission Rate Schedules

9 **Attachment 2:** Proposed 2027 Uniform Transmission Rates and Revenue

10 Disbursement Allocators

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SCHEDULE B
2027 UNIFORM TRANSMISSION RATE SCHEDULE
DECISION AND RATE ORDER
EB-2026-XXXX
MONTH DD, YYYY

TRANSMISSION RATE SCHEDULES

2027 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULE

EB-2026-XXXX

The rates contained herein shall be implemented effective January 1, 2027

Issued: Month DD, YYYY
Ontario Energy Board

EFFECTIVE DATE:
January 1, 2027

BOARD ORDER:
EB-2026-XXXX

REPLACING BOARD
ORDER: EB-2025-0232
January 15, 2026

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

TERMS AND CONDITIONS

(A) APPLICABILITY The rate schedules contained herein pertain to the transmission service applicable to: •The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario. •The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

(B) TRANSMISSION SYSTEM CODE The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter.

(C) TRANSMISSION DELIVERY POINT The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of

Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

(D) TRANSMISSION SERVICE POOLS The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS. The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns all transformation connection assets associated with that transmission delivery point. The PTS customers that utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

(E) MARKET RULES The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

EFFECTIVE DATE:
January 1, 2027

BOARD ORDER:
EB-2026-XXXX

REPLACING BOARD
ORDER: EB-2025-0232
January 15, 2026

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

(F) METERING REQUIREMENTS In accordance with Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licensed Transmission Company that connects the customer to the IESO-Controlled Grid.

(G) EMBEDDED GENERATION The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generation are obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. These terms and conditions also apply to the incremental capacity associated with any refurbishments approved after October 30, 1998, to a generator unit that was connected through an eligible Transmission Delivery Point on or prior to October 30, 1998, and the approved incremental capacity is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, biomass, bio-oil, biogas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO-administered energy markets .

(H) EMBEDDED CONNECTION POINT In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a

TRANSMISSION RATE SCHEDULES

distribution feeder to the Transmission Delivery Point. In the above situations:

- The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section

(F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO-administered market.

- The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

(I) COME INTO SERVICE has the meaning given to that term in the Code.

(J) CUSTOMER FACILITIES A Transmission Customer's equipment, elements, and facilities of any kind whatsoever that are relevant to a direct connection to the transmission system at a Transmission Delivery Point where the Transmission Customer uses transformation connection assets owned by a licensed transmission company and/or line connection assets owned by a licensed transmission company.

(K) CHANGE IN OWNERSHIP When an existing Transmission Customer (the transferor) transfers the title of a load facility to a new customer (transferee), as provided in written notice to the applicable transmitter and the IESO, by the transferee.

(L) NEW CONNECTION Where new Customer Facilities will be directly connected to the transmission system at a Transmission Delivery Point and energized following commissioning.

(M) PERMANENT DISCONNECTION Where Customer Facilities are permanently disconnected from the transmission system in accordance with Section 20.1 or 20.3.1 and subject to Section 20.5 of the form of Connection Agreement applicable to the Transmission Customer in Appendix 1 to the Code.

(N) EXEMPTION Based on an assessment by the licensed transmission company (and the IESO, where applicable), where the Transmission Customer's forecast capacity needs (associated with a new or modified load facility) exceeds the maximum capacity that can be supplied by the transmission system and the licensed transmission company cannot expand the transmission system to meet the Transmission Customer's forecast capacity needs at the time the Transmission Customer's load facility goes into service (and the Transmission Customer agrees to limit its demand to the maximum capacity allocated), the Transmission Customer shall be subject to gross load billing for Line Connection service charges and Transformation Connection service charges, as appropriate, on only the maximum capacity that can be supplied by the transmission system. The application of gross load billing shall be adjusted by the licensed transmission company to the extent additional capacity can be allocated to meet the capacity needs associated with the Transmission Customer's new or modified load facility.

TRANSMISSION RATE SCHEDULES

RATE SCHEDULE: (PTS)**PROVINCIAL TRANSMISSION RATES****APPLICABILITY:**

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

Monthly Rate (\$ per kW)

Network Service Rate (PTS-N): **6.60**

\$ Per kW of Network Billing Demand ^{1,2}

Line Connection Service Rate (PTS-L): **1.03**

\$ Per kW of Line Connection Billing Demand ^{1,3}

Transformation Connection Service Rate (PTS-T): **3.47**

\$ Per kW of Transformation Connection Billing Demand ^{1,3,4}

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:

1. The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.
2. The Network Service Billing Demand is defined as the higher of (a) customer Coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IESO settlement systems.
3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by an embedded generator unit for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2 MW or more for renewable generation and 1 MW or higher for non-renewable generation on the demand supplied by the incremental capacity associated with a refurbishment approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, biomass, bio-oil, biogas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.
4. Upon a New Connection, Permanent Disconnection, or Change in Ownership, the total monthly charge for each of the Line Connection Service and the Transformation Connection Service will be prorated. The proration shall be based on the total monthly charge for each service and the applicable number of days of the month using the come into service date for a New Connection, the date of the Permanent Disconnection, or the date of the Change in Ownership of Customer Facilities as identified in an agreement where the transmitter consents to the assignment of the Transmission Connection Agreement by the transferor to the transferee, whichever is applicable.
5. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

EFFECTIVE DATE:
January 1, 2027

BOARD ORDER:
EB-2026-XXXX

REPLACING BOARD
ORDER: EB-2025-0232
January 15, 2026

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Rate Schedule

TRANSMISSION RATE SCHEDULES

RATE SCHEDULE: (ETS)

EXPORT TRANSMISSION SERVICE

APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

Export Transmission Service Rate (ETS):

Hourly Rate

\$1.95 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

EFFECTIVE DATE:
January 1, 2027

BOARD ORDER:
EB-2026-XXXX

REPLACING BOARD
ORDER: EB-2025-0232
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Rate Schedule

SCHEDULE A
2027 REVENUE DISBURSEMENT ALLOCATOR
DECISION AND RATE ORDER
EB-2026-XXXX
MONTH DD, YYYY

**Uniform Transmission Rates and Revenue Disbursement Allocators
Effective January 1, 2027**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
Hydro One	\$1,290,039,076	\$225,996,046	\$644,952,057	\$2,160,987,179
HOSSM	\$26,511,396	\$4,644,410	\$13,254,311	\$44,410,117
FNEI	\$6,095,648	\$1,067,869	\$3,047,505	\$10,211,022
CNPI	\$2,774,228	\$486,004	\$1,386,969	\$4,647,201
B2MLP	\$37,853,870	\$0	\$0	\$37,853,870
NRLP	\$8,792,932	\$0	\$0	\$8,792,932
UCT 2	\$76,968,578	\$0	\$0	\$76,968,578
WPLP	\$28,930,547	\$0	\$0	\$28,930,547
CLLP	\$16,804,298	\$0	\$0	\$16,804,298
WTLP	\$47,171,798	\$0	\$0	\$47,171,798
All Transmitters	\$1,541,942,371	\$232,194,329	\$662,640,842	\$2,436,777,542

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
Hydro One	229,484.965	222,778.972	189,508.755	
HOSSM	3,498.236	2,734.624	635.252	
FNEI	71.000	83.000	83.000	
CNPI	522.894	549.258	549.258	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
UCT 2	0.000	0.000	0.000	
WPLP	209.974	0.000	0.000	
CLLP	0.000	0.000	0.000	
WTLP	0.000	0.000	0.000	
All Transmitters	233,787.069	226,145.854	190,776.265	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	6.60	1.03	3.47	
Hydro One Allocation Factor	0.83664	0.97331	0.97331	
HOSSM Allocation Factor	0.01719	0.02000	0.02000	
FNEI Allocation Factor	0.00395	0.00460	0.00460	
CNPI Allocation Factor	0.00180	0.00209	0.00209	
WPLP Allocation Factor	0.02455	0.00000	0.00000	
EWTL P Allocation Factor	0.00570	0.00000	0.00000	
B2MLP Allocation Factor	0.04992	0.00000	0.00000	
NRLP Allocation Factor	0.01876	0.00000	0.00000	
CLLP Allocation Factor	0.01090	0.00000	0.00000	
WTLP Allocation Factor	0.03059	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and EB-2025-0159 dated October 7, 2025.
Note 2: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0158 dated September 18, 2025.
Note 3: FNEI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0129 dated December 16, 2025.
Note 4: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.
Note 5: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0192 dated December 16, 2025.
Note 6: UCT 2 Revenue Requirement per OEB Decision and Order EB-2025-0243 dated September 23, 2025.
Note 7: B2M LP Revenue Requirement per OEB Decision and Order EB-2025-0147 dated October 2, 2025.
Note 8: NRLP Revenue Requirement per OEB Decision and Order EB-2025-0148 dated October 2, 2025.
Note 9: CLLP Revenue Requirement per OEB Decision and Order EB-2025-0157 dated December 16, 2025.
Note 10: WTLP Revenue Requirement per E-01-01.
Note 11: The revenue requirements of HOSSM, FNEI, and CNPI are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of WPLP, UCT 2, B2MLP, NRLP, CLLP, and WTLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.
Note 12: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.