

November 7, 2022

**RESS & EMAIL**

Ontario Energy Board  
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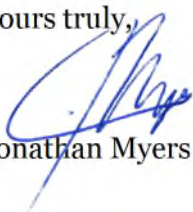
Attention: Ms. Nancy Marconi, Registrar

Dear Ms. Marconi:

**Re: Wataynikaneyap Power LP - Application for Approval of 2023 Electricity Transmission Rates (EB-2022-0149) – Settlement Proposal**

We are legal counsel to Wataynikaneyap Power LP (“WPLP”), which is the Applicant in the above-referenced proceeding. In accordance with Procedural Order No. 1 in the above-referenced proceeding, WPLP participated in a settlement conference with OEB Staff, Hydro One Networks Inc. and Hydro One Remote Communities Inc. from October 17-20, 2022. On behalf of WPLP, we are pleased to submit the attached Settlement Proposal for the OEB Panel’s review and consideration. The Parties have worked diligently to reach and document a full settlement of all issues in the proceeding.

WPLP has filed this document through the OEB’s Regulatory Electronic Submissions System and served all parties to the proceeding. If you have any questions, please do not hesitate to contact me at the number shown above.

Yours truly,  
  
Jonathan Myers

cc: Ms. Margaret Kenequanash, WPLP  
Mr. Duane Fecteau, WPLP  
Mr. Charles Keizer, Torys LLP  
All Parties

Encl.

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B) (the “Act”);

**AND IN THE MATTER OF** an application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (“WPLP”) for an Order or Orders made pursuant to section 78 of the Act, approving or fixing just and reasonable rates for the transmission of electricity

**WATAYNIKANEYAP POWER GP INC. on behalf of  
WATAYNIKANEYAP POWER LP**

**SETTLEMENT PROPOSAL**

**November 7, 2022**

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## **A. OVERVIEW**

### ***1. Introduction***

This Settlement Proposal is filed with the Ontario Energy Board (“OEB”) in connection with Wataynikaneyap Power LP’s (by its general partner Wataynikaneyap Power GP Inc., together, “WPLP”) cost of service application (EB-2022-0149) made under section 78 of the Act, seeking approval of an electricity transmission revenue requirement and associated rates, effective January 1, 2023 and to charge Hydro One Remote Communities Inc. (“HORCI”) a fixed charge for transmission service, effective January 1, 2023 (the “Application”). WPLP’s transmission system is currently under construction and is being brought into service in stages over the 2022 to 2024 period. This is WPLP’s second transmission revenue requirement application.

As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

### ***2. Background***

WPLP filed its Application on April 28, 2022. Subsequent to filing, WPLP advised the OEB that it needed to update to certain parts of the Application and requested that the OEB withhold its letter of completeness until such time that WPLP files the updated Application, which the OEB agreed to do in its letter dated May 12, 2022.

On July 6, 2022, WPLP filed its updated Application and, on July 20, 2022, the OEB issued a letter confirming the completeness of the Application. The OEB issued and published a Notice of Hearing on July 21, 2022, and Procedural Order No. 1 on August 18, 2022. In Procedural Order No. 1, the OEB granted intervenor status to Hydro One Networks Inc. (“HONI”) and HORCI. The OEB also directed WPLP, the intervenors and OEB staff to jointly develop a proposed issues list. OEB staff filed a proposed issues list on August 26, 2022, indicating that all parties had agreed on it. On September 2, 2022, as part of Procedural Order No. 2, the OEB approved the proposed issues list for the purposes of the proceeding (the “Approved Issues List”).

Interrogatories from OEB staff and HONI were filed on September 16, 2022 and, in accordance with Procedural Order No. 1, WPLP filed its responses to those interrogatories on October 6, 2022.

Procedural Order No. 1 also made provision for a Settlement Conference to be held commencing on October 17, 2022, and continuing to October 18 and 19, 2022, if needed. In Procedural Order No. 2, the OEB determined that, as there are only two utilities approved as intervenors in this proceeding with no representation from ratepayer groups, and pursuant to section 11 of the OEB's *Practice Direction on Settlement Conferences* (the "Practice Direction"), OEB staff was required to be a party to the Settlement Conference and to any resulting settlement proposal.

### **3. *Settlement Process***

Pursuant to Procedural Orders No. 1 and 2, a Settlement Conference was convened on October 17, 2022, and continued until October 20, 2022. The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "Rules") and the Practice Direction. Mr. Andrew Pride of Andrew Pride Consulting acted as facilitator for the Settlement Conference. WPLP, OEB staff, HONI and HORCI (collectively referred to as the "Parties") participated in the Settlement Conference.

The Parties have reached a complete settlement on all of the issues in the Approved Issues List, as further described in Part B, below. Notwithstanding any other wording in this Settlement Proposal, HONI and HORCI are neither supporting nor opposing any elements of this Settlement Proposal, and take no position on the issues addressed in this Settlement Proposal, except for those provisions specifically identified under Issue 3 (Performance). For further clarity, where this Settlement Proposal refers to the "Parties" agreeing to or accepting something, that does not include HONI or HORCI except as noted above.

### **4. *Settlement Proposal Preamble***

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal.

However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings* and that the rules of the latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were: (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference; and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

As determined by the OEB in Procedural Order No. 2, OEB staff is a party to the Settlement Conference and to this Settlement Proposal and, accordingly, there is no need for OEB staff to make a submission, as contemplated in the Practice Direction, with respect to whether the Settlement Proposal represents an acceptable outcome from a public interest perspective, or whether the accompanying explanation and rationale is adequate to support the Settlement Proposal.

This Settlement Proposal is organized in accordance with the Approved Issues List. This Settlement Proposal provides a brief description of each of the settled issues, together with references to the evidence submitted for the record in this proceeding. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and other components of the record up to and including the date hereof, including the attachments to this document (the “Attachments”).

The supporting Parties for each settled issue agree that the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as valid settlement subject to any revisions that may be agreed upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party

will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not WPLP is a party to such proceeding.

In this Settlement Proposal, where any of the Parties “accept” the evidence of WPLP, or “agree” to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

## **5. Settlement Proposal Overview**

The Parties have reached a complete settlement, partial settlement or no settlement on the aspects of the Approved Issues List as summarized in the following Table and as described in greater detail in Part B, below.

<b>“Complete Settlement”</b> means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.	Issues Settled:  <b>ALL</b>
<b>“Partial Settlement”</b> means an issue for which there is partial settlement, as WPLP and the Intervenor who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence	Issues Partially Settled:  <b>NONE</b>



and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.	
<p><b>“No Settlement”</b> means an issue for which no settlement was reached. WPLP and the Intervenor who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).</p>	<p>Issues Not Settled:</p> <p style="text-align: center;"><b>NONE</b></p>

The following summarizes, at a high level, the most significant elements of the Settlement Proposal, which are with respect to OM&A, incremental construction costs resulting from the COVID-19 pandemic, and project/construction monitoring, reporting and coordination. More detailed descriptions of each of the settled issues based on the Approved Issues List are set out in **Part B**. The 2023 revenue requirement update, which sets out the impacts of settlement and the impacts of applying the OEB’s 2023 Cost of Capital parameters, including resulting rate and bill impacts, are set out in **Attachment ‘A’**. Draft accounting orders for revised and new regulatory accounts to be established pursuant to the terms of settlement are provided in **Attachments ‘B’** to **‘D’**.

The Application and the supporting evidence, including WPLP’s interrogatory responses, provide extensive detail on WPLP’s proposals in respect of its proposed 2023 electricity transmission revenue requirement and associated rates, including the proposed fixed charge to HORCI for electricity transmission service in 2023. The Parties, through negotiations, have agreed on modifications to WPLP’s proposed revenue requirement and associated rates and charges, as well as on other aspects proposed in or relating to the Application. In particular, these include:

- a) With respect to Operations, Maintenance and Administration (“OM&A”) costs,
  - i) a 5% reduction to WPLP’s proposed 2023 OM&A expense on an envelope basis,
  - ii) the establishment of a new, asymmetrical (to the benefit of ratepayers) “Construction Period OM&A Variance Account” to record the annual difference between forecast and

actual OM&A expenses, with any shortfall in spending to be returned to ratepayers in a future rate proceeding, and

- iii) a commitment from WPLP to file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026;
- b) With respect to incremental construction costs resulting from the COVID-19 pandemic,
- i) to continue to recover, as an OM&A expense, the balance of the existing COVID Construction Costs Deferral Account (“CCCDA”), which reflects audited 2020 COVID costs, over the remaining three years of the disposition period approved in EB-2021-0134,
  - ii) to not record in the CCCDA, or dispose in 2023, of incremental audited year-end COVID costs from 2021, and
  - iii) to establish a new “2021-2023 COVID Construction Costs Deferral Account” and to record in this account incremental audited year-end COVID costs from 2021 to 2023, with the prudence and approach to disposition of such amounts – either as capital or as an OM&A expense – to be determined at the time of disposition, and with the applicable carrying charges to be consistent with the approach to disposition that is ultimately approved at the time of disposition (i.e. CWIP rate if disposed of as capital and OEB prescribed rate if disposed of as an OM&A expense); and
- c) With respect to project/construction monitoring, reporting and coordination, and as further described in Part B under Issue 3,
- i) to provide HORCI with an updated forecast transmission connection date for Pikangikum First Nation by no later than the end of November 2022,
  - ii) to provide, in future semi-annual reports filed with the OEB, certain additional information on operational plans,

- iii) to provide certain notices to the OEB regarding changes to the schedule for connecting communities, as well as to post such schedules on WPLP's website subject to alignment with other ongoing communication requirements, and
- iv) on a best-efforts basis, to work with HORCI on enhanced coordination of community connection processes, including with respect to the staggering of connection dates, avoidance of cold-weather outages, notices of connection and targets for asset transfers.

The Parties also agree that this Settlement Proposal shall present updates to reflect the OEB's 2023 Cost of Capital parameters, which were issued shortly after the conclusion of the Settlement Conference, while also showing variances between amounts as proposed in the updated Application and the amounts resulting from settlement prior to updating for the 2023 Cost of Capital parameters.

Based on this Settlement Proposal and the updated cost of capital parameters, WPLP has revised its 2023 revenue requirement as summarized in Table 1, below.

**Table 1 - Summary of 2023 Revenue Requirement**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2022-07-06)	\$34,607	\$56,607	\$91,214
Settlement (2022-11-07)	\$28,018	\$51,626	\$79,643
Change	-\$6,589	-\$4,981	-\$11,571
% Change	-19.0%	-8.8%	-12.7%
Settlement Proposal (2022-11-07)	\$28,018	\$51,626	\$79,643
2023 Cost of Capital Update	\$29,243	\$54,020	\$83,264
Change	\$1,225	\$2,394	\$3,621
% Change	4.4%	4.6%	4.5%

Detailed calculations in support of the settled and updated 2023 revenue requirement and its underlying components, as well as 2023 transmission rates and bill impacts, are provided in **Attachment 'A'**.

The bill impacts resulting from this Settlement Proposal, as well as from the updated 2023 Cost of Capital parameters, are summarized in Table 2, below.

**Table 2 - Summary of Bill Impacts**

Item	Description	Settlement Amount		Settlement and Cost of Capital Update Amount <sup>1</sup>	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$134.63	\$424.61	\$134.63 <sup>2</sup>	\$424.61 <sup>3</sup>
B	Increase related to Network RTSR	\$0.00	\$0.01	\$0.01	\$0.02
C	Increase related to RRRP rate	\$0.16	\$0.44	\$0.16	\$0.44
D = B + C	Total bill increase	\$0.17	\$0.45	\$0.18	\$0.47
E = D / A	Bill impact (%)	0.12%	0.11%	0.13%	0.11%

Based on the foregoing and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. For purposes of regulatory efficiency and given that the 2023 Cost of Capital parameters have already been published, it is the intention of the Parties that this Settlement Proposal includes all supporting information necessary for implementation, including in part through the OEB's subsequent approval of Uniform Transmission Rates for 2023, without the need for WPLP to file a separate draft revenue requirement and charge determinant order for further approval of the OEB.

## **B. SETTLEMENT BY ISSUE**

The subsections below summarize the key components of the comprehensive settlement reached by the Parties, including details on how each of the issues in the Approved Issues List has been addressed either through the Application or through the modifications to WPLP's proposals which have been agreed upon in this Settlement Proposal.

<sup>1</sup> All amounts are inclusive of 13% HST and the updated Ontario Electricity Rebate of 11.7%.

<sup>2</sup> Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at November 3, 2022.

<sup>3</sup> Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB's online bill calculator, as at November 3, 2022

**1. Issue 1: General**

- *Has WPLP responded appropriately to all relevant OEB directions from previous proceedings?*
- *Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?*
- *Is the proposed effective date of January 1, 2023 and proposed timing for inclusion in the UTRs and Hydro One Remote Communities Inc. (HORCI) billings appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP has responded appropriately to all relevant OEB directions from previous proceedings, that all elements of the proposed revenue requirement and their associated total bill impacts as modified in this Settlement Proposal are reasonable, and that the proposed effective date of January 1, 2023, and timing for inclusion in UTRs and HORCI billings are appropriate.

The Parties agree that WPLP, in its future transmission rate applications for years in which additional transmission line segments and stations will be placed into service, will continue to present information on variances for such line segments and stations being placed into service, relative to both the values presented in the prior year's rate application and the values that were presented in its leave to construct proceeding (EB-2018-0190).

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	<i>Prior OEB Directions:</i> Exhibit A-5-2 <i>Elements of Revenue Requirement and Bill Impacts:</i> Exhibits E-3-1 to I-4-1 <i>Effective / Implementation Date:</i> Exhibits A-2-1; I-1-1; I-3-1; I-3-2.
Interrogatories	OEB Staff-17 to 21, 25 to 29, 34, 36
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**2. Issue 2: Rate Base**

- *Are the amounts proposed for rate base appropriate?*

**(a) Complete Settlement**

The Parties agree that the amounts proposed by WPLP for rate base are appropriate. In the updated Application, WPLP requested approval of a 2023 average rate base for the Line to Pickle Lake of \$285,997,583 and for the Remote Connection Lines of \$558,659,282, for a total of \$844,656,865. The Parties also agree with WPLP's proposal to use the same approach to contingency in 2023 as was approved for 2022 in EB-2021-0134, namely by removing \$17,299,725 of contingency from 2023 rate base and recording the revenue requirement impact associated with that contingency amount, to the extent it is realized and does not exceed the amount removed from 2023 rate base, in the Deferred Contingency Deferral Account (DCDA). The amount eligible to be recorded in the DCDA is limited to the revenue requirement impact attributable to contingency costs to a maximum of \$65,375,502 corresponding to the forecasted contingency amounts which were removed and deferred from the 2022 and 2023 in-service additions used to calculate WPLP's 2022 and 2023 rate base. The accounting order, approved in WPLP's application for 2022 rates, specifically makes reference to 2022 rate base and contingency amounts deferred. Accordingly, included as **Attachment 'B'** to this settlement proposal, is a draft revised accounting order for the DCDA, with updated language to make clear that 2023 contingency amounts are similarly to be taken out of 2023 rate base and deferred for future recovery.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit C; Exhibit H-1-1; Exhibit I-2-1
Interrogatories	OEB Staff-8(c), 13, 18, 20 to 23; HONI-13
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI



**3. Issue 3: Performance**

- *Is the proposed approach to monitoring and OEB reporting of WPLP's transmission system performance adequate (once in service)?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed approach to monitoring and OEB reporting of its transmission system performance (once in service) is appropriate.

In addition, while not related to monitoring or reporting of performance with respect to in-service assets as contemplated by Issue 3, the Parties agree to the following with respect to coordination, communications and reporting on project construction and community connections:

a) Regarding community connection dates, WPLP will:

- i) Provide HORCI with an update of the forecast transmission connection date for Pikangikum First Nation either by the end of October 2022 (if confirmed by WPLP's EPC contractor, Valard, by such time) or once confirmed by Valard.

b) Regarding ongoing reporting, WPLP will:

- i) Provide to HORCI, as part of ongoing weekly meetings held among WPLP, HORCI and Valard, information on target community connection dates and progress of work required for community connections, including weekly updates focused on communities forecasted for connection within two months, monthly updates focused on the progress of line segments and stations required to connect communities during the calendar year, and updates on all forecast community connection dates subject to confirmation from Valard and prior communications with the communities. In providing any such updates, WPLP will focus on overall progress and areas of potential impact to HORCI, leverage existing reporting activities, and not disclose confidential or commercially sensitive information.
- ii) If the community connection schedule changes, post the updated schedule in a prominent place on WPLP's website and file a copy of the updated schedule with the OEB in EB-2022-0149. With respect to the updated connection schedule reflecting any updated

forecast connection date for Pikangikum First Nation, WPLP will post this schedule on its website and file a copy with the OEB as soon as possible after communicating any such change to the First Nations but in any event no later than November 30, 2022. With respect to any subsequent change to the community connection schedule, WPLP will post such updated schedule on its website and file a copy with the OEB within two weeks after communicating any such change to the First Nations.

- iii) In section 5.1 (Operational Update – Current Operations) of future semi-annual reports, which WPLP files pursuant to the OEB’s directions in EB-2018-0190, WPLP will include overviews of (1) how the scopes of work under the Control Room Services Agreement and the Inspection, Maintenance and Emergency Response (IMER) Agreement will be performed, (2) the nature and status of permitting and engagement required for operational access, and (3) WPLP’s fleet and facilities plans.
  - iv) Subject to the IMER Agreement being finalized, participate in a meeting with HORCI by no later than December 31, 2022 to discuss with HORCI on a confidential basis the operational terms of the IMER Agreement.
  - v) Continue to collaborate and exchange information directly between HONI, HORCI and the IMER services provider regarding procedures for system operations and dispatching (including normal operating conditions, minor vs. major alarms, outage response and emergency response), and directly provide to HONI and HORCI final copies of relevant procedures once available.
  - vi) Provide, directly to HORCI on a monthly basis, information and concerns received in relation to issues relevant to HORCI (i.e. independent power authority transfers, distribution issues, billing/rates and backup power), as well as a summary of the issues and concerns raised by First Nations that are likely to delay connection or to continue to be relevant to HORCI post-connection, while maintaining any confidentiality expectations related to detailed engagement records.
- c) Regarding community connection processes, WPLP will:

i) Pursue, on a best-efforts basis having regard to all relevant considerations, the following objectives:

- community connections should not be during cold-weather periods (roughly between November 15 and April 30);
- there should be at least one week between target connection dates for each community and target connection dates should be mid-week;
- HORCI should receive notices of target connection dates two months in advance of target connection dates; and
- all relevant assets (including four pole metering clusters) should be transferred from WPLP/Valard to HORCI no later than two months in advance of the applicable connection date,

and if WPLP is unable to achieve any such objectives, WPLP and HORCI will seek agreement outside of this settlement proposal on the most appropriate course of action.

ii) Provide directly to HORCI an annual notice, in mid-April of each year during the construction period promptly after the filing of semi-annual reports to the OEB, if the connection date for a community is at risk of being deferred into the following calendar year.

d) Regarding community communications,

i) If a First Nation community requests a meeting with or a presentation by HORCI, or accepts a request from HORCI for a meeting or a presentation, in advance of the community connection date to address community concerns, and if as part of that First Nation community's request or acceptance the community invites WPLP or requests WPLP's attendance at such meeting or presentation, WPLP will participate in such meeting or presentation together with HORCI. In such circumstances, it is expected that the focus for each of WPLP's and HORCI's presentations or meeting participation would be distinct

from one another, related to their respective scopes of work, and in alignment with the First Nation community's expectations.

The Parties acknowledge that some aspects of the foregoing are already being undertaken informally or pursuant to processes implemented by WPLP as part of the construction project. Furthermore, notwithstanding any of the terms agreed-upon herein regarding coordination, communications and reporting on construction and community connections, the Parties agree that WPLP's communications and engagement protocols with First Nations shall at all times be preserved and respected, and that the terms herein shall not and are not intended to override, dictate or otherwise constrain the manner or substance of WPLP's communications or engagement with First Nations.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit D
Interrogatories	HONI-5 to 9, 12
Other	-

**(c) Supporting Parties**

OEB Staff, HONI, HORCI

**(d) Parties Taking No Position**

N/A

**4. Issue 4: Operating Revenue**

- *Are the proposed load and revenue forecasts appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed load and revenue forecasts are appropriate.

In the updated Application, WPLP requested approval of total forecasted charge determinants of 40.643 MW for inclusion in the 2023 UTR calculation. WPLP's revenue forecast is consistent with its calculated revenue requirement, subject to immaterial rounding variances arising in the UTR calculations.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit E
Interrogatories	OEB Staff-24
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**5. Issue 5: Operating Costs**

- *Are the proposed spending levels for OM&A in 2023 appropriate, including consideration of factors such as system reliability, asset condition and benchmarking studies for OM&A spending levels and compensation costs?*
- *Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?*
- *Is the proposed depreciation expense appropriate?*
- *Are the services to be provided by third parties, and their associated costs, appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed spending levels for OM&A in 2023, as modified through this Settlement Proposal, are appropriate and have appropriately considered factors such as system reliability and asset condition; that the amounts proposed to be included in the revenue requirement for income taxes and depreciation expense are appropriate; and that the services to be provided by third parties, and their associated costs, are appropriate.

In the updated Application, WPLP proposed to recover \$20,919,718 in OM&A expenses, \$17,049,606 in depreciation expense, and \$392,285 in income tax expense. The Parties accept WPLP's proposed depreciation expense and income tax expense, and agree to a 5% reduction to OM&A expenses on an envelope basis, which reduces the OM&A expenses recoverable for 2023 to \$19,873,732. WPLP's income taxes have been updated based on the updated cost of capital parameters.

In addition, the Parties agree that WPLP will establish a new Construction Period OM&A Variance Account. The account will be asymmetrical, to the benefit of ratepayers, and will be used to record the difference, if any, between forecast and actual OM&A expenses, with any shortfall in actual spending relative to forecast to be returned to ratepayers in a future rate proceeding, over a 4-year disposition period (or shorter depending on materiality). A draft accounting order for the Construction Period OM&A Variance Account is provided in **Attachment 'C'**.

The Parties also agree that WPLP will file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026. It is expected that the econometric benchmarking study will help overcome the limitations identified in the unit cost benchmarking study that was filed in the Application by allowing for appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit F
Interrogatories	OEB Staff-04, 09, 25 to 29
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**6. Issue 6: Cost of Capital & Capital Structure**

- *Is the proposed capital structure appropriate?*
- *Is the proposed cost of capital, including updates appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed capital structure and proposed cost of capital, including updates, are appropriate.

In the Application, WPLP requested approval of a capital structure of 56% long-term debt, 4% short-term debt and 40% equity. WPLP applied its forecasted cost of debt to the long-term debt component of its capital structure and applied the OEB's 2022 Cost of Capital parameters to the short-term debt and equity components, resulting in a weighted average cost of capital rate of 4.35%. The Parties agreed that WPLP will update its Revenue Requirement and Bill Impact calculations based on the updated short-term debt and equity components of the Cost of Capital parameters established by the OEB for 2023. The OEB issued the 2023 Cost of Capital parameters on October 20, 2022. Based on the OEB's 2023 Cost of Capital parameters, WPLP's updated weighted average cost of capital rate is 4.78%. The impacts of these updates are summarized in **Part A**, above, as well as presented in **Attachment 'A'**. Furthermore, as proposed in the Application, differences between WPLP's forecast and actual costs of debt during the construction phase of the project (due in particular to changes in its variable cost of long-term debt) will continue to be recorded in WPLP's existing Construction Period Interest Costs Variance Account.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit G
Interrogatories	OEB Staff-35
Other	-



**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**7. Issue 7: Deferral & Variance Accounts**

- *Are the proposed amounts, disposition, continuance and discontinuance of existing deferral and variance accounts appropriate?*
- *Are WPLP's COVID-19 related costs and their proposed treatment appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed amounts, disposition, continuance and discontinuance of existing deferral and variance accounts, as well as the establishment of new accounts and the treatment of COVID-19 related costs, as agreed to or modified through this Settlement Proposal, are appropriate.

In the Application, WPLP proposed to continue the Pikangikum Distribution System Deferral Account and to partially dispose of the December 31, 2021 audited balance for that account by recovering \$1,196,963 in relation to the Remote Connection Lines. WPLP also proposed to continue its In-Service Date Variance Account (ISDVA), Construction Period Interest Costs Variance Account (CPICVA), Deferred Contingency Deferral Account (DCDA), and COVID Construction Costs Deferral Account (CCCCDA), and to partially dispose of the balance of the CCCCDA by recovering 25% of the total audited 2021 additions to the CCCCDA plus applicable carrying costs. Accordingly, WPLP proposed to dispose of \$14,874,159 from the CCCCDA, of which \$9,268,939 is in respect of the Line to Pickle Lake and \$5,605,220 is in respect of the Remote Connection Lines.

The Parties agree to the proposed continuation of accounts (subject to modification of the DCDA to clarify that 2023 contingency costs are proposed to be deferred in this proceeding, as discussed under Issue 2) and to the partial disposition of the balance from the Pikangikum Distribution System Deferral Account as proposed.

As described under Issue 5, the Parties agree that WPLP will establish a new Construction Period OM&A Variance Account. The account will be asymmetrical, to the benefit of ratepayers, and will be used to record the difference, if any, between the annual forecast and actual OM&A expenses, with any shortfall in actual spending relative to forecast to be returned to ratepayers in

a future rate proceeding. A draft accounting order for the Construction Period OM&A Variance Account is provided in **Attachment ‘C’**.

In respect of amounts in the CCCDA and the treatment of incremental COVID-related costs, the Parties agree that WPLP will:

- a) continue to recover, as an OM&A expense, the portion of the balance of the existing CCCDA which reflects audited 2020 COVID costs, over the remaining three years of the disposition period approved in EB-2021-0134;
- b) not record in the CCCDA or dispose of any incremental audited year-end 2021 COVID costs in 2023; and
- c) establish a new “2021-2023 COVID Construction Costs Deferral Account” and record in the account incremental audited year-end COVID costs from 2021 to 2023, with the prudence and approach to disposition of such amounts – either as capital or as an OM&A expense – to be determined at the time of disposition in a future rate application once the COVID cost information for these years is known, and with the applicable carrying charges to be consistent with the approach to disposition that is ultimately approved at the time of disposition (i.e. CWIP rate if disposed of as capital and OEB prescribed rate if disposed of as an OM&A expense). A draft accounting order for the 2021-2023 COVID Construction Costs Deferral Account is provided in **Attachment ‘D’**.

WPLP’s mandate is to bring reliable energy to the First Nations by connecting them to the provincial grid in a manner consistent with WPLP’s Guiding Principles, which commit WPLP to developing the project in a way that respects the land, the Indigenous way of life and that enables First Nations to maintain ownership of and receive benefits from the project. In agreeing to the above regarding COVID-related costs, including establishing the 2021-2023 COVID Construction Costs Deferral Account and extending this account to include 2023 amounts, the Parties considered the unique circumstances of WPLP with respect to COVID and its impacts on the project, the Federal Funding Framework and First Nations within the project area.

First Nations in the project area have limited access to medical facilities and health care and continue to be impacted by COVID differently than in other parts of Ontario as a result. The First Nations have no hospitals, doctor visits are infrequent, and healthcare often requires travel by air far from the community. Due to their heightened vulnerability, First Nations in the project area are particularly concerned with the movement of persons in and out of their communities and have implemented COVID health and safety protocols to protect their members. Given the interactions between project construction activities and First Nation businesses and members, including the movement of workers between construction camps and communities, the EPC Contractor has been and is required to continue to work with individual First Nations on implementing and respecting their COVID protocols. While Ontario may be reducing COVID health and safety protocols, and many Ontarians may be getting back to normal, the same cannot be said for the remote First Nations or the project site as a whole. As such, there is a potential that the project may continue to be directly impacted by COVID in 2023.

The recording of COVID costs over three years in the 2021-2023 COVID Construction Costs Deferral Account recognizes the unique circumstances of WPLP and remote First Nations, provides a method to capture the costs, and allows WPLP to continue to manage COVID in a high-risk area until the parties have a better understanding of the costs and can fully assess the impacts of different methods for their recovery.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit H
Interrogatories	OEB Staff-13, 18, 30 to 34
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**8. Issue 8: Cost Allocation**

- *Is the proposed cost allocation appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed cost allocation is appropriate.

In the Application, WPLP explained that due to its unique cost recovery and rate framework, its 2023 revenue requirement is allocated between the Line to Pickle Lake and the Remote Connection Lines. The Line to Pickle Lake portion of the revenue requirement is recovered through the UTR Network rate and the Remote Connection Lines revenue requirement is recovered through a fixed monthly charge applicable to HORCI during 2023. Based on the updated Application, the UTR Network rate was estimated to increase by \$0.03/kW and the fixed monthly charge to HORCI was proposed to be \$4,717,215 effective January 1, 2023.

Based on this Settlement Proposal but without reflecting the 2023 Cost of Capital parameters, the UTR Network rate is estimated to increase by \$0.01/kW effective January 1, 2023 and the fixed monthly charge to HORCI would be \$4,302,190 effective January 1, 2023.

Based on this Settlement Proposal together with updates to reflect the 2023 Cost of Capital parameters, the UTR Network rate is estimated to increase by \$0.01/kW effective January 1, 2023 and the fixed monthly charge to HORCI is proposed to be \$4,501,703 effective January 1, 2023.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit I
Interrogatories	-
Other	-

**(c) Supporting Parties**

OEB Staff

**(d) Parties Taking No Position**

HONI, HORCI

**C. ATTACHMENTS**

**Attachment ‘A’** – 2023 Revenue Requirement and Bill Impacts Update (including UTR Charge Determinants and Fixed Charges to HORCI)

**Attachment ‘B’** – Draft Revised Accounting Order for Deferred Contingency Deferral Account

**Attachment ‘C’** – Draft Accounting Order for Construction Period OM&A Variance Account

**Attachment ‘D’** – Draft Accounting Order for 2021-2023 COVID Construction Costs Deferral Account



**ATTACHMENT 'A'**

**2023 Revenue Requirement and Bill Impacts Update (including UTR Charge  
Determinants and Fixed Charges to HORCI)**

## A. INTRODUCTION AND SUMMARY

This Attachment ‘A’ updates various components of WPLP’s written evidence as required to recalculate WPLP’s 2023 test year transmission revenue requirement in alignment with the Settlement Proposal. Unless otherwise stated, variances calculated within this Attachment compare the results of the Settlement Proposal to WPLP’s July 6, 2022 updated rate application. WPLP’s revised 2023 revenue requirement resulting from the Settlement Proposal is summarized in Table 1.

**Table 1: Summary of Change in Revenue Requirement**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Updated Application (2022-07-06)	34,607	56,607	91,214
Settlement Proposal (2022-11-07)	28,018	51,626	79,643
Change	-6,589	-4,981	-11,571
% Change	-19.0%	-8.8%	-12.7%

In addition, 2023 cost of capital parameters were released by the OEB on October 20, 2022. WPLP’s updated 2023 revenue requirement resulting from the Settlement Proposal and the updated cost of capital parameters is summarized in Table 2.

**Table 2: Summary of Change in Revenue Requirement with Cost of Capital Update**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Settlement Proposal (2022-11-07) <sup>4</sup>	28,018	51,626	79,643
2023 Cost of Capital Update	29,243	54,020	83,264
Change	1,225	2,394	3,621
% Change	4.4%	4.6%	4.5%

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<sup>4</sup> From Table 1 above

Part B, below, provides high-level summaries of two aspects of the Settlement Proposal which directly affect WPLP’s 2023 test year transmission revenue requirement: (i) the reduction of OM&A expense on an envelope basis by 5%, and (ii) incremental construction costs related to COVID-19 incurred after December 31, 2020, which are to be recorded in a separate deferral account and for which recovery is to be determined in a future rate application. Part C provides updates to various tables that support the recalculation of WPLP’s 2023 revenue requirement, with reference to the corresponding tables in the Application.

## **B. SETTLEMENT AGREEMENT EFFECT ON 2023 REVENUE REQUIREMENT**

### ***1. OM&A Cost Forecast***

WPLP proposed to recover \$20,919,718 in OM&A expenses in the updated rate application. The settlement proposal provides that WPLP will reduce its OM&A expense on an envelope basis by 5%, which reduces the OM&A expense recoverable for 2023 to \$19,873,732. The Parties accepted WPLP’s depreciation expense and income tax expense as proposed. The changes to OM&A costs are presented below in Table 3.

**Table 3 – Summary of Operating Costs from Settlement**

	<b>Updated Application</b>	<b>Settlement</b>	<b>Variance</b>
OM&A Expenses	\$20,919,718	\$19,873,732	-\$1,045,986
Depreciation and Amortization	\$17,049,606	\$17,049,606	-
Income Taxes	\$392,285	\$392,285	-
<b>Total Operating Costs</b>	<b>\$38,361,609</b>	<b>\$37,315,623</b>	<b>-\$1,045,986</b>

### ***2. Recovery of Incremental COVID Construction Costs***

The Settlement Proposal provides that WPLP will continue to collect audited 2020 COVID costs recorded in the existing CCCDA over the remaining three years of the previously approved disposition period and that WPLP will establish a new “2021-2023 COVID Construction Costs Deferral Account” to record incremental audited year-end COVID costs from 2021 to 2023, with prudence and the approach to disposition of such amounts – either as capital or as an OM&A

expense – to be determined at the time of disposition in a future rate application, and with the applicable carrying charges to be consistent with the approach to disposition that is ultimately approved. The revenue requirement impact of transferring the 2021 COVID amounts from the CCCDA to the 2021-2023 CCCDA rather than disposing of such amounts in the current proceeding for recovery in 2023 is shown in Table 4.

**Table 4 – CCCDA Disposition**

	<b>Updated Application</b>	<b>Settlement</b>	<b>Variance</b>
CCCD A - Initial Disposition Amount	\$14,874,159	\$4,349,913	\$10,524,246

## C. DETAILED CALCULATIONS FOR UPDATED REVENUE REQUIREMENT

The following sections provide detailed calculations to support the recalculation of WPLP’s 2023 test year revenue requirement resulting from the Settlement Proposal and the OEB’s 2023 cost of capital parameters.

For ease of reference, each numbered section below corresponds to a specific Exhibit from the Application.

### 3. Operating Costs (Updates to Exhibit F)

#### (a) Operating Cost Summary

WPLP’s 2023 operating costs have been revised from \$20.9 million to \$19.9 million as a result of the Settlement Proposal and updated cost of capital parameters. Table 5 below summarizes the revised operating costs compared to the amounts presented in updated rate application. Details of the recalculated income tax expense are also provided in subsection (c) below based on changes to the cost of capital parameters.

**Table 5 – Summary of 2023 Operating Costs (Costs in \$000’s)**

**(Update of: F-1-1, Table 1)**

Operating Cost Category	Updated Application	Settlement	Variance	
			\$	%
OM&A Expenses	20,920	19,874	-1,046	-5%
Depreciation and Amortization	17,050	17,050	-	0%
Income Taxes	392	424	32	8.2%
<b>Total Operating Costs</b>	<b>38,361</b>	<b>37,347</b>	<b>-1,014</b>	<b>-2.6%</b>

#### (b) Depreciation Expense

There were no changes to WPLP’s depreciation expense.

**(c) Income Taxes**

Table 6 provides a revised calculation of WPLP’s 2023 income tax expense. The increase in income tax expense from \$392k to \$424k, as shown in Table 5, results from the increase in WPLP’s 2023 revenue requirement arising from the 2023 updated cost of capital parameters published by the OEB.

**Table 6 – WPLP’s 2023 Ontario Corporate Minimum Tax (\$000’s)**  
**(Update of: F-5-1, Table 1)**

Item	Description	Allocation / Rate	Amount
A	WPLP Regulatory Net Income (before Tax and adjustments, includes gross-up of income tax expense)		32,048 <sup>5</sup>
B	% of LP Interests Held by Taxable Entities	49%	
$C = A \times B$	Regulatory Net Income subject to Taxation		15,703
D	Ontario Minimum Corporate Tax Rate	2.7%	
$E = C \times D$	<b>Ontario Minimum Corporate Tax</b>		<b>424</b>
F	Ontario Corporate Income Tax Payable		0
<b>G = E-F</b>	<b>Ontario Corporate Minimum Tax Payable</b>		<b>424</b>

**4. Capital Structure and Cost of Capital (Updates to Exhibit G)**

Table 7 provides a revised calculation of WPLP’s 2023 capital structure and cost of capital. The long-term interest rate is consistent with Exhibit G-2-1, and the increase in return on rate base from \$36.8 million in the updated application to \$40.4 million in Table 7 is solely attributable to the updated short-term debt and return on equity rates in the OEB’s 2023 cost of capital parameters.

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<sup>5</sup> The regulated income of \$31,623,953 provided in Table 7 below has been grossed up for tax purposes.

**Table 7 – 2023 Capital Structure and Cost of Capital**  
**(Update of: G-2-1, Table 1)**

	Capitalization Ratio		Cost Rate	Updated Cost of Capital Return	Application Return	Variance
	(%)	(\$)	(%)	(\$)	(\$)	(\$)
Long-term Debt	56%	\$473,007,844	1.51%	\$7,127,086	\$7,127,086	-
Short-term Debt	4%	\$33,786,275	4.79%	\$1,618,363	\$395,299	\$1,223,064
Total Debt	60%	\$506,794,119	1.73%	\$8,745,448	\$7,522,385	\$1,223,064
Common Equity	40%	\$337,862,746	9.36%	\$31,623,953	\$29,258,914	\$2,365,039
<b>Total</b>	<b>100%</b>	<b>\$844,656,865</b>	<b>4.78%</b>	<b>\$40,369,401</b>	<b>\$36,781,299</b>	<b>\$3,588,103</b>

### ***5. Deferral and Variance Accounts (Exhibit H)***

The Settlement Proposal provides that WPLP will continue to recover 2020 audited COVID costs over the remaining three years of the previously approved disposition period, and that audited COVID costs from 2021 to 2023 will be recorded in the new 2021-2023 CCCDA for which recovery will be determined in a future rate application. Accordingly, WPLP’s 2023 revenue requirement includes recovery of \$4,349,913 (see Table 4, above).

### ***6. Cost Allocation, Rate Design and Bill Impacts (Updates to Exhibit I)***

#### **(d) Revised Revenue Requirement and Cost Allocation**

Exhibit I-2-1 described the methodology for allocating each component of WPLP’s revenue requirement to either the Line to Pickle Lake (recovered via Network UTR rates) or the Remote Connection Lines (recovered via a monthly fixed charge to HORCI). WPLP continues to apply the same cost allocation methodologies to each component of its revised 2023 revenue requirement and rate base values as presented in rate application, as illustrated in Tables 8 through 11.

**Table 8 – Allocation of 2023 OM&A and Income Tax Expense Based on Settlement**  
**(Update of: I-2-1, Table 3)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Direct OM&A Expenses	771,834	2,063,826	2,835,659
Indirect OM&A Expenses			17,038,073
Income Tax Expense			392,285
<i>Allocation Factor from Table 1</i>	<i>33.9%</i>	<i>66.1%</i>	<i>100%</i>
Allocation of Indirect OM&A	5,769,026	11,269,046	17,038,073
Allocation of Income Tax Expense	132,826	259,459	392,285
<b>Total 2023 Allocated OM&amp;A</b>	<b>6,540,860</b>	<b>13,332,872</b>	<b>19,873,732</b>
<b>Total 2023 Allocated Income Tax</b>	<b>132,826</b>	<b>259,459</b>	<b>392,285</b>

**Table 9 – Allocation of 2023 OM&A and Income Tax Expense Based on Settlement and**  
**Cost of Capital Update**  
**(Update of: I-2-1, Table 3)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Direct OM&A Expenses	771,834	2,063,826	2,835,659
Indirect OM&A Expenses			17,038,073
Income Tax Expense			423,994
<i>Allocation Factor from Table 1</i>	<i>33.9%</i>	<i>66.1%</i>	<i>100%</i>
Allocation of Indirect OM&A	5,769,026	11,269,046	17,038,073
Allocation of Income Tax Expense	143,563	280,431	423,994
<b>Total 2023 Allocated OM&amp;A</b>	<b>6,540,860</b>	<b>13,332,872</b>	<b>19,873,732</b>
<b>Total 2023 Allocated Income Tax</b>	<b>143,563</b>	<b>280,431</b>	<b>423,994</b>



**Table 10 – Allocation of 2023 Updated Revenue Requirement Based on Settlement**  
**(Update of: I-2-1, Table 6)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Gross Fixed Assets (avg)	290,863,174	565,619,774	856,482,947
Accumulated Depreciation (avg)	-4,865,590	-6,960,492	-11,826,082
Net Fixed Assets (avg)	285,997,583	558,659,282	844,656,865
Working Capital Allowance	0	0	0
Rate Base	285,997,583	558,659,282	844,656,865
Regulated Rate of Return	4.35%	4.35%	4.35%
Regulated Return on Rate Base	12,454,007	24,327,292	36,781,299
OM&A Expenses	6,540,860	13,332,872	19,873,732
Property Taxes	0	0	0
Depreciation Expense	5,856,646	11,192,961	17,049,606
Income Taxes	132,826	259,459	392,285
<b>Service Revenue Requirement</b>	<b>24,984,339</b>	<b>49,112,583</b>	<b>74,096,922</b>
Other Revenue Offset	0	0	0
<b>Base Revenue Requirement</b>	<b>24,984,339</b>	<b>49,112,583</b>	<b>74,096,922</b>
Disposition of Pikangikum Deferral Account	0	1,196,963	1,196,963
Disposition of COVID Deferral Account (CCCDA)	3,033,179	1,316,734	4,349,913
<b>Revenue Requirement for Rates</b>	<b>28,017,518</b>	<b>51,626,280</b>	<b>79,643,798</b>

**Table 11 – Allocation of 2023 Updated Revenue Requirement Based on Settlement and  
Cost of Capital Update  
(Update of: I-2-1, Table 6)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Gross Fixed Assets (avg)	290,863,174	565,619,774	856,482,947
Accumulated Depreciation (avg)	-4,865,590	-6,960,492	-11,826,082
Net Fixed Assets (avg)	285,997,583	558,659,282	844,656,865
Working Capital Allowance	0	0	0
Rate Base	285,997,583	558,659,282	844,656,865
Regulated Rate of Return	4.78%	4.78%	4.78%
Regulated Return on Rate Base	13,668,925	26,700,476	40,369,401
OM&A Expenses	6,540,860	13,332,872	19,873,732
Property Taxes	0	0	0
Depreciation Expense	5,856,646	11,192,961	17,049,606
Income Taxes	143,563	280,431	423,994
<b>Service Revenue Requirement</b>	<b>26,209,993</b>	<b>51,506,740</b>	<b>77,716,734</b>
Other Revenue Offset	0	0	0
<b>Base Revenue Requirement</b>	<b>26,209,993</b>	<b>51,506,740</b>	<b>77,716,734</b>
Disposition of Pikangikum Deferral Account	0	1,196,963	1,196,963
Disposition of COVID Deferral Account (CCFDA)	3,033,179	1,316,734	4,349,913
<b>Revenue Requirement for Rates</b>	<b>29,243,172</b>	<b>54,020,437</b>	<b>83,263,609</b>

**(e) Calculation of Uniform Transmission Rates**

The Network UTR calculations provided in Exhibit I-3-1, which are relevant to the Line to Pickle Lake part of WPLP’s system, are updated in Tables 12 through 18. Table 12 provides a copy of the current 2022 UTRs. Tables 13 through 15 reflect the 2023 revenue requirement as revised based on the terms of settlement, as detailed in Table 10. Tables 16 through 18 reflect the 2023 revenue requirement as revised based on the terms of settlement and updated based on the 2023 cost of capital parameters, as detailed in Table 11.

**Table 12 – Current UTR Calculations**  
**(Update of I-3-1, Table 1)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,877,863.89	\$842,035	\$2,268,193.50	\$7,988,092
CNPI	\$2,837,776	\$489,867	\$1,319,558	\$4,647,201
WPLP	\$27,303,816	\$0	\$0	\$27,303,816
NextBridge	\$53,100,835	\$0	\$0	\$53,100,835
H1N SSM	\$25,907,166	\$4,472,189	\$12,046,762	\$42,426,118
H1N	\$1,150,125,339	\$198,538,821	\$534,805,167	\$1,883,469,327
B2MLP	\$33,652,083	\$0	\$0	\$33,652,083
NRLP	\$8,281,339	\$0	\$0	\$8,281,339
All Transmitters	\$1,306,086,218	\$204,342,912	\$550,439,681	\$2,060,868,811

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	14.468	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	234,736.371	228,350.406	194,599.235	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,002.379	231,883.148	195,856.785	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	5.46	0.88	2.81	
	↓	↓	↓	
FNEI	0.00373	0.00412	0.00412	
CNPI	0.00217	0.00240	0.00240	
WPLP	0.02091	0.00000	0.00000	
NextBridge	0.04066	0.00000	0.00000	
H1N SSM	0.01984	0.02189	0.02189	
H1N	0.88058	0.97159	0.97159	
B2MLP	0.02577	0.00000	0.00000	
NRLP	0.00634	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 13 – Calculation of 2023 UTRs based on Settlement**  
**(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,877,864	\$842,035	\$2,268,193	\$7,988,092
CNPI	\$2,837,776	\$489,867	\$1,319,558	\$4,647,201
WPLP	\$28,017,518	\$0	\$0	\$28,017,518
NextBridge	\$53,100,835	\$0	\$0	\$53,100,835
H1N SSM	\$25,907,166	\$4,472,189	\$12,046,762	\$42,426,118
H1N	\$1,150,125,339	\$198,538,821	\$534,805,167	\$1,883,469,327
B2MLP	\$33,652,083	\$0	\$0	\$33,652,083
NRLP	\$8,281,339	\$0	\$0	\$8,281,339
All Transmitters	\$1,306,799,920	\$204,342,912	\$550,439,681	\$2,061,582,513

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	40.643	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	234,736.371	228,350.406	194,599.235	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,028.554	231,883.148	195,856.785	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	5.47	0.88	2.81	
	↓	↓	↓	
FNEI	0.00373	0.00412	0.00412	
CNPI	0.00217	0.00240	0.00240	
WPLP	0.02144	0.00000	0.00000	
NextBridge	0.04063	0.00000	0.00000	
H1N SSM	0.01982	0.02189	0.02189	
H1N	0.88012	0.97159	0.97159	
B2MLP	0.02575	0.00000	0.00000	
NRLP	0.00634	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 14 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement  
(Update of: I-3-1, Table 3)**

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$0	\$0	\$0	\$0
CNPI	\$0	\$0	\$0	\$0
WPLP	\$713,702	\$0	\$0	\$713,702
NextBridge	\$0	\$0	\$0	\$0
H1N SSM	\$0	\$0	\$0	\$0
H1N	\$0	\$0	\$0	\$0
B2MLP	\$0	\$0	\$0	\$0
NRLP	\$0	\$0	\$0	\$0
All Transmitters	\$713,702	\$0	\$0	\$713,702

Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	26.175	-	-	
NextBridge	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	26.175	-	-	

Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	0.01	0.00	0.00	
	↓	↓	↓	
FNEI	0.00000	0.00000	0.00000	
CNPI	0.00000	0.00000	0.00000	
WPLP	0.00053	0.00000	0.00000	
NextBridge	-0.00003	0.00000	0.00000	
H1N SSM	-0.00002	0.00000	0.00000	
H1N	-0.00046	0.00000	0.00000	
B2MLP	-0.00002	0.00000	0.00000	
NRLP	0.00000	0.00000	0.00000	
Total of Allocation Factors	0.00000	0.00000	0.00000	

**Table 15 – Revenue Reconciliation – UTR Rate based on Settlement**  
**(Update of: I-3-1, Table 4)**

2023 Network Charge Determinants (kW)	239,028,554
2023 Network UTR Rate	\$5.47
2023 WPLP Network Allocation Factor	0.02144
2023 Revenue Forecast	\$28,017,790
2023 WPLP LTPL Revenue Requirement	\$28,017,518
Difference due to Rounding	\$272
	0.001%

**Table 16 – Calculation of 2023 UTRs based on Settlement and Updated Cost of Capital  
(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,877,864	\$842,035	\$2,268,193	\$7,988,092
CNPI	\$2,837,776	\$489,867	\$1,319,558	\$4,647,201
WPLP	\$29,243,172	\$0	\$0	\$29,243,172
NextBridge	\$53,100,835	\$0	\$0	\$53,100,835
H1N SSM	\$25,907,166	\$4,472,189	\$12,046,762	\$42,426,118
H1N	\$1,150,125,339	\$198,538,821	\$534,805,167	\$1,883,469,327
B2MLP	\$33,652,083	\$0	\$0	\$33,652,083
NRLP	\$8,281,339	\$0	\$0	\$8,281,339
All Transmitters	\$1,308,025,574	\$204,342,912	\$550,439,681	\$2,062,808,167

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	40.643	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	234,736.371	228,350.406	194,599.235	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,028.554	231,883.148	195,856.785	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	5.47	0.88	2.81	
	↓	↓	↓	
FNEI	0.00373	0.00412	0.00412	
CNPI	0.00217	0.00240	0.00240	
WPLP	0.02236	0.00000	0.00000	
NextBridge	0.04060	0.00000	0.00000	
H1N SSM	0.01981	0.02189	0.02189	
H1N	0.87927	0.97159	0.97159	
B2MLP	0.02573	0.00000	0.00000	
NRLP	0.00633	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 17 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement  
and Updated Cost of Capital (Update of: I-3-1, Table 3)**

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$0	\$0	\$0	\$0
CNPI	\$0	\$0	\$0	\$0
WPLP	\$1,939,356	\$0	\$0	\$1,939,356
NextBridge	\$0	\$0	\$0	\$0
H1N SSM	\$0	\$0	\$0	\$0
H1N	\$0	\$0	\$0	\$0
B2MLP	\$0	\$0	\$0	\$0
NRLP	\$0	\$0	\$0	\$0
All Transmitters	\$1,939,356	\$0	\$0	\$1,939,356

Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	26.175	-	-	
NextBridge	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	26.175	-	-	

Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	0.01	0.00	0.00	
	↓	↓	↓	
FNEI	0.00000	0.00000	0.00000	
CNPI	0.00000	0.00000	0.00000	
WPLP	0.00145	0.00000	0.00000	
NextBridge	-0.00006	0.00000	0.00000	
H1N SSM	-0.00003	0.00000	0.00000	
H1N	-0.00131	0.00000	0.00000	
B2MLP	-0.00004	0.00000	0.00000	
NRLP	-0.00001	0.00000	0.00000	
Total of Allocation Factors	0.00000	0.00000	0.00000	



**Table 18 – Revenue Reconciliation – UTR Rate based on Settlement and Updated Cost of Capital (Update of: I-3-1, Table 4)**

2023 Network Charge Determinants (kW)	239,028,554
2023 Network UTR Rate	\$5.47
2023 WPLP Network Allocation Factor	0.02236
2023 Revenue Forecast	\$29,243,452
2023 WPLP LTPL Revenue Requirement	\$29,243,172
Difference due to Rounding	\$4,280
	0.015%

**(f) Monthly Fixed Charge to Hydro One Remotes**

The fixed monthly charge to Hydro One Remotes will be updated effective January 1, 2023, consistent with the Application.

WPLP’s updated 2023 revenue requirement, based on both the Settlement and updated cost of capital parameters, attributable to the Remote Connection Lines is \$54,020,437. Recovering this amount over a 12-month period results in a fixed monthly charge of \$4,501,703, which will apply for each month from January 2023 to December 2023.

**(g) Bill Impacts**

Exhibit I-4-1 provided detailed bill impact analysis related to WPLP’s 2023 revenue requirement for typical residential, general service and transmission-connected customers. All of the bill impact tables from Exhibit I-4-1 have been updated below to reflect the revised and updated revenue requirement presented in this Attachment.

**Table 19 – Summary of Total 2023 Bill Impact**  
(Update of: I-4-1, Table 1)

Item	Description	Settlement Amount <sup>6</sup>		Settlement and Cost of Capital Amount <sup>7</sup>	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$134.63	\$424.61	\$134.63 <sup>8</sup>	\$424.61 <sup>9</sup>
B	Increase related to Network RTSR	\$0.00	\$0.01	\$0.01	\$0.02
C	Increase related to RRRP rate	\$0.16	\$0.44	\$0.16	\$0.44
D = B + C	Total bill increase	\$0.17	\$0.45	\$0.18	\$0.47
E = D / A	Bill impact (%)	0.12%	0.11%	0.13%	0.11%

**Table 20 – Bill Impact – Line to Pickle Lake**  
(Update of: I-4-1, Table 2)

Item	Description	Settlement Amount		Settlement and Cost of Capital Amount	
		Residential	General Service	Residential	General Service
A	Typical monthly bill (see Table 1)	\$134.63	\$424.61	\$134.63	\$424.61
B	Portion of bill related to Network RTSR	\$8.42	\$17.99	\$8.42 <sup>10</sup>	\$17.99
C	Increase in Network UTR	0.04%	0.04%	0.14%	0.14%
D = B x C	Bill increase	\$0.00	\$0.01	\$0.01	\$0.02
E = D / A	Bill impact (%)	0.00%	0.00%	0.01%	0.01%

<sup>6</sup> Calculations in Tables 19 and 20 are consistent with updated Rate Application with updated rates noted below.

<sup>7</sup> All amounts are inclusive of 13% HST and the Ontario Electricity Rebate. Ontario Electricity Rebate has been updated in Settlement and Cost of Capital columns to November 1, 2022 rate of 11.7%.

<sup>8</sup> Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB’s online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at November 3, 2022.

<sup>9</sup> Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB’s online bill calculator, as at November 3, 2022

<sup>10</sup> HONI R1 Network RTSR Rate of \$0.0103/kWh \* 750 kWh \* 1.076 loss factor = \$8.31 (\$8.42 after 13% HST and 11.7% Ontario Electricity Rebate).

**Table 21 – RRRP Rate Calculation Based on Settlement  
(Update of: I-4-1, Table 3)**

	<b>2022</b>	<b>2023</b>	<b>Change</b>
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$15,647,625	\$15,647,625	\$0
Hydro One Remote Communities Inc.	\$35,223,000	\$35,223,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$21,514,230	\$51,626,280	\$30,112,050
<b>Total RRRP Funding Required<sup>11</sup></b>	<b>\$73,984,855</b>	<b>\$104,096,905</b>	<b>\$30,112,050</b>
Ontario TWh	132.2	132.2	0
RRRP Rate (Calculated)	\$0.000560	\$0.000787	\$0.000228
RRRP Rate (Rounded to 4 Decimals)	\$0.0006	\$0.0008	\$0.0002

**Table 22 – RRRP Rate Calculation Based on Settlement and Cost of Capital Update  
(Update of: I-4-1, Table 3)**

	<b>2022</b>	<b>2023</b>	<b>Change</b>
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$15,647,625	\$15,647,625	\$0
Hydro One Remote Communities Inc.	\$35,223,000	\$35,223,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$21,514,230	\$54,020,437	\$32,506,207
<b>Total RRRP Funding Required</b>	<b>\$73,984,855</b>	<b>\$106,491,062</b>	<b>\$32,506,207</b>
Ontario TWh	132.2	132.2	0
RRRP Rate (Calculated)	\$0.000560	\$0.000806	\$0.000246
RRRP Rate (Rounded to 4 Decimals)	\$0.0006	\$0.0008	\$0.0002

<sup>11</sup> RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2023 RRRP funding requirements for parties other than WPLP have been held constant from 2022 to 2023 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2023 RRRP funding for other parties when it determines the 2023 RRRP rate in due course.

**Table 23 – RRRP Bill Impact Calculation Based on Settlement**  
**(Update of I-4-1, Table 4)**

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$134.63	\$424.61
B	RRRP rate increase (\$/kWh)	\$0.0002	\$0.0002
$C = kWh * 1.076$	Uplifted consumption (kWh)	807	2,192
$D = B \times C$	Bill increase due to RRRP	\$0.16	\$0.44
$E = D * (1 + 0.13 - 0.117)$	Bill increase adjusted for HST and OER <sup>12</sup>	\$0.16	\$0.44
F	Bill impact (%)	0.12%	0.10%

**Table 24 – RRRP Bill Impact Calculation Based on Settlement and Cost of Capital Update**  
**(Update of I-4-1, Table 4)**

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$134.63	\$424.61
B	RRRP rate increase (\$/kWh)	\$0.0002	\$0.0002
$C = kWh * 1.076$	Uplifted consumption (kWh)	807	2,192
$D = B \times C$	Bill increase due to RRRP	\$0.16	\$0.44
$E = D * (1 + 0.13 - 0.117)$	Bill increase adjusted for HST and OER	\$0.16	\$0.44
F	Bill impact (%)	0.12%	0.10%

<sup>12</sup> Ontario Energy Rebate was updated to November 1, 2022 rate of 11.7%.

**Table 25 – Transmission-Connected Customer Bill Impacts**  
**(Update of: I-4-1, Table 5)**

<b>Item</b>	<b>Description</b>	<b>Settlement Amount</b>	<b>Settlement and Cost of Capital Amount</b>
A	Total Wholesale Market Charges (\$/MWh)	118.17	118.17
B	Total Wholesale Transmission Charges (\$/MWh)	12.75	12.75
$C = B / A$	Transmission % of Total Bill	10.79%	10.79%
D	% Increase in Transmission Revenue Requirement	0.03%	0.09%
$E = C * D$	% Bill Increase from Line to Pickle Lake	0.00%	0.01%
F	Total RRRP Charges (\$/MWh)	0.50	0.50
$G = F / A$	RRRP % of Total Bill	0.42%	0.42%
H	% Increase in RRRP Rate	33%	33%
$I = G * H$	% Bill Increase from Remote Connection Lines	0.14%	0.14%
<b>J = E + I</b>	<b>Total % Bill Increase</b>	<b>0.14%</b>	<b>0.15%</b>

**ATTACHMENT 'B'**

**Draft Revised Accounting Order for Deferred Contingency Deferral Account**

**DRAFT REVISED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**

**DEFERRED CONTINGENCY DEFERRAL ACCOUNT (DCDA)**

Wataynikaneyap Power LP (WPLP) established a new “Deferred Contingency Deferral Account” in EB-2021-0134 to record the revenue requirement impact attributable to contingency costs associated with 2022 in-service asset additions. WPLP shall continue the DCDA subject to the modification that the DCDA shall also be used to record the revenue requirement impact attributable to contingency costs associated with 2023 in-service additions.

For clarity, the amount eligible to be recorded in the DCDA is limited to the revenue requirement impact attributable to contingency costs to a maximum of \$48,075,777 in respect of 2022 and to a maximum of \$17,299,725 in respect of 2023, for a total maximum of \$65,375,502, corresponding to the forecasted contingency amounts which were removed and deferred from the 2022 and 2023 in-service asset additions used to calculate WPLP’s 2022 and 2023 rate base amounts (the total maximum being the “Deferred Contingency Amount”), pursuant to the Settlement Proposals in EB-2021-0134 and EB-2022-0149.

The revenue requirement impact in respect of contingency costs attributable to or allocated to any specific asset will be recorded from the actual in-service date of the asset<sup>13</sup> until such asset is included in WPLP’s rate base on an actual (as opposed to forward test-year) basis.

The account will continue to be Account 1508, Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”, effective January 1, 2022. WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the DCDA in order to separately record principle and interest amounts related to the Line to Pickle Lake and the Remote Connections Lines, for each of 2022 and 2023.

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<sup>13</sup> Prior to the in-service date, interest will be calculated on WPLP’s CWIP account balance, in accordance with the OEB’s Decision and Order in EB-2018-0190 and will be recorded as a carrying cost within the CWIP account.

The balance in this account will be brought forward for prudence review and disposition in a future proceeding after the relevant asset additions are in service.

The following outlines the proposed accounting entries for this account:

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 4110	Transmission Service Revenue

- *To record the revenue requirement impact attributable to contingency costs associated with 2022 and 2023 in-service asset additions*

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 6035	Other Interest Expense

- *To record interest on the principal balance of the deferral account*



**ATTACHMENT 'C'**

**Draft Accounting Order for Construction Period OM&A Variance Account**

**DRAFT ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**

**CONSTRUCTION PERIOD OM&A VARIANCE ACCOUNT (“CPOMAVA”)**

Wataynikaneyap Power LP (WPLP) shall establish a new “Construction Period OM&A Variance Account” to record the difference between forecast and actual OM&A.

For clarity, the account will be asymmetrical, to the benefit of ratepayers, and the amounts eligible to be recorded in the CPOMAVA will be the differences, if any, between WPLP’s forecast annual OM&A expenses as approved by the OEB and its actual OM&A expenses for the corresponding year (in each case excluding depreciation expense and income tax expense), during the period that WPLP’s transmission project is under construction. Any shortfall in actual spending relative to forecast, together with applicable interest on the principal balance recorded, will be returned to ratepayers in a future rate proceeding.

The account will be established as Account 1508, Other Regulatory Assets – Sub Account “Construction Period OM&A Variance Account”, effective January 1, 2023. WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the CPOMAVA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connections Lines.

The balance in this account will be brought forward for a prudence review and disposition in a future proceeding.

The following outlines the proposed accounting entries for this account:

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Construction Period OM&A Variance Account”

DR 4110                      Transmission Service Revenue

- *To record the difference between forecasted OM&A as approved by the OEB and actual OM&A in the corresponding year.*

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Construction Period OM&A Variance Account”
DR 6035	Other Interest Expense

- *To record interest on the principal balance of the variance account*

**ATTACHMENT 'D'**

**Draft Accounting Order for 2021-2023 COVID Construction Costs Deferral  
Account**

**DRAFT ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**

**2021-2023 COVID CONSTRUCTION COSTS DEFERRAL ACCOUNT (“2021-2023 CCCDA”)**

Wataynikaneyap Power LP (WPLP) shall establish a new “2021-2023 COVID Construction Costs Deferral Account” to record incremental audited year-end costs from 2021 to 2023 which are directly attributable to the COVID-19 pandemic (the “Incremental COVID Construction Costs”). The prudence of the amounts recorded, and the approach to disposition of such amounts – either as capital or as an OM&A expense – will be determined at the time of disposition in a future rate application once WPLP’s COVID cost information for these years is known. The applicable carrying charges will be determined so as to be consistent with the approach to disposition that is ultimately approved at the time of disposition (i.e., the CWIP rate if disposed of as capital and the OEB prescribed rate if disposed of as an OM&A expense).

The 2021-2023 CCCDA will be established as Account 1508, Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”, effective January 1, 2021. For clarity, upon establishing the 2021-2023 CCCDA, WPLP will transfer incremental COVID costs incurred on or after January 1, 2021, previously recorded in the CCCDA to the 2021-2023 CCCDA and will record any incremental COVID construction costs incurred thereafter directly in the 2021-2023 CCCDA. On an interim basis, WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts, however, as noted above interest will ultimately be dependent on the OEB’s determination as to the approach to disposition of the recorded amounts as capital or as an expense. Using the applicable rate, simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the 2021-2023 CCCDA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connection Lines.

The balance in this account will be brought forward for a prudence review and disposition in future proceedings.

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

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “COVID Construction Costs Deferral Account”
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To transfer the incremental COVID construction costs from the CCCDA to the 2021-2023 CCCDA at the time of establishing the account*

<u>USofA#</u>	<u>Account Description</u>
CR 2205	Accounts Payable
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record any incremental COVID Construction Costs incurred in 2022 or 2023*

<u>USofA#</u>	<u>Account Description</u>
CR 4405	Interest and Dividend Income
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record interest on the principal balance of the deferral account using the OEB’s prescribed interest rate on an interim basis*