

BY EMAIL AND RESS

April 26, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2024-0147 – Application for Chatham x Lakeshore Limited Partnership (“CLLP”) Licencing and Deferral Account & Hydro One Networks Inc. (“HONI”) Asset Divestiture Approvals Regarding the Chatham to Lakeshore Project

Pursuant to sections 21, 57(b), 60, 78, and 86 of the *Ontario Energy Board Act, 1998* (the “Act”) Hydro One Networks Inc. (“HONI”) on behalf of a newly created transmission company called Chatham x Lakeshore Limited Partnership (“CLLP”) seeks the Ontario Energy Board’s (“OEB” or “Board”) approval for an Order or Orders for the following three interrelated requests.

- Approval to secure an electricity transmission licence for CLLP, pursuant to s.60 of the Act;
- Approval for HONI to sell certain assets related to HONI’s Chatham to Lakeshore Project (“the Project”) assets to CLLP, pursuant to s.86(1)(b) of the Act; and
- Approval to establish a deferral account to record CLLP’s revenue requirement prior to its inclusion in the Uniform Transmission Rates, pursuant to s.78(1) of the Act. CLLP plans to file a revenue requirement application later this year under a separate docket number.

CLLP is a partnership formed to own certain assets related to the Project. The Project was originally approved by the Board under section 92(1) of the Act, on November 24, 2022, pursuant to proceeding EB-2022-0140. The Project is expected to be in-serviced on December 15, 2024; although there is a possibility that the Project may be delivered up to a quarter prior to that date. Ultimately, HONI intends to sell equity interests in CLLP to up to five separate third parties representing First Nations communities who were instrumental in allowing the Project to go forward and are supporting the Project to completion.

The applicants confirm that the documents filed in support of the referenced application do not include any personal information under the Freedom of Information and Protection of Privacy Act (Ontario) (“FIPPA”) with respect to this Application. Any FIPPA related information in the Application has been redacted.

The applicants respectfully request and consent that the OEB review, consider, and dispose of the requested relief sought in the attached Application without a hearing at its earliest opportunity.

An electronic copy of this Application has been filed through the OEB's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanne Richardson", with a stylized, cursive script.

Joanne Richardson

ONTARIO ENERGY BOARD

IN THE MATTER OF sections 21, 57(b), 60, 70, 74, 78, and 86 of the *Ontario Energy Board Act* 1998, S.O. (the “**Act**”).

AND IN THE MATTER OF an application made by Chatham x Lakeshore Limited Partnership for approval of an electricity transmission licence.

AND IN THE MATTER OF an application made by Hydro One Networks Inc. and Chatham x Lakeshore Limited Partnership for approvals to transfer transmission assets from Hydro One Networks Inc. to Chatham x Lakeshore Limited Partnership in 2024.

AND IN THE MATTER OF an application made by Chatham x Lakeshore Limited Partnership for approval to establish a deferral account to record associated revenue requirement for the assets.

**APPLICATION FOR CHATHAM x LAKESHORE LIMITED PARTNERSHIP AND
HYDRO ONE NETWORKS INC. APPROVALS FOR THE
CHATHAM TO LAKESHORE PROJECT**

JOINT SUBMISSION

April 26, 2024

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1.0 INTRODUCTION

1.1 This Application is made on behalf of Hydro One Networks Inc. ("HONI") and Chatham x Lakeshore Limited Partnership ("CLLP"). It is made in support of three interrelated requests for Ontario Energy Board ("OEB" or "Board") relief.

- First, a request by CLLP, pursuant to section 60 of the Act, to secure a transmitter licence allowing CLLP to own, operate, and maintain transmission assets in Ontario.
- Second, a request by HONI, pursuant to section 86(1)(b) of the Act, for approval to sell certain transmission assets located between Chatham and Lakeshore transmission stations (the "Transferred Assets"). The proposed purchaser of these assets is CLLP, a newly formed limited partnership.
- Third, a request by CLLP, pursuant to section 78(1) of the Act, for approval to establish a deferral account to record associated revenue requirement for the Transferred Assets once placed in-service until the OEB-approved effective date of a subsequent CLLP revenue requirement application. Subject to approvals of the requests sought herein and further direction from the OEB, CLLP expects to file a transmission revenue requirement application later this year for the period beginning in 2025.

1.2 Subject to approval of the relief described above, and agreements being finalized as currently contemplated, subsequent transactions will include the sale of minority interests in CLLP with up to five separate third parties representing First Nations communities - Aamjiwnaang First Nation ("AFN"), Caldwell First Nation ("CFN"), Chippewas of the Thames First Nation ("COTTFN"), Chippewas of Kettle and Stony Point First Nation ("CKSPFN"), and Walpole Island First Nation ("WIFN"). Based on the findings of EB-2013-0080¹, an application for the sale of those shares in the licenced transmitter is not being sought in this Application. The general partner, Chatham x Lakeshore GP Inc. ("CLGP"), will be a wholly-owned subsidiary of Hydro One Inc.

¹ In the Decision and Order of EB-2013-0080, the OEB ruled that, "the wording of subsection 86(2)(a) of the Act does not cover the acquisition of an interest in a limited partnership".

1.3 The approvals sought are condition precedent to a commercial transaction contemplated by the parties involved. Satisfactory approval of all three requests for relief as documented in this Application is necessary for the proposed transactions to take effect.

1.4 The purpose of these three requests is to give effect to a key commercial arrangement currently being negotiated among five separate third parties representing First Nations communities and HONI. This commercial arrangement facilitates the development, construction, and in-service operation of HONI's Chatham to Lakeshore Project ("CxL Project" or "the Project"). The Project is comprised of two 230 kV transmission circuits known as C87H and C88H between Chatham Switching Station ("SS") and Lakeshore Transformer Station ("TS"). The Project was declared a priority project by the Minister of Energy through Order in Council dated March 31, 2022 and pursuant to section 96.1 of the Act. Completion and operation of these facilities will satisfy the need identified in the Order in Council and Minister's Directive for this Project.

1.5 The Project was originally approved by the OEB under section 92(1) of the Act, on November 24, 2022 pursuant to proceeding EB-2022-0140.

1.6 HONI's original Leave to Construct application² included a forecast cost for the Project of approximately \$267.8 million with an in-service date of December 2025. As of the date of submission of the herein Application, HONI's cost to complete the Project is forecast to be \$253 million, a 5.5% decrease from the original forecast cost, and expected to be in-serviced one year earlier than projected, on December 15, 2024,. The forecast improvement in project delivery timelines is a product of HONI's ongoing reconciliation efforts with Indigenous communities, early and meaningful engagement with the local community that allowed the company to integrate local needs into project planning, as well as Provincial and municipal organizations' prioritization of the Project. HONI advised the OEB of this forecast variance in a letter dated November 3, 2023. There is a possibility that the Project

² Submitted pursuant to EB-2022-0140

1 may be delivered approximately three months earlier than the December 15, 2024
2 date note above.

3

4 1.7 In HONI's request for Leave to Sell pursuant to section 86(1)(b) of the Act, the cost
5 of the Transferred Assets to be sold to CLLP is forecast to be \$220 million. These
6 transmission line costs are consistent with the costs that have been recorded and
7 tracked in the Affiliate Transmission Projects ("ATP") Regulatory Account,
8 consistent with the OEB's decision in the proceeding in which the establishment of
9 the ATP Regulatory Account was approved.³

10

11 1.8 The balance of the total Project cost (\$32 million), is the transmission station costs
12 related to the station facility assets beyond the demarcation points, which will not
13 be included in the proposed sale of assets; and will be retained in HONI's
14 transmission rate base.

15

16 1.9 HONI and CLLP respectfully request that any Project cost variance to the forecasts
17 provided above be adjudicated as part of the revenue requirement proceeding to
18 be filed by CLLP later this year.

19

20 1.10 Given the information provided in this submission, HONI and CLLP are consenting
21 that this proceeding be disposed of without a hearing pursuant to section 21(4) of
22 the Act.

23

24 1.11 The remainder of this submission provides additional information regarding the
25 proposed transaction, organized as follows:

26 Section 2 – details the requested approvals as part of this Application

27 Section 3 – describes the parties involved in the proposed transaction

28 Section 4 – details the application for a transmission electricity licence

29 Section 5 – details the application to transfer transmission assets

³ EB-2021-0169

1 Section 6 – details the application for a deferral account to record revenue
2 requirement

3 Section 7 – provides final considerations related to this Application

4 Section 8 – Supporting Appendices.

5

6 **2.0 REQUESTED RELIEF**

7 2.1 HONI hereby requests the following:

- 8 • Permission to complete the sale of the Transferred Assets to CLLP, authorized
9 under section 86(1)(b) of the Act; and
- 10 • Such other relief as HONI may request and the OEB determines to be just and
11 reasonable.

12

13 2.2 CLLP hereby requests the following:

- 14 • Approval for an Ontario Transmitter Licence to own, operate, and maintain the
15 Transferred Assets as part of its transmission system, authorized under section
16 60 of the Act.
- 17 • Permission to use USGAAP as its accounting standard for the purposes of rate
18 setting, regulatory accounting, and regulatory reporting, as authorized under
19 section 74 of the Act.
- 20 • Approval for a deferral account authorized under section 78(1) of the Act to
21 record revenue requirement for the portion of 2024 in which the assets are
22 placed in service until the OEB-approved effective date of a subsequent CLLP
23 revenue requirement application.
- 24 • Such other relief as CLLP may request and the OEB determines to be just and
25 reasonable.

1 **3.0 DESCRIPTION OF PARTIES INVOLVED IN THE PROPOSED TRANSACTION**

2 3.1 This section provides a description of the parties involved in the proposed
3 transaction.

4
5 **Hydro One Networks Inc. (“HONI”)**

6 3.2 HONI is a wholly-owned subsidiary of Hydro One Inc., which in turn is a wholly-
7 owned subsidiary of Hydro One Limited, a publicly listed business corporation. An
8 organizational chart for the Hydro One Limited group of companies is found in
9 **Appendix 1.**

10
11 3.3 HONI through its subsidiaries is the largest transmitter and distributor of electricity
12 in Ontario serving customers throughout the entire province. Hydro One owns 95%
13 of the transmission assets in Ontario⁴ comprised of approximately 309
14 transmission stations and approximately 30,000 circuit kilometres of high-voltage
15 lines and towers operating at 500 kV, 230 kV or 115 kV. HONI also owns and
16 operates 26 interconnections with neighbouring provinces and U.S. states, with a
17 total export capacity of 6,000 MW. The distribution system delivers electricity at
18 voltages below 50 kV to 1.5 million homes, farms and businesses. It does this
19 through its network of distribution poles and power lines comprising 125,000 circuit
20 kilometres, which is larger than all other Ontario distributors combined. The audited
21 Financial Statements of Hydro One Limited for 2022⁵ and 2023⁶ and all other
22 information that Hydro One Limited has filed with the Ontario Securities
23 Commission for the past two years is available through SEDAR at www.sedar.com.

24
25 3.4 HONI will act as a Limited Partner of CLLP and will own substantially all of Hydro
26 One Limited's interest in CLLP.

⁴ Hydro One owns and operates approximately 95% of the transmission system in Ontario when based on the total OEB approved 2024 UTR revenue requirement.

⁵ Hydro One Limited - 2022 Audited Annual Financial Statement is available at:
<https://www.hydroone.com/investorrelations/Reports/2022%20YE%20HOL%20FS.pdf>

⁶ Hydro One Limited - 2023 Audited Annual Financial Statement is available at:
<https://www.hydroone.com/investorrelations/Reports/2023%20YE%20HOL%20FS.pdf>

Chatham x Lakeshore GP Inc. ("CLGP")

3.5 CLGP will hold the general partner interests and carry out the general partner responsibilities of CLLP including management and oversight of the partnership. CLGP will be responsible for ensuring that the assets transferred to CLLP are operated and maintained in accordance with all applicable regulatory standards and HONI's maintenance and operating practices. CLGP will carry out these functions through an operations and management services agreement with HONI.

3.6 As general partner of the partnership, CLGP will confirm that all applicable regulatory requirements are being followed after completion of the transactions where HONI will sell minority interests to up to five separate third parties representing First Nations communities.

3.7 The existing and future contemplated organizational structure of CLGP is provided as **Appendix 1B**.

First Nations Partners

3.8 Though negotiations are ongoing, HONI has offered equity partnership to five potential First Nation community partners, named below:

- Aamjiwnaang First Nation ("AFN")
- Caldwell First Nation ("CFN")
- Chippewas of the Thames First Nation ("COTTFN")
- Chippewas of Kettle and Stony Point First Nation ("CKSPFN")
- Walpole Island First Nation ("WIFN")

3.9 First Nation support is critical to the Project. The established relationship and continued cooperation between AFN, CFN, COTTFN, CKSPFN, and WIFN, and HONI is critical to ensuring a timely and efficient in-servicing of the Project, which will benefit the Ontario bulk electricity system ("BES") and ultimately electricity customers across Ontario.

1 **4.0 APPLICATION FOR A TRANSMISSION ELECTRICITY LICENCE IN**
2 **ACCORDANCE WITH SECTION 60 OF THE ACT**

3
4 4.1 CLLP is applying for a licence to own, operate and maintain electricity transmission
5 assets associated with the Project. Please see **Appendix 2** for the OEB section
6 60 form.

7
8 4.2 CLLP is also seeking permission to use USGAAP as its accounting standard for
9 the purposes of rate setting, regulatory accounting, and regulatory reporting,
10 authorized under section 74 of the Act. In this regard, CLLP relies on the following
11 provisions of the Act:

- 12 • Subsection 70(1), which states that a licence under this Part may prescribe the
13 conditions under which a person may engage in an activity set out in section
14 57 and a licence may also contain such other conditions as are appropriate
15 having regard to the objectives of the OEB and the purposes of the Electricity
16 Act, 1998; and
- 17 • Subsection 70(2), which gives examples of conditions that may be included in
18 a licence provisions, one of which, as set out in paragraph (f), is a condition
19 requiring the licensee to maintain specific accounting records, prepare
20 accounts according to specified principles and maintain organizational units or
21 separate accounts for separate businesses in order to prohibit subsidies
22 between separate businesses.

23
24 4.3 Both HONI's distribution and transmission businesses have received OEB
25 approval to utilize US GAAP as its approved framework for rate setting, regulatory
26 accounting and regulatory reporting. Approval to use US GAAP for CLLP will
27 facilitate Hydro One Limited's consolidated reporting for securities filing purposes,
28 thus avoiding incremental costs and/or reduced productivity.

**5.0 APPLICATION TO TRANSFER TRANSMISSION ASSETS IN ACCORDANCE WITH
SECTION 86(1)(B) OF THE ACT**

5.1 HONI is applying for the sale of certain transmission assets located between Chatham and Lakeshore transmission stations to CLLP. Please see **Appendix 3** for the OEB section 86(1)(b) form.

5.2 The proposed assets to be transferred substantially consist of two 230 kV transmission circuits (known as C87H and C88H) running from Chatham SS in the Municipality of Chatham-Kent to Lakeshore TS in the Municipality of Lakeshore included within the scope of HONI's CxL Project, excluding the transmission station assets.

5.3 The circuits extend across the City of Chatham, the Town of Tilbury, the Township of Comber in Municipality of Lakeshore. The circuits will terminate just southwest of Chatham SS at towers 1A and 1B inclusive, and just northeast of Lakeshore TS at towers 159A and 163B inclusive, at the station side dead-end insulator on the aforementioned towers. A map showing the location of circuits C87H and C88H can be found in **Appendix 4**.

5.4 The Transferred Assets include steel transmission towers, the transmission lines, the insulators and hardware affixed to the towers. Further details concerning the Project can be found in evidence filed by HONI during OEB Proceeding EB-2022-0140. The assets are to be placed into operation in accordance with approvals made in respect of the OEB approvals received in that proceeding.

5.5 The estimated future gross book value of the Transferred Assets is forecast to be approximately \$220 million.

5.6 The Transferred Assets are expected to go into service on December 15, 2024 with the potential to be placed in-service up to three months earlier. The costs provided herein represent HONI's current estimate of the project costs. These estimates are of high quality and are not expected to differ from the final amount.

1 The final revised estimate including any variances from the forecast provided
2 herein will be highlighted and evidence provided for testing and adjudication as
3 part of the revenue requirement application expected to be filed by CLLP later this
4 year.

5

6 5.7 The sale of the CxL transmission assets will be effected through an asset purchase
7 agreement made by CLLP with HONI. Preparation of this agreement is underway.
8 The sale of the assets described in the agreement will take place upon receipt of
9 all necessary approvals.

10

11 5.8 It is expected that following the transfer of the transmission assets, CLLP will enter
12 into an operations and management services agreement with HONI, in compliance
13 with the *Affiliate Relationships Code for Electricity Distributors and Transmitters*,
14 for the provision of services for the ongoing operation and management of the
15 Transferred Assets and to ensure that all applicable OEB licence, code and rule
16 requirements are adhered to. The form of the contemplated operations and
17 management services agreement will fundamentally align with similar agreements
18 executed previously by HONI such as the agreements between B2M LP and HONI;
19 as well as NRLP and HONI.

20

21 5.9 The change in structure from a single owner to five potential partners will not result
22 in a material change in the way the Transferred Assets will be operated and
23 maintained. As stated, HONI will remain the party primarily responsible for the
24 ongoing operation and management of the Transferred Assets via an operations
25 and management services agreement. This agreement will employ the same
26 resources and standards used by HONI today in operating and managing similar
27 assets in its transmission business, including the assets of B2M LP, and NRLP.

6.0 APPLICATION FOR A DEFERRAL ACCOUNT TO RECORD REVENUE REQUIREMENT

6.1 CLLP is requesting OEB approval to establish a new deferral account for the purpose of recording revenue requirement relating to the Project for the period when the Project assets will be in-service up until the OEB-approved effective date of CLLP's first revenue requirement application. Please see **Appendix 5** for the deferral account application.

6.2 CLLP is expecting to submit a revenue requirement application later this year for approval of final rates with recovery beginning in 2025. If CLLP's 2025 revenue requirement is not approved by the OEB in time to be recovered from Ontario ratepayers in 2025 Uniform Transmission Rates ("UTRs"), CLLP proposes to continue to use the deferral account to record revenue requirement until the OEB-approved effective date of CLLP's revenue requirement application

7.0 FINAL CONSIDERATIONS

7.1 The proposed transaction is in the public interest and is consistent with the objectives found in the Ontario Energy Board Act, 1998. Completion of the project will provide a number of benefits to the electricity grid and satisfy the transmission priorities identified by the Minister of Energy in the aforementioned Order-In-Council.

7.2 This partnership is also an important step towards creating co-operative economic opportunities for First Nations that is embodied in Hydro One's First Nations Partnership Policy. The transaction will provide these First Nations communities with the opportunity to invest in the Transferred Assets and acquire an interest in the partnership. This partnership was a key factor in enabling the Project to move forward to completion as expeditiously as it has.

7.3 The proposed transaction will include a provision to retain HONI as the operator of the Transferred Assets. This will ensure that the assets are operated in a safe,

1 reliable manner consistent with how transmission assets in Ontario are currently
2 managed by HONI.

3

4 7.4 Timely consideration of this Application is essential to the parties. Expeditious
5 approval will permit the financing of the equity component of the First Nations
6 partners and permit the transaction to be brought to conclusion.

7

8 **8.0 SUPPORTING APPENDICES**

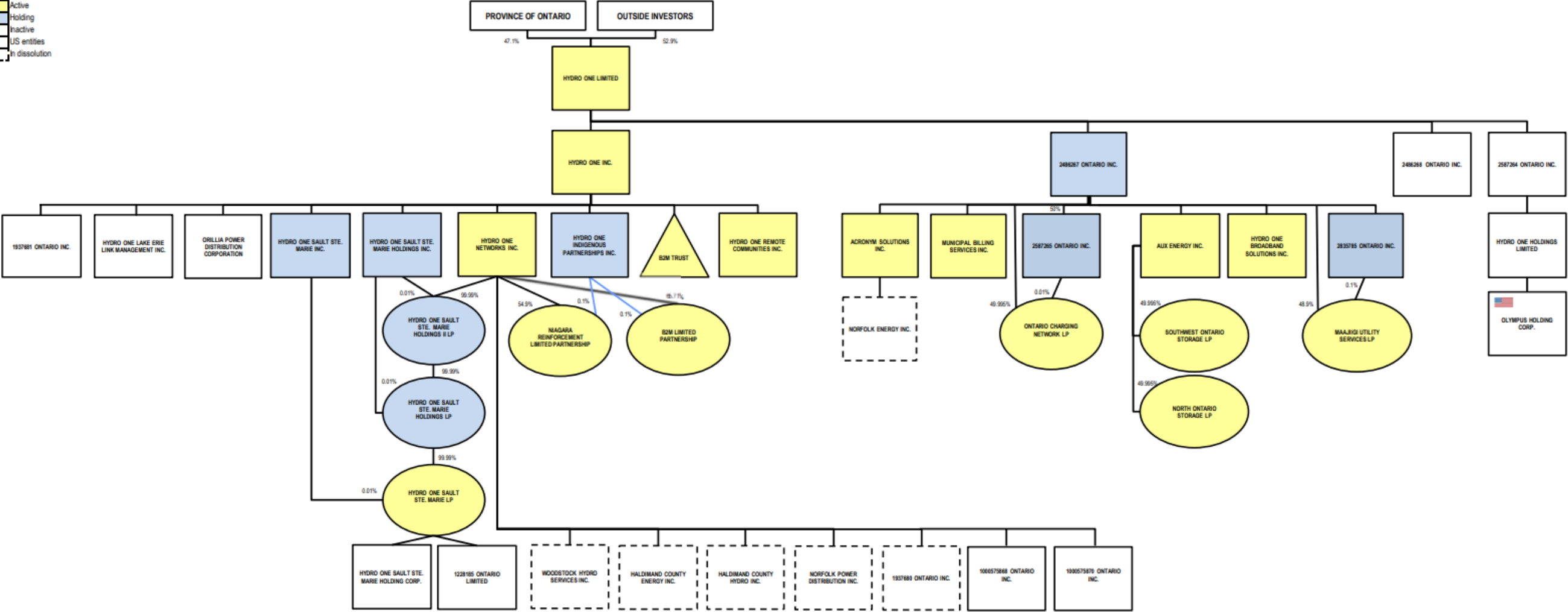
APPENDIX 1

HYDRO ONE'S ORGANIZATIONAL CHART

HYDRO ONE
ORGANIZATIONAL CHART AS AT 2024-03-31

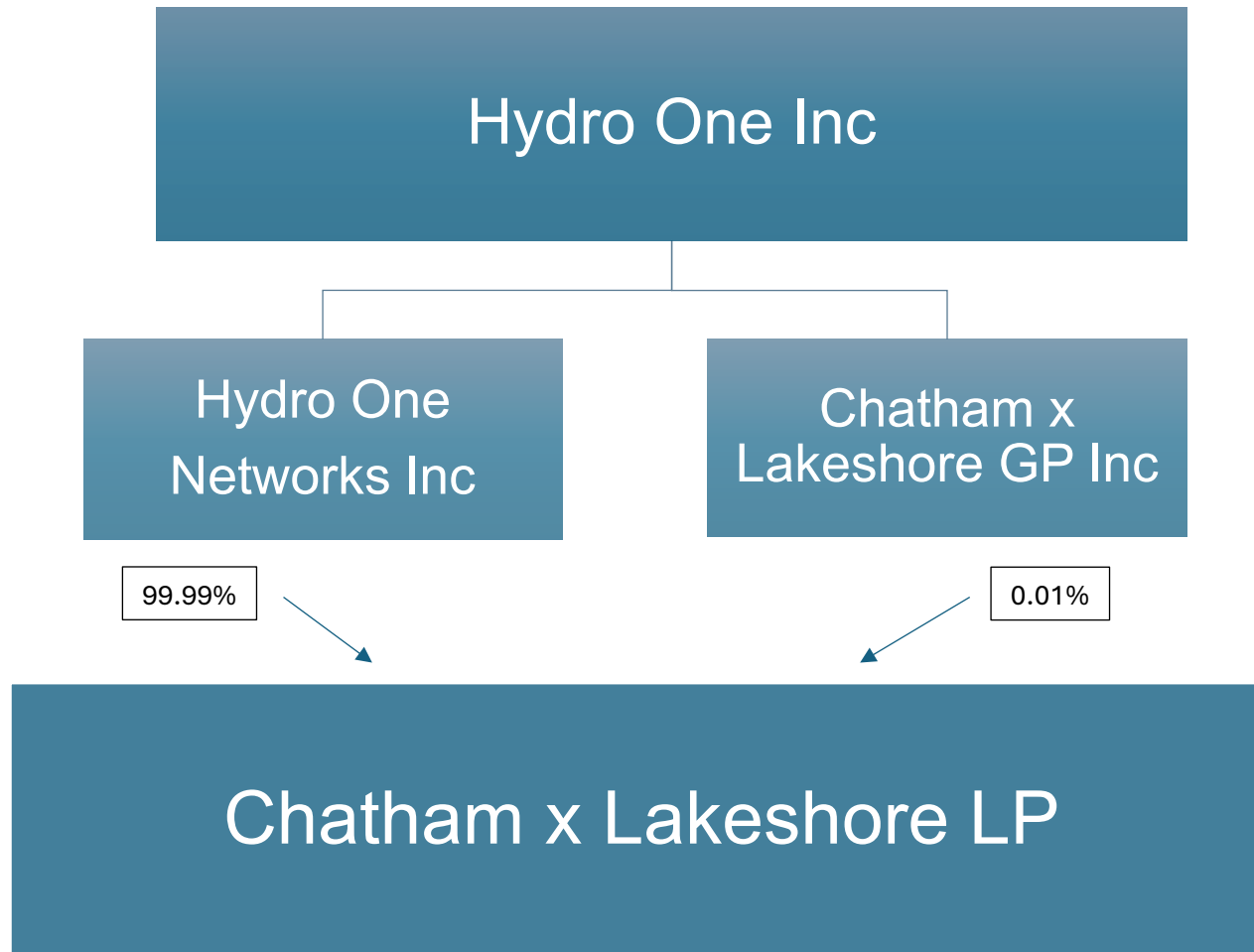
Legend:

- Active
- Holding
- Inactive
- US entities
- In dissolution

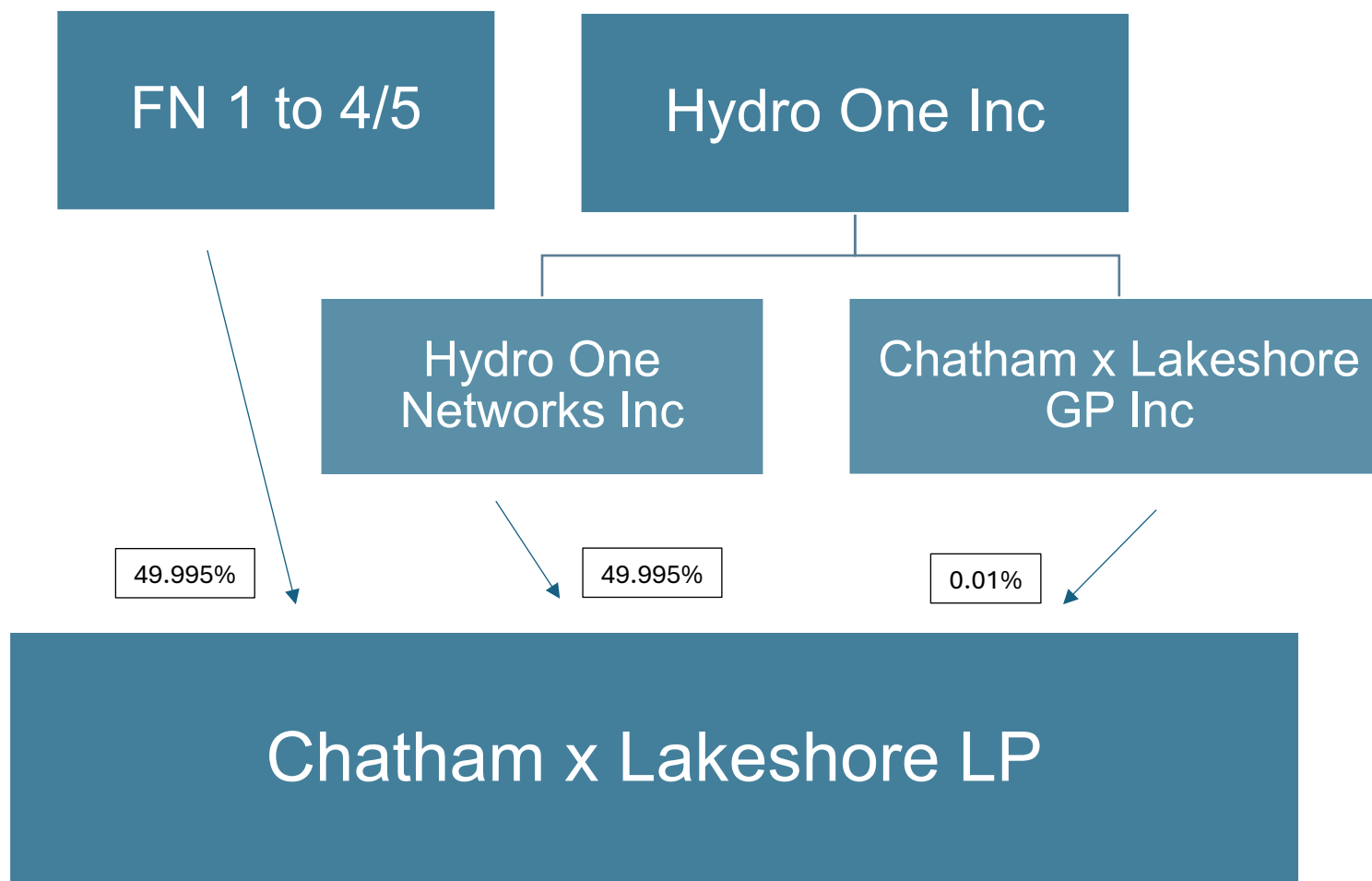


APPENDIX 1B
CLLP'S CURRENT AND FUTURE
ORGANIZATIONAL CHART

INITIAL STRUCTURE



POST FN INVESTMENT STRUCTURE



APPENDIX 2
CLLP'S APPLICATION FOR AN
ELECTRICITY TRANSMISSION LICENCE
(OEB SECTION 60 FORM)



Ontario Energy Board
Commission de l'Énergie de l'Ontario

Application for Electricity Transmission Licence

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4
Telephone: 1-888-632-6273
Facsimile: (416) 440-7656

Commission de l'Énergie de
l'Ontario
2300 rue Yonge
C.P. 2319
Toronto, ON M4P 1E4
Téléphone: 1-888-632-6273
Télécopieur: (416) 440-7656

Application Instructions

1. Purpose of this form

The purpose of this form is to collect information to determine whether the Applicant will be granted a licence to transmit electricity.

2. Structure of the Application Form

This form contains the following sections:

- A General Information;
- B Corporate Information;
- C Notice and Consent;
- D Acknowledgement

Note: The Board shall keep confidential the information in Item 10, Section B of this form, with the exception of the names and positions held of key individuals. All other information filed as part of this application will be considered public. Where the applicant objects to public disclosure of the information, the applicant must follow the Ontario Energy Board's approved Guidelines for Treatment of Filing made in confidence, effective March 19, 2001.

3. Completion Instructions

PRINT CLEARLY or TYPE all information in BLACK. Please send the completed form and two copies of all attachments to:

Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319, 26th Floor
Toronto, ON M4P 1E4

4. Licence Fees:

Application Fees:

A non-refundable application fee is required to process your application. Please enclose a cheque or money order made payable to the **ONTARIO ENERGY BOARD**.

Note:

The Licencee may be required to pay an annual fee.

5. Important Information:

As a licenced Electricity Transmitter, the licensee may be subject to additional obligations as required by the Independent Electricity System Operator (IESO) and as established under section 70 of the *Ontario Energy Board Act, 1998*.

The issuance of an electricity transmission licence does not guarantee accreditation by the IESO or connection to a transmission or distribution system.

REMARQUE:

Ce document est disponible en français.

For Office Use Only	
Application Number	
Date Received	

A. General information

1. Type of Application

New licence	<input checked="" type="checkbox"/>
Renewal	<input type="checkbox"/>
Amendment to an existing Licence	<input type="checkbox"/>

2. Applicant

Please provide the following information about the Applicant			
Full Legal Name of Applicant Chatham x Lakeshore Limited Partnership		Ontario Corporation Number, Canadian Corporation Number or Business Registration Number 1000869836	Date of Formation or Incorporation April 22, 2024
Business Address: 483 Bay Street, 8 th Floor South Tower			
City Toronto	Prov. Ontario	Country Canada	Postal/Zip Code M5G 2P5
Phone Number 416-345-5000	FAX Number 416-345-6972	E-Mail Address (if applicable) regulatoryaffairs@hydroone.com	

3. Primary Contact for this Application

Please provide the following information about the Primary Contact for this Application:				
Mr. <input type="checkbox"/>	Mrs. <input checked="" type="checkbox"/>	Last Name: MacKinnon	Full First Name: Eryn	Initial:
Miss <input type="checkbox"/>	Ms. <input type="checkbox"/>	Position Held: Advisor, Regulatory Affairs		
Other: _____				
Contact Address (if R.R., give Lot, Concession No. and Township) 483 Bay Street, 7 th Floor South Tower				
City Toronto	Province Ontario	Country Canada	Postal/Zip Code M5G 2P5	
Phone Number 416-345-4479	FAX Number 416-345-6972	E-mail Address (if applicable) regulatoryaffairs@hydroone.com		

4. Transmission Facilities

Please provide a description of the transmission facilities involved in this Application:
<p>Chatham x Lakeshore Limited Partnership (“CLLP”) is a newly formed limited partnership which does not currently own or operate transmission facilities in Ontario. Subject to various regulatory approvals, including this transmission licence application, the Applicant has entered into an agreement with Hydro One Networks Inc. (“HONI”) to purchase transmission line assets.</p> <p>The assets are located in southwestern Ontario in the Municipality of Chatham-Kent and the County of Essex near the communities of Chatham, Tilbury and Comber; and are comprised of a new 230 kV double-circuit transmission line, approximately 49 km, connecting Chatham Switching Station to the Lakeshore Transformer Station (the “Line”). The Line assets are part of HONI’s Chatham to Lakeshore Project (“CxL” or the “Project”) that is scheduled to be placed in-service on December 15, 2024 with the potential to be placed in-service up to three months earlier. The purchase does not include any station assets. A Leave-to-Sell Application under section 86(1)(b) of the <i>Ontario Energy Board Act, 1998</i> (the “Act”) has been filed with the Ontario Energy Board (“OEB”) as part of a Joint Submission to seek approval for the proposed sale of the Line.</p>

B. Corporate Information

Organizational

5. Business Classification

Please indicate the Applicant's Business Classification (check appropriate type below):

- ☐ Sole Proprietor
- ☒ Partnership
- ☐ Corporation
- ☐ Other (describe) _____

6. Business Activities

Please provide a description of the Applicant's business activities:

The Applicant is a newly-formed Ontario limited partnership, which is currently 100% owned by Hydro One Limited through wholly-owned subsidiaries. The Applicant intends to engage in activities that are related to the ownership of the Line. Accordingly, the Applicant's business activities, under the direction and management of the general partner, are expected to generally be limited to the operation, maintenance and administration of that facility, as well as financing and recovery of costs and prudent investments through the OEB's established transmission rate setting process.

HONI is working to finalize agreements with up to five First Nation communities located proximate to the Line who will be offered the opportunity to purchase approximately 50% of the equity in the line - Aamjiwnaang First Nation ("AFN"), Caldwell First Nation ("CFN"), Chippewas of the Thames First Nation ("COTTFN"), Chippewas of Kettle and Stony Point First Nation ("CKSPFN"), and Walpole Island First Nation ("WIFN"). Subject to regulatory approvals and First Nations choosing to exercise their right to purchase, this agreement is intended to enable those First Nations communities to purchase an equity interest in the Licence Applicant, as limited partners.

7. Affiliates of the Applicant

a) Please provide the following information for all Affiliates of the Applicant:

The Applicant is a limited partnership and hence not a separate legal entity nor a body corporate per the definition of "affiliate" in the Ontario *Business Corporations Act* (and similarly in the *Affiliate Relationships Code for Electricity Distributors and Transmitters*). However, Hydro One's key corporate entities, i.e. Hydro One Networks Inc., Hydro One Inc., Hydro One Limited, Acronym Solutions Inc. (formerly, Hydro One Telecom Inc.) and Hydro one Remote Communities Inc., Aux Energy Inc. and all other *corporate entities* within Hydro One's organizational chart, including the general partners of B2M Limited Partnership, Hydro One Sault Ste. Marie Limited Partnership and Niagara Reinforcement Limited Partnership, are affiliates of the Applicant's general partner, Chatham X Lakeshore GP Inc.

Business Address:

483 Bay Street, 8th Floor, South Tower

City Toronto	Prov. Ontario	Country Canada	Postal/Zip Code M5G 2P5
Phone Number 416-345-5000	FAX Number 416-345-6972	E-Mail Address (if applicable) regulatoryaffairs@hydroone.com	

Description of Business Activities:

Following the enactment of the *Electricity Act, 1998* and the restructuring of the former Ontario Hydro, Ontario Hydro Service Company Inc. was incorporated under the *Ontario Business Corporations Act* on December 1, 1998 and commenced business on May 1, 1999. On May 1, 2000, the company's name was changed to Hydro One Inc. in accordance with Section 48.1 of the *Electricity Act, 1998*, as amended. Hydro One Inc. is a holding company operating through its wholly-owned subsidiaries. Its principal subsidiary, HONI, is the largest electricity transmitter and distributor within Ontario.

- Hydro One Remotes Communities Inc. ("Remotes") carries on all business relating to ownership, operation, maintenance and construction of generating and distribution assets used in the supply of electricity to remote communities throughout Northern Ontario that are not connected to the transmission grid.
- Acronym (formerly Hydro One Telecom Inc.) carries on all business relating to leasing dark fibre and providing capacity to other telecommunications carriers, large corporations, government, health care and education institutions.
- Hydro One Sault Ste. Marie ("HOSSM") owns certain transmission assets in the Algoma Region of Ontario.
- B2M Limited Partnership ("B2M LP") carries on all business relating to the ownership, operation and management of electricity transmission facilities in relation to the Bruce to Milton Transmission line between Milton, Ontario and the Bruce Nuclear Power Development in Tiverton, Ontario.
- Niagara Reinforcement Limited Partnership ("NRLP") carries on all business relating to the ownership, operation and management of electricity transmission facilities in relation to the Niagara Reinforcement Transmission line in the Niagara region.

b) Please attach a Corporate organization chart describing the relationships between the Applicant and its Affiliates and, if applicable, the respective ownership percentages by the Applicant in each Affiliate.

Please refer to Appendix 1.

8. Energy Sector Activities

<p>Has the Applicant or an Affiliate undertaken any energy sector activities in Ontario or any other jurisdiction?</p> <p>If yes, please provide the following information for each:</p>	<p>Yes No</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/></p>
<p>Full Legal Name of Company:</p> <p>Hydro One Networks Inc.</p> <p>Hydro One Remote Communities Inc.</p> <p>Hydro One Sault Ste. Marie Limited Partnership</p> <p>B2M Limited Partnership</p> <p>Niagara Reinforcement Limited Partnership</p>	<p>Licence/Registration Number:</p> <p>870865821</p> <p>870836269</p> <p>833178213</p> <p>808209530</p> <p>280994377</p>
<p>Jurisdiction:</p> <p>Across the Province of Ontario</p>	<p>Type of Business Activity (e.g. Generation, Transmission, Distribution):</p> <p>Hydro One Networks Inc: Transmission, Distribution</p> <p>Hydro One Remote Communities Inc: Generation, Distribution</p> <p>Hydro One Sault Ste. Marie LP: Transmission</p> <p>B2M LP: Transmission</p> <p>NRLP: Transmission</p>

Technical Capability and Experience

9. Technical Ability

a) Please describe the applicant's technical ability to carry out the activities applied for including the Applicant's specific experience in Ontario and in other jurisdictions.

The Applicant is a newly formed Ontario entity that has been established for the purpose of owning, operating, maintaining and administering an electricity transmission facility in Ontario. The general partner, CLGP through its affiliation with Hydro One Inc., brings significant skills, resources and experience to the limited partnership, including technical, financial and stakeholder relationship capabilities. Each of the limited partners brings financial capabilities and stakeholder relationship capabilities.

b) If the Applicant intends to utilize the capability of others by contracting transmission activities, please indicate below which activities and to whom they will be contracted:

<input type="checkbox"/> Design	Contracted to:
<input type="checkbox"/> Construction	Contracted to:
<input type="checkbox"/> Customer Connection	Contracted to:
<input checked="" type="checkbox"/> Inspection & Maintenance	Contracted to: Hydro One Networks Inc.
<input checked="" type="checkbox"/> Operation	Contracted to: Hydro One Networks Inc.
<input checked="" type="checkbox"/> Other (describe) Various Administration services	Contracted to: Hydro One Networks Inc.

10. Information About Each Key Individual

Mr. <input checked="" type="checkbox"/> Mrs. <input type="checkbox"/> Miss <input type="checkbox"/> Ms. <input type="checkbox"/> Other: _____	Last Name: Lopez	Full First Name: Chris	Initial:
Position Held: Director			
<p>Please explain the person's experience in the electrical transmission business and in the energy field in general.</p> <p>Chris Lopez is the EVP, Chief Financial and Regulatory Officer of Hydro One Limited. Mr. Lopez joined Hydro One in 2016 as the Senior Vice President of Finance and was more recently Chief Financial Officer (CFO). Mr. Lopez is an industry leading CFO with more than 23 years of progressive experience in the utilities industry in Canada, the United States and Australia and has overseen significant improvements in equity and bond investor confidence, share price performance and productivity savings at Hydro One Limited.</p> <p>As Chief Financial and Regulatory Officer of Hydro One Limited, Mr. Lopez is responsible for the corporate finance and regulatory practices function, including treasury and tax, as well as internal audit, investor relations, risk, pensions and shared services, including supply chain, growth and mergers and acquisitions.</p>			
a) Has this person been a proprietor, partner, officer or director of a business that was granted a licence under Part IV or Part V of the <i>Ontario Energy Board Act, 1998</i> .		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, provide business names and licence number(s) and describe the individuals specific related experience. Please refer to Section 8 of this Application for the business names of these entities.			
b) Has this person been a proprietor, partner, officer, or director of a business that was registered or licenced under this or any other acts or legislation?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, identify the business name, the legislation, licence number(s), date of the licencing or registration and the individual's specific related experience. Mr. Lopez has carried various roles throughout the globe. For the purposes of the intent of this Application, the Applicants provide that Mr. Lopez has been a proprietor, partner, officer or director of all the entities referenced in this Application including all those identified in Section 8 of this Application.			
c) Has this person been a proprietor, partner, officer or director of a business that had a registration or licence of any kind refused, suspended, revoked or cancelled?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes, please provide company name and describe the situation, including the jurisdiction and type of licence.			

11. Financial Information

Please attach financial statements of the Applicant for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information.

As noted in the Application, the audited Financial Statements for 2022 and 2023 and all other information that Hydro One Limited has filed with the Ontario Securities Commission for the past two years is available through SEDAR at www.sedar.com.

Transmission Facilities Information

12. Facilities

Please indicate whether the Applicant's transmission facilities are:

☒ New assets to be constructed?

Proposed In-service date: December 15, 2024

Please attach a statement explaining the financing arrangements.

Assets will be built and in-serviced by HONI and then sold to CLLP shortly after completion.

☐ Existing assets presently owned by the Applicant?

☐ Existing assets not presently owned by the applicant (i.e. to be purchased)?

Please indicate from whom assets will be purchased:

☐ Other (describe)

13. Purpose of Facilities

Please indicate the intended purpose(s) of the Applicant's transmission facilities:

☐ To provide a connection between a generator and a transmission system.

☒ To provide a connection between a transmission system and a load customer.

☐ To provide a connection between a generator and a load customer.

☐ To provide a connection between one transmission system and another

☐ To import or export power

☐ Other (please describe): _____

If parties other than the Applicant are involved, please indicate the specific names of the participants (generator, load customer, transmission system(s):

The Chatham to Lakeshore transmission line will interconnect with the HONI transmission system at both ends of the Line.

14. Location of Facilities

Please indicate the location (township or other such description as appropriate) of the Applicant's transmission facilities and attach a single-line diagram indicating the length (km), capacity (MW) and operating voltage (kV) of each element.

The Chatham to Lakeshore line includes the 230 kV transmission circuits specifically named C87H and C88H – running southwesterly from Chatham SS located in the Municipality of Chatham-Kent, traversing across the City of Chatham, the Town of Tilbury, the Township of Comber in Municipality of Lakeshore, before terminating at Lakeshore TS located in the Municipality of Lakeshore.

15. Licensing History

Yes

No

☐☒

Has the Applicant obtained Ontario Energy Board, National Energy Board, Federal Energy Regulatory Commission or any other regulatory approvals required for the acquisition, construction or operation of the transmission facilities?

If no, please indicate the status and plans for seeking these approvals.

These transmission facilities are currently being constructed and are forecast to be placed in-service by HONI on December 15, 2024 with the potential to be placed in-service up to three months earlier. As part of this Application, HONI is requesting approval for the sale of assets to CLLP, and CLLP is seeking approval for a deferral account to record revenue requirement for the Transferred Assets for the period once the assets are placed in-service until the OEB-approved effective date of a subsequent CLLP revenue requirement application. CLLP expects to file a transmission revenue requirement application later this year for recovery in the period beginning in 2025.

16. Service to other parties

If the transmission facilities are to be used to deliver electricity to a party other than the Applicant please attach the following:

- a) a summary of business plans relating to the Applicant's proposed transmission business for the next five years. This should include the following:
 - a forecast of annual peak demand (MW) and energy (MWH) transmitted and/or transformed.
 - annual pro forma financial statements including forecasts of costs, revenues and project financing indicating the underlying assumptions on which the forecasts are based.
- b) estimates of net annual cash flows for subsequent periods to demonstrate financial feasibility and security.
- c) indication of the Applicant's plans to seek Ontario Energy Board approval for rates for transmission services.

All power delivered via CLLP's facilities is expected to be delivered to its affiliate, HONI.

17. Proposed business transactions impact

Please provide a brief summary of the expected impact of the proposed business transactions on the Ontario electricity market under the following headings:

- Facilitate competition and enhance access to transmission services

If approved, CLLP will be a new transmitter in the Province of Ontario. The existence of this entity supports the government's stated mandate to increase ownership diversity within the transmission sector in Ontario, and to foster participation by First Nations.

- Improve reliability and quality of supply

The Line is being constructed to increase long-term transmission capacity to the Leamington area, to ensure the load can be adequately supplied.

This Line will improve the reliability and quality of energy supply by providing an additional transmission path for system generation to be delivered to the area west of Chatham.

Furthermore, this Line will avoid the potential for increased congestion in the west of Chatham area and preserve the Ontario-Michigan intertie capability.

Construction of this asset is recommended by the IESO in their report entitled the *Need for Bulk Transmission Reinforcement in the Windsor-Essex Region* and was found to be in the public interest by the OEB as documented in OEB proceeding EB-2022-0140.

- Promote economic and efficient electrical energy supply

The participation of First Nations communities as owners of these transmission facilities is expected to allow for the continued economic enhancement on First Nations lands and provide efficient supply of energy by providing an additional transmission path for system generation to be delivered to the area west of Chatham.

Other Information

18. Ontario market activities

Please indicate whether the Applicant intends to be involved with other electricity sector activities in the Ontario market?		
<input type="checkbox"/> Buy or Sell (Wholesale) electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input type="checkbox"/> Distribute electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input type="checkbox"/> Retail electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<input type="checkbox"/> Generate electricity	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes to any of the above:		
a) If affiliates have not yet been established, please indicate when this is planned _____		
b) Has Applicant or an affiliate applied for an Ontario Energy Board Licences?		
If no, when planned? _____	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
HONI, HOSSM, B2M LP and NRLP are licensed to transmit electricity in Ontario.		

C. Notice and Consent

AS REQUIRED BY THE FREEDOM OF INFORMATION AND PROTECTION OF INDIVIDUAL PRIVACY ACT

In order to complete or verify the information provided on this form, it may be necessary for the Ontario Energy Board to collect additional information from some or all of the following sources: federal, provincial/state and municipal governments; licensing bodies; banks; professional and industry associations; and former and current employers. **Only information relevant to your application will be collected.**

The public official who can answer questions about the collection of information is:

Board Secretary
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto, Ontario M4P 1E4

Note: The issuance of an electricity transmitter licence does not guarantee accreditation by the IESO, or connection to a transmission or distribution system.

NOTE:

This application must be signed by the proprietor or by at least one partner, officer or director of the organization.

WARNING:

It is an offence to knowingly provide false information on this application.

I/We consent to the collection of this information as authorized under the *Ontario Energy Board Act, 1998*.

Yes☒

I/We understand that this information will be used to determine whether I am/we are and remain qualified for the licence for which I am/we are applying.

Yes☒

Print Name and Title	Signature of Applicant(s)	Date Signed
Chris Lopez	Original Signed by Chris Lopez	April 26, 2024
President and Secretary		
Chatham x Lakeshore GP Inc., general partner		
of Chatham x Lakeshore Limited Partnership		

D. Acknowledgement

<p>NOTE: This acknowledgement must be signed by the proprietor or by at least one partner, officer or director of the organization.</p> <p>I understand and acknowledge that, as a licenced electricity transmitter, I will be required, unless otherwise exempted:</p> <ul style="list-style-type: none">To provide non-discriminatory access to all persons wishing to connect to the transmission system.To comply with all licence conditions including the provisions of:<ul style="list-style-type: none">S The Ontario Energy Board Affiliate Relationships Code for Electricity Distributors and TransmittersS The Ontario Energy Board Transmission System CodeS The Market Rules made under section 32 of the Electricity Act.		
<p>Print Name and Title</p> <p>Chris Lopez</p> <p>President and Secretary</p> <p>Chatham x Lakeshore GP Inc., general partner</p> <p>of Chatham x Lakeshore Limited Partnership</p>	<p>Signature of Applicant(s)</p> <p>Original Signed by Chris Lopez</p>	<p>Date Signed</p> <p>April 26, 2024</p>

CHECKLIST

Have You:

1.	Properly and fully completed this form? (Illegible, incomplete or improperly completed forms do not qualify for registration and will be delayed or returned.)	<input type="checkbox"/>
2.	Enclosed a cheque or money order payable to the ONTARIO ENERGY BOARD in the amount prescribed?	<input type="checkbox"/>
3.	Attached two copies of all financial information specified in Section B?	<input type="checkbox"/>
4.	Attached Section C, the signed "Notice and Consent" form, as specified?	<input type="checkbox"/>
5.	Attached Section D, the "Acknowledgement" form, as specified?	<input type="checkbox"/>
<p>Please send the completed form and all attachments to:</p> <p>Board Secretary Ontario Energy Board 2300 Yonge Street P.O. Box 2319 , 26th Floor Toronto, ON M4P 1E4</p>		
<p>NOTE: You are not required to return the cover page or this checklist to the Ontario Energy Board.</p>		

APPENDIX 3
HONI'S APPLICATION TO SELL
CXL PROJECT ASSETS TO CLLP
(OEB SECTION 86(1)(B) FORM)



Application Form for Applications under Section 86(1)(b) of the *Ontario Energy Board Act, 1998*

Application Instructions

1. Purpose of this Form

This form is to be used by parties applying under section 86(1)(b) of the *Ontario Energy Board Act, 1998* (the "Act"). Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

2. Completion Instructions

This form is in a writeable PDF format. The applicant may, however, complete responses on additional pages if the space provided is not sufficient. The applicant must either:

- type answers to all questions, print two copies and sign both copies; or
- print a copy of the form, clearly print answers to all questions, make a copy and sign both copies.

Please send both copies of the completed form and two copies of any attachments to:

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

If you have any questions regarding the completion of this application, please contact the Market Operations Hotline by telephone at 416-440-7604 or 1-888-632-6273 or e-mail at market.operations@oeb.gov.on.ca.

The Board's "Performance Standards for Processing Applications" are indicated on the "Corporate Information and Reports" section of the Board's website at www.oeb.gov.on.ca. Applicants are encouraged to consider the timelines required to process applications to avoid submitting applications too late. If the submitted application is incomplete, it may be returned by the Board or there may be a delay in processing the application.

Ontario Energy
Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4
Telephone: 1-888-632-6273
Facsimile: (416) 440-7656

Commission de l'énergie
l'Ontario
C.P. 2319
2300, rue Yonge
27^e étage
Toronto ON M4P 1E4
Téléphone: 1-888-632-6273
Télécopieur: (416) 440-7656



Application Form for Applications under Section 86(1)(b) of the *Ontario Energy Board Act, 1998*

For Office Use Only	
Application Number	EB -
Date Received	

PART I : IDENTIFICATION OF PARTIES

1.1 Name of Applicant

Legal name of the applicant: Hydro One Networks Inc. ("HONI")

Name of Primary Contact:

Mr. <input type="radio"/>	Mrs. <input type="radio"/>	Last Name	First Name	Initial
Miss <input type="radio"/>	Ms. <input checked="" type="radio"/>	MacKinnon	Eryn	
Other <input type="radio"/>		Title/Position		
		Advisor, Regulatory Affairs		

Address of Head Office:

City	Province/State	Country	Postal/Zip Code
Toronto	Ontario	Canada	M5G 2P5
Phone Number	Fax Number	E-mail Address	
416-345-4479		Regulatoryaffairs@hydroone.com	

1.2 Other Party to the Transaction (if more than one attach a list)

Name of the other party: Chatham x Lakeshore Limited Partnership ("CLLP")

Name of Primary Contact:

Mr. <input checked="" type="radio"/>	Mrs. <input type="radio"/>	Last Name	First Name	Initial
Miss <input type="radio"/>	Ms. <input type="radio"/>	Lopez	Chris	
Other <input type="radio"/>		Title/Position		
		President and Secretary, Chatham x Lakeshore GP Inc. in its capacity as General Partner		

Address of Head Office:

City	Province/State	Country	Postal/Zip Code
Toronto	Ontario	Canada	M5G 2P5
Phone Number	Fax Number	E-mail Address	
416-345-5000		regulatoryaffairs@hydroone.com	

1.3 If the proposed recipient is not a licensed distributor or transmitter, is it a distributor or transmitter that is exempted from the requirement to hold a distribution or transmission licence?

- ☐ Yes
☒ No

PART II: DESCRIPTION OF ASSETS TO BE TRANSFERRED

2.1 Please provide a description of the assets that are the subject of the proposed transaction.

The assets comprise of a new 230 kV double-circuit transmission line, approximately 49 km, connecting Chatham Switching Station to the Lakeshore Transformer Station (the "Line"). These Line assets include the 230 kV circuits named C87H and C88H and are part of HONI's Chatham to Lakeshore Project ("CxL" or the "Project") that is expected to be completed and placed in-service on December 15, 2024, with the potential to be placed in-service up to three months earlier. The purchase does not include any station assets. Further details of the assets are provided in the Application.

2.2 Please indicate where the assets are located - whether in the applicant's service area or in the proposed recipient's service area (if applicable). Please include a map of the location.

The Line is located in southwestern Ontario in the Municipality of Chatham-Kent and the County of Essex. The line runs southwesterly from Chatham SS located on in the Municipality of Chatham-Kent, traversing across the City of Chatham, the Town of Tilbury, and the Township of Comber in Municipality of Lakeshore, before terminating at Lakeshore TS located on in the Municipality of Lakeshore. Please see Appendix 4 for a map of the Line location

2.3 Are the assets surplus to the applicant's needs?

☐ Yes

☒ No

If yes, please indicate why the assets are surplus and when they became surplus.

2.4 Are the assets useful to the proposed recipient or any other party in serving the public?

☒ Yes

☐ No

If yes, please indicate why.

The Line is being constructed to increase long-term transmission capacity to the Leamington area, to ensure the load can be adequately supplied. The Line will also improve the reliability and quality of energy supply by providing an additional transmission path for system generation to be delivered to the area west of Chatham, avoid the potential for increased congestion in the west of Chatham area, and preserve the Ontario-Michigan intertie capability.

2.5 Please identify which utility's customers are currently served by the assets.

The Line will become part of the bulk electricity system in Ontario and thus supports, directly or indirectly, all electricity customers of Ontario.

2.6 Please identify which utility's customers will be served by the assets after the transaction and into the foreseeable future.

The line will serve the customers of Ontario in the manner as described above.

PART III: DESCRIPTION OF THE PROPOSED TRANSACTION

3.1 Will the proposed transaction be a sale, lease or other?

- ☒ Sale
☐ Lease
☐ Other

If other, please specify. _____

3.2 Please attach the details of the consideration (e.g. cash, assets, shares) to be given and received by each of the parties to the proposed transaction.

The proposed transaction is an inter-company transfer of assets.

3.3 Would the proposed transfer impact any other parties (e.g. joint users of poles) including any agreements with third parties?

- ☐ Yes
☒ No

If yes, please explain how.

3.4 Would the proposed transfer impact distribution or transmission rates of the applicant?

- ☐ Yes
☒ No

If yes, please explain how.

The revenue requirement for the Transferred Assets is not included in any current, or future, HONI Transmission revenue requirement approved by the OEB. CLLP is concurrently applying for a deferral account to record revenue requirement for the Transfer Assets for the period once the assets are placed in-service until the OEB-approved effective date of a subsequent CLLP revenue requirement application.

3.5 Will the transaction adversely affect the safety, reliability, quality of service, operational flexibility or economic efficiency of the applicant or the proposed recipient?

- ☐ Yes
☒ No

If yes, please explain how.

PART IV: WRITTEN CONSENT/JOINT AGREEMENT

- 4.1 Please provide the proposed recipient's written consent to the transfer of the assets by attaching:
- a) a letter from the proposed recipient consenting to the transfer of the assets;
 - b) a letter or proposed sale agreement jointly signed by the applicant and the proposed recipient agreeing to the transfer of the assets; or
 - c) the proposed recipient's signature on the application.

Please refer to Section 3.2.

PART V: REQUEST FOR NO HEARING

- 5.1 Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide:
- a) an explanation as to how no person, other than the applicant or licence holder, will be adversely affected in a material way by the outcome of the proceeding; and
 - b) the proposed recipient's written consent to dispose of the application without a hearing.

The proposed transaction results in an inter-entity transfer of assets. The Transferred Assets will be operated and maintained by HONI in the same manner as related transmission facilities in Ontario. Performance and reliability will not be impacted by a change in equity ownership. In light of these circumstances, HONI does not view the application to require a public hearing.

PART VI: OTHER INFORMATION

- 6.1 Please provide the Board with any other information that is relevant to the application. When providing this additional information, please have due regard to the Board's objectives in relation to electricity.

As described in the Application, the asset purchaser, CLLP, has sought relief for a transmission licence and plans to make available an equity interest to First Nations partners. This transaction supports the Government of Ontario objective to promote economic partnerships with Indigenous groups.

PART VII : CERTIFICATION AND ACKNOWLEDGMENT

7.1 Certification and Acknowledgment

I certify that the information contained in this application and in documents provided are true and accurate.

Signature of Key Individual	Print Name of Key Individual Chris Lopez	Title/Position Director
Original Signed By Chris Lopez	Date April 26, 2024	Company Chatham x Lakeshore LP Inc.

(Must be signed by a key individual. A key individual is one that is responsible for executing the following functions for the applicant: matters related to regulatory requirements and conduct, financial matters and technical matters. These key individuals may include the Chief Executive Officer, the Chief Financial Officer, other officers, directors or proprietors.)

APPENDIX 4
MAP OF THE CHATHAM TO LAKESHORE
TRANSMISSION LINE PROJECT AREA

APPENDIX 5

CLLP'S APPLICATION FOR A DEFERRAL ACCOUNT

1.0 INTRODUCTION

1.1. This Application is a request, pursuant to section 78(1) of the *Ontario Energy Board Act* (the “**Act**”), for OEB-approval of an accounting order authorizing Chatham x Lakeshore Limited Partnership (“**CLLP**”) to establish a new deferral account, referred to as the “CxL Transmission Line Revenue Requirement Deferral Account” (“**CLLPDA**”), for the purpose of recording revenue requirement relating to the Chatham to Lakeshore Project (“**CxL**” or “the **Project**”) once it is placed in-service up until the OEB-approved effective date of CLLP’s first revenue requirement application. The CLLPDA will be predicated on the costs of the subset of assets from the Project (the “**Transferred Assets**”) that are to be sold to CLLP.

1.2. In this Application, it is important to CLLP’s First Nations partners, to receive an OEB order to establish this new deferral account prior to in-service of the Project, to allow for the satisfaction of financing arrangements to validate income to the partners and their communities.

1.3. CLLP is expecting to submit a revenue requirement application for approval of final rates covering the period beginning in 2025, including the revenue requirement details for inclusion in the determination of the Uniform Transmission Rates (“**UTR**”). This application is expected to be filed with the OEB later this year. CLLP will ask the OEB to adjudicate the prudence and allow for recovery of the costs included in the CLLPDA as part of that application.

1.4. The proposed CLLPDA should be approved and is in the public interest because:

- CLLP has applied to the OEB for the approval of a transmission license under section 60 of the Act, and HONI has applied for the approval to sell certain transmission assets to CLLP under section 86(1)(b) of the Act;
- It will allow for the timely in-service of the assets that will benefit Ontario ratepayers; and
- Neither HONI nor CLLP are seeking recovery of the amount CLLP proposes to record in the deferral account at this time. The deferral account balances will be subject to review upon disposition and recovered through the UTRs.

1 1.5. The need for this account is to ensure that CLLP is able to recover the appropriate
2 level of revenue requirement for the period of time the asset will be in-service prior
3 to CLLP receiving approval of its revenue requirement application and being
4 incorporated into Uniform Transmission Rates. HONI does not, and will not,
5 possess a rate order allowing for recovery of costs of any of the proposed
6 Transferred Assets. CLLP will own only these Transferred Assets, and currently,
7 there is no other interim mechanism to allow CLLP to recover costs for these
8 Transferred Assets.

9
10 1.6. As per the OEB's usual process, a deferral account approval is required in advance
11 of recording any balances.
12

13 **2.0 EFFECTIVE DATE OF CLLPDA**

14 2.1. CLLP is requesting the new deferral account be effective starting from the in-
15 service date of the Project currently planned for December 15, 2024. This is the
16 date HONI expects the Project assets will be placed in-service and conveying
17 electricity, and ultimately transferred to CLLP. This date could potentially be up to
18 three months earlier, and CLLP commits to notify the OEB of the Project's
19 completion and will record entries in this account effective that date.
20

21 **3.0 TEST FOR ESTABLISHMENT OF A DEFERRAL ACCOUNT**

22 3.1. In order to establish a deferral account, the OEB's *Filing Requirements for*
23 *Electricity Transmission Applications* (dated February 11, 2016) ("**Filing**
24 **Requirements**"), outline that the eligibility criteria of causation, materiality and
25 prudence must be met. In addition, the Applicant must provide a Draft Accounting
26 Order.

Causation

3.2. The OEB's Filing Requirements define Causation as, "the forecasted expense must be clearly outside of the base upon which revenue requirement(s) were derived".¹

3.3. CLLP has no current OEB-approved revenue requirement nor are the Transferred Assets included in HONI's rate base. CLLP expects to file an application seeking approval of its 2025 revenue requirement later this year.

3.4. CLLP is seeking OEB-approval for a transmission licence, and HONI is seeking leave to sell the Transferred Assets to CLLP. Revenue requirement of this nature would normally be recoverable by a transmitter from the provision of these types of services to ratepayers.

Materiality

3.5. In terms of the materiality of the amounts a transmitter is seeking to record, the OEB's Filing Requirements definition of Materiality is, "the forecasted amounts must exceed the OEB defined materiality threshold and have a significant influence on the operation of the transmitter".² Additionally, the OEB's Filing Requirements prescribes materiality thresholds for transmitters, indicating they are dependent on the magnitude of the transmitters revenue requirement. The filing requirements state;

Unless a different threshold applies to a specific section of these filing requirements, the default materiality thresholds are as follows:

- \$50,000 for a transmitter with a transmission revenue requirement less than or equal to \$10 million
- 0.5% of transmission revenue requirement for a transmitter with a transmission revenue requirement greater than \$10 million and less than or equal to \$200 million
- \$3 million for a transmitter with a transmission revenue requirement of more than \$200 million"³

¹ Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.10, February 11, 2016, Pg. 35

² Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.10, February 11, 2016, Pg. 35

³ Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.1.1, February 11, 2016, Pg. 6

3.6. CLLP does not have a current OEB-approved revenue requirement.

3.7. Given the OEB's materiality threshold categories above, CLLP's revenue requirement would be captured in the second category as its revenue requirement is expected to exceed \$10 million (on the basis of total return on capital alone as noted in Table 1 below), but not surpass \$200 million per annum in light of the fact that the total forecast cost of the Transferred Assets is \$220 million. CLLP's materiality threshold is therefore 0.5% of the annual revenue requirement.

**Table 1 - Analysis of the Return on Capital Impacts on
Revenue Requirement (*Illustrative*)**

Particulars	Reference	Total (\$000s)
In-Service Rate Base (Forecast)	A	220,000
Return on Capital ¹		
Return on Long Term Debt – 56%	B = A x 56% x 4.58%	5,643
Return on Short Term Debt – 4%	C = A x 4% x 6.23%	548
Return on Equity – 40%	D = A x 40% x 9.21%	8,105
Total Return on Capital	E = B + C + D	14,296

¹ Based on the OEB's Cost of Capital Parameters as of January 1, 2024 (i.e. LT debt– 4.58%, ST debt – 6.23%, ROE – 9.21%) <https://www.oeb.ca/sites/default/files/OEBLtr-2024-cost-of-capital-updates-20231031.pdf>

3.8. Irrespective of the actual OEB-approved annual revenue requirement, the forecast in-service date is expected, at minimum, to equal approximately two-weeks of 2024, i.e., 2-weeks out of the 52-week annual collection period. Assuming revenue requirement is disbursed equally throughout the year, the two-week period represents 3.8% of the annual revenue requirement thus exceeding the 0.5% materiality threshold described above.

3.9. If the deferral account is not approved, CLLP will effectively not be entitled to recover the full costs of owning and operating the assets that are also subject to approval in the related applications for a transmission licence and sale of assets

1 from HONI to CLLP. Based on the OEB's criteria, HONI and CLLP believe the
2 materiality threshold for a deferral account has been satisfied.

3 4 **Prudence**

5 3.10. The OEB's Filing Requirements definition of Prudence is, "the nature of the costs
6 and forecasted quantum must be reasonably incurred, although the final
7 determination of prudence will be made at the time of disposition".⁴

8
9 3.11. If the transmission license application and leave to sell the assets application are
10 approved, CLLP will acquire the Transferred Assets and will own, operate and
11 maintain the facilities to provide transmission services to ratepayers as described
12 by CLLP and HONI in the accompanying submission.

13
14 3.12. The agreement with the First Nations underlying the formation of the limited
15 partnership and the sale of assets will facilitate the Project assets being placed in-
16 service and ultimately providing transmission services to ratepayers. The deal
17 allows for the completion of the project providing beneficial service to rate payers
18 at a favourable cost.⁵ HONI and CLLP believe this satisfies the prudence standard
19 whereby, "T[t]he transmitter's decisions to incur the amounts must represent the
20 most cost-effective option for ratepayers".⁶

21
22 3.13. The approval of a deferral account to record the revenue requirement for the period
23 the asset will be used and useful is appropriate and equitable such that the newly
24 formed CLLP will have the opportunity to recover the revenue it earns from the
25 services the acquired transmission facilities provide to ratepayers.

26
27 3.14. The final determination of prudence will be made at the time CLLP applies for
28 disposition of the deferral account in a future revenue requirement application. The

⁴ Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.10, February 11, 2016, Pg. 35

⁵ Rate payers will enjoy a modest tax benefit flowing through in rates, given the tax-free status of the First Nations partners' ownership of CLLP

⁶ Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.8.12, February 11, 2016, Pg. 32

1 OEB and other stakeholders will have the opportunity to review and test the
2 prudence of those costs at that time.

3

4 **4.0 DRAFT ACCOUNTING ORDER**

5 4.1 As prescribed by the OEB's Filing Requirements⁷, CLLP is including a Draft
6 Accounting Order, as an **Attachment A** to this exhibit, outlining the proposed
7 entries for recording CLLP's revenue requirement prior to the effective date of
8 CLLP's first OEB-approved revenue requirement.

9

10 **5.0 CONCLUSION**

11 5.1 CLLP believes the establishment of the CLLPDA should be approved. The
12 amounts proposed to be recorded within the account will be material to CLLP, and
13 the account has met the OEB's eligibility criteria of causation, materiality and
14 prudence.

15

16 5.2 All of which is respectfully submitted for the OEB's consideration.

⁷ Filing Requirements for Electricity Transmission Applications, Chapter 2 - Section 2.10, February 11, 2016, Pg. 35

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Attachment A
Draft Accounting Order
Account 1508 - CxL Transmission Line Revenue Requirement Deferral Account

Chatham x Lakeshore Limited Partnership (“**CLLP**”) proposes the establishment of a new “CxL Transmission Line Revenue Requirement Deferral Account” (“**CLLPDA**”) to capture the preliminary revenue requirement relating to the operation associated with this Project before such time that a section 78 revenue requirement application can be approved by the OEB and the associated revenue requirement can be included in the Uniform Transmission rates (“**UTR**”).

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “CxL Transmission Line Revenue Requirement Deferral Account” effective as of the in-service date of the Project up to the OEB-approved effective date of CLLP’s first revenue requirement application. CLLP will 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:

PROPOSED ACCOUNTING ENTRIES

CxL Transmission Line Revenue Requirement Deferral Account

<u>USofA #</u>	<u>Account Description</u>
Dr: 1508	Other Regulatory Assets – Sub account “CxL Transmission Line Revenue Requirement Deferral Account”
Cr: 4110	Transmission Services Revenue

To record the revenue related to CLLP’s revenue requirement for the subset of assets from the Project (“**Transferred Assets**”) that are sold to CLLP. The asset will be recognised in the “CxL Transmission Line Revenue Requirement Deferral Account” for future disposition.

1	<u>USofA #</u>	<u>Account Description</u>
2	Dr: 1508	Other Regulatory Assets – Sub account “CxL Transmission Line Revenue
3		Requirement Deferral Account”
4	Cr: 6035	Other Interest Expense
5		
6	To record interest improvement on the principal balance of the “CxL Transmission Line	
7	Revenue Requirement Deferral Account”.	