

BY EMAIL AND RESS

July 22, 2025

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

Dear Ms. Marconi,

EB-2025-0148 – Niagara Reinforcement Limited Partnership (NRLP) – Response to OEB Clarification Questions

Hydro One Networks Inc. (Hydro One), on behalf of NRLP, is writing to respond to clarification questions provided by OEB staff in their email dated July 14, 2025.

1. Debt Certificate Request

OEB staff Question:

To fully validate the updated long-term debt cost used in the 2026–2029 revenue requirement calculations, please provide a formal debt certificate for the new debt with an offering date of February 28, 2025. Please ensure that the following information is included in the Debt Certificate: principal amounts, coupon rates, issuance costs, and effective interest rates.

Hydro One's Response:

The Debt Certificate for NRLP's new debt, with an offering date of February 28, 2025, is attached as Exhibit A-04-01 Attachment 4. This certificate includes principal amounts, coupon rates, issuance costs, and effective interest rates.

The principal amount in the Formal Debt Certificate (Exhibit A-04-01 Attachment 4) is \$20.3M. The amount in the Cost of Long-Term Debt Schedule (Exhibit A-04-01 Attachment 1) shows a balance of \$19.8M because a partial debt repayment of \$0.5M is scheduled in the second half of 2025.

2. Accounting Order Clarification

OEB staff Question:

At Exhibit A-4-1 of the Applications, you have requested an effective date of January 1, 2025, for the proposed amendment to the Accounting Order for Account 1592. Please clarify the rationale for this backdated effective date, particularly in the context of the one-time update application being filed in June 2025 for rates effective January 1, 2026.

Hydro One's Response:

NRLP has reviewed the updated Accounting Order for Account 1592 and confirms that it is requesting an effective date of January 1, 2026. The updated Accounting Order has been revised and attached as Exhibit A-04-01 Attachment 3.

An electronic copy of the responses has been submitted by Hydro One on behalf of NRLP, using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke". The signature is written in a cursive, flowing style.

Kathleen Burke

Cc: Muhammad Yunus, P. Eng.,

NRLP
LONG-TERM DEBT CERTIFICATE

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP**SECURED PROMISSORY NOTE****CDN\$20,307,372****TORONTO, ONTARIO****DATE: FEBRUARY 28, 2025****1. Promise to Pay Interest**

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP (the "**Borrower**") for value received hereby promises to pay to **B2M TRUST** (the "**Lender**") on January 4, 2035 (the "**Maturity Date**"), or on such earlier date as the Principal Amount (as defined below) may become due in accordance with the provisions set out herein, on presentation and surrender of this Secured Promissory Note (the "**Note**"), an amount equal to \$20,307,372 (such amount, as it may be reduced pursuant to Section 6 herein, the "**Principal Amount**") in lawful money of Canada at the head office of the Lender, 483 Bay Street, 8th Floor, South Tower, Toronto, ON M5G 2P5 (or at such other address as the Lender shall notify the Borrower) and to pay interest (after as well as before maturity, default and judgement, with interest on overdue interest at the same rate) on the Principal Amount at a rate of interest equal to 3.958% from the later of February 28, 2025 (the "**Issue Date**") and the last Interest Payment Date (as defined below) on which interest has been paid or made available for payment on this Note in like money semi-annually in arrears on January 4 and July 4 (the "**Interest Payment Dates**") in each year provided that if the Ontario Energy Board ("**OEB**") does not approve an interest rate of 3.958%, the interest rate on this Note will be such lower rate as is approved by the OEB. The first interest payment, payable on July 4, 2025 (the "**Initial Interest Payment Date**"), which shall include accrued and unpaid interest for the period from and including the Issue Date to the Initial Interest Payment Date will be in an amount equal to \$277,464.35, and if the Borrower at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money and semi-annually on the same dates.

2. Financing Fee

The Borrower also hereby agrees to pay a financing fee (after as well as before maturity, default and judgement, with interest on any overdue fees at the same rate) on the Principal Amount at a rate equal to 0.15% in like money semi-annually in arrears on each Interest Payment Date in each year. The financing fee includes a 0.05% cost related to the amortization of discounts and commissions. The first payment of the financing fee, payable on the Initial Interest Payment Date, which shall include accrued and unpaid fees for the period from and including the Issue Date to the Initial Interest Payment Date will be in an amount equal to \$10,515.32, and if the Borrower at any time defaults in the payment of the financing fee, to pay interest on the amount in default at the same rate, in like money and semi-annually on the same dates, provided that if the OEB does not approve a financing fee of 0.15%, as above, the financing fee payable on this Note will be such lower rate as is approved by the OEB.

3. Computation and Payment of Interest and Financing Fees

Interest or fees on the Notes in respect of any period will be computed on the basis of a year of 365 days or 366 days, as the case may be, for the actual number of days elapsed in such period and will accrue from day to day. Subject to accrual of any interest on unpaid interest and fees from time to time, interest and fees on this Note shall cease to accrue from the earlier of the Maturity Date of this Note and, if this Note is called for redemption, the Redemption Date (as defined herein) or Repayment Date (as defined herein) fixed for this Note, unless, in each case, upon due presentation and surrender of this Note for payment on or after the Maturity Date, Redemption Date or Repayment Date, as the case may be, such payment is improperly withheld or refused. Wherever in this Note there is mention, in any context, of the payment of interest or fees, such mention is deemed to include the payment of interest on amounts in default to the extent that, in such context, such interest or fees are, were or would be payable pursuant to this Note, and express mention of interest on amounts in default in any of the provisions of this Note shall not be construed as excluding such interest in those provisions of this Note in which such express mention is not made. The Borrower will not be required to pay an additional amount on the Note in respect of any tax, assessment or government charge withheld or deducted.

If the date for payment of any amount of principal, interest or fees in respect of the Note is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place and the Lender shall not be entitled to any further interest, fees or other repayment in respect of the delay. For the purposes of this Note, "**Business Day**" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day when banking institutions in Toronto are authorized or obligated by law or regulation to close.

4. Redemption

At its option, the Borrower may redeem this Note, in whole or in part, at any time and from time to time on payment of a redemption price equal to the greater of (i) the Canada Yield Price, and (ii) the Principal Amount (the "**Redemption Price**"), together in each case with accrued and unpaid interest and fees to the date fixed for redemption. The Borrower will give notice of redemption to the Lender not more than 60 days and not less than 15 days before the date fixed for redemption by the Borrower (the "**Redemption Date**"). Upon redemption, the Note shall forthwith be delivered to and be cancelled by the Borrower with effect on the Redemption Date.

For the purposes of this Note, the "**Canada Yield Price**" means a price equal to the price of the Note calculated to provide a yield to maturity, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the Business Day preceding the day on which the Borrower gives notice of redemption pursuant this Section, plus 0.29%, and "**Government of Canada Yield**" on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to maturity (calculated from the redemption date) of this Note, such yield

to maturity being the average of the yields provided by two Canadian investment dealers specified by the Borrower.

5. Ownership of the Borrower

If Hydro One Inc., directly or indirectly, ceases to own at least 50.1% or more of the partnership interests in the Borrower, the Lender may at any time thereafter, at its option in its sole discretion, declare the entire unpaid Principal Amount of this Note and any accrued interest and fees thereon due and payable on a date (the "**Repayment Date**") specified by written notice by the Lender to the Borrower at a price equal to the Redemption Price, calculated as of such Repayment Date (with such Repayment Date being the "**redemption date**" or "**date fixed for redemption**" for purposes of the calculation of the Redemption Price above and the date of notice of the Repayment Date being the date of notice of redemption for purpose of the calculation of the Canada Yield Price above).

6. Prepayment

Without limiting the provisions of Section 4 and Section 5 of this Note, when not in default under this Note, the Borrower shall be entitled to prepay on each Interest Payment Date a portion of the Principal Amount outstanding in an amount not to exceed \$2.5 million on each Interest Payment Date without notice, bonus or penalty. All payments made by the Borrower to the Lender pursuant to this Section 6 shall be recorded by the Lender on the grid attached hereto as Schedule "A" (the "**Grid**") and the Principal Amount shall be reduced accordingly.

7. Criminal Rate of Interest

In no event shall the aggregate "**interest**" (as defined in Section 347 (the "**Criminal Code Section**") of the *Criminal Code* (Canada)), payable to the Lender under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such "**interest**" is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Lender and the Borrower and such "**interest**" shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Lender of interest at a rate not in contravention of the Criminal Code Section.

8. Interest Act (Canada)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the "**deemed interest period**") is, for the purposes of the Interest Act (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366).

9. Secured Note

The full amount of this Note is secured by a security interest granted to the Lender in the Secured Property (as defined in the General Security Agreement dated September 18, 2019 between the Borrower and the Lender (as amended, restated, supplemented, renewed, extended or replaced from time to time, the "**Security Agreement**")).

10. Events of Default

The occurrence of any of the following events shall be deemed to constitute an "**Event of Default**" hereunder:

- (a) the Borrower fails to make payment of the Principal Amount on this Note when the same becomes due, at maturity, upon redemption or otherwise and any such failure continues for a period of five days;
- (b) the Borrower fails to make payment of any interest or fees on this Note when due and any such failure continues for a period of 45 days;
- (c) the sale, transfer or other disposition by the Borrower, whether by one or by more transactions, directly or indirectly, of its undertaking or assets representing, in the aggregate, substantially all of the assets of the Borrower;
- (d) the Borrower fails to observe and perform any other obligation under the provisions of this Note and such failure continues for more than 60 days after written notice thereof is provided to the Borrower by the Lender;
- (e) the Borrower (whether as primary obligor or guarantor or surety) fails to make any payment of principal, premium, if any, or interest on any indebtedness, the outstanding principal amount of which indebtedness exceeds \$100 million in the aggregate, beyond any period of grace provided, with respect thereto or fails to perform or observe any other agreement, term or condition contained in any agreement under which any such indebtedness is created. (or if any other event thereunder or under any such agreement shall occur and be continuing), and the effect of such default, failure or other event is to cause \$100 million or more of such indebtedness to become due or to be required to be repurchased prior to any stated maturity;
- (f) one or more final judgments (not subject to appeal) are rendered against the Borrower in an aggregate amount in excess of \$100 million by a court or courts of competent jurisdiction and remain undischarged or unstayed for a period of 60 days;
- (g) proceedings are commenced for the winding-up, liquidation or dissolution of the Borrower, a decree or order of a court of competent jurisdiction is entered adjudging the Borrower a bankrupt or insolvent, or a petition seeking reorganization, arrangement or adjustment of or in respect of the Borrower is approved under applicable law relating to bankruptcy, insolvency or relief of debtors, unless such proceedings, decrees, orders or approvals are actively and diligently contested by the Borrower in good faith and are dismissed or stayed within 60 days of commencement;

- (h) the Borrower makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences for itself or acquiesces in any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any part of its property, or suffers any such receivership or trusteeship and allows it to remain undischarged or unstayed for 30 days; and
- (i) a resolution is passed for the winding-up or liquidation of the Borrower.

11. Notice of Event of Default

If an Event of Default shall occur and be continuing, the Borrower shall, within 30 days after the Borrower becomes aware of the occurrence of such Event of Default, give written notice of such Event of Default to the Lender at its head office. If notice of an Event of Default has been given to the Lender and such Event of Default is thereafter remedied or cured prior to the acceleration of the indebtedness of the Borrower hereunder pursuant to Section 12, notice that such Event of Default is no longer continuing shall be given by the Borrower to the Lender, such notice to be given within a reasonable time, not to exceed 30 days, after the Borrower becomes aware that such Event of Default has been remedied or cured during such period of time.

12. Acceleration

In addition to and not in substitution for the provisions of Section 14 and the Lender's right to take any and all other actions available to a secured creditor under the *Personal Property Security Act* (Ontario) and all other rights available at law or in equity, including, without limitation, those set forth in the Security Agreement, to collect and otherwise enforce this Note, if an Event of Default due to the default in payment of principal of or premium, if any or interest or fees on this Note shall have occurred and be continuing, the Lender may then declare the principal of, and interest and fees and premium, if any, on this Note to be due and payable immediately and if an Event of Default due to an event described in Section 10(e), 10(f), 10(g), 10(h) or 10(i) above, shall have occurred and be continuing the Lender may declare the principal amount of this Note then outstanding to be due and payable immediately.

Notwithstanding anything contained in this Note to the contrary and in addition to and not in substitution for the Lender's right to take any and all other actions available to a secured creditor under the *Personal Property Security Act* (Ontario) and all other rights available at law or in equity, including, without limitation, those set forth in the Security Agreement, if such a declaration is made, the Borrower shall pay to the Lender forthwith the amount of principal of and premium and accrued and unpaid interest and accrued and unpaid fees (including interest on amounts in default) on this Note and all other amounts payable in regard thereto under this Note, together with interest thereon at the rate borne by this Note from the date of such declaration until payment is received by the Lender. Such payments, when made, shall be deemed to have been made in discharge of the Borrower's obligations under this Note and any amounts so received by the Lender shall be applied first in payment of the principal and then premium and then accrued and unpaid interest and fees and interest on amounts in default unless otherwise directed by the Lender.

13. Waiver by the Borrower

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration and notice of protest of this Note and waives any defences based upon indulgences which may be granted by the Lender to any party liable hereon. The Borrower also waives the benefit of any days of grace, the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Lender.

14. Waiver of Event of Default by Lender

Upon the happening of an Event of Default, the Lender shall have the power, exercisable by instrument in writing delivered to the Borrower to waive such Event of Default and to cancel any declaration made by the Lender pursuant to Section 12 upon such terms and conditions as shall be prescribed in such instrument.

No delay or omission of the Lender in exercising any right or power accruing upon the occurrence of an Event of Default shall impair any such right or power or shall be construed to be a waiver of such Event of Default or acquiescence therein, and no act or omission of, the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom. •

15. Assignment

The Borrower shall not transfer this Note without the prior written consent of the Lender in its sole discretion.

16. Limitation Periods

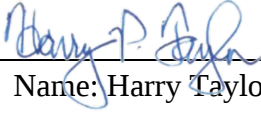
No limitation period under the *Limitations Act, 2002* (Ontario) shall expire earlier than the second anniversary of the date on which demand for payment of the Principal Amount under this Note is made in accordance with the provisions of this Note.

17. Governing Law and Successors

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario, and shall enure to the benefit of the Lender and its successors (including any successor by reason of amalgamation) and assigns, and shall be binding on the Borrower and its successors (including any successor by reason of amalgamation) and permitted assigns.

[Signature page follows]

**NIAGARA REINFORCEMENT LIMITED
PARTNERSHIP, by its general partner
HYDRO ONE INDIGENOUS
PARTNERSHIPS INC.**

By: 
Name: Harry Taylor
Title: President
For and on behalf of the Borrower.

[Signature page to Secured Promissory Note to B2M Trust – Note # 6]

Schedule “A”

To the Secured Promissory Note dated February 28, 2025 (Note #6)

issued by NRLP to B2M Trust

PRINCIPAL AND PRINCIPAL RE-PAYMENTS

[illegible]

TRANSMISSION ACCOUNTING ORDER – TAX RATE AND RULE CHANGES VARIANCE ACCOUNT

NRLP proposes the continuation of the currently established tax rate and rule changes variance account, subject to a modification, to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules approved by the OEB in NRLP's 2025 to 2029 transmission rates.

The account will be established as Account 1592, PILS and Tax Variances for 2006 and Subsequent Years effective January 1, 2026. NRLP will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

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

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

USofA #	Account Description
---------	---------------------

DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
----------	--

CR: 4000	Transmission Services Revenue
----------	-------------------------------

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

USofA #	Account Description
---------	---------------------

DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
----------	--

CR: 6035	Other Interest Expense
----------	------------------------

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