

Hydro One Networks Inc.

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

Kathleen Burke

VP, Regulatory Affairs
T 416-770-0592
Kathleen.Burke@HydroOne.com

BY EMAIL AND RESS

September 15, 2025

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

Dear Mr. Murray,

EB-2025-0159 – Hydro One Networks Inc. – Application for 2026 Transmission Revenue Requirement – Update

Pursuant to the Ontario Energy Board's issuance of the Q4 2025 prescribed interest rate, Hydro One Networks Inc. ("Hydro One") has updated the Rates Revenue Requirement to reflect the update to the projected interest for Deferral and Variance Accounts being disposed.

An update to Interrogatory I-01-02 and Exhibit A-04-01-01 DVA Continuity Schedule are attached herein.

An electronic copy of this submission has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke".

Kathleen Burke

OEB STAFF INTERROGATORY - 02

Reference:

Exhibit A-4-1, Pages 5 - 6 of 14

Preamble:

In the reference above, Hydro One states that for the Excess Export Service Revenue Variance Account and the Earnings Sharing Mechanism (ESM) Deferral Account balances submitted approval, they include interest forecast through to December 31, 2025.

OEB staff notes that the OEB prescribed interest rates only update to Q3 2025 so far.

Interrogatory:

Please confirm that Hydro One will update the forecasted interest amounts for the Excess Export Service Revenue Variance Account and the ESM account once the Q4 2025 prescribed interest rate becomes available.

Response:

The as-filed Application submission applied the OEB's Q2 2025 prescribed interest rates. As a result of the issuance of the Q4 2025 prescribed interest rate on September 12, 2025, Hydro One has updated Table 1 and Table 8 for Q3 and Q4 2025 prescribed interest rates (including the addition of values to the nearest dollar) from Exhibit A-04-01, to reflect the \$0.1M change. Attachment 1 to this Interrogatory includes the updated DVA continuity schedule.

Table 1 - Total Rates Revenue Requirement (\$M)

	2026	Section Reference
Total Revenue Requirement	2,282.5	Section 2.0
Deduct: External Revenue	(36.9)	Section 5.3
Deduct: Disposition of Deferral and Variance Accounts	(67.4)	Section 3.0
Deduct: Wholesale Meter Service (WMS) Revenue	-	Section 5.4
Deduct: Export Transmission Service (ETS) Revenue	(37.2)	Section 4.0
Add: Low Voltage Switchgear (LVSG) Credit	20.0	Section 5.6
Rates Revenue Requirement	2,161.0	Section 5.1

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Table 8 - 2026 Rates Revenue Requirement by Rate Pool (\$M)

	Network	Line Connection	Transformation Connection	Total
2023 Total Revenue Requirement ^[1]	1,189.0	202.8	560.7	1,952.5
Percentage Split by Rate Pool	61%	10%	29%	100%
	Network	Line Connection	Transformation Connection	Total
2026 Total Revenue Requirement ^[2]	1,389.9	237.1	655.5	2,282.5
Excess Export Service Revenue Variance Account ^[3]	2.2	-	-	2.2
Earnings Sharing Mechanism Deferral Account ^[4]	(42.4)	(7.2)	(20.0)	(69.6)
External Revenue ^[5]	(22.5)	(3.8)	(10.6)	(36.9)
WMS Revenue ^[6]	-	-	-	-
ETS Revenue ^[7]	(37.2)	-	-	(37.2)
LVSG Credit ^[8]	-	-	20.0	20.0
2026 Rates Revenue Requirement	1,290.0	226.0	645.0	2,161.0
2026 Rates Revenue Requirement (\$)	1,290,039,076	225,996,046	644,952,057	2,160,987,179

^[1] See Decision and Order, EB-2021-0110, November 29, 2022, Schedule A, Attachment 1, Schedule 2.2, Table 1.

^[2] As per Table 4.

^[3] As per Section 5.2.

^[4] As per Section 5.2.

^[5] As per Section 5.3.

^[6] As per Section 5.4.

^[7] As per Section 5.5.

^[8] As per Section 5.6.

		2020									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-20	Transactions Debit / (Credit) during 2020	Board-Approved Disposition during 2020	Principal Adjustments during 2020	Closing Principal Balances as of Dec 31-20	Board-Approved Disposition during 2020	Opening Interest Amounts as of Jan-1-20	Interest Jan-1 to Dec-31-20	Interest Adjustments during 2020	Interest Balance as at Dec 31 -20 balance
Group 2 Accounts											
Excess Export Service Revenue Variance Account	2,405				4,037,258	4,037,258				210,363	210,363
Earnings Sharing Mechanism Deferral Account	2,435					0					0
Total Transmission Regulatory Accounts for Disposition											

		2021									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-21	Transactions Debit / (Credit) during 2021	Board-Approved Disposition during 2021	Principal Adjustments during 2021	Closing Principal Balances as of Dec 31-21	Opening Interest Amounts as of Jan-1-21	Interest Jan-1 to Dec-31-21	Board-Approved Disposition during 2021	Interest Adjustments during 2021	Interest Balance as at Dec 31 -21 balance
Group 2 Accounts											
Excess Export Service Revenue Variance Account	2,405	4,037,258	3,888,587	1,612,625		6,313,220	210,363	27,551			237,914
Earnings Sharing Mechanism Deferral Account	2,435	0				0	0				0
Total Transmission Regulatory Accounts for Disposition											

		2022									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-22	Transactions Debit / (Credit) during 2022	Board- Approved Disposition during 2022	Principal Adjustments during 2023 and 2024	Closing Principal Balances as of Dec 31-22	Opening Interest Amounts as of Jan-1-22	Interest Jan-1 to Dec 31-22	Board- Approved Disposition during 2022	Interest Adjustments during 2022	Interest Balance as at Dec 31, 2022 balance
Group 2 Accounts											
Excess Export Service Revenue Variance Account	2,405	6,313,220	3,263,974	1,493,322	0	8,083,871	237,914	117,580	119,303		236,191
Earnings Sharing Mechanism Deferral Account	2,435	0	(15,216,861)	0	(307,090)	(15,523,951)	0	0	0		0
Total Transmission Regulatory Accounts for Disposition											

		2023									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-23	Transactions Debit / (Credit) during 2023	Board- Approved Disposition during 2023	Principal Adjustments during 2024	Closing Principal Balances as of Dec 31-23	Opening Interest Amounts as of Jan-1-23	Interest Jan-1 to Dec 31, 2023	Board- Approved Disposition during 2023	Interest Adjustments during 2023	Interest Balance as at Dec 31, 23 balance
Group 2 Accounts											
Excess Export Service Revenue Variance Account	2,405	8,083,871	7,205,331	931,311		14,357,891	236,191	534,478	119,041		651,628
Earnings Sharing Mechanism Deferral Account	2,435	(15,523,951)	(21,745,965)	0		(37,269,916)	0	(791,869)	0		(791,869)
Total Transmission Regulatory Accounts for Disposition											

		2024									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-24	Transactions Debit / (Credit) during 2024	Board- Approved Disposition during 2024	Principal Adjustments during 2024	Closing Principal Balances as of Dec 31-24	Opening Interest Amounts as of Jan-1-24	Interest Jan-1 to Dec 31, 2024	Board- Approved Disposition during 2024	Interest Adjustments during 2024	Interest Balance as at Dec 31, 24 balance
Group 2 Accounts											
Excess Export Service Revenue Variance Account	2,405	14,357,891	1,879,505	0	0	16,237,396	651,628	814,529	0	0	1,466,157
Earnings Sharing Mechanism Deferral Account	2,435	(37,269,916)	(27,593,931)	0		(64,863,847)	(791,869)	(1,925,385)	0	0	(2,717,254)
Total Transmission Regulatory Accounts for Disposition											

		2025			
Account Descriptions	Account Number	Principal Disposition during 2025 - instructed by OEB	Interest Disposition during 2025 - instructed by OEB	Closing Principal Balances as of Dec 31-24 Adjusted for Dispositions during 2025	Closing Interest Balances as of Dec 31-24 Adjusted for Dispositions during 2025
Group 2 Accounts					
Excess Export Service Revenue Variance Account	2,405	14,357,891	1,390,342	1,879,505	75,815 0
Earnings Sharing Mechanism Deferral Account	2,435	0	0	(64,863,847)	(2,717,254)
Total Transmission Regulatory Accounts for Disposition				(62,984,341)	(2,641,439)

		Projected Interest on Dec-31-24 Balances			2.1.7 RRR		
Account Descriptions	Account Number	Projected Interest from Jan 1, 2025 to December 31, 2025 on Dec 31-24 balance adjusted for disposition during 2025	Total Interest	Total Claim (inclusive of carrying charges)	Accounts To Dispose Yes/No	As of Dec 31-24	Variance RRR vs. 2024 Balance (Principal + Interest)
Group 2 Accounts							
Excess Export Service Revenue Variance Account	2,405	285,794	361,609	2,241,114	Yes	17,703,553	0
Earnings Sharing Mechanism Deferral Account	2,435	(2,046,454)	(4,763,708)	(69,627,555)	Yes	(67,581,100)	0
Total Transmission Regulatory Accounts for Disposition		(1,760,660)	(4,402,099)	(67,386,440)			