Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

September 23, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

Re: Five Nations Energy Inc. (FNEI)
2026-2030 Electricity Transmission Rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2025-0129

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Five Nations Energy Inc.'s responses to interrogatories are due by October 16, 2025.

Any questions relating to this letter should be directed to Jeffrey Sauer at jeffrey.sauer@oeb.ca or at 416-544-5183. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Jeffrey Sauer Digitally signed by Jeffrey Sauer Date: 2025.09.23 15:04:53 -04'00'

Jeffrey Sauer
Senior Advisor, Generation & Transmission

cc. FNEI
Encl.

Five Nations Energy Inc. (FNEI)
2026-2030 Transmission Rates Application
EB-2025-0129
OEB Staff Interrogatories
September 23, 2025

Please note, FNEI is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

1-Staff-1

Reference 1: Exhibit 1 / Appendix 2 Finance Policy and Procedure Manual / page 67

Reference 2: Exhibit 1 / Appendix 2 Finance Policy and Procedure Manual / page 104

Reference 3: Exhibit 2 / Appendix 2 Finance Policy and Procedure Manual / page 159

Preamble

Reference 1 states "refer to FNEI's *Labor Capitalization Procedures* for additional information on labour capitalization for projects, which is available under separate cover."

Reference 2 states "a separate policy for *FNDI Investments* is available under separate cover" and that "FNEI shall follow the requirements set out in the *Community Support Policy*, available under separate cover."

Reference 3 states that "the Chief Executive Officer and Chief Financial Officer shall determine together" whether a given asset qualifies for capitalization.

Question(s)

a) Please file and briefly summarize the *Labor Capitalization Procedures*
b) Please file and briefly summarize the *FNDI Investment Policy*.
c) Please file and briefly summarize FNEI's *Community Support Policy*.
d) Please describe the criteria that the Chief Executive Officer and Chief Financial Officer use to determine whether an asset qualifies for capitalization.

1-Staff-2

Reference 1: Exhibit 1 / pages 14-15

Preamble

FNEI has proposed a Revenue Cap Index (RCI) framework, escalating the 2026 test year revenue requirement based on the OEB's Inflation Factor for electricity transmitters as published annually, a productivity factor of 0.0%, and a stretch factor of 0.3%.

Regarding its proposed productivity and stretch factor, on page 15 at Reference 1, FNEI states:

> "In its Decision and Order in EB-2020-0150, the OEB noted that a 'productivity factor of 0.0% is consistent with the productivity factor for Ontario transmitters…' and further noted that no party in that proceeding objected to the use of this value. Further, the OEB approved a stretch factor of 0.3% in this same proceeding, on the basis that Pacific Economics Group's 'Empirical Research in Support of Incentive Rate-Setting' applicable to Ontario distributors ('PEG Report'), was informative for stretch factors applicable to transmitters. The OEB went on to note that a 0.3% stretch factor was established for Hydro One Sault Ste. Marie's RCI from 2019 to 2026 referencing the PEG Report, and that it is 'appropriate to establish parity and fairness to the extent possible among transmitters in Ontario.'"

Reference 1 continues:

> "FNEI submits that the use of a 0.3% stretch factor, which represents the mid-point of efficiency in the PEG Report, is appropriate for FNEI's RCI, and represents the consistent and fair application of stretch factors to Ontario transmitters, including FNEI."

Question(s)

a) FNEI has proposed annual updates to its base revenue requirement using the Revenue Cap Index (I-X). Why is an annual update necessary for a utility with limited capital growth, stable load, and minimal rate base changes?
b) Given FNEI's limited capital growth and relatively flat rate base, how does the I – X framework ensure appropriate cost recovery and performance incentives?
c) Why has FNEI specifically selected the Revenue Cap Index framework for its incentive rate-setting plan from 2027 to 2030? What specific characteristics of FNEI's operations make this framework suitable?

d) Please discuss whether FNEI considered approaches which would not require annual updates, such as indexing its revenue requirement to a pre-set inflation factor or using a fixed revenue requirement. Please explain why FNEI is not proposing those frameworks.
e) Please discuss whether FNEI considered alternative frameworks, such as the Custom IR approaches recently approved for: B2M LP (EB-2024-0116) and Niagara Reinforcement LP (EB-2024-0117). Please explain why FNEI is not proposing those frameworks.
f) Please provide detailed rationale supporting FNEI's proposal for a 0.3% stretch factor as part of its revenue requirement adjustment formula. Specifically, please explain why the mid-range stretch factor is appropriate for FNEI.

1-Staff-3

Reference 1: Exhibit 1 / page 26

Reference 2: OEB Filing Requirements for Electricity Transmission Applications / Chapter 2 / page 3

Preamble

FNEI proposes to incorporate a regulatory review in the event of a 300-basis point variance in normalized earnings from the OEB-approved ROE. Reference 2 requires applicants proposing a Revenue Cap IR include:

> "a proposal to mitigate the potential for any significant earning by the transmitter above the regulatory net income supported by the approved return on equity, such as a capital variance account or an earnings sharing mechanism."

FNEI does not propose an earnings sharing mechanism in its application.

Question

a) Please describe FNEI's policies to mitigate overearnings that were in place during the since 2018.
b) Please state and describe the drivers of any 300-basis point variance in normalized earnings from the OEB-approved ROE that occurred since 2018.
c) Please compare, in terms of regulatory efficiency and ability to mitigate overearnings, FNEI's proposal in the application for a regulatory review to an earnings sharing mechanism.

1-Staff-4

Reference 1: Exhibit 1 / page 16

Preamble

Reference 1 states:

> "In terms of load growth, FNEI has three small electricity distributor customers ("LDCs"). The three LDC loads, and peak demand has remained relatively flat over the past few years, and FNEI is not anticipating near-term material changes to their demand or consumption patterns."

Question(s)

a) How many customers does each LDC served by FNEI serve?
b) How does FNEI expect the following to change throughout the 2026-2030 rate term:
   i. The number of customers served by each LDC that FNEI serves?
   ii. The average peak demand of each customer served by the LDCs?
   iii. The average demand characteristics of each customer served by the LDCs (e.g. winter or summer peaking)?

2-Staff-1

Reference 1: Exhibit 2 / Table 3 FNEI Capital Expenditures 2024-2030

Preamble

Reference 1 shows FNEI's budgeted capital expenditures, by year, from 2025-2030, as well as the actual capital expenditures for 2024. Table 3 also shows some projects for which no capital expenditures are listed (i.e. the cells in the table are blank). An example of a project with no capital expenditures listed in the table is "Albany River Crossing Erosion – Capital Component".

Question(s)

a) Why are there projects listed in Table 3 that have no capital expenditures associated with them (e.g. Albany River Crossing Erosion – Capital Component)?
b) Please file a revised version of Table 3, in live excel format, which includes capital expenditures for each year for each project between 2017 and 2030. Please also add two columns: one showing the forecast capital expenditures for

each project during the 2026-2030 rate term, and another showing the total cost of each project, including any costs outside of 2026-2030.

2-Staff-2

Reference 1: Exhibit 2 / pages 30-38

Preamble

The tables at Reference 1 “summarize a select set of FNEI’s proposed capital investments over the period of 2026 to 2030.” Each table shows the Investment Driver, Proposed Start Date, Proposed In-Service Date, Forecast Capital Expenditure, Project Description, Alternatives, and Priority and Risk of Not Proceeding.

Question(s)

a) Please provide tables in the same format as Reference 1 for all material proposed capital investments over the period of 2026-2030.
b) Do the ‘Forecast Capital Expenditure’ entries in each table in Reference 1 refer only to the capital expenditures in the period 2026-2030? If yes, please update each table to include an entry for ‘Forecast Total Capital Expenditure’, which includes any expenditures for the project outside of the 2026-2030 period.
c) Please revise the Proposed Start Date of any projects to account for any expenditures that occurred prior to 2026.

2-Staff-3

Reference 1: Exhibit 2 / Table 3 FNEI Capital Expenditures 2024-2030

Reference 2: Exhibit 2 / page 32

Preamble

Reference 2 states that the proposed ‘Replacement ABB MV Breakers for FA/Kash/Atta’ project has a proposed start date of 2026 and a forecast capital expenditure of $500,000. For the same project, Reference 1 shows an expenditure of $200,000 in 2025, and an expenditure of $500,000 between 2026-2030.

Question(s)

a) What is the total forecast cost, including expenditures outside of the 2026-2030 period, of the Replacement ABB MV Breakers for FA/Kash/Atta project?
b) Given that Reference 1 shows an expenditure of $200,000 in 2025, while Reference 2 shows that the Proposed Start Date is 2026, what is the actual

proposed start date of the project?

2-Staff-4

Reference 1: Exhibit 2 / Table 3 FNEI Capital Expenditures 2024-2030

Reference 2: Exhibit 2 / page 33

Preamble

Reference 2 describes the proposed ‘Battery Replacement’ project, having a cost of $150,000. Reference 1, which lists FNEI Capital Expenditures 2024-2030, includes two projects: ‘E2 Battery Replacement’ ($250,000) and ‘Battery Chargers Replacement (1/yr)’ ($180,000).

Question(s)

a) Which, if any, of the projects listed at Reference 1 is the Battery Replacement project described at Reference 2? Given that neither of the projects listed at Reference 1 has the same capital expenditures listed as the Battery Replacement project at Reference 2, please reconcile any differences in costs between the projects.

2-Staff-5

Reference 1: Exhibit 2 / Table 3 FNEI Capital Expenditures 2024-2030

Reference 2: Exhibit 2 / page 34

Preamble

Reference 2 describes the proposed ‘E2 Control Room Back-up Generator’ project, having a cost of $200,000 and a start date of 2028. Reference 1 lists the same project as having a cost of $300,000, beginning in 2027.

Question(s)

a) Please reconcile the difference in costs and start dates between Reference 1 and Reference 2.

2-Staff-6

Reference 1: Exhibit 2 / page 45

Preamble

The forecast capital expenditure for the Station Server/MicroSCADA Replacement was $235,123, while the actual expenditure was $291,436. FNEI states that the driver for the variance was “Original scoped microprocesser in MicroScada was upgraded post installation to improve processing and outputs.”

Question(s)

a) Please explain how FNEI determined that the originally scoped microprocessor was insufficient.

2-Staff-7
Reference 1: Exhibit 2 / page 17

Preamble

FNEI states that with respect to investment planning:

> “The geographic location of FNEI does present substantive challenges. As noted throughout this Exhibit and application, access to transmission assets often requires transporting personnel and materials to remote locations that can generally only be reached by air travel throughout the majority of the year. This primary challenge has been addressed in its investment planning processes by it utilizing monitoring and visual inspection tools to establish asset investment requirements.”

Question(s)

a) Please describe the “monitoring and visual inspection tools” that will be used to establish asset investment requirements.

3-Staff-1

Reference 1: Exhibit 1 / page 11

Reference 2: Exhibit 3 / Table 2 2026 Rate Base

Preamble

Reference 1 states:

> “Although FNEI’s current Board-approved Rate Base is $35.47 million (proposed to be $36.53 million in 2026), the value of the system that FNEI owns and operates is significantly in excess of that amount. The bulk of the initial funding for the FNEI transmission line came via a multi-year funding agreement (i.e., grant) from Indigenous and Northern Affairs Canada (“INAC”), which was

> disbursed directly to FNEI. As such, this amount was treated an aid-to-construct capital contribution and excluded from FNEI's Rate Base. Second, in order to facilitate service of the DeBeers Victor Mine, a portion of FNEI's transmission line was twinned, accompanied by substantial capital contributions from DeBeers. Today, FNEI's system incorporates regulated Gross Property, Plant and Equipment ("PP&E") of $132 million when excluding the impact of historical capital contributions."

Reference 2 presents the 2026 Rate Base, including opening Gross Property, Plant and Equipment of $97.61M.

Question(s)

a) Please explain the statement at Reference 1 "FNEI's system incorporates regulated Gross Property, Plant and Equipment ("PP&E") of $132 million when excluding the impact of historical capital contributions". Please state the source, purpose, amount received, date received, and current amount included in PP&E and rate base of each capital contribution that FNEI has received.
b) Please reconcile the Gross PP&E value stated at Reference 1 with the Gross PP&E value stated at Reference 2.
c) Please discuss whether the funding received from FNEI's multi-year funding agreement from Indigenous and Northern Affairs Canada continues to be excluded from rate base.
d) Please discuss the impact of the closure of the DeBeers Victor Mine on the statement at Reference 1 "the value of the system that FNEI owns and operates is significantly in excess of [the OEB-approved Rate Base]."

3-Staff-2

Reference 1: Exhibit 3 / page 5

Preamble

FNEI's proposal for a working capital allowance of $0.22M is based on a lead/lag study conducted by Navigant Consulting Limited in 2016.

Question(s)

a) Please file and summarize the lead/lag study by Navigant Consulting that forms the basis of FNEI's proposed working capital allowance.
b) Given that the lead/lag study was conducted nine years ago, please briefly discuss any factors that may affect the relevance of its results to the present application.

3-Staff-3

Reference 1: Exhibit 1 / Appendix 3 / FNEI Audited Financial Statements, July 9, 2025

Reference 2: Excel Chapter 2 Appendices, July 9, 2025

Preamble

In the Notes to the Financial Statements, for the year ended December 31, 2024, Note 5, shows Property, Plant and Equipment: Cost, Accumulated Depreciation, and Net Book Value (page 271/582).

However, the Excel Appendix 2-BA shows different numbers for Cost, Accumulated Depreciation, and Net Book Value as of December 31, 2024.

Question(s)

a) Please reconcile the Property, Plant and Equipment: Cost, Accumulated Depreciation, and Net Book Value, as at December 31, 2024, between Appendix 2-BA and the audited financial statements.

3-Staff-4

Reference 1: Exhibit 3 / page 8 & 9, July 9, 2025

Reference 2: Excel Chapter 2 Appendices, July 9, 2025

Preamble

Reference 1 states:

> "2023 marks a material change in FNEI's operations, as the transmission-connected DeBeers Mine ceased operations in January of 2023. On connection to the FNEI system, DeBeers paid a capital contribution to facilitate expansion of portions of the system, as well as connecting assets. The assets placed into service to facilitate provision of service to DeBeers were included within their applicable UsoA accounts, while the DeBeers contribution was recognized over time as Deferred Revenue in Account 2440.
>
> As DeBeers wound down operations and prepared to cease taking service from FNEI's system, an error became apparent in the depreciation of assets constructed to serve DeBeers, as well as the recognition of Deferred Revenue received from DeBeers. Depreciation and Deferred Revenue schedules had been constructed and implemented by FNEI to recognize the applicable assets from their in-service date, up to the planned end-of-operations by DeBeers late 2022 or early 2023."

FNEI continues:

> “On review in 2023, it became apparent that prior agreements had stipulated the assets and revenue should be recognized from the date of contract execution with DeBeers, as opposed to the in-service date of the assets. Correction of this issue required the one-time recognition of significant depreciation expense and Deferred Revenue in 2023, driving substantial increases to both Gross PP&E and Accumulated Depreciation in that year.
>
> The impact of this recognition is seen in [Appendix 2-BA]. The net impact of this one-time recognition, combined with normal course capital investments and depreciation expense, resulted in a decrease to Average Net PP&E of $1.19 M and $0.30 M in 2023 and 2024, respectively.”

Question(s)

a) Please confirm that FNEI’s statement that “prior agreements had stipulated the assets and revenue should be recognized from the date of contract execution with DeBeers, as opposed to the in-service date of the assets” is in conformance with IFRS and MIFRS.
b) If this is not the case, please explain. Please also explain why FNEI’s treatment of the error is appropriate.
c) Please confirm whether FNEI has discussed this issue with its external financial statement auditor and whether the auditor has agreed with this treatment. If this was not discussed and agreed to, please provide a plan for communication with FNEI’s auditor.
d) Please state the years of FNEI’s audited financial statements that were impacted by this issue.
e) Please show where in Appendix 2-BA the decrease to Average Net PP&E of $1.19M and $0.30M in 2023 and 2024, respectively, as well as any other relevant impacts, are demonstrated.
f) Please explain how the error has impacted Appendix 2-C Depreciation, Appendix 2-H Other Revenue.
g) Please explain how FNEI is proposing to treat the error for rate-making purposes, including any impacts on the 2026 test year revenue requirement.
h) Please explain why FNEI stated that the error drove “substantial increases to both Gross PP&E and Accumulated Depreciation” in 2023 in one instance, but “a decrease to Average Net PP&E of $1.19 M and $0.30 M in 2023 and 2024, respectively” in another instance.

4-Staff-1
Reference 1: Exhibit 4 / Table 2

Reference 2: Exhibit 4 / Table 3

Preamble

Reference 1 and Reference 2 provide FNEI's T-SAIDI and T-SAIFI performance from 2020-2024, based on the duration and frequency of interruptions experienced by three customer delivery points (Fort Albany, Kashechewan, and Attawapiskat).

Question(s)

a) Please file any available performance and service quality data between 2018-2023 related to FNEI's service of the DeBeers Victor Diamond Mine. If no information is available, or the information available is less granular than what FNEI has provided for FNEI's three other customers, please explain why.
b) Please discuss the impact of including performance and service quality information related to the service of the DeBeers Victor Diamond Mine on FNEI's T-SAIDI and T-SAIFI metrics.

4-Staff-2

Reference 1: Exhibit 4 / Table 5 Maintenance Costs per Circuit-km

Reference 2: Exhibit 4 / Table 8 FNEI Proposed Scorecard

Preamble

Reference 1 provides FNEI's maintenance costs per circuit kilometer from 2020-2024, as well as the maintenance costs per circuit kilometre of B2M Limited Partnership and Niagara Reinforcement Limited Partnership from 2020-2023. Reference 2 provides a target maintenance cost of $4,350 per circuit-km for 2026-2030.

Question(s)

a) Please set out the calculations FNEI performed to produce each of the values displayed at Reference 1. Please include the sources of each input.
b) Please set out the method used by FNEI to calculate the Maintenance Cost ($K) per circuit kilometre performance measure shown at Reference 2.
c) Please explain how FNEI's proposal to fix the target maintenance cost at $4,350 per circuit kilometre for the 2026-2030 period encourages productivity improvements in FNEI's maintenance program.

5-Staff-1

Reference 1: Exhibit 5 / Table 1 Revenue Requirement

Preamble

Reference 1 shows FNEI's revenue requirement between 2018 and 2026. Between 2022 and 2025, FNEI's base revenue requirement was between $8.56M and $9.7M, which is greater than FNEI's OEB-approved revenue requirement of $8.00M.

Question(s)

a) Given that FNEI's actual revenue requirement in 2022-2025 exceeded its approved revenue requirement, please discuss any measures taken by FNEI that enabled it to continue its operations during that period, including, for example, deferral of capital investment or changes to OM&A programs.
b) Given that FNEI's actual revenue requirement has been consistently lower than its approved revenue requirement since 2022, why has FNEI not requested an increase to its revenue requirement until this application?

5-Staff-2

Reference 1: Appendix 2-H Other Revenue

Reference 2: Exhibit 5 / Table 1 Revenue Requirement

Preamble

Reference 2 shows that the OEB-approved Other Revenue in 2018 was $0.15M, and Reference 1 shows that actual Other Revenue in 2018 was $2.36M. Similarly, Reference 2 shows that the OEB-approved Depreciation & Amortization in 2018 was $1.44M, while the actual Depreciation & Amortization in 2018 was $3.67M.

Reference 1 also shows that FNEI earned Government and Other Assistance Directly Credited to Income (a category of Other Revenue) of $8.46M in 2022. In each of the years 2018-2021, revenue in the same category was $2.16M.

Question(s)

a) Please explain the variance between OEB-approved Other Revenue and Depreciation & Amortization in 2018 and actual 2018 Other Revenue and Depreciation & Amortization.
b) Please confirm the source(s) of FNEI's Government and Other Assistance Directly Credited to Income in 2018-2022.
c) Please explain the differences, by USoA account name, of each category of Other Revenue in 2022 and in the years preceding and following 2022.
d) Please provide the base revenue requirement (service revenue requirement less Other Revenue) for each year between 2018-2025. Please explain any material

variances between each year's base revenue requirement and the 2018 OEB-approved base revenue requirement.

5-Staff-3

Reference 1: Exhibit 5 / page 9

Preamble

Reference 1 states:

> "As per the OEB's Decision and Order in EB-2016-0231, FNEI has used the 3-year historical average peak demand figures from 2022 – 2024 to derive its forecast charge determinants. Up until 2022, FNEI was serving three communities and a large transmission-connected large customer ("the Large Customer"). In January 2023, the Large Customer ceased operations and as such their demand has been removed from the historical data for the purpose of determining the charge determinant forecast for 2026."

Question(s)

a) Please complete the following table by filling each empty cell with the non-coincident peak load, in kW, for the given customer in the given year:

Year	Fort Albany Power Corporation	Kashechewan Power Corporation	Attawapiskat Power Corporation	Large Customer (Victor Mine)
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				

5-Staff-4

Reference: Exhibit 5 / Table 9 / page 12

Preamble

FNEI presents the average annual peak demand and charge determinant forecast for the 2025 bridge year and the 2026 test year.

Question(s)

a) Please complete the following table by including the average monthly peak demand forecast, in kW, for the bridge year, test year, and remainder of the rate term (i.e. 2025-2030) for each customer community and total demand.

Year	Fort Albany Power Corporation	Kashechewan Power Corporation	Attawapiskat Power Corporation	Total
2025				
2026				
2027				
2028				
2029				
2030				

b) Please explain any expected variances to demand for the rate term within each community.

6-Staff-1

Reference 1: Exhibit 6 / page 10

Reference 2: Exhibit 6 / page 13

Reference 2: Exhibit 6 / page 16

Question(s)

a) Please provide the original text, if any, of the footnotes at each of the references. The text in the submitted evidence is not readable.

6-Staff-2

Reference 1: Appendix 2-JA OM&A Summary Analysis

Reference 2: Exhibit 1 / page 27

Reference 3: EB-2024-0176 WPLP Decision and Order

Reference 4: EB-2024-0116 B2MLP Decision and Order

Reference 5: EB-2024-0117 NRLP Decision and Order

Reference 6: EB-2020-0150 UCT2 Decision and Order

Preamble

OEB staff calculated FNEI's proposed 2026 OM&A costs per circuit kilometre by dividing the proposed OM&A costs at Reference 1 by the length of FNEI's system provided at Reference 2. OEB staff calculated the same metric for four other transmitters operating in Ontario, based on their approved OM&A costs per circuit kilometre (where a transmitter operates circuits that run in parallel, OEB staff doubled the length of the circuit). The results of this calculation are in the following table:

Transmitter (Year)	Circuit length (km)	OM&A ($000s)	OM&A per km ($000s)
WPLP (2025)	1742	33,600	19.3
FNEI (2026)	440	6,193	14.1
B2M (2025)	352 (176x2)	3,040	8.6
NRLP (2025)	152 (76x2)	1,050	6.9
UCT2 (2022)	900 (450x2)	4,740	5.3

Question(s)

a) Please explain why FNEI's OM&A costs per circuit kilometre are significantly higher than those of B2M, NRLP, and UCT2.

6-Staff-3

Reference 1: Appendix 2-JD

Reference 2: Exhibit 4 / Table 6

Preamble

Reference 1 shows FNEI's OM&A costs by USoA account from 2018-2026. FNEI's maintenance costs across the three accounts 4916 (Maintenance of Transformer Station Equipment), 4930 (Maintenance of Towers, Poles and Fixtures), and 4965 (Maintenance of Miscellaneous Transmission Plant) vary from $707,097 in 2020 to $2,024,324 in 2018. FNEI's proposed costs in the test year for these categories is $1,479,000.

Reference 2 shows a "Summary of Planned Maintenance Activities in Compliance with FNEI Vegetation Management Policy", which includes the maintenance activities performed for vegetation management and their respective frequencies.

Question(s)

a) Please provide a year-over-year breakdown of the maintenance activities and their costs included in each of the three maintenance accounts (4916, 4930, and 4965) in Appendix 2JD from 2018 to 2026. Please specifically break out the costs for vegetation management.
b) Please provide FNEI's vegetation management strategy and forecast for the 2026–2030 rate period, including: FNEI's best estimate of Brush Control and Line Clearing frequency, anticipated costs per year, including labor, equipment, and travel
c) Please discuss, with respect to vegetation, any planned efficiency improvements or technology adoption (e.g., remote sensing, drone inspections) during the 2026-2030 period.

6-Staff-4

Reference 1: Appendix 2-JD OM&A UsoA

Reference 2: Appendix 2-K Employee Costs

Preamble

Reference 1 presents OM&A costs between 2018 and 2026 according to their USofA accounts. Reference 1 includes categories for "Miscellaneous Transmission Expenses", "Executive Salaries and Expenses", "Management Salaries and Expenses", and "General Administrative Salaries and Expenses".

Reference 2 presents Employee Costs between 2018 and 2026. Employee costs are broken down into two categories "Management (including executive)" and "Non-Management (union and non-union)". Reference 2 also presents the number of employees in each year, in each of the two categories. The number of employees range from a low of seven (in 2023) to a high of 11 (during 2018-2020).

Question(s)

a) Please discuss the increase in Miscellaneous Transmission Expenses shown at Reference 1 from 2024 ($331,183) to 2026 ($1,075,730). Please discuss FNEI's expectations for expenses in this category during the balance of the rate term (2027-2030).
b) Given that Reference 2 states that the number of Management employees has decreased from five in 2018 to four in the 2026 test year, please discuss the increase in Executive Salaries and Expenses between 2018 ($468,087) and 2026 ($889,772). Please discuss FNEI's expectations for expenses in this category during the balance of the rate term (2027-2030).

c) Please discuss the increase in General Administrative Salaries and Expenses between 2018 ($278,505) and 2026 ($677,509). Please discuss FNEI's expectations for expenses in this category during the balance of the rate term (2027-2030).
d) Please reconcile any differences between the total Employee Compensation in the test year shown in Reference 2 and the sum of three accounts "Executive Salaries and Expenses", "Management Salaries and Expenses", and "General Administrative Salaries and Expenses" shown at Reference 1.
e) Please provide the expected employee costs in the same format as the table presented in Appendix 2-K for the remainder of the rate term (i.e. 2027-2030).
f) Please explain any forecasted material variances over the remainder of the rate term with respect to employee costs.

6-Staff-5

Reference 1: Exhibit 6 / pages 9-10

Preamble

Reference 1 states:

> "Following the 2023 closure of DeBeers' Victor Mine operations, FNEI began absorbing costs of approximately $370k per year in maintenance that was previously paid by DeBeers under an agreement to share a portion of FNEI's costs for vegetation management and right of way maintenance."

Question(s)

a) Please summarize and file the DeBeers cost sharing agreement.
b) Please provide the amount of revenue earned each year, on an actual basis, during the 2017-2024 period related to the DeBeers' cost sharing agreement. Please break down the revenue according to the UsoA accounts in which FNEI tracks each portion of the revenue.
c) What portion (as a dollar amount and as a percentage) of actual OM&A costs associated with the facilities constructed to serve the DeBeers mine were covered by the cost sharing agreement with DeBeers annually during the 2017-2024 period?
d) Given that the DeBeers mine is no longer served by FNEI's system, how have actual OM&A costs associated with FNEI's facilities constructed to serve the mine changed? How has the scope of OM&A work conducted to maintain the facilities constructed to serve the DeBeers mine changed?

6-Staff-6

Reference 1: Exhibit 6 / page 12

Preamble

Reference 1 states that FNEI transitioned, in May 2025, from a defined contribution pension plan "in which the utility matched employees' contributions of between 5-9% earnings, to a model where FNEI makes all contributions to employees' plan." Reference 1 also states that FNEI will no longer issue a retention amount of 10% of employees' salary.

Question(s)

a) What is the net impact on total employee compensation of transitioning to the new pension model and ending the issuance of retention payments? Please provide any analysis conducted by FNEI to support its decision to transition to the new pension model.
b) Please describe the pension plan model in more detail, including the ownership of the pension plan and FNEI's forecast of its contributions during the 2026-2030 rate term.

6-Staff-7

Reference 1: Exhibit 6 / page 13

Preamble

Reference 1 describes FNEI's Maintenance Service Agreements which it holds with each of its three customers. Reference 1 states that FNEI established these agreements under the OEB's direction in the EB-2009-0387 proceeding. FNEI states that:

> "The MSAs are in the form of master services agreements, and do not have a fixed fee for annual services or fixed scope of work. The MSAs allow FNEI to procure services at fixed labour rates and equipment rental rates on an as-needed basis, pursuant to a prescribed form of purchase order. This type of MSA arrangement provides FNEI with the appropriate flexibility to meet its maintenance and emergency response needs. These MSAs are ongoing with annual adjustments for inflation."

Question(s)

a) Please file and summarize each of the Maintenance Service Agreements FNEI holds with the three LDCs it serves.
b) Please describe FNEI's process for periodically reviewing the Maintenance Service Agreements to ensure that they continue to provide the best value for ratepayers.

7-Staff-1

Reference 1: Exhibit 1 / page 30, July 9, 2025

Reference 2: Exhibit 1 / Appendix 3 / FNEI Financial Statements, July 9, 2025

Reference 3: Exhibit 5 / page 4, July 9, 2025

Reference 4: Excel Chapter 2 Appendices, July 9, 2025

Reference 5: Exhibit 1 / Appendix 2 – FNEI Finance Policy and Procedure Manual, July 9, 2025

Preamble

At Reference 1, FNEI states that its "core business of FNEI is the regulated transmission of electricity", continuing to state:

> "To the limited extent, if any, that FNEI has engaged or expects to engage in any non-utility activity, such activities and their financial impact have been and will be segregated from the financial results contained in this application for the purposes of establishing the base revenue requirement."

Regarding FNEI's audited financial statements (Reference 2):

- In FNEI's Statement of Income and Other Comprehensive Income, For the year ended December 31, 2024, Non-regulated expenses of $556,465 are shown. However, there is no line item for non-regulated revenue.
- Schedule 6 - Schedule of Expenses - Non-regulated, For the year ended December 31, 2024, shows that most of the Non-regulated expenses of $556,465 are related to "Community support".

In Exhibit 5, page 4 of the application (Reference 3), FNEI shows other revenue of $80,000 for the 2026 test year revenue requirement. Appendix 2-H states that this amount relates to Account 4405, Interest and Dividend Income.

Question(s)

a) Please explain why non-regulated revenues were not segregated in FNEI's Statement of Income and Other Comprehensive Income, for the year ended December 31, 2024.
b) If possible, please quantify non-regulated revenues for the year ended December 31, 2024, if materially different than the $80,000 included as other revenue in the 2026 test year revenue requirement.
c) Please demonstrate and quantify how non-regulated revenues and expenses have been incorporated into the 2026 test year revenue requirement, including the amounts relating to "Community support".
d) Please describe any non-utility activities that FNEI is currently (or plans to be) involved in.
e) Please provide the types of investments FNEI is considering making as part of achieving its corporate objectives that extend beyond the development and operation of a transmission system and provide examples. Please explain how these investments directly link to FNEI's corporate objects in section 8.9 Donations, of its Finance Policy and Procedure Manual (Reference 5 page 182/582).

7-Staff-2

Reference 1: EB-2016-0231, FNEI Decision and Order, December 14, 2017, page 8

Reference 2: EB-2024-0063, Cost of Capital Generic Proceeding decision, March 27, 2025, page 18

Reference 3: EB-2016-0231, OEB Staff Submission, August 23, 2017, page 36

Reference 4: EB-2016-0231, FNEI Reply Submission, September 8, 2017, page 6

Preamble

The decision (page 8) for FNEI's 2017 and 2018 transmission revenue requirements (EB-2016-0231) stated:

> "because… non-regulated activities will be recorded according to the OEB's accounting requirements, FNEI will be able and required to report on them as part of its annual regulatory record keeping and reporting to the OEB and in its next cost of service application."

In the same decision, the OEB also stated "it is important that the OEB is able to identify what non-utility decisions are made and expenses incurred." The OEB noted that "when FNEI's Board of Directors approves non-transmission spending decisions, the accounting entries must be recorded as non-rate regulated revenues and expenses."

The OEB also stated that "non-regulated capital assets should not be included in the utility's rate base" and "non-regulated capital expenditures should also be recorded separately."

For the 2026 test year revenue requirement, Appendix 2-H also shows $0 for both:

- Account 4375, Revenues from Non Rate-Regulated Utility Operations
- Account 4380, Expenses of Non Rate-Regulated Utility Operations.

The OEB's generic cost of capital proceeding decision (page 18) stated that "the OEB is firmly of the view that the cost of capital should be determined based on the use of funds and the risk profiles of utilities, rather than their ownership type or capital source."

Question(s)

a) Please explain how FNEI has addressed the OEB's expectations that non-regulated activities are to be clearly accounted for separately in the OEB's Reporting and record keeping requirements and in the current application.
b) Please demonstrate and quantify how non-regulated revenues and expenses have been incorporated into the 2026 test year revenue requirement, given that $0 has been incorporated into Accounts 4375 and 4380 in Appendix 2-H. Please update the appendix as necessary.
c) Please explain how FNEI has enabled the OEB to "identify what non-utility decisions are made and expenses incurred."
d) Please explain how FNEI has treated non-transmission spending decisions and whether this has been done in accordance with the previous OEB decision that stated that "the accounting entries must be recorded as non-rate regulated revenues and expenses", i.e., not to be recovered in the 2026 test year revenue requirement, given that Appendix 2-H is a revenue offset.
e) Given the cost of capital generic proceeding, please provide more detail regarding FNEI's risk profile as a not-for-profit utility, as well as the use of funds (including the use of funds dedicated to non-transmission spending).
f) In OEB staff's submission in FNEI's 2017 and 2018 transmission revenue requirements proceeding, OEB staff proposed a "Financial Viability Revenue Rider" (FVRR). In its reply submission, FNEI disagreed with OEB staff's approach. Is FNEI still of the same view? Please explain.

7-Staff-3

Reference 1: Filing Requirements For Electricity Transmission Applications, Chapter 2, Revenue Requirement Applications, February 11, 2016, page 34

Reference 2: EB-2016-0231, FNEI Decision and Order, December 14, 2017, page 3

Reference 3: Exhibit 4 / page 11, July 9, 2025

Reference 4: Exhibit 1 / Appendix 3 / FNEI Financial Statements, July 9, 2025

Preamble

In summary, the Filing Requirements state that utilities such as FNEI are expected to submit an application to adjust their revenue requirement once the appropriate limits for reserves have been achieved.

The decision (page 3) for its 2017 and 2018 transmission revenue requirements (EB-2016-0231) noted that FNEI's "Operating and Capital Reserves were never funded."

Reference 4 shows three funds: a General Fund, a Capital Fund, and an Insurance Reserve Fund.

Question(s)

a) As per the Filing Requirements statement noted in the preamble, please explain the appropriateness of such an adjustment to the 2026 test year revenue requirement to be explored in this proceeding, given that the decision (page 3) for its 2017 and 2018 transmission revenue requirements noted that FNEI's "Operating and Capital Reserves were never funded."
b) Please explain when amounts started to be allocated to FNEI's Operating, Insurance, and Capital Reserves, and provide a status of such funds as of December 31, 2024 and September 30, 2025.
c) Please explain whether the term "Operating" reserve fund and "General" reserve fund can be used interchangeably.
d) Please provide FNEI's actual annual profit (or revenues in excess of costs) for each year of the 2017-2024 period. Please also provide the actual annual profits (or revenues in excess of costs) in terms of an ROE (%), further to "Table 7 FNEI Notional Return on Equity" in Exhibit 4.
e) Please advise whether FNEI earned revenues in excess of costs in years after which the Operating and Capital reserves were (or would have been) fully funded. If so, please provide the revenues in excess of costs earned during the

2017-2024 period incremental to the amount required to fully fund the Operating and Capital reserves.

f) Please provide a detailed explanation of how revenues in excess of costs that FNEI earned during the 2017-2024 period were accounted for and used, if they were not directed towards the funding of the Operating and Capital reserves.

g) Please quantify any distributions from operating surplus for the 2017-2024 period and where these amounts were recorded in FNEI's audited financial statements.

7-Staff-4

Reference 1: Exhibit 1 / page 30, July 9, 2025

Reference 2: Exhibit 1 / Appendix 3 / FNEI Financial Statements, July 9, 2025

Reference 3: EB-2016-0231, IRRs to Board Staff, April 12, 2017, page 20

Reference 4: EB-2016-0231, OEB Staff Submission, August 23, 2017, page 38

Reference 5: Exhibit 1 / Appendix 2 / Finance Policy and Procedure Manual, page 100

Preamble

FNEI stated that in its last revenue requirement proceeding (EB-2016-0231), the OEB directed FNEI to close out its Capital and Operating Reserves, and to maintain its Insurance Reserve. FNEI noted that it has complied with both directives.

However, in FNEI's audited financial statements, Statement of Financial Position, As at December 31, 2024, page 260/582, the following three funds are shown:

- General Fund - $5,293,342
- Capital Fund - $26,121,820
- Insurance Reserve Fund - $4,000,000

A draft FNEI Reserves Policy was filed in response to interrogatories in the 2017 and 2018 revenue requirements proceeding.

OEB staff's submission in the 2017 and 2018 revenue requirements proceeding stated the following regarding the insurance reserve:

> The Insurance Reserve Fund is used as a form of self-insurance coverage on FNEI's transmission line poles and wires (as FNEI was unable to purchase commercial insurance on these assets). The Insurance Reserve Fund is also required by FNEI's lenders.

Question(s)

a) Please explain why FNEI has stated that it has closed out its Capital and Operating reserves, when its December 31, 2024 audited financial statements show balances of $5,293,342 in the General Fund and $26,121,820 in the Capital Fund.
b) Please explain whether FNEI would prefer to keep its Capital and Operating reserves open, despite the direction from the OEB in its 2017 and 2018 revenue requirements proceeding.
c) As FNEI intends to maintain its existing Insurance Reserve Fund, please confirm and explain why it would be needed in conjunction with FNEI's proposed ROE and the availability of a Z-factor (which both allow for a utility to maintain sufficient funds in order to address unforeseen circumstances).
d) Please file an updated FNEI Reserves Policy, also given that section "6.3. Reserves and Restricted Funds" of its Finance Policy and Procedure Manual does not address Capital Reserves.
e) Please confirm that the following still applies regarding FNEI's Insurance Reserve Fund. If either of the following do not still apply, please explain:
   i. Used as a form of self-insurance coverage on FNEI's transmission line poles and wires (as FNEI is unable to purchase commercial insurance on these assets)
   ii. Required by FNEI's lenders

7- Staff-5

Reference 1: EB-2024-0063 Cost of Capital Decision, March 27, 2025, page 65

Reference 2: Excel Chapter 2 Appendices, July 9, 2025

Reference 3: RRWF, July 9, 2025

Preamble

The OEB's cost of capital decision states:

> "the rate for notional debt will be at the lower of the DLTDR at the time of issuance and the weighted average cost of actual long-term debt, but only when there are material variances relating to the notional debt (i.e., with material impacts on the revenue requirement)."

Question(s)

a) Please revise Appendix 2-OA to show the Capitalization Ratio (% and $), Cost Rate (%), and Return ($) of both Notional Long-term Debt and Actual Long-term Debt.

b) Please ensure that the sum of the Notional Long-term Debt and Actual Long-term Debt matches that in the RRWF.

7-Staff-6

Reference 1: Exhibit 1 / page 30, July 9, 2025

Reference 2: Exhibit 3 / page 8

Reference 3: Exhibit 6 / page 15 & 16, July 9, 2025

Reference 4: Exhibit 7 / page 4 & 5, July 9, 2025

Preamble

Reference 1 states that FNEI's:

> "changes in FNEI's methodology, as compared to FNEI's previous rate application (EB-2016-0231), are limited to the recognition of long-term land leases as finance leases, and their inclusion in rate base via Account 2005 – Property Under Finance Lease. Concurrent with the recognition of the long-term value of FNEI's finance leases as assets, FNEI adopted notes payable to the long term lessors and has included these liabilities in the derivation of its long-term debt rate."

As part of FNEI's transition to IFRS, FNEI was required to modify the accounting treatment of long-term lease agreements. Reference 3 states that "where these agreements had traditionally been treated as a rent operating expense, their term and nature dictated they be deemed finance leases by FNEI's auditor and accounting advisors."

Reference 3 states:

> "As a consequence of this transition, FNEI now calculates the long-term value of each lease and takes on a liability equal to this amount, as shown in Exhibit 7 under Section 5, Long-Term Debt. At the same time, FNEI recognizes an asset of an equal amount, and claims straight-line amortization of this amount over the term of the lease. Amortization of Property Under Finance Lease is included in FNEI's Fixed Asset Continuity Schedule, found in [Appendix 2-BA]."

Concurrent with the adoption of said finance leases, FNEI has taken on the long-term liability of the value of the three land leases over the term of the agreements, with a regular payment schedule including interest.

Question(s)

a) Please explain the years of FNEI's audited financial statements that were impacted by this issue.
b) Please provide the revenue requirement impact if the leases were treated as operating leases and compare to the revenue requirement impact using the finance lease treatment.
c) Please provide any past OEB precedents (including the EB#) that address issues similar to FNEI's proposed treatment of finance leases.

8-Staff-1

Reference 1: Exhibit 1 / Pages 19-20, July 9, 2025

Reference 2: Exhibit 8 / Pages 3-5, 8, July 9, 2025

Preamble

FNEI is requesting establishment of a utility-specific deferral account titled the Environmental Remediation Deferral Account (ERDA), effective January 1, 2026. This account is to track FNEI's portion of costs incurred for environmental remediation of lands in Attawapiskat.

Contaminants of concern have been identified at several sites within the Attawapiskat First Nation community. FNEI is anticipated to bear a portion of the cost of environmental remediation of contaminants and has reason to believe such costs will be material to FNEI. Remediation is expected to be funded by multiple parties, including FNEI, however the allocation of costs for site-specific remediation work has not been finalized amongst the parties at this time. The sites for which FNEI's financial participation is expected contain twelve above ground bulk fuel storage tanks and a diesel generation station and its associated fuel storage tanks.

FNEI is in the process of finalizing agreements with other parties for the sharing of the cost of a full technical assessment to determine the extent of environmental remediation required and identify the preferred remedial solution. Subsequent to the completion of this assessment, further detail will be available to FNEI and the other potential funding parties with respect to the full extent of remediation required, the cost of such remediation, and the timing for completion of such remediation work.

In light of the prospect of material costs during the 2026 to 2030 rate term which cannot reasonably be forecast by FNEI at this time, FNEI is requesting a deferral account to record such costs and seek disposition in a future rate proceeding.

FNEI expects that its allocated costs will substantially exceed the utility's materiality threshold of $52,071. At this time, the quantum of costs for environmental remediation is highly certain and the timing of such costs is unknown, rendering FNEI unable to account for such costs within this application on a prospective basis.

Question(s)

a) Please confirm that the main drivers of the environmental remediation of lands in Attawapiskat relate to twelve above ground bulk fuel storage tanks and a diesel generation station and its associated fuel storage tanks.
b) Please elaborate on why it is anticipated that FNEI will bear a portion of the cost of environmental remediation of contaminants. As part of your response please include the following
    i. Has FNEI conducted any legal or environmental assessments to confirm its liability? How is FNEI potentially accountable for the damages?
    ii. Were there any prior warnings, inspections, or maintenance failures that could have prevented this?
c) Please explain whether FNEI has finalized agreements with other parties for the sharing of the cost of a full technical assessment to determine the extent of environmental remediation required and identify the preferred remedial solution. Please provide further details on the agreement and technical assessment if available. Please also explain whether the allocation of costs for site-specific remediation work has been finalized amongst the parties.
d) If yes, please provide further detail with respect to the full extent of remediation required, the cost of such remediation, the allocation of costs amongst the parties, the timing for completion of such remediation work, and any other additional information that may be helpful to the OEB.
e) If no, please explain why not. Can FNEI provide any preliminary cost estimates or ranges, even if uncertain? Please also provide an expected timeline on when these details would be finalized.
f) Given that FNEI stated that “at this time, the quantum of costs for environmental remediation is highly certain”, please explain why the quantum of expected costs has not been provided in the application and incorporated into the 2026 test year revenue requirement (as opposed to seeking the establishment of the ERDA).
g) Why does FNEI believe ratepayers should bear the cost of remediation?

8-Staff-2

Reference 1: Exhibit 8 / Page 8, July 9, 2025

Preamble

The proposed Accounting Order states that FNEI shall establish the ERDA, effective January 1, 2026.

Question(s)

a) Please explain why FNEI's accounting order states that "amounts will be credited to the ERDA as incurred", instead of debited as incurred.
b) For principal amounts, please explain why FNEI's accounting order proposed journal entries show a credit to Account 1508 and a debit to "various accounts", instead of vice versa.
c) For carrying charges, please explain why FNEI's accounting order proposed journal entries show a credit to Account 1508 and a debit to "various accounts", instead of vice versa.
d) For carrying charges, please explain why FNEI's accounting order proposed journal entries show an adjustment to "various accounts", instead of to Account 6035, Other Interest Expense.

8-Staff-3

Reference 1: Exhibit 6, Pages 15-16, July 9, 2025

Reference 2: Filing Requirements For Electricity Transmission Applications, Chapter 2, Revenue Requirement Applications, February 11, 2016, Page 29

Reference 3: Excel Chapter 2 Appendices, July 9, 2025

Reference 4: Exhibit 1 / Appendix 3 / FNEI Financial Statements, July 9, 2025

Preamble:

The Filing Requirements state:

> "The applicant must identify any asset retirement obligations (AROs) and any associated depreciation or accretion expenses in relation to the AROs, including the basis and calculation of how these amounts were derived."

OEB staff also notes that FNEI's December 31, 2024 audited financial statements, Appendix 2-BA, and Appendix 2-C do not disclose any remediation cost issue.

Question(s):

a) Please identify and quantify any AROs and any associated depreciation or accretion expenses in relation to the AROs, including the basis and calculation of how these amounts were derived.
b) Please explain how any AROs were addressed in Appendix 2-BA and Appendix 2-C.

c) Please explain why the December 31, 2024 audited financial statements do not disclose any remediation cost issue.
d) Please provide any past OEB precedents (including the EB#) that address issues similar to FNEI's proposed treatment of environmental remediation of lands in Attawapiskat, including:
   i. any deferral accounts similar to the proposed ERDA and/or
   ii. treatment of rate base, deprecation, and OM&A

8-Staff-4

Reference 1: Exhibit 1 / Page 20, July 9, 2025

Reference 2: Exhibit 8 / Pages 5-6, July 9, 2025

Preamble

FNEI is proposing use of the OEB's generic Incremental Cloud Computing Implementation Costs Deferral Account (ICCICDA), to facilitate the procurement of an upgrade to FNEI's current asset management system.

FNEI began the early stages of procurement in Q1 2025 and anticipates finalizing selection of a vendor and solution in Q3 or Q4 2025, with implementation planned for 2026. Due to the timing of procurement, FNEI is not able to establish an operational or capital budget for these investments within this application.

Question(s)

a) Please explain whether FNEI has finalized the selection of a vendor and solution as planned in Q3 or Q4 2025, and whether implementation is still planned for 2026.
b) If yes, has FNEI been able to establish an operational or capital budget for these investments within this application and incorporated into the 2026 test year revenue requirement (as opposed to seeking the use of the ICCICDA).
c) If no, why not?

8-Staff-5

Reference 1: Exhibit 1 / Page 26, July 9, 2025

Reference 2: Filing Requirements For Electricity Transmission Applications, Chapter 2, Revenue Requirement Applications, February 11, 2016, Page 35

Preamble

FNEI is requesting the establishment of a deferral account, as needed, to track revenue requirement deficiencies incurred from January 1, 2026, until FNEI's proposed 2026 revenue requirement is approved.

The Filing Requirements state that in the event an applicant seeks an accounting order to establish a new deferral or variance account, eligibility criteria must be met relating to causation, materiality, and prudence.

In addition, applicants must include a draft accounting order with a description of the mechanics of the account, including examples of general ledger entries, and the manner in which the applicant proposes to dispose of the account at the appropriate time.

Question(s)

a) Regarding the establishment of the proposed deferral account, as needed, to track certain revenue requirement deficiencies, please provide evidence to address the eligibility criteria and a draft accounting order, as outlined in the Filing Requirements.

9-Staff-1

Reference 1: Exhibit 9 / page 3

Preamble

Reference 1 states:

> "The proportional distribution of costs established in HONI's methodology - with 60% of costs allocated to the network pool, 30% of costs allocated to the transformer connection pool and 10% of costs allocated to the line connection pool - continues to accurately reflect how FNEI's transmission equipment functions in practice."

Question

a) Please discuss the impact, if any, of the closure of the DeBeers mine on the appropriateness of FNEI using Hydro One's cost allocation.

10-Staff-1

Reference 1: EB-2016-0231 Rate Order January 18, 2018 / page 3

Reference 2: Exhibit 10 / Table 2 Total Annual Charge Determinants in Megawatts

Preamble:

Reference 1 presents FNEI's charge determinants for the 2018 (Network Connection = 230.41 MW, Line Connection = 248.86 MW, Transformation Connection = 73.04 MW). At Reference 1, the Transformation Connection charge determinant is significantly lower than the Line Connection or Network charge determinants.

Reference 2 shows that the proposed connection charge determinants for 2026 are equal (Line Connection = 83 MW, Transformation Connection = 83 MW), and the Network charge determinant is significantly lower (71 MW).

Question:

a) Please explain why the Transformation Connection charge determinant at Reference 1 is significantly lower than the Network and Line Connection charge determinants.
b) Please explain why the Network and Line Connection charge determinants decrease in FNEI's proposal compared to in Reference 1.
c) Please discuss the bill impacts to typical residential customers of the decrease in FNEI's proposed charge determinants compared to Reference 1.

10-Staff-2

Reference 1: Exhibit 10 / page 6

Reference 2: Exhibit 10 / pages 7-8

Preamble

Reference 1 presents the changes to Uniform Transmission Rates as a result of FNEI's proposed revenue requirements and cost allocation. FNEI states:

> "A comparison between Tables 4 and 5 demonstrates that FNEI's 1 2026 proposed Revenue Requirement results in an immaterial impact on UTRs, as described below:
>
> - 0.16% impact on Network rates
> - 0.00% impact on Line Connection rates
> - 0.29% impact on Transformer Connection rates"

Reference 2 presents the bill impacts of FNEI's proposed Revenue Requirement for 2026. The bill impacts are presented for a "Typical Residential Customer" and a "Typical Small Commercial Customer". The impacts to the monthly bills of both types of customers are stated as +0.02%.

Question

a) Please provide, in live excel format, the calculations which support the UTR impacts described at Reference 1.
b) Please confirm that “Typical Residential Customer” refers to a distribution-connected household that consumes 750 kWh per month, and that “Typical Small Commercial Customer” refers to a general service customer connected at less than 50 kV and consuming 2000 kWh monthly.
c) Please provide, in live excel format, the calculations which support the Bill Impacts presented at Reference 2.