



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

BY EMAIL

October 22, 2025

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

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Chatham x Lakeshore Limited Partnership (CLLP)
Update Application for 2026 – 2029 Transmission Revenue Requirement
OEB File Number: EB-2025-0157**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Original Signed By

Tina Zhu
Senior Advisor, Generation & Transmission

Encl.



ONTARIO ENERGY BOARD

OEB Staff Submission

Chatham x Lakeshore Limited Partnership

**Update Application for 2026 – 2029 Transmission Revenue
Requirement**

EB-2025-0157

October 22, 2025

Application Summary

Chatham x Lakeshore Limited Partnership (CLLP) is seeking approval of its updated revenue requirement for the period from January 1, 2026 to December 31, 2029 to transmit electricity, as is required of licensed and rate-regulated transmitters in Ontario. CLLP filed its application with the OEB on August 21, 2025 and is requesting that its updated revenue requirement be effective January 1 for each of 2026, 2027, 2028 and 2029. In Procedural Order No. 1, the OEB confirmed that it received no requests for intervenor status in this proceeding and set deadlines for written interrogatories from OEB staff and responses from CLLP; and for an OEB staff submission and a reply, if any, from CLLP.

This document outlines OEB staff's submission on the following topics based on its review of the evidence submitted by CLLP:

1. Update to Rate Base
2. Disposition of the CxL Transmission Line Revenue Requirement Variance Account (CLLPVA) Balance
3. Update to 2026-2029 Revenue Requirement
4. Other

1. Update to Rate Base

CLLP is requesting OEB approval to update its rate base to reflect actual project expenditures on the Chatham x Lakeshore transmission line at the date of being placed in-service, and 2025 final trailing costs.

The CLLP transmission line was placed into service on December 17, 2024, for \$202.9M. Additional other trailing cost of \$0.76M was incurred in 2024. The 2025 final trailing cost incurred is \$4.62M, which brings the total project cost including trailing cost to \$208.28M (\$202.9M + \$0.76M + \$4.62M)¹.

In CLLP's 2025-2029 revenue requirement application², it included a rate base estimate of \$200.21M in 2024, and trailing cost of \$4.89M to be incurred in 2025. At that time, the estimated total project cost including trailing cost was \$205.1M.

The difference between estimated and actual project cost is due to the 2024 additional other trailing costs incurred and the 2025 trailing cost forecasts variance, which is mainly driven by remediation and claims, and costs related to biodiversity to meet EA requirements.

Table 1 below presents the breakdown of the 2025 forecast and final trailing cost.

Table 1: Breakdown of 2025 Trailing Cost ³

Description	EB-2024-0216 (\$M)	August 2025 Forecast (\$M)	Final 2025 Forecast (\$M)
Remediation and Claims	\$2.70M	\$8.90M	\$4.49M
Biodiversity to meet EA requirements	\$1.10M	\$0.30M	\$0.20M
Road Removal	\$1.00M	\$0.60M*	\$0.60M
Overhead @ 2% ECI – EPC Rate	\$0.09M	\$0.20M*	\$0.09M
2024 Other Trailing Costs		(\$0.76M)	(\$0.76M)
Total	\$4.89M	\$9.24M	\$4.62M

Table 2 below presents the updated 2025 and 2026 rate base.

¹ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 03

² EB-2024-0216

³ EB-2025-0157, Interrogatory Responses, Updated Exhibit A-04-01 Table 2 - Breakdown of 2025 Trailing Cost

Table 2: Updated 2025 and 2026 Rate Base⁴

Description	Bridge	Test	
	2024	2025	2026
Property, Plant and Equipment			
Opening Gross Book Value	0.00	203.66	208.28
Add: In-Service Additions	203.66	4.62	0.00
Sale of Fixed Assets	0.00	0.00	0.00
Transfers In/Out	0.00	0.00	0.00
Net Book Value	203.66	208.28	208.28
Average	203.66	205.97	208.28
Accumulated Depreciation			
Opening Accumulated Depreciation	0.00	0.20	2.70
Add: Depreciation from In-Service Additions	0.20	0.06	0.00
Depreciation on Existing Assets	0.00	2.44	2.50
Net Accumulated Depreciation	0.20	2.70	5.20
Average	0.20	1.45	3.95
Average Rate Base	203.45	204.51	204.33
Addition to Rate Base			
Cash Working Capital	0.00	0.00	0.00
Materials and Supply Inventory *	0.00	0.00	0.00
Rate Base	203.45	204.51	204.33

Submission

OEB staff notes that, as stated in its interrogatory responses, CLLP provided the 2025 final trailing cost amount and made the necessary adjustments and filed the updated information.

OEB staff has no concern with the variance between the estimated trailing cost (\$4.89M⁵) and the actual trailing cost (\$4.62M) incurred in 2025 or the total project cost. The variance results in the need to update total project cost to reflect the actual expenditure for completing the project, and OEB staff accepts CLLP's request to update rate base accordingly.

⁴ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 03

⁵ EB-2024-0216

2. Disposition of the CLLPVA Balance

CLLP is requesting OEB approval to dispose of variance account balances in the CLLPVA. The CLLPVA balance reflects the difference between the revenue requirement associated with the actual rate base and approved rate base for 2025.

Based on the final update for the project costs, the updated CLLPVA balance is \$211,413⁶, which reflects the difference between approved (\$16.74M⁷) and actual (\$16.95M) 2025 base revenue requirement. The estimated and actual project cost variance is mainly driven by the remediation and claims, and cost relates to biodiversity to meet EA requirements. The carrying charge amount is immaterial and is therefore not included in the balance. CLLP does not intend to use CLLPVA in the future and is requesting to discontinue the CLLPVA⁸.

Submission

OEB staff notes that, as stated in CLLP's interrogatory responses, the carrying charge amount associated with the CLLPVA is immaterial and is therefore not included in the balance to dispose. OEB staff has no concern with CLLP's request to dispose of the balance of the CLLPVA. The disposition of the account balance will result in an increase in 2026 rates revenue requirement of \$211,413.

OEB staff also has no concern with CLLP's request to discontinue the CLLPVA.

3. Update to 2026-2029 Revenue Requirement

In the OEB's decision on the settlement proposal and order regarding CLLP's 2025-2029 revenue requirement application⁹, the OEB approved the revenue requirement framework and noted that there will be no requirement for CLLP to file annual update applications with the OEB, but there would be a one-time application in 2025 to update the following: CLLP's cost of long-term debt based on actual issuances in 2025; an update to the rate base in 2025 to reflect actual project expenditures, and an update to the revenue requirement for each of 2026, 2027, 2028 and 2029.

In this application, CLLP is requesting OEB approval of its updated 2026–2029 revenue requirement to reflect its cost of long-term debt and its update of rate base to reflect actual project expenditures, and inclusion of the updated amounts into the Uniform Transmission Rates (UTR) for 2026, 2027, 2028 and 2029, effective January 1 of each year. There will be no further updates to the revenue requirements in this rate term

⁶ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 02

⁷ EB-2024-0216

⁸ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 02

⁹ Decision and Order, EB-2024-0216, Chatham x Lakeshore Limited Partnership, December 17, 2024

following this application.

The 2026 weighted average long-term debt rate assumed in the 2025-2029 revenue requirement application draft rate order was 4.58%¹⁰. As a result of actual long-term debt issuances in February 2025, the updated 2026 weighted average long-term debt rate is 4.31%. This rate will remain fixed for the remainder of the rate period.

The updated total project cost including trailing cost is \$208.28M¹¹.

Table 3 below provides the updated 2026-2029 revenue requirement.

Table 3: Updated 2026-2029 Revenue Requirement¹²

	EB-2024-0216 Settlement				Change to Cost of Capital Parameters based on Updated Trailing Costs				Updated Revenue Requirement			
(\$ in millions)	2026	2027	2028	2029	2026	2027	2028	2029	2026	2027	2028	2029
OM&A	1.08	1.14	1.13	1.15	-	-	-	-	1.08	1.14	1.13	1.15
Depreciation	2.54	2.54	2.54	2.54	(0.04)	(0.04)	(0.04)	(0.04)	2.50	2.50	2.50	2.50
Return on Debt	5.57	5.50	5.43	5.36	(0.23)	(0.22)	(0.22)	(0.21)	5.34	5.28	5.21	5.15
Return on Equity	7.44	7.35	7.25	7.16	0.12	0.12	0.12	0.12	7.56	7.47	7.38	7.28
Income Tax	0.10	0.10	0.10	0.10	0.00 ²	0.00 ²	0.00 ²	0.00 ²	0.10	0.10	0.10	0.10
Base Revenue Requirement	16.74	16.63	16.46	16.31	(0.15)	(0.14)	(0.14)	(0.13)	16.59	16.49	16.32	16.18
Add: DVA Disposition	-	-	-	-	0.21	-	-	-	0.21	-	-	-
Rates Revenue Requirement	16.74	16.63	16.46	16.31	0.06	(0.14)	(0.14)	(0.13)	16.80	16.49	16.32	16.18

Table 4 below provides the updated 2026-2029 rates revenue requirement by rate pool.

¹⁰ Decision and Order, EB-2024-0216, Chatham x Lakeshore Limited Partnership, December 17, 2024

¹¹ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 03

¹² EB-2025-0157, Interrogatory Responses, Updated Exhibit A-04-01 Table 1 – Updated 2026 - 2029 Base and Rates Revenue Requirement

Table 4: Updated 2026 - 2029 Rates Revenue Requirement by Rate Pool¹³

	Network	Line Connection	Transformation Connection	UTR Revenue Requirement
2026 Rates Revenue Requirement	\$16,804,298	-	-	\$16,804,298
2027 Rates Revenue Requirement	\$16,487,575	-	-	\$16,487,575
2028 Rates Revenue Requirement	\$16,324,019	-	-	\$16,324,019
2029 Rates Revenue Requirement	\$16,184,802	-	-	\$16,184,802

Submission

OEB staff supports CLLP's calculation of the updated revenue requirement (for incorporation into UTRs) for 2026-2029. The update is in accordance with the decision and order for CLLP's 2025-2029 revenue requirement application approved by the OEB, which reflects the actual cost of long-term debt and actual project expenditures¹⁴. The update approach is also consistent with another two recent proceedings, namely the B2M Limited Partnership application to update its 2026-2029 transmission revenue requirements¹⁵ and the Niagara Reinforcement Limited Partnership application to update its 2026-2029 transmission revenue requirements¹⁶. OEB staff has no concerns with the update approach. The update results in a slight decrease in the 2026-2029 revenue requirements on an overall basis.

4. Other

Hydro One Networks Inc (HONI) owns the subject line at the time of it coming into service. Certain First Nations have been provided with a 1-year period within which they may purchase, collectively, 49.995% of the units. Until they exercise and complete their option to purchase, HONI remains the owner of the units.

At time of writing, two First Nations have purchased units totaling just under 10% each and Hydro One Networks Inc. remains the owner of the other approximately 30% of the units allocated to First Nations until those communities move forward with their

¹³ EB-2025-0157, Interrogatory Responses, Updated Exhibit A-04-01 Table 4 – 2026 - 2029 Rates Revenue Requirement by Rate Pool

¹⁴ Decision and Order, EB-2024-0216, Chatham x Lakeshore Limited Partnership, December 17, 2024

¹⁵ EB-2025-0147

¹⁶ EB-2025-0148

purchase options¹⁷.

Submission

OEB staff notes that the CLLP ownership structure continues to evolve. Given that CLLP will not be filing annual update applications until its next re-basing, OEB staff recommends that CLLP provide to the OEB updated partnership structure information and organizational charts once participants are finalized.

~All of which is respectfully submitted~

¹⁷ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory - 01