

November 10, 2025

RESS & EMAIL

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

Attention: Mr. Richie Murray, Acting Registrar

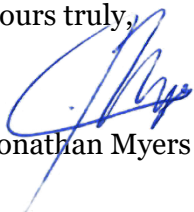
Dear Mr. Murray:

Re: Wataynikaneyap Power LP - Application for Approval of 2026 Electricity Transmission Rates (EB-2025-0192) – Settlement Proposal

We are legal counsel to Wataynikaneyap Power LP (“WPLP”), which is the Applicant in the above-referenced proceeding. In accordance with Procedural Order No. 1 in the above-referenced proceeding, WPLP participated in a settlement conference with OEB Staff on October 21-22, 2025. On behalf of WPLP, we are pleased to submit the attached Settlement Proposal for the OEB Panel’s review and consideration. The Parties have worked diligently to reach and document a full settlement of all issues in the proceeding.

WPLP has filed this document through the OEB’s Regulatory Electronic Submissions System and served all parties to the proceeding. If you have any questions, please do not hesitate to contact me at the number shown above.

Yours truly,



Jonathan Myers

cc: Ms. Margaret Kenequanash, WPLP
Mr. Duane Fecteau, WPLP
Mr. Charles Keizer, Torys LLP
All Parties

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B) (the “Act”);

AND IN THE MATTER OF an application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (“WPLP”) for an Order or Orders made pursuant to section 78 of the Act, approving or fixing just and reasonable rates for the transmission of electricity.

**WATAYNIKANEYAP POWER GP INC. on behalf of
WATAYNIKANEYAP POWER LP**

SETTLEMENT PROPOSAL

November 10, 2025

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A. OVERVIEW

1. Introduction

This Settlement Proposal is filed with the Ontario Energy Board (“OEB”) in connection with Wataynikaneyap Power LP’s (by its general partner Wataynikaneyap Power GP Inc., together, “WPLP”) cost of service application (EB-2025-0192) made under section 78 of the Act, seeking approval of an electricity transmission revenue requirement and associated rates, effective January 1, 2026 and to charge Hydro One Remote Communities Inc. (“HORCI”) a fixed monthly charge for transmission service, effective January 1, 2026 (the “Application”). As the final portions of WPLP’s transmission system were placed in service in the first half of 2024, 2025 is the first full year that the entire transmission system has been in service. This is WPLP’s fifth transmission revenue requirement application. WPLP’s next revenue requirement application will be for a multi-year rate period starting with a 2027 test year in accordance with the terms of its Settlement Agreement in EB-2024-0176.

As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

2. Background

WPLP filed its Application on July 4, 2025, and, on July 18, 2025, the OEB issued a letter confirming the completeness of the Application. The OEB issued and published a Notice of Hearing on July 28, 2025, and Procedural Order No. 1 on August 22, 2025. In Procedural Order No. 1, the OEB confirmed that it did not receive any intervention requests. The OEB also directed WPLP and OEB staff to jointly develop a proposed issues list. On September 4, 2025 the OEB issued a Decision approving the proposed issues list for the purposes of the proceeding (the “Approved Issues List”).

Interrogatories from OEB staff were filed on September 16, 2025, and in accordance with Procedural Order No. 1, WPLP filed its responses to those interrogatories on October 3, 2025.

Procedural Order No. 1 also made provision for a Settlement Conference to be held commencing on October 21, 2025, and continuing October 22, 2025, if needed. In Procedural Order No. 1, the OEB determined that, as there are no intervenors in this proceeding, pursuant to section 11 of the OEB's *Practice Direction on Settlement Conferences* (the "Practice Direction") OEB staff is required to be a party to the Settlement Conference and to any resulting settlement proposal.

3. *Settlement Process*

Pursuant to Procedural Order No. 1, a Settlement Conference was carried out on October 21 and 22, 2025, and was completed within two days. The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "Rules") and the Practice Direction. Ms. Sarah Daitch of MASS LBP acted as facilitator for the Settlement Conference. WPLP and OEB staff (collectively referred to as the "Parties") participated in the Settlement Conference. To facilitate discussions, WPLP provided responses to a total of nine pre-settlement clarifying questions from OEB staff on October 17, 2025 and October 21, 2025.

The Parties have reached a complete settlement on all issues in the Approved Issues List, as further described in Part B, below.

4. *Settlement Proposal Preamble*

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings* and that the rules of the latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference, except as expressly agreed to by the Parties as a term of this Settlement Proposal. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were: (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference; and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

As determined by the OEB in Procedural Order No. 1, OEB staff is a party to the Settlement Conference and to this Settlement Proposal and, accordingly, there is no need for OEB staff to make a submission, as contemplated in the Practice Direction, with respect to whether the Settlement Proposal represents an acceptable outcome from a public interest perspective, or whether the accompanying explanation and rationale is adequate to support the Settlement Proposal.

This Settlement Proposal is organized in accordance with the Approved Issues List. This Settlement Proposal provides a brief description of each of the settled issues, together with

references to the evidence submitted for the record in this proceeding. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and other components of the record up to and including the date hereof, including the attachments to this document (the “Attachments”).

The Parties agree that the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as valid settlement subject to any revisions that may be agreed upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that both Parties must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not WPLP is a party to such proceeding.

In this Settlement Proposal, where any of the Parties “accept” the evidence of WPLP, or “agree” to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

5. Settlement Proposal Overview

The Parties have reached a complete settlement, partial settlement, or no settlement on the aspects of the Approved Issues List as summarized in the following Table and as described in greater detail in Part B, below.

“Complete Settlement” means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.	Issues Settled: ALL
“Partial Settlement” means an issue for which there is partial settlement, as WPLP and the Intervenor who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.	Issues Partially Settled: NONE
“No Settlement” means an issue for which no settlement was reached. WPLP and the Intervenor who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).	Issues Not Settled: NONE

The following summarizes, at a high level, the most significant elements of the Settlement Proposal, which are with respect to Operations, Maintenance and Administration (“OM&A”)

costs, including the continuance of an existing OM&A related regulatory account. More detailed descriptions of each of the settled issues based on the Approved Issues List are set out in **Part B**. The 2026 revenue requirement update, which sets out the impacts of settlement and the impacts of applying the OEB's 2026 Cost of Capital parameters, including resulting rate and bill impacts, are set out in **Attachment 'A'**. A draft accounting order for the regulatory account that has been revised pursuant to the terms of settlement is provided in **Attachment 'B'**. WPLP's responses to OEB staff's pre-settlement clarifying questions, which the Parties have agreed to include as part of this Settlement Proposal, are provided in **Attachment 'C'**.

The Application and the supporting evidence, including WPLP's interrogatory responses, provide extensive detail on WPLP's proposals in respect of its proposed 2026 electricity transmission revenue requirement and associated rates, including the proposed fixed monthly charge to HORCI for electricity transmission service in 2026. The Parties, through negotiations, have agreed on modifications to WPLP's proposed revenue requirement and associated rates and charges, as well as on other aspects proposed in or relating to the Application. In particular, these include:

- a) With respect to OM&A costs, an approximate 11% reduction to WPLP's proposed 2026 OM&A expense on an envelope basis (from \$38,353,810 to \$34,150,000);
- b) With respect to the OM&A Variance Account ("OMAVA"), continuing the account for 2026 to allow for the recording of variance amounts arising from 2026, with any shortfall in OM&A spending to be returned to ratepayers in a future rate proceeding, rather than maintaining the account only for the purpose of facilitating recovery of the existing balance and applicable carrying costs as proposed in the Application, subject to the further modification that the account be changed to a symmetrical account in respect of 2026 to permit WPLP to record for future recovery up to \$2,124,000 of variances that exceed the revised approved OM&A envelope of \$34,150,000;
- c) Including as part of this Settlement Proposal a draft accounting order setting out the modifications to the OMAVA relative to that which was contemplated in the Application; and

- d) Updating, in Attachment ‘A’ hereto, the balances of WPLP’s deferral and variance accounts to reflect the OEB’s prescribed interest rates for Q3 and Q4 2025.

The Parties also agree that this Settlement Proposal shall present updates to reflect the OEB’s 2026 Cost of Capital parameters, which were issued after the conclusion of the Settlement Conference but prior to the required filing date for this Settlement Proposal, while also showing variances between amounts as proposed in the Application and the amounts resulting from settlement prior to updating for the 2026 Cost of Capital parameters. These updates are reflected in Attachment ‘A’.

Based on this Settlement Proposal and the updated cost of capital parameters, WPLP has revised its 2026 revenue requirement as summarized in Table 1, below.

Table 1 - Summary of 2026 Revenue Requirement

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2025-07-04)	29,686	103,346	133,031
Settlement Proposal (2025-11-10)	28,940	99,908	128,848
Change	-746	-3,438	-4,183
% Change	-2.51%	-3.33%	-3.14%
Settlement Proposal (2025-11-10)	28,940	99,908	128,848
2026 Cost of Capital Update	28,931	99,880	128,811
Change	-9	-28	-37
% Change	-0.03%	-0.03%	-0.03%

Detailed calculations in support of the settled and updated 2026 revenue requirement and its underlying components, as well as 2026 transmission rates and bill impacts, are provided in **Attachment ‘A’**.

The bill impacts resulting from this Settlement Proposal, as well as from the updated 2026 Cost of Capital parameters, are summarized in Table 2, below.

Table 2 - Summary of Bill Impacts

Item	Description	Settlement Amount		Settlement and Cost of Capital Update Amount ¹	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$139.89	\$433.78	\$139.89 ²	\$433.78 ³
B	Increase related to Network RTSR	(\$0.10)	(\$0.22)	(\$0.10)	(\$0.22)
C	Increase related to RRRP rate	(\$0.16)	(\$0.44)	(\$0.16)	(\$0.44)
D = B + C	Total bill increase	(\$0.26)	(\$0.65)	(\$0.26)	(\$0.65)
E = D / A	Bill impact (%)	(0.19%)	(0.15%)	(0.19%)	(0.15%)

Based on the foregoing and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. For purposes of regulatory efficiency and given that the 2026 Cost of Capital parameters have already been published, it is the intention of the Parties that this Settlement Proposal includes all supporting information necessary for implementation, including in part through the OEB's subsequent approval of Uniform Transmission Rates for 2026, without the need for WPLP to file a separate draft revenue requirement and charge determinant order for further approval of the OEB.

B. SETTLEMENT BY ISSUE

The subsections below summarize the key components of the comprehensive settlement reached by the Parties, including details on how each of the issues in the Approved Issues List has been addressed either through the Application or through the modifications to WPLP's proposals which have been agreed upon in this Settlement Proposal.

¹ All amounts are inclusive of 13% HST and the updated Ontario Electricity Rebate of 13.1%.

² Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at April 30, 2025.

³ Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB's online bill calculator, as at April 30, 2025.

1. Issue 1: General

- *Has WPLP responded appropriately to all relevant OEB directions from previous proceedings?*
- *Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?*
- *Is the proposed effective date of January 1, 2026 and proposed timing for inclusion in the UTRs and Hydro One Remote Communities Inc. (HORCI) billings appropriate?*

(a) Complete Settlement

The Parties agree that WPLP has responded appropriately to all relevant OEB directions from previous proceedings, that all elements of the proposed revenue requirement and their associated total bill impacts as modified in this Settlement Proposal are reasonable, and that the proposed effective date of January 1, 2026, and timing for inclusion in UTRs and HORCI billings are appropriate.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	<i>Prior OEB Directions:</i> Exhibit A-5-2 <i>Elements of Revenue Requirement and Bill Impacts:</i> Exhibit I <i>Effective / Implementation Date:</i> Exhibits A-2-1; A-3-1; I-1-1; I-3-1; I-3-2 <i>Other (Rate Framework):</i> A-2-1; A-3-1; A-5-1; A-5-2; F-1-1; 1-3-1; I-3-2
Interrogatories	<i>Prior OEB Directions:</i> n/a <i>Element of Revenue Requirements and Bill impacts:</i> See Issue 9: Cost Allocation <i>Other (Rate Framework):</i> n/a
Other	n/a

2. Issue 2: Transmission System Plan

- *Is the proposed initial Transmission System Plan, prepared on a best efforts basis, including proposed 2026 test year capital expenditures and in-service additions arising therefrom, and the rationale for planning and pacing choices, appropriate and adequately explained?*

(a) Complete Settlement

The Parties agree that the proposed initial Transmission System Plan appropriately and adequately explains, on a best efforts basis, WPLP's proposed 2026 test year capital expenditures and in-service additions arising therefrom, and the rationale for planning and pacing choices. In the Application, WPLP requested approval of capital expenditures for the 2026 test year in the amount of \$2.672M, as well as the in-service additions arising therefrom in the same amount.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits A-3-1; B-1-4; C-2-1
Interrogatories	OEB Staff 6-10
Other	Attachment C, Clarification Question-1

3. Issue 3: Rate Base

- *Are the amounts proposed for rate base appropriate?*

(a) Complete Settlement

The Parties agree that the amounts proposed by WPLP for rate base are appropriate. In the Application, WPLP requested approval of a 2026 rate base for the Line to Pickle Lake of \$297,822,211, and for the Remote Connection Lines of \$937,660,799, each inclusive of allocated General Plant amounts, for a total of \$1,235,483,010.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits A-3-1; C-1-1; C-2-1; C-3-1; and I-2-1
Interrogatories	OEB Staff – 3, 10, 11, 34
Other	n/a

4. Issue 4: Performance

- *Is the proposed approach to monitoring and OEB reporting of WPLP's transmission system performance including the initial performance scorecard prepared on a best efforts basis, appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed approach to monitoring and OEB reporting of its transmission system performance, including the initial performance scorecard prepared on a best efforts basis, is appropriate.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits A-3-1; D-1-1; D-2-1
Interrogatories	OEB Staff 12 to 19
Other	Attachment C, Clarification Question-2

5. Issue 5: Operating Revenue

- *Are the proposed load and revenue forecasts appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed load and revenue forecasts are appropriate.

In the Application, WPLP requested approval of total forecasted charge determinants of 210.0 MW for inclusion in the 2026 UTR calculation. Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit E
Interrogatories	OEB Staff 20
Other	Attachment C, Clarification Question-3

6. Issue 6: Operating Costs

- *Are the proposed spending levels for OM&A in 2026 appropriate, including consideration of factors such as system reliability and asset condition?*
- *Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?*
- *Is the proposed depreciation expense appropriate?*
- *Are the services to be provided by third parties, and their associated costs, appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed spending levels for OM&A in 2026, as modified through this Settlement Proposal, are appropriate and have appropriately considered factors such as system reliability and asset condition, as well as WPLP's unique operating environment and circumstances; that the amounts proposed to be included in the revenue requirement for income taxes and depreciation expense are appropriate; and that the services to be provided by third parties, and their associated costs, are appropriate.

In the Application, WPLP proposed to recover \$38,353,810 in OM&A expenses, \$26,863,558 in depreciation expense, and \$596,325 in income tax expense. The Parties accept WPLP's proposed depreciation expense and income tax expense, and agree to reduce the OM&A envelope for 2026 to \$34,150,000, which represents a reduction of 10.96%. WPLP's income taxes have been updated based on the updated cost of capital parameters.

The Parties determined that the 10.96% reduction to OM&A is appropriate based on the following considerations:

- WPLP's historical spending has been below its OEB-approved OM&A envelopes (as further detailed in OEB Staff Interrogatory 22, and Clarification Questions 4 and 9);
- the growth rate of WPLP's OM&A expenses, as reflected by WPLP's updated 2025 OM&A forecast of \$30,171,811 and its proposed 2026 OM&A amount;

- the radial and remote nature of the WPLP's transmission system, in addition to other considerations such as the geographic expanse over which the system extends and associated access limitations, make WPLP a unique transmitter that operates under unique business circumstances, which distinguishes WPLP from other transmitters, including the comparator group of the OM&A benchmarking results filed in EB-2022-0149. It is expected that the econometric benchmarking study that will be filed as part of WPLP's first multi-year revenue requirement application in 2026, for a rate period starting with the 2027 test year, will help inform the appropriate adjustments to reflect WPLP's unique business circumstances and transmission system characteristics;
- the assumptions underlying WPLP's bottom-up budgeting process that have contributed to the historical underspending have been adjusted or are no longer expected to contribute to underspending based on evolved circumstances, including in respect of Indigenous engagement and evolving community expectations, emergency response, vegetation management, labour and department costs, and the fact that the transmission system is now fully in service and therefore not subject to variances in in-service dates (as further detailed in Clarification Question-9(b));
- that a significant portion of the OM&A budget increase relates to the ramping up of WPLP's preventive maintenance, inspection and testing, and vegetation management programs, which did not need to be fully in place in prior years due to factors such as asset age and benefiting from right-of-way (ROW) clearance performed for system construction.
 - For inspections, testing and maintenance, WPLP is generally using the same cycles it has used in the past but more assets are included now because of the passage of time since their in-service dates. This work is in respect of lines and stations that were not due for inspection, testing or maintenance in earlier years. Carrying out these inspection, testing and maintenance activities in 2026 is expected to result in long-term savings to ratepayers because it will enable

identification and mitigation of issues while the transmission system and its components remain under warranty;

- For vegetation management, WPLP is continuing to phase in its vegetation management cycles in 2026. The vegetation management cycles, including for off-ROW danger tree removal and brush clearing, have been developed in recognition of factors such as the importance of mitigating tree contact and wildfire risks now that vegetation is returning post construction, as well as WPLP’s commitment to not use herbicides under the direction of the Guiding Principles. WPLP was previously able to rely on vegetation clearances performed for construction access, as well as to leverage efficiencies from its contractor during the project development phase which are no longer available; and
- that the OMAVA will continue for 2026 to ensure that any over-recovery in OM&A will be returned to ratepayers, as discussed in *Issue 8: Deferral and Variance Accounts*, subject to the opportunity for WPLP to recover in a future proceeding, based on the symmetrical portion of the OMAVA, up to \$2,124,000 in variances that exceed the revised OM&A envelope of \$34,150,000. The cap on the symmetrical portion of the OMAVA is appropriate because \$36,274,000 (i.e., the sum of agreed-upon revised OM&A envelope of \$34,150,000 and \$2,124,000) was derived based on WPLP’s updated 2025 OM&A forecast of \$30,171,811 adjusted at the OEB’s inflation factor for 2026 of 3.5%, and by adding the incremental amounts included in the Application to carry out the necessary vegetation management work (\$3.8M) and routine substation and line maintenance (\$1.8M) without double-counting for inflation.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits A-3-1; Exhibit F
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Interrogatories	OEB Staff - 12, 21 to 33
Other	Attachment C, Clarification Questions 4,5,9

7. Issue 7: Cost of Capital & Capital Structure

- *Is the proposed capital structure appropriate?*
- *Is the proposed cost of capital, including updates, appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed capital structure and proposed cost of capital, including updates, are appropriate.

In the Application, WPLP requested approval of a capital structure of 56% long-term debt, 4% short-term debt and 40% equity, consistent with the OEB's Decision and Order in EB-2024-0063, dated March 27, 2025. WPLP applied its forecasted cost of debt to the long-term and short-term debt components of its capital structure; and applied the OEB's 2025 Cost of Capital parameter for the equity component, resulting in a weighted average cost of capital rate of 6.34%. The Application further states that WPLP will update the short-term debt rate and rate of return on equity to reflect the OEB's published Cost of Capital parameters for 2026. The Parties agreed that WPLP will update its Revenue Requirement and Bill Impact calculations based on the updated Cost of Capital parameter for equity and short-term debt established by the OEB for 2026. The OEB issued the 2026 Cost of Capital parameters on October 31, 2025. Based on the OEB's 2026 Cost of Capital parameters, WPLP's updated weighted average cost of capital rate is 6.33%. The impacts of these updates are summarized in **Part A**, above, as well as presented in **Attachment 'A'**. Furthermore, as proposed in the Application and addressed under *Issue 7: Deferral & Variance Accounts*, differences between WPLP's forecast and actual costs of debt until WPLP transitions to long-term debt financing (due in particular to changes in its variable cost of long-term debt) will continue to be recorded in WPLP's existing Construction Period Interest Costs Variance Account.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit G
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Interrogatories	OEB Staff 32, 34-35
Other	Attachment C, Clarification Question 6

8. Issue 8: Deferral & Variance Accounts

- *Are the proposed amounts, disposition, continuance and discontinuance of existing deferral and variance accounts appropriate?*
- *Are the proposed modifications to existing deferral and variance accounts, if any appropriate?*
- *Are the proposed new deferral and variance accounts appropriate, if any?*
- *Are WPLP's COVID-19 related costs and their proposed treatment appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed amounts, disposition, modification, continuance and discontinuance of existing deferral and variance accounts, as modified through this Settlement Proposal, are appropriate.

The Parties agree that WPLP shall update the balances of its deferral and variance accounts to reflect the OEB's prescribed interest rates for Q3 and Q4 2025. The updated disposition amounts are provided in Table 3 below.

The Parties agreed with WPLP's proposals:

- to continue the Pikangikum Distribution System Deferral Account during 2026, and discontinue this account at the end of 2026 with any variance in carrying charges to be written off in 2026, and to fully and finally dispose of the December 31, 2024 audited balance for that account, less the amount approved for disposition in the 2025 rate application, plus forecasted carrying charges to year-end 2025, by adding these amounts to WPLP's revenue requirement in respect of the Remote Connection Lines for 2026;
- to continue the COVID Construction Costs Deferral Account (CCFDA) during 2026, and discontinue the account at the end of 2026 with any variance in carrying charges to be written off in 2026, and for full and final disposition of the remaining portion of the audited balance of the account as at December 31, 2024, less the approved disposition amount included in the 2025 rate application, plus forecasted carrying charges for 2025;

- to continue the In-Service Date Variance Account (ISDVA) during 2026, and discontinue the account at the end of 2026 with any variance in carrying charges to be written off in 2026, and for full and final disposition of the audited balance of the account as at December 31, 2024, less the amounts approved for disposition from this account in the 2025 rate application, plus forecasted carrying charges for 2025 and 2026;
- to continue the Deferred Contingency Deferral Account (DCDA) during 2026, and discontinue the account at the end of 2026 with any variance in carrying charges to be written off in 2026, and for full and final disposition of the audited balances of the account as at December 31, 2024, less the amounts approved for disposition from this account in the 2025 rate application, plus forecasted carrying charges for 2025 and 2026;
- to continue the Federal CIAC Variance Account during 2026, and discontinue the account at the end of 2026 with any variance in carrying charges to be written off in 2026, and for full and final disposition of the audited balance of the Federal CIAC Variance Account (established by the November 30, 2023 decision in EB-2023- 0168), as at December 31, 2024, plus forecasted carrying charges for 2025 and 2026; and
- to continue the Construction Period Interest Costs Variance Account (CPICVA) during 2026, and for partial disposition of the audited balance of the account as at December 31, 2024, less the amounts approved for disposition from this account in the 2025 rate application, plus forecasted carrying charges for 2025 and 2026.

Regarding the OMAVA (which was formerly known as the Construction Period OM&A Variance Account), WPLP proposed to continue that account during 2026, but only for the purpose of enabling disposition, and with no further additions to the principal balance in 2026, as well as partial disposition based on the audited December 31, 2024 balance, plus forecasted carrying charges for 2025 and 2026, less approved 2025 dispositions. However, for the purposes of settlement the Parties agree that the OMAVA will be continued in 2026 and will continue to be used to record any variances between approved and actual OM&A expense for 2026, along with applicable carrying charges. The Parties further agree that the OMAVA will

be subject to the modification that it will become a symmetrical account up to a maximum variance amount of \$2,124,000 (i.e. the actual 2026 OM&A is higher than the revised OM&A envelope of \$34,150,000 by \$2,124,000). For greater certainty, WPLP will (i) record any negative variances (i.e. when the 2026 actual OM&A is below the revised 2026 OM&A envelope of \$34,150,000), and any such amounts will be returned to ratepayers through disposition of the OMAVA in a future period; (ii) record any positive variances (i.e. when the 2026 actual OM&A is in excess of the revised 2026 OM&A envelope of \$34,150,000), up to a cap of \$2,124,000 (reflecting a total OM&A of \$36,274,000), which WPLP will seek to recover from ratepayers through disposition of the OMAVA in a future proceeding subject to prudence review; and (iii) will not record any OM&A variances greater than \$2,124,000 over the revised 2026 OM&A envelope of \$34,150,000 (i.e. when total actual OM&A is greater than \$36,274,000). As discussed in *Issue 6: Operating Costs*, the agreed upon treatment of the OMAVA balances the risk of WPLP underspending its OM&A envelope, with the need to ensure that funding is available to support critical incremental work relating vegetation management and routine inspection, testing and maintenance cycles. WPLP has reflected the agreed-upon modifications to the OMAVA by means of a draft accounting order, attached hereto as Attachment “B”.

**Table 3 - Pikangikum Distribution Deferral Account, CCCDA, ISDVA, CPICVA, DCDA, OM&A Variance Account and Federal CIAC Variance Account Disposition
(Update of: H-2-1, Table 1)**

	Audited 2024 Balance ⁴	Forecasted Carrying Charges ⁵	2025 Application Recovery	Adjusted Balance	Net Amount Disposition to LTPL ⁶	Net Amount Disposition to RCL
Pikangikum Distribution System Deferral Account	\$693,127	\$11,263	(\$708,178)	(\$3,788)	0	(\$3,788)
In-Service Date Variance Account	\$5,532,231	\$274,615	\$724,235	\$6,531,081	(\$224,219)	\$6,755,300
Construction Period Interest Costs Variance Account	\$23,064,350	\$433,244	(\$21,770,683)	\$1,726,911	\$330,802	\$1,396,109
Deferred Contingency Deferral Account	\$256,386	\$6,164	(\$196,794)	\$65,756	\$13,218	\$52,539

⁴ Audited balances include deferral account carrying charges.

⁵ Forecasted carrying charges for 2025 and 2026 as applicable.

⁶ Disposition amounts for LTPL and RCL total 100% of adjusted account balances.

COVID Construction Costs Deferral Account	\$4,953,066	\$77,276	(\$5,056,324)	(\$25,982)	(\$18,117)	(\$7,865)
OM&A Variance Account	(\$9,954,705)	(\$300,126)	\$5,730,870	(\$4,523,961)	(\$1,949,360)	(\$2,574,601)
Federal CIAC Variance Account	(\$14,137,677)	(\$662,245)	0	(\$14,799,922)	0	(\$14,799,922)
	\$10,406,778	(\$159,809)	(\$21,276,874)	(\$11,029,905)	(\$1,847,677)	(\$9,182,229)

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit H
Interrogatories	OEB Staff 36 to 44
Other	Attachment C, Clarification Question 6

9. Issue 9: Cost Allocation

- *Is the proposed cost allocation appropriate?*

(a) Complete Settlement

The Parties agree that WPLP's proposed cost allocation is appropriate.

In the Application, WPLP explained that due to its unique cost recovery and rate framework, its 2026 revenue requirement is allocated between the Line to Pickle Lake and the Remote Connection Lines. The Line to Pickle Lake portion of the revenue requirement is recovered through the UTR Network rate and the Remote Connection Lines revenue requirement is recovered through a fixed monthly charge applicable to HORCI during 2026. Based on the Application, the UTR Network rate was estimated to decrease by \$0.05/kW and the fixed monthly charge to HORCI was proposed to be \$ 8,612,133 effective January 1, 2026.

Based on this Settlement Proposal but without reflecting the 2026 Cost of Capital parameters, the UTR Network rate is estimated to decrease by \$0.06/kW effective January 1, 2026 and the fixed monthly charge to HORCI would be \$8,325,655 effective January 1, 2026.

Based on this Settlement Proposal together with updates to reflect the 2026 Cost of Capital parameters, the UTR Network rate is estimated to decrease by \$0.06/kW effective January 1, 2026 and the fixed monthly charge to HORCI is proposed to be \$8,323,341 effective January 1, 2026.

(b) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit I
Interrogatories	-
Other	-

C. ATTACHMENTS

Attachment ‘A’ 2026 Revenue Requirement and Bill Impacts Update (including UTR Charge Determinants and Fixed Charges to HORCI)

Attachment ‘B’ Draft Modified Accounting Order for OM&A Variance Account

Attachment ‘C’ WPLP Responses to OEB Staff Clarification Questions

ATTACHMENT ‘A’

**2026 Revenue Requirement and Bill Impacts Update (including UTR Charge
Determinants and Fixed Charges to HORCI)**

A. INTRODUCTION AND SUMMARY

This Attachment ‘A’ updates various components of WPLP’s written evidence as required to recalculate WPLP’s 2026 test year transmission revenue requirement in alignment with the Settlement Proposal. Unless otherwise stated, variances calculated within this Attachment compare the results of the Settlement Proposal to WPLP’s July 4, 2025 filed rate application. WPLP’s revised 2026 revenue requirement resulting from the Settlement Proposal is summarized in Table 1.

Table 1: Summary of Change in Revenue Requirement

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2025-07-04)	29,686	103,346	133,031
Settlement Proposal (2025-11-10)	28,940	99,908	128,848
Change	-746	-3,438	-4,183
% Change	-2.51%	-3.33%	-3.14%

In addition, 2026 cost of capital parameters were released by the OEB on October 31, 2025. WPLP’s updated 2026 revenue requirement resulting from the Settlement Proposal and the updated cost of capital parameters is summarized in Table 2.

Table 2: Summary of Change to Settlement Proposal Revenue Requirement with Cost of Capital Update

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Settlement Proposal (2025-11-10) ⁷	28,940	99,908	128,848
2026 Cost of Capital Update	28,931	99,880	128,811
Change	-9	-28	-37
% Change	-0.03%	-0.03%	-0.03%

⁷ From Table 1 above.

Part B, below, provides high-level summaries of aspect of the Settlement Proposal which directly affect WPLP’s 2026 test year transmission revenue requirement through reduction of OM&A expense on an envelope basis by approximately 11%. Part C, below, provides updates to various tables that support the recalculation of WPLP’s 2026 revenue requirement, with reference to the corresponding tables in the Application.

B. SETTLEMENT AGREEMENT EFFECT ON 2026 REVENUE REQUIREMENT

1. OM&A Cost Forecast

WPLP proposed to recover \$38,353,810 in OM&A expenses in the rate application. The settlement proposal provides that WPLP will reduce its OM&A expense on an envelope basis by approximately 11%, which reduces the OM&A expense recoverable for 2026 to \$34,150,000. The Parties accepted WPLP’s depreciation and income tax expense as proposed. The changes to OM&A costs are presented below in Table 3.

Table 3 – Summary of Operating Costs from Settlement

	Rate Application	Settlement	Variance
OM&A Expenses	\$38,353,810	\$34,150,000	(\$4,203,810)
Depreciation and Amortization	\$26,863,558	\$26,863,558	-
Income Taxes	\$596,325	\$596,325	-
Total Operating Costs	\$65,813,693	\$61,609,883	(\$4,203,810)

2. Deferral Account Carrying Charges

WPLP proposed to use the OEB posted prescribed rate for Q2 2025 deferral/variance account carrying charges. The Parties agreed that WPLP will instead use the OEB posted prescribed rate for Q3 and Q4 2025 deferral/variance account carrying charges. The net impact of this change is an increase to the 2026 revenue requirement of \$0.02 million from the amount filed in the rate application. These changes to the Pikangikum Distribution Deferral Account, CCCDA, ISDVA,

CPICVA, DCDA, OM&A Variance Account and Federal CIAC Variance Account 2026 disposition values are presented below in Table 4.

Table 4 – Pikangikum Distribution Deferral Account, CCCDA, ISDVA, CPICVA, DCDA, OM&A Variance Account and Federal CIAC Variance Account Disposition

	LTPL	RCL	Total
Rate Application			
Disposition of Pikangikum Distribution System Deferral Account	\$0	(\$3,555)	(\$3,555)
Disposition of COVID Construction Costs Deferral Account (CCCDA)	(\$17,001)	(\$7,380)	(\$24,381)
Disposition of In-Service Date Variance Account (ISDVA)	(\$224,793)	\$6,771,416	\$6,546,623
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	\$334,137	\$1,404,524	\$1,738,661
Disposition of Deferred Contingency Deferral Account (DCDA)	\$13,261	\$52,725	\$65,986
Disposition of OM&A Variance Account	(\$1,954,835)	(\$2,582,438)	(\$4,537,273)
Disposition of Federal CIAC Variance Account	\$0	(\$14,836,511)	(\$14,836,511)
Total	(\$1,849,231)	(\$9,201,219)	(\$11,050,450)
Settlement			
Disposition of Pikangikum Distribution System Deferral Account	\$0	(\$3,788)	(\$3,788)
Disposition of COVID Construction Costs Deferral Account (CCCDA)	(\$224,219)	\$6,755,300	\$6,531,081
Disposition of In-Service Date Variance Account (ISDVA)	\$330,802	\$1,396,109	\$1,726,911
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	\$13,218	\$52,539	\$65,756
Disposition of Deferred Contingency Deferral Account (DCDA)	(\$18,117)	(\$7,865)	(\$25,982)
Disposition of OM&A Variance Account	(\$1,949,360)	(\$2,574,601)	(\$4,523,961)
Disposition of Federal CIAC Variance Account	\$0	(\$14,799,922)	(\$14,799,922)
Total	(\$1,847,677)	(\$9,182,229)	(\$11,029,906)
Variance	\$1,554	\$18,990	\$20,544

C. DETAILED CALCULATIONS FOR UPDATED REVENUE REQUIREMENT

The following sections provide detailed calculations to support the recalculation of WPLP’s 2026 test year revenue requirement resulting from the Settlement Proposal and the OEB’s 2026 cost of capital parameters.

For ease of reference, each numbered section below corresponds to the specific Exhibit from the Application as indicated.

3. Operating Costs (Updates to Exhibit F)

(a) Operating Cost Summary

WPLP’s 2026 operating costs have been revised from \$38.35 million to \$34.15 million as a result of the Settlement Proposal. Table 5 below summarizes the revised operating costs compared to the amounts presented in the rate application. Details of the recalculated income tax expense are provided in subsection (c) below based on changes to the cost of capital parameters.

Table 5 – Summary of 2026 Operating Costs

(Update of: F-1-1, Table 1)

Operating Cost Category	Rate Application	Settlement and Cost of Capital Update	Variance	
			\$	%
OM&A Expenses	\$38,353,810	\$34,150,000	(\$4,203,810)	-11%
Depreciation and Amortization	\$26,863,558	\$26,863,558	\$0	0%
Income Taxes	\$596,325	\$603,614	\$7,289	1%
Total Operating Costs	\$65,813,693	\$61,617,172	(\$4,196,521)	-6%

(b) Income Taxes

Table 6 provides a revised calculation of WPLP’s 2026 income tax expense. The increase in income tax expense from \$596k to \$604k, as shown in Table 5, results from the increase in WPLP’s 2026 return on equity arising from the 2026 updated cost of capital parameters published by the OEB.

**Table 6 – WPLP’s 2026 Ontario Corporate Minimum Tax (\$000’s)
(Update of: F-5-1, Table 1)**

Item	Description	Allocation / Rate	Amount
A	WPLP Regulatory Net Income (before Tax and adjustments, includes gross-up of income tax expense)		45,625 ⁸
B	% of LP Interests Held by Taxable Entities	49%	
C = A x B	Regulatory Net Income subject to Taxation		22,356
D	Ontario Minimum Corporate Tax Rate	2.7%	
E = C x D	Ontario Minimum Corporate Tax		604
F	Ontario Corporate Income Tax Payable		0
G = E-F	Ontario Corporate Minimum Tax Payable		604

4. Capital Structure and Cost of Capital (Updates to Exhibit G)

Table 7 provides a revised calculation of WPLP’s 2026 capital structure and cost of capital. The short-term interest rate has been updated based on the OEB’s 2026 cost of capital parameters, resulting in a reduction in interest cost of \$0.6 million, and an increase in return on rate base from \$44.5 million in the application to \$45.0 million in Table 7, which is solely attributable to the updated return on equity rates in the OEB’s 2026 cost of capital parameters.

**Table 7 – 2026 Capital Structure and Cost of Capital
(Update of: G-2-1, Table 1)**

	Capitalization Ratio		Cost Rate	Updated Return	Application Return	Variance
	(%)	(\$)	(%)	(\$)	(\$)	(\$)
Long-term Debt	56%	\$691,870,486	4.60%	\$31,858,166	\$31,858,166	\$0
Short-term Debt	4%	\$49,419,320	2.72%	\$1,344,206	\$1,932,295	(\$588,090)
<i>Total Debt</i>	60%	<i>\$741,289,806</i>	4.48%	<i>\$33,202,372</i>	<i>\$33,790,462</i>	<i>(\$588,090)</i>
<i>Common Equity</i>	40%	<i>\$494,193,204</i>	9.11%	<i>\$45,021,001</i>	<i>\$44,477,388</i>	<i>\$543,613</i>
Total	100%	\$1,235,483,010	6.33%	\$78,223,373	\$78,267,850	(\$44,477)

⁸ The regulated income of \$45,021,001 provided in Table 7 has been grossed up for tax purposes.

5. *Deferral and Variance Accounts (Exhibit H)*

Table 8 provides a revised calculation of WPLP’s deferral account disposition continuity. The Settlement Proposal provides that WPLP will calculate forecasted carrying charges for the Pikangikum Distribution Deferral Account, CCCDA, ISDVA, CPICVA, DCDA, OM&A Variance Account and Federal CIAC Variance Account using the posted Q3 and Q4 2025 OEB prescribed interest. The change in carrying charges results in an overall increase in the Variance/Deferral account dispositions to ratepayers in 2026 of \$0.02 million.

Table 8 – Deferral Account Disposition Continuity

(Update of: H-2-1, Table 1)

	Audited 2024 Balance⁹	Forecasted Carrying Charges¹⁰	2025 Application Recovery	Adjusted Balance	Net Amount Disposition to LTPL¹¹	Net Amount Disposition to RCL
Pikangikum Distribution System Deferral Account	\$693,127	\$11,263	(\$708,178)	(\$3,788)	0	(\$3,788)
In-Service Date Variance Account	\$5,532,231	\$274,615	\$724,235	\$6,531,081	(\$224,219)	\$6,755,300
Construction Period Interest Costs Variance Account	\$23,064,350	\$433,244	(\$21,770,683)	\$1,726,911	\$330,802	\$1,396,109
Deferred Contingency Deferral Account	\$256,386	\$6,164	(\$196,794)	\$65,756	\$13,218	\$52,539
COVID Construction Costs Deferral Account	\$4,953,066	\$77,276	(\$5,056,324)	(\$25,982)	(\$18,117)	(\$7,865)
OM&A Variance Account	(\$9,954,705)	(\$300,126)	\$5,730,870	(\$4,523,961)	(\$1,949,360)	(\$2,574,601)
Federal CIAC Variance Account	(\$14,137,677)	(\$662,245)	0	(\$14,799,922)	0	(\$14,799,922)
	\$10,406,778	(\$159,809)	(\$21,276,874)	(\$11,029,905)	(\$1,847,677)	(\$9,182,229)

6. *Cost Allocation, Rate Design and Bill Impacts (Updates to Exhibit I)*

(c) Revised Revenue Requirement and Cost Allocation

Exhibit I-2-1 described the methodology for allocating each component of WPLP’s revenue requirement to either the Line to Pickle Lake (recovered via Network UTR rates) or the Remote Connection Lines (recovered via a monthly fixed charge to HORCI). WPLP continues to apply

⁹ Audited balances include deferral account carrying charges.

¹⁰ Forecasted carrying charges for 2025 and 2026 as applicable.

¹¹ Disposition amounts for LTPL and RCL total 100% of adjusted account balances.

the same cost allocation methodologies to each component of its revised 2026 revenue requirement and rate base values as presented in rate application, as illustrated in Tables 9 through 12.

Table 9 – Allocation of 2026 OM&A and Income Tax Expense Based on Settlement

(Update of: I-2-1, Table 3)

	LTPL	RCL	Total
Direct OM&A Expenses	769,835	8,011,755	8,781,591
Indirect OM&A Expenses			25,368,409
Income Tax Expense			596,325
<i>Allocation Factor from Table 1</i>	<i>17.8%</i>	<i>82.2%</i>	<i>100%</i>
Allocation of Indirect OM&A	4,508,367	20,860,043	25,368,409
Allocation of Income Tax Expense	105,976	490,349	596,325
Total 2026 Allocated OM&A	5,278,202	28,871,798	34,150,000
Total 2026 Allocated Income Tax	105,976	490,349	596,325

Table 10 – Allocation of 2026 OM&A and Income Tax Expense Settlement and Cost of Capital Update (Update of: I-2-1, Table 3)

	LTPL	RCL	Total
Direct OM&A Expenses	769,835	8,011,755	8,781,591
Indirect OM&A Expenses			25,368,409
Income Tax Expense			603,614
<i>Allocation Factor from Table 1</i>	<i>17.8%</i>	<i>82.2%</i>	<i>100%</i>
Allocation of Indirect OM&A	4,508,367	20,860,043	25,368,409
Allocation of Income Tax Expense	107,272	496,342	603,614
Total 2026 Allocated OM&A	5,278,202	28,871,798	34,150,000
Total 2026 Allocated Income Tax	107,272	496,342	603,614

Table 11 – Allocation of 2026 Updated Revenue Requirement Based on Settlement

(Update of: I-2-1, Table 6)

	LTPL	RCL	Total
Gross Fixed Assets (avg)	321,759,981	1,001,637,154	1,323,397,135
Accumulated Depreciation (avg)	-23,937,770	-63,976,355	-87,914,125
Net Fixed Assets (avg)	297,822,211	937,660,799	1,235,483,010
Working Capital Allowance	0	0	0
Rate Base	297,822,211	937,660,799	1,235,483,010
Regulated Rate of Return	6.34%	6.34%	6.34%
Regulated Return on Rate Base	18,867,037	59,400,813	78,267,850
OM&A Expenses	5,278,202	28,871,798	34,150,000
Property Taxes	0	0	0
Depreciation Expense	6,536,434	20,327,124	26,863,558
Income Taxes	105,976	490,349	596,325
Service Revenue Requirement	30,787,650	109,090,083	139,877,733
Other Revenue Offset	0	0	0
Base Revenue Requirement	30,787,650	109,090,083	139,877,733
Disposition of Pikangikum Distribution System Deferral Account	0	-3,788	-3,788
Disposition of COVID Construction Costs Deferral Account (CCCD)	-224,219	6,755,300	6,531,081
Disposition of In-Service Date Variance Account (ISDVA)	330,802	1,396,109	1,726,911
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	13,218	52,539	65,756
Disposition of Deferred Contingency Deferral Account (DCDA)	-18,117	-7,865	-25,982
Disposition of OM&A Variance Account	-1,949,360	-2,574,601	-4,523,961
Disposition of Federal CIAC Variance Account	0	-14,799,922	-14,799,922
Revenue Requirement for Rates	28,939,973	99,907,854	128,847,827

Table 12 – Allocation of 2026 Updated Revenue Requirement based on Settlement and Cost of Capital Update
(Update of: I-2-1, Table 6)

	LTPL	RCL	Total
Gross Fixed Assets (avg)	321,759,981	1,001,637,154	1,323,397,135
Accumulated Depreciation (avg)	-23,937,770	-63,976,355	-87,914,125
Net Fixed Assets (avg)	297,822,211	937,660,799	1,235,483,010

	LTPL	RCL	Total
Working Capital Allowance	0	0	0
Rate Base	297,822,211	937,660,799	1,235,483,010
Regulated Rate of Return	6.33%	6.33%	6.33%
Regulated Return on Rate Base	18,856,316	59,367,057	78,223,373
OM&A Expenses	5,278,202	28,871,798	34,150,000
Property Taxes	0	0	0
Depreciation Expense	6,536,434	20,327,124	26,863,558
Income Taxes	107,272	496,342	603,614
Service Revenue Requirement	30,778,223	109,062,321	139,840,544
Other Revenue Offset	0	0	0
Base Revenue Requirement	30,778,223	109,062,321	139,840,544
Disposition of Pikangikum Distribution System Deferral Account	0	-3,788	-3,788
Disposition of COVID Construction Costs Deferral Account (CCCDA)	-224,219	6,755,300	6,531,081
Disposition of In-Service Date Variance Account (ISDVA)	330,802	1,396,109	1,726,911
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	13,218	52,539	65,756
Disposition of Deferred Contingency Deferral Account (DCDA)	-18,117	-7,865	-25,982
Disposition of OM&A Variance Account	-1,949,360	-2,574,601	-4,523,961
Disposition of Federal CIAC Variance Account	0	-14,799,922	-14,799,922
Revenue Requirement for Rates	28,930,547	99,880,092	128,810,638

(d) Calculation of Uniform Transmission Rates

The Network UTR calculations provided in Exhibit I-3-1 are updated in Tables 13 through 19. Tables 14 through 16 reflect the revised 2026 revenue requirement for the Line to Pickle Lake, as detailed in Table 11 from Settlement only and Tables 17 through 19 reflect the revised 2026 revenue requirement for the Line to Pickle Lake, as detailed in Table 12.

**Table 13 – Current UTR Calculations
(I-3-1, Table 1)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,788,179.00	\$830,384	\$2,369,529.00	\$7,988,092
CNPI	\$2,785,600	\$483,089	\$1,378,511	\$4,647,200
WPLP	\$43,489,861	\$0	\$0	\$43,489,861
UCT 2	\$75,681,985	\$0	\$0	\$75,681,985
H1N SSM	\$26,007,789	\$4,510,371	\$12,870,489	\$43,388,649
H1N	\$1,280,063,491	\$221,993,543	\$633,465,726	\$2,135,522,760
B2MLP	\$37,647,615	\$0	\$0	\$37,647,615
NRLP	\$8,314,329	\$0	\$0	\$8,314,329
CLLP	\$18,535,124	\$0	\$0	\$18,535,124
All Transmitters	\$1,497,313,973	\$227,817,387	\$650,084,255	\$2,375,215,615
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	193.876	0.000	0.000	
UCT 2	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	230,449.267	223,707.783	190,298.856	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
CLLP	0.000	0.000	0.000	
All Transmitters	234,894.683	227,240.525	191,556.406	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	6.37	1.00	3.39	

	↓	↓	↓	
FNEI	0.00320	0.00364	0.00364	
CNPI	0.00186	0.00212	0.00212	
WPLP	0.02905	0.00000	0.00000	
UCT 2	0.05055	0.00000	0.00000	
H1N SSM	0.01737	0.01980	0.01980	
H1N	0.85490	0.97444	0.97444	
B2MLP	0.02514	0.00000	0.00000	
NRLP	0.00555	0.00000	0.00000	
CLLP	0.01238	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

**Table 14 – Calculation of 2026 UTRs based on Settlement
(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,788,179	\$830,384	\$2,369,529	\$7,988,092
CNPI	\$2,785,600	\$483,089	\$1,378,511	\$4,647,200
WPLP	\$28,939,973	\$0	\$0	\$28,939,973
UCT 2	\$75,681,985	\$0	\$0	\$75,681,985
H1N SSM	\$26,007,789	\$4,510,371	\$12,870,489	\$43,388,649
H1N	\$1,280,063,491	\$221,993,543	\$633,465,726	\$2,135,522,760
B2MLP	\$37,647,615	\$0	\$0	\$37,647,615
NRLP	\$8,314,329	\$0	\$0	\$8,314,329
CLLP	\$18,535,124	\$0	\$0	\$18,535,124
All Transmitters	\$1,482,764,085	\$227,817,387	\$650,084,255	\$2,360,665,727
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	209.974	0.000	0.000	
UCT 2	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	230,449.267	223,707.783	190,298.856	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
CLLP	0.000	0.000	0.000	
All Transmitters	234,910.781	227,240.525	191,556.406	
Transmitter	Uniform Rates and Revenue Allocators			

	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	6.31	1.00	3.39	
	↓	↓	↓	
FNEI	0.00323	0.00364	0.00364	
CNPI	0.00188	0.00212	0.00212	
WPLP	0.01952	0.00000	0.00000	
UCT 2	0.05104	0.00000	0.00000	
H1N SSM	0.01754	0.01980	0.01980	
H1N	0.86329	0.97444	0.97444	
B2MLP	0.02539	0.00000	0.00000	
NRLP	0.00561	0.00000	0.00000	
CLLP	0.01250	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 15 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement
(Update of: I-3-1, Table 3)**

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$0	\$0	\$0	\$0
CNPI	\$0	\$0	\$0	\$0
WPLP	(\$14,549,888)	\$0	\$0	(\$14,549,888)
EWTLP	\$0	\$0	\$0	\$0
H1N SSM	\$0	\$0	\$0	\$0
H1N	\$0	\$0	\$0	\$0
B2MLP	\$0	\$0	\$0	\$0
NRLP	\$0	\$0	\$0	\$0
CLLP	\$0	\$0	\$0	\$0
All Transmitters	(\$14,549,888)	\$0	\$0	(\$14,549,888)
Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	16.098	-	-	
EWTLP	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	

B2MLP	-	-	-	
NRLP	-	-	-	
CLLP	-	-	-	
All Transmitters	16.098	-	-	
Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	(0.06)	0.00	0.00	
	↓	↓	↓	
FNEI	0.00003	0.00000	0.00000	
CNPI	0.00002	0.00000	0.00000	
WPLP	(0.00953)	0.00000	0.00000	
EWTLP	0.00049	0.00000	0.00000	
H1N SSM	0.00017	0.00000	0.00000	
H1N	0.00839	0.00000	0.00000	
B2MLP	0.00025	0.00000	0.00000	
NRLP	0.00006	0.00000	0.00000	
CLLP	0.00012	0.00000	0.00000	
Total of Allocation Factors	0.00000	0.00000	0.00000	

Table 16 – Revenue Reconciliation – UTR Rate based on Settlement
(Update of: I-3-1, Table 4)

2026 Network Charge Determinants (kW)	234,910,781
2026 Network UTR Rate (\$/kW)	\$6.31
2026 WPLP Network Allocation Factor	0.01952
2026 Revenue Forecast	\$28,934,243
2026 WPLP LTPL Revenue Requirement	\$28,939,973
Difference due to Rounding	-\$5,730
	-0.020%

**Table 17 – Calculation of 2026 UTRs based on Settlement and Updated Cost of Capital
(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,788,179	\$830,384	\$2,369,529	\$7,988,092
CNPI	\$2,785,600	\$483,089	\$1,378,511	\$4,647,200
WPLP	\$28,930,547	\$0	\$0	\$28,930,547
EWTLTP	\$75,681,985	\$0	\$0	\$75,681,985
H1N SSM	\$26,007,789	\$4,510,371	\$12,870,489	\$43,388,649
H1N	\$1,280,063,491	\$221,993,543	\$633,465,726	\$2,135,522,760
B2MLP	\$37,647,615	\$0	\$0	\$37,647,615
NRLP	\$8,314,329	\$0	\$0	\$8,314,329
CLLP	\$18,535,124	\$0	\$0	\$18,535,124
All Transmitters	\$1,482,754,659	\$227,817,387	\$650,084,255	\$2,360,656,301
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	209.974	0.000	0.000	
EWTLTP	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	230,449.267	223,707.783	190,298.856	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
CLLP	0.000	0.000	0.000	
All Transmitters	234,910.781	227,240.525	191,556.406	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	6.31	1.00	3.39	
	↓	↓	↓	
FNEI	0.00323	0.00364	0.00364	
CNPI	0.00188	0.00212	0.00212	
WPLP	0.01951	0.00000	0.00000	
EWTLTP	0.05104	0.00000	0.00000	
H1N SSM	0.01754	0.01980	0.01980	
H1N	0.86330	0.97444	0.97444	
B2MLP	0.02539	0.00000	0.00000	
NRLP	0.00561	0.00000	0.00000	

CLLP	0.01250	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Table 18 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement and Updated Cost of Capital (Update of: I-3-1, Table 3)

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	-	-	-	-
CNPI	-	-	-	-
WPLP	(\$14,559,314)	\$0	\$0	(\$14,559,314)
EWTLP	-	-	-	-
H1N SSM	-	-	-	-
H1N	-	-	-	-
B2MLP	-	-	-	-
NRLP	-	-	-	-
CLLP	-	-	-	-
All Transmitters	(\$14,559,314)	\$0	\$0	(\$14,559,314)
Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	16.098	-	-	
EWTLP	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
CLLP	-	-	-	
All Transmitters	16.098	-	-	
Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	(0.06)	0.00	0.00	
	↓	↓	↓	
FNEI	0.00003	0.00000	0.00000	
CNPI	0.00002	0.00000	0.00000	
WPLP	-0.00954	0.00000	0.00000	
EWTLP	0.00049	0.00000	0.00000	
H1N SSM	0.00017	0.00000	0.00000	

H1N	0.00840	0.00000	0.00000	
B2MLP	0.00025	0.00000	0.00000	
NRLP	0.00006	0.00000	0.00000	
CLLP	0.00012	0.00000	0.00000	
Total of Allocation Factors	0.00000	0.00000	0.00000	

Table 19 – Revenue Reconciliation – UTR Rate based on Settlement and Updated Cost of Capital (Update of: I-3-1, Table 4)

2026 Network Charge Determinants (kW)	234,910,781
2026 Network UTR Rate (\$/kW)	\$6.31
2026 WPLP Network Allocation Factor	0.01951
2026 Revenue Forecast	\$28,919,420
2026 WPLP LTPL Revenue Requirement	\$28,930,547
Difference due to Rounding	-\$11,127
	-0.038%

(e) Monthly Fixed Charge to Hydro One Remotes

The monthly fixed charge to Hydro One Remotes will be updated effective January 1, 2026, consistent with the Application.

WPLP’s updated 2026 revenue requirement, based on both the Settlement and updated cost of capital parameters, attributable to the Remote Connection Lines is \$99,880,092. Recovering this amount over a 12-month period results in a fixed monthly charge of \$8,323,341, which will apply for each month from January 2026 to December 2026.

(f) Bill Impacts

Exhibit I-4-1 provided detailed bill impact analysis related to WPLP’s 2026 revenue requirement for typical residential, general service and transmission-connected customers. All of the bill impact tables from Exhibit I-4-1 have been updated below to reflect the revised and updated revenue requirement presented in this Attachment.

Table 20 – Summary of Total 2026 Bill Impact
(Update of: I-4-1, Table 1)

Item	Description	Settlement Amount ¹²		Settlement and Cost of Capital Amount ¹³	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$139.89	\$433.78	\$139.89 ¹⁴	\$433.78 ¹⁵
B	Increase related to Network RTSR	(\$0.10)	(\$0.22)	(\$0.10)	(\$0.22)
C	Increase related to RRRP rate	(\$0.16)	(\$0.44)	(\$0.16)	(\$0.44)
D = B + C	Total bill increase	(\$0.26)	(\$0.65)	(\$0.26)	(\$0.65)
E = D / A	Bill impact (%)	(0.19%)	(0.15%)	(0.19%)	(0.15%)

Table 21 – Bill Impact – Line to Pickle Lake
(Update of: I-4-1, Table 2)

Item	Description	Settlement Amount		Settlement and Cost of Capital Amount	
		Residential	General Service	Residential	General Service
A	Typical monthly bill (see Table 1)	\$139.89	\$433.78	\$139.89	\$433.78
B	Portion of bill related to Network RTSR	\$10.32	\$22.12	\$10.32 ¹⁶	\$22.12 ¹⁷
C	Increase in Network UTR	(0.98%)	(0.98%)	(0.98%)	(0.98%)
D = B x C	Bill increase	(\$0.10)	(\$0.22)	(\$0.10)	(\$0.22)
E = D / A	Bill impact (%)	(0.07%)	(0.05%)	(0.07%)	(0.05%)

¹² All amounts are inclusive of 13% HST and the Ontario Electricity Rebate.

¹³ All amounts are inclusive of 13% HST and the Ontario Electricity Rebate.

¹⁴ Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB’s online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at April 30, 2025.

¹⁵ Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB’s online bill calculator, as at April 30, 2025.

¹⁶ HONI R1 Network RTSR Rate of \$0.0128/kWh * 750 kWh * 1.076 loss factor = \$10.3296 (\$10.32 after 13% HST and 13.1% Ontario Electricity Rebate).

¹⁷ HONI GSe Network RTSR Rate of \$0.0101/kWh * 2000 kWh * 1.096 loss factor = \$22.1392 (\$22.12 after 13% HST and 13.1% Ontario Electricity Rebate)

**Table 22 – RRRP Rate Calculation Based on Settlement
(Update of: I-4-1, Table 3)**

	2025	2026	Change
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$18,545,600	\$18,545,600	\$0
Hydro One Remote Communities Inc.	\$50,138,000	\$50,138,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$132,731,158	\$99,907,854	-\$32,823,304
Total RRRP Funding Required¹⁸	\$203,014,758	\$170,191,454	-\$32,823,304
Ontario TWh	140.5	140.5	0
RRRP Rate (Calculated)	\$0.001445	\$0.001211	-\$0.000234
RRRP Rate (Rounded to 4 Decimals)	\$0.0014	\$0.0012	-\$0.0002

**Table 23 – RRRP Rate Calculation Based on Settlement and Cost of Capital Update
(Update of: I-4-1, Table 3)**

	2025	2026	Change
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$18,545,600	\$18,545,600	\$0
Hydro One Remote Communities Inc.	\$50,138,000	\$50,138,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$132,731,158	\$99,880,092	-\$32,851,066
Total RRRP Funding Required¹⁹	\$203,014,758	\$170,163,692	-\$32,851,066
Ontario TWh	140.5	140.5	0
RRRP Rate (Calculated)	\$0.001445	\$0.001211	-\$0.000234

¹⁸ RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2026 RRRP funding requirements for parties other than WPLP have been held constant from 2025 to 2026 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2026 RRRP funding for other parties when it determines the 2026 RRRP rate in due course.

¹⁹ RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2026 RRRP funding requirements for parties other than WPLP have been held constant from 2025 to 2026 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2026 RRRP funding for other parties when it determines the 2026 RRRP rate in due course.

RRRP Rate (Rounded to 4 Decimals)	\$0.0014	\$0.0012	-\$0.0002
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Table 24 – RRRP Bill Impact Calculation Based on Settlement
(Update of I-4-1, Table 4)

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$139.89	\$433.78
B	RRRP rate increase (\$/kWh)	(\$0.0002)	(\$0.0002)
$C = \text{kWh} * 1.076/1.096$	Uplifted consumption (kWh)	807	2,192
$D = B * C$	Bill increase due to RRRP	(\$0.16)	(\$0.44)
$E = D * (1 + 0.13 - 0.131)$	Bill increase adjusted for HST and OER	(\$0.16)	(\$0.44)
F	Bill impact (%)	(0.12%)	(0.10%)

Table 25 – RRRP Bill Impact Calculation Based on Settlement and Cost of Capital Update
(Update of I-4-1, Table 4)

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$139.89	\$433.78
B	RRRP rate increase (\$/kWh)	(\$0.0002)	(\$0.0002)
$C = \text{kWh} * 1.076/1.096$	Uplifted consumption (kWh)	807	2,192
$D = B * C$	Bill increase due to RRRP	(\$0.16)	(\$0.44)
$E = D * (1 + 0.13 - 0.131)$	Bill increase adjusted for HST and OER	(\$0.16)	(\$0.44)
F	Bill impact (%)	(0.12%)	(0.10%)

Table 26 – Transmission-Connected Customer Bill Impacts
(Update of: I-4-1, Table 5)

Item	Description	Settlement Amount	Settlement and Cost of Capital Amount
A	Total Wholesale Market Charges (\$/MWh)	125.00	125.00
B	Total Wholesale Transmission Charges (\$/MWh)	15.66	15.66
C = B / A	Transmission % of Total Bill	12.53%	12.53%
D	% Increase in Transmission Revenue Requirement	(0.61%)	(0.61%)
E = C * D	% Bill Increase from Line to Pickle Lake	(0.08%)	(0.08%)
F	Total RRRP Charges (\$/MWh)	1.40	1.40
G = F / A	RRRP % of Total Bill	1.12%	1.12%
H	% Increase in RRRP Rate	(14%)	(14%)
I = G * H	% Bill Increase from Remote Connection Lines	(0.16%)	(0.16%)
J = E + I	Total % Bill Increase	(0.24%)	(0.24%)

ATTACHMENT ‘B’

Draft Updated Accounting Order for the OM&A Variance Account

DRAFT MODIFIED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP

OM&A VARIANCE ACCOUNT (“OMAVA”)

Wataynikaneyap Power LP (“WPLP”) shall modify the existing “Construction Period OM&A Variance Account” established in EB-2022-0149 to record the difference between forecast and actual OM&A costs during the period that WPLP’s transmission project is under construction. The Construction Period OM&A Variance Account (as it was then named) shall continue, subject to the modifications (a) in EB-2024-0176 that (i) WPLP shall continue to record variances between approved and actual OM&A amounts in 2025 notwithstanding the completion of the construction period in 2024, and (ii) this account shall be renamed as the “OM&A Variance Account” (“OMAVA”); and (b) in EB-2025-0192, that (i) WPLP shall continue to record any variances between the approved and actual OM&A amounts in 2026, and (ii) for 2026 the OMAVA will be symmetrical up to a maximum positive variance amount of \$2,124,000 (i.e. the actual 2026 OM&A is higher than the approved 2026 OM&A envelope of \$34,150,000 by \$2,124,000).

For clarity, the account will be symmetrical and the amounts eligible to be recorded in the OMAVA will be the differences, if any, between WPLP’s actual OM&A expenses and the OEB-approved OM&A expenses for the corresponding year (in each case excluding depreciation expense and income tax expense), until December 31, 2026, up to a maximum positive variance amount of \$2,124,000 (i.e. the actual 2026 OM&A is higher than the approved 2026 OM&A envelope of \$34,150,000 by \$2,124,000). To this end, the following outcomes are possible: (a) if actual OM&A expenses are below WPLP’s approved OM&A envelope amount for 2026, the variance will be recorded for the benefit of ratepayers, and such shortfall together with applicable interest on the principal balance recorded, will be returned to ratepayers in a future rate proceeding; or (b) if actual OM&A expenses are greater than WPLP’s approved OM&A envelope amount of \$34,150,000 for 2026, the variance will be recorded for the benefit of WPLP, subject to a cap of \$2,124,000, and such variance amount together with applicable interest on the principal balance recorded, will be recoverable by WPLP in a future rate proceeding, subject to satisfactory prudence

review. WPLP shall not record any amounts in the account in respect of OM&A expenses in excess of the cap, which reflects total OM&A for 2026 of \$36,274,000.

The account will be continued as Account 1508, Other Regulatory Assets – Sub Account “OM&A Variance Account”, effective January 1, 2023. The modifications described in the above paragraph are applicable only for 2026 and effective January 1, 2026. WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the OMAVA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connections Lines.

The balance in this account will be brought forward for a prudence review and disposition in a future proceeding.

The following outlines the proposed accounting entries for this account:

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “OM&A Variance Account”
DR 4110	Transmission Service Revenue

- *To record the difference between forecasted OM&A as approved by the OEB and actual OM&A in the corresponding year.*

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “OM&A Variance Account”
DR 6035	Other Interest Expense

- *To record interest on the principal balance of the variance account*

ATTACHMENT ‘C’

WPLP Responses to OEB Staff Clarification Questions

Wataynikaneyap Power LP (WPLP)
2026 Transmission Rate Application
EB-2025-0192
OEB Staff Clarification Questions

Please note, WPLP 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*.

Clarification Question-1

Ref 1: WPLP’s Response to Staff-10 e)

Ref 2: Exhibit B-1-4, page 10

Preamble

Staff IR-10 e) states “Please explain any differences between the scope or costs of the historical pole replacements and the proposed replacements.” At Reference 1, WPLP’s response shows that the average cost of pole replacement in 2024 was \$163,227. WPLP’s response “highlights the efficiencies WPLP has explored” in its pole replacement program. Reference 2 states that WPLP intends to replace four poles in 2026 at a cost of \$800,000, or an average cost of \$200,000 per pole.

Question(s)

- a) For clarity, please explain in detail the factors, in addition to inflation, that caused the average cost of pole replacement in 2026 to be approximately \$37,000 (or 22.5%) greater, than the average cost of pole replacement in 2024.

Response(s)

- a) The factors, in addition to inflation, that caused the average cost per composite pole replacement in 2026 to be greater than the average cost for composite pole replacements in 2024 are additional mobilization and demobilization costs. The poles that are required to be replaced may not be within the same area and will need to be completed during the same planned outage, resulting in the need for multiple teams to complete the work within the required time. As it relates to 2024, the 2 pole replacements were consistent with the assumption underlying

the estimate for 2026 in that they were replaced during the same scheduled outage, were subject to access constraints and required rock foundations. However, the poles replaced in 2024 were geographically close and, as such, required only 1 crew and set of equipment to complete the scope, thereby minimizing the cost of mobilization and demobilization and reducing the cost per pole below the level estimated for 2026.

Clarification Question-2

Ref 1: WPLP’s Response to Staff-19 b) iii

Ref 2: Chapter 2 Filing Requirements, section 2.6.2

Preamble

Section 2.6.2 of the Filing Requirements states that the applicant should compare the results for its system performance to those of other systems both nationally and internationally, where available. The applicant must also document how it has addressed the performance standards for transmitters as set out in Chapter 4 of the Transmission System Code (TSC).

Question(s)

- a) In Reference 1, WPLP stated that it would be in a position to provide the proposed performance standards in its 2032 test year application. In the applications for test years before 2032, what is WPLP’s plan to satisfy section 2.6.2 of Chapter 2 Filing Requirements? How will WPLP review/evaluate its reliability performance in those rate applications?

Response(s)

- a) WPLP plans to file a multi-year application for a 2027 test year covering the 2027-2031 rate-setting period. Given that this application would be filed early in 2026, WPLP would only have a single year of actual reliability performance for its entire transmission system, being the 2025 calendar year. In that application, WPLP will provide similar reliability performance analysis for all historical years, which cover various stages of placing the transmission system into service plus the full system performance for 2025. Without having multiple years of full system actual reliability results (preferably 5-10 years), WPLP will be in a position to discuss the drivers of historical performance, but will not yet be in a position to develop the specific forward-looking delivery point performance standards contemplated in Section 4 of the TSC that are referenced in Section 2.6.2 of the

Filing Requirements. With respect to the portion of Section 2.6.2 of the Filing Requirements that states: “The applicant should compare the results for its system performance to those of other systems both nationally and internationally, where available.” WPLP has been unable to find a transmitter with comparable circumstances for the purpose of comparing its reliability performance and does not anticipate being able to provide a meaningful comparison of reliability results to other Canadian or international transmitters in a future application.

Clarification Question-3

Ref: WPLP’s Response to Staff-20

Question(s)

- a) In response to Staff-20 a), WPLP stated that it is unable to determine if or when it will be able to file a load forecast based on weather-normalized data. In response to Staff-20 c), WPLP noted that it will be able to test the viability of both weather-normalized load forecast models and normalized average use per customer models, once several years of granular grid-connected consumption data is available for all delivery points.

Please clarify whether or not WPLP plans to acquire corresponding dataset and establish a weather-normalized load forecast model.

- b) On page 4 of Exhibit E-1-1, WPLP stated that it expects to develop a more robust load forecasting method as it acquires a suitable amount of historical consumption data, over at least two years, for the grid-connected communities. In response to Staff-20 b), WPLP noted that it has worked with HORCI to acquire consumption data annually for each connected community and it plans to establish a dataset of metered delivery point data starting with 2025 calendar year.

Please confirm, in WPLP’s plan, how many years of (and which years’) data is needed for developing the more robust load forecast model. Does the above noted dataset (starting with 2025 calendar year’s data) include weather data required for the weather-normalized load forecast model? In which calendar year will this model be established?

- c) If WPLP’s answer to part a) is no, does WPLP intend to implement any alternatives to ensure the accuracy and reliability of its load forecasts?

Response(s)

- a) WPLP plans to acquire corresponding datasets (load data and publicly available weather data) and determine if correlation between weather data and system loading is statistically significant for the purpose of establishing a weather-normalized load forecast model based on publicly available weather data.
- b) WPLP will need at least 2 full years of delivery points granular grid-connected consumption data to begin testing viability of both weather-normalized load forecast models and normalized average use per customer models. This process will begin in 2026, using data that is available for the 2025 calendar year and would continue into 2027 using 2026 data. The timing for establishing the model will depend on whether and when a statistically significant correlation can be established using publicly available weather data.
- c) Not applicable

Clarification Question-4

Ref: WPLP's Response to Staff-22

Preamble

WPLP provided the following table in response to Staff-22

OM&A Expenses (\$000's)					
	2022 (EB-2021-0134)	2023 (EB-2022-0149)	2024 (EB-2023-0168)	2025 (EB-2024-0176)	2026 (EB-2025-0192)
Proposed (A)	9,441	20,920	30,984	34,715	38,354
OEB-Approved	9,441	19,874	29,435	33,572	N/A
Actual (B)	3,956	14,534	25,084	August Actuals: 16,711 Remaining Forecast: 16,861	N/A
% OM&A Over-estimated (C=(A-B)/B)	139%	44%	24%	3%	N/A

Question(s)

- a) OEB staff noted a typo in 2025 Proposed figure – it should be 35,715 instead of 34,715. Please confirm the corrected table as below:

OM&A Expenses (\$000's)					
	2022 (EB-2021-0134)	2023 (EB-2022-0149)	2024 (EB-2023-0168)	2025 (EB-2024-0176)	2026 (EB-2025-0192)
Proposed (A)	9,441	20,920	30,984	35,715	38,354
OEB-Approved	9,441	19,874	29,435	33,572	N/A
Actual (B)	3,956	14,534	25,084	August Actuals: 16,711 Remaining Forecast: 16,861	N/A
% OM&A Over-estimated (C=(A-B)/B)	139%	44%	24%	6%	N/A

- b) WPLP provided its first eight months' actual OM&A expenses for 2025 in amount of \$16,711k. In average, WPLP spent \$2,089 per month in first eight months in 2025. Assuming under the same average spending level, the remaining four months' forecast would be \$8,356. Please confirm the figures in the 2025 column in the following table for the scenario that the last four months' spending is forecasted at the average spending level of the first eight months' actual.

OM&A Expenses (\$000's)					
	2022 (EB-2021-0134)	2023 (EB-2022-0149)	2024 (EB-2023-0168)	2025 (EB-2024-0176)	2026 (EB-2025-0192)
Proposed (A)	9,441	20,920	30,984	35,715	38,354
OEB-Approved	9,441	19,874	29,435	33,572	N/A
Actual (B)	3,956	14,534	25,084	August Actuals: 16,711 Remaining Forecast: 8,356	N/A
% OM&A Over-estimated (C=(A-B)/B)	139%	44%	24%	43%	N/A

Response(s)

- a) Confirmed.
- b) WPLP confirms that the remaining forecast would be \$8,356 under a hypothetical scenario where the last four months’ spending is forecasted at the average spending level of the first eight months actual. However, WPLP notes that this scenario would not provide an appropriate forecast as it would inappropriately assume work is consistent month over month, and given the significant work occurring in Q3 and Q4 of the year, partially a result of wildfires during the summer, WPLP expects higher spend in the remaining 4 months, aligned with its forecast.

Clarification Question-5

Ref: WPLP’s Response to Staff-32 b)

Preamble

Per the table provided in Ref 1, OEB staff notes the income taxes (gross up) amount \$596,325 (H) was calculated based on dividing target ROE by depreciation expense and interest expense:

Formular: $H = \text{Target ROE} / (1 - (\text{Depreciation expense} \times \text{Interest Expense}))$

	Ref	WPLP
OM&A	A	38,353,810
Depreciation Expense	B	26,863,558
Interest Expense	C	33,790,462
Target ROE	D	44,477,388
Adj to Taxable Income		
Tax Rate	E	2.7%
% Taxable	F	49.0%
Income Taxes	G = D x E x F	588,436
Income Taxes (Grossed Up)	H = D / (1 - (B x C))	596,325

Question(s)

- a) Please confirm the formular observed by OEB staff above.
 - i. If a) is confirmed, please explain why WPLP calculates gross-up income tax by dividing target ROE through depreciation expense and interest expense.
 - ii. If a) is not confirmed, please explain and show the calculation of how the gross-up income tax is calculated.

Response(s)

- a) Not confirmed. The referenced formula is an error. The correct formula used is $H=G/(1-(ExF))$ or $\text{Income Taxes} / (1-(\text{Tax Rate} \times \% \text{ Taxable}))$.

Clarification Question-6

Ref: WPLP’s Response to Staff-39

Preamble

WPLP provides the continuity schedule of variance accounts relating to the DSTDR and ROE and states that it will seek disposition of both accounts in the 2027 test year once 2025 balance gets audited.

Question(s)

- a) Please confirm WPLP has applied the final Cost of Capital parameters established in Decision and Order²⁰ in this application for 2026 rates.
- i. If a) is confirmed, please confirm WPLP is not going to add principal additions to the variance account of DSTDR and ROE in 2026.
 - ii. If a) is not confirmed, please provide rationale and clarify the proposal of applying cost of capital parameters in this application.

Response(s)

- a) Confirmed. WPLP has applied the final Cost of Capital parameters established in the Decision and Order from EB-2024-0063 for purposes of this application for 2026 rates. WPLP further confirms that it is not going to add principal additions to the variance account for DSTDR and ROE in 2026.

Clarification Question-7

Ref: WPLP’s Response to Staff-42 a)

Preamble

In the Reference, WPLP states that there are costs in addition to the interim change order of \$90 million that have not been recognized by WPLP given status of commercial discussions.

²⁰ EB-2024-0063, Decision and Order/March 27, 2025/p.1

Question(s)

- a) Please provide estimation of this amount which hasn't been recognized by WPLP so far.
- b) Please clarify whether this additional cost will be disposed together with the current \$90 million in the 2027 rate application.

Response(s)

- a) At this time WPLP is not in a position to provide an estimation of the amount which has not been recognized by WPLP. Such information is subject to settlement privilege, and potentially solicitor-client privilege, in connection with its ongoing commercial discussions, and its disclosure could prejudice WPLP's position in those discussions. Moreover, this information is not necessary for purposes of considering the issues in the current proceeding.
- b) WPLP confirms it will seek disposition of the additional amount together with the current \$90 million in the 2027 rate application if settlement can be achieved on the timelines noted in response to Board Staff 1(b). The timeline for disposition if settlement is not achieved is provided in response to Board staff 1(d).

Clarification Question-8

Ref 1: WPLP's Response to Staff-38

Ref 2: WPLP_IRR_Staff 38_Att 1_20251003

Preamble

OEB staff notes the forecasted carrying charge of In-Service Date Variance Account in Ref 2 has not been updated based on OEB's published interest rate for Q3 and Q4 2025. It is still \$290,157 which is the same as the pre-filed evidence.

Question(s)

- a) Please update the forecasted carrying charge of In-Service Date Variance Account and resubmit the updated DVA Continuity Tables.
- b) Please update the forecast carrying charges in Table 1 - Deferral Account Disposition Continuity in H-2-1 based on the OEB's published interest rate.
- c) Please reconcile b) with a)-update DVA Continuity Tables.

Response(s)

- a) Please see attached updated DVA Continuity Tables with forecasted carrying charges for In-Service Date Variance Account.
- b) Please see Table 1 – Deferral Account Disposition Continuity from H-2-1 updated based on OEB’s published interest rates.

Table 1 - Deferral Account Disposition Continuity Updated

	Audited 2024 Balance²¹	Forecasted Carrying Charges²²	2025 Application Recovery	Adjusted Balance	Net Amount Disposition to LTPL²³	Net Amount Disposition to RCL³
Pikangikum Distribution System Deferral Account	\$693,127	\$11,263	(\$708,178)	(\$3,788)	0	(\$3,788)
In-Service Date Variance Account	\$5,532,231	\$274,615	\$724,235	\$6,531,081	(\$224,219)	\$6,755,300
Construction Period Interest Costs Variance Account	\$23,064,350	\$433,244	(\$21,770,683)	\$1,726,911	\$330,802	\$1,396,109
Deferred Contingency Deferral Account	\$256,386	\$6,164	(\$196,794)	\$65,756	\$13,218	\$52,539
COVID Construction Costs Deferral Account	\$4,953,066	\$77,276	(\$5,056,324)	(\$25,982)	(\$18,117)	(\$7,865)
OM&A Variance Account	(\$9,954,705)	(\$300,126)	\$5,730,870	(\$4,523,961)	(\$1,949,360)	(\$2,574,601)
Federal CIAC Variance Account	(\$14,137,677)	(\$662,245)	-	(\$14,799,922)	0	(\$14,799,922)
	\$10,406,778	(\$159,809)	(\$21,276,874)	(\$11,029,905)	(\$1,847,677)	(\$9,182,229)

²¹ Audited balances include carrying charges.

²² Forecasted carrying charges for 2025 and 2026 as applicable.

²³ Disposition amounts for LTPL and RCL total 100% of adjusted account balances.

- c) Please see table below reconciling forecasted carrying charges from table 1, above and Interest Additions included in DVA Continuity excel.

	Forecasted Carrying Charges from Table 1	Interest Additions 2025/2026	Ref DVA Continuity Excel
Pikangikum Distribution System Deferral Account	\$11,263	\$11,263	Sum Row 14
In-Service Date Variance Account	\$274,615	\$274,615	Sum Row 34
Construction Period Interest Costs Variance Account	\$433,244	\$433,244	Sum Row 54
Deferred Contingency Deferral Account	\$6,164	\$6,164	Sum Row 74
COVID Construction Costs Deferral Account	\$77,276	\$77,276	Sum Row 94
OM&A Variance Account	(\$300,126)	(\$300,126)	Sum Row 114
Federal CIAC Variance Account	(\$662,245)	(\$662,245)	Sum Row 135
	(\$159,809)	(\$159,809)	

Clarification Question-9

Ref 1: WPLP's Response to Clarification Question 4 b)

Ref 2: WPLP's Response to Staff-22 b)

Preamble

In Reference 1, WPLP confirmed that the remaining forecast (for September to December 2025) would be \$8,356 under a hypothetical scenario where the last four months' OM&A spending is at the average spending level of the first eight months actual. WPLP also noted that given the significant work occurring in Q3 and Q4 of the year, partially a result of wildfires during the summer, WPLP expects higher spend in the remaining four months, aligned with its forecast.

Question(s)

- a) For September to December of 2025, please provide a list of work/project/expenses (activities with OM&A expenses) that have occurred, are occurring and/or are planned to occur, with associated actual/forecast costs. Please note that the forecast cost can be estimated based on best available information. The response can be provided in a table format similar to the following one:

Category of Expense (work/project/activity/expense)	Cost
Total	

b) As below, OEB staff added a row for OM&A dollar over-estimated in the table provided in Reference 1.

OM&A Expenses (\$000's)					
	2022 (EB- 2021-0134)	2023 (EB- 2022-0149)	2024 (EB- 2023-0168)	2025 (EB- 2024-0176)	2026 (EB- 2025-0192)
Proposed (A)	9,441	20,920	30,984	35,715	38,354
OEB-Approved	9,441	19,874	29,435	33,572	N/A
Actual (B)	3,956	14,534	25,084	August Actuals: 16,711 Remaining Forecast: 8,356	N/A
\$ OM&A Over-estimated (A-B)	5,485	6,386	5,900	10,648	N/A
% OM&A Over-estimated (C=(A-B)/B)	139%	44%	24%	43%	N/A

As shown in this table, although the percentage of OM&A over-estimated decreased from 2022 to 2024, the magnitude of the over-estimation has not changed significantly (\$5,485k, \$6,386k and \$5,900k).

- i. Please briefly discuss, for each of the three years, what the main reasons/causes for the significant amount of OM&A over-estimated are. (Please note that WPLP's response should not only provide a breakdown of the amount over-estimated, but should also focus on discussing the reasons/factors that impacted the quality/accuracy of the budgeting.)
 - ii. Please discuss if any reasons/factors provided in part i above do not impact WPLP in its current OM&A budget process for 2026, and why.
- c) In Reference 2, WPLP noted that with "its transmission project assets are fully in service and there not contractors within the remote project footprint, WPLP expects its operating costs to be in line with forecasts."

Please elaborate and explain the reasons for the above statement.

- d) WPLP outlined its OM&A budget process in response to Staff-25. It's noted that this response is same as the response that WPLP provided in last year's proceeding for 2025 rates (EB-2024-0176) for Staff-34. Please confirm that WPLP has been taking the same bottom-up budgeting approach since for test year 2022.

Response(s)

- a) Please see list of work/project/expenses (activities with OM&A expenses) that have occurred, are occurring and/or are planned to occur, with associated actual/forecast costs provided below:

Category of Expense (work/project/activity/expense)	Cost (\$000s)
Direct O&M Labour and Department Costs	858
Controlling Authority (3rd Party)	928
Substation and Line Routine Maintenance	2,024
Emergency Response	2,307
Forestry	212
Environmental	1,537
Other (Material, Fleet, Insurance)	482
Labour and Departmental Costs	3,208
Indigenous Engagement and Participation	1,904
Total Estimate	13,461

This will result in 90% of WPLP approved OM&A envelope spent for 2025. The main driver of savings expected in 2025 is the emergency response provisional amount, which is dependent on weather and wildfire activity during the year.

- b) Please see responses below for each year for part i:

Drivers of savings in 2022 were a result of (1) when assets were brought into service and the limited indirect costs that were attributed to operations (\$3.4M) and (2) the delayed energization required less operating inspections and no emergency response requirements in 2022 (\$2.1M). WPLP had no prior operating experience for the project area when the initial segments of the project went into service in 2022, which made it challenging to accurately forecast its future operating costs.

Drivers of savings in 2023 were a result of (1) reduced Indigenous Engagement and Participation as the team re-visited programming to best suit operational requirements including its understanding of evolving First Nation expectations, reducing training programs from 9 to 2 (\$1M); (2) savings with our O&M service providers based on refinement of our HONI operating agreement for control room services, emergency/reactive costs and underspend in vegetation management requirements based information from aerial inspections on transmission lines and deferred start to substation weeding program (\$3.7M); and (3) remaining savings in labour, department costs and other consultant costs (\$1.7M). WPLP had little prior operating experience for the project area when the relevant segments of the project went into service in 2023, which made it challenging to accurately forecast its future operating costs.

Significant drivers of savings in 2024 were a result of (1) savings on Indigenous Engagement and Participation as the team continued to refine its operational support requirements including its understanding of evolving First Nation expectations (\$1.5M); (2) savings as a result of our emergency/reactive costs and travel costs related to helicopter use (\$2.5M), and (3) remaining savings in labour, department costs and other consultant costs (\$1.9M).

As it relates to Part ii, the list below provides background for why drivers of savings are not applicable for 2026:

- (1) In-service Dates – in-service date drivers are mitigated in 2026 as all assets are now fully in service
- (2) Indigenous Engagement and Participation – WPLP has revisited the programs required for operations, including based on its understanding of evolving First Nation expectations, and adjusted the budget for 2026 in line with forecasted spend and planned scopes carried out in the 2025 program.
- (3) Emergency Response – Emergency response provision has been reviewed based on historical requirements and was adjusted down from the filed amount in the 2025 application \$3.6M to \$2.9M.
- (4) Vegetation Management – Given the time between right-of-way clearing and substation construction WPLP will need to conduct a significant ramp up in Vegetation management activities brushing and substation weeding.
- (5) Labour and Department Costs – Significant portion of these savings are a result of labour savings as WPLP continued to work on the operating team requirements. WPLP has established the required complement of staff to operate the utility and identified the required resource additions.

- c) While WPLP was in the construction and operations phase, its operations team was able to make use of existing worker accommodations and available capacity on flights to the project area through the contractor which enabled WPLP to reduce its operational costs. With the EPC contractor out of the field, WPLP is required to obtain these services and will therefore no longer be able to reduce its operational costs in this manner.

- d) WPLP confirms it continues to use a similar bottom-up approach with additional consideration for historical spends and pricing from the work WPLP has incurred for operations. WPLP has made adjustments to its budget assumptions from the amount submitted as part of the 2025 rate application. The 2026 forecasted amount from the 2025 filed OM&A envelope showed an increase of only \$2.6M which is a result of (i) additional Vegetation management costs as these field activities ramp up (\$3.6M), partially offset by (ii) reduction to Emergency response by \$0.6M, and (iii) reduction in Indigenous Engagement/Participation of \$0.4M based on WPLP’s revisited Engagement/Participation operational requirements.