



DECISION AND ORDER

EB-2025-0157

CHATHAM X LAKESHORE LIMITED PARTNERSHIP

**One-Time Update Application – 2026-2029
Transmission Revenue Requirement**

BEFORE: Anthony Ziahtic
Presiding Commissioner

Robert Dodds
Commissioner

Patrick Moran
Commissioner

December 16, 2025

TABLE OF CONTENTS

1 OVERVIEW 1

2 CONTEXT AND PROCESS 2

3 DECISION 3

3.1 UPDATE TO RATE BASE 3

3.2 DISPOSITION OF THE CLLPVA BALANCE 3

**3.3 REVISED LONG-TERM DEBT AND UPDATE TO 2026-2029 REVENUE
REQUIREMENT 4**

4 ORDER 7

SCHEDULE A 8

1 OVERVIEW

Chatham x Lakeshore Limited Partnership's (CLLP) application for 2026-2029 updated transmission revenue requirements, pursuant to section 78 of the *Ontario Energy Board Act, 1998 (Act)*, is approved for the reasons set out below.

As a result of the OEB's findings in this Decision and Order, CLLP's total revenue requirement for the 2026-2029 period will decrease from \$66.14 million to \$65.79 million, benefiting transmission customers. Overall, customer bills between 2026-2029 will be lower than those projected under the previously approved revenue requirement.¹

¹ EB-2024-0216.

2 CONTEXT AND PROCESS

CLLP is a partnership among Chatham x Lakeshore GP Inc., Hydro One Networks Inc. (Hydro One), and up to five First Nations that have been offered equity partnerships, including Aamjiwnaang First Nation, Caldwell First Nation, Chippewas of the Thames First Nation, Chippewas of Kettle and Stony Point First Nation, and Walpole Island First Nation.² The First Nations partners have been collectively offered a 49.995% ownership interest in the line through Hydro One's First Nations Equity Partnership model. CLLP has advised that two First Nations have purchased units totaling just under 10% each. Hydro One remains the owner of the other approximately 30% of the units allocated to First Nations until those communities move forward with their purchase option.³

CLLP is an OEB-licensed and rate-regulated transmitter that owns a 49 km 230kV double circuit line, placed into service on December 17, 2024, that terminates just southwest of Chatham SS, and just northeast of Lakeshore TS.⁴ The revenue requirement is allocated to the provincial Network rate pool.

The OEB sets rates for rate-regulated electricity transmitters in Ontario by setting the revenue requirement for each transmitter. These individual transmission revenue requirements are incorporated into the Uniform Transmission Rates (UTRs) that are recovered from ratepayers across the province.

In the OEB's Decision on the Settlement Proposal and Order regarding CLLP's 2025-2029 Revenue Requirement Application, the OEB approved the revenue requirement framework which includes a one-time update application in 2025 to update the following: (i) an update to rate base to reflect actual project expenditures; (ii) disposition of the CxL Transmission Line Revenue Requirement Variance Account (CLLPVA); (iii) an update to the cost of long term debt for actual debt issuances in 2025; and (iv) an update to set revenue requirements from 2026 to 2029.⁵

CLLP filed this update application on August 21, 2025.

CLLP's application was supported by pre-filed written evidence. OEB staff filed interrogatories on October 3, 2025, and CLLP filed its responses on October 14, 2025. OEB staff filed its written submission on October 22, 2025, and CLLP filed its reply submission on October 30, 2025.

² Decision and Order, EB-2024-0216, pg. 1.

³ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory – 01 a).

⁴ EB-2025-0157, Exhibit A-2-1, Page 1 of 6.

⁵ Decision and Order, EB-2024-0216, pg. 6.

3 DECISION

3.1 Update to Rate Base

CLLP requested an update to its rate base to reflect actual project expenditures at the in-service date and the inclusion of the 2025 final trailing cost. In its 2025–2029 revenue requirement application, CLLP estimated a 2024 rate base of \$200.21 million and projected trailing costs of \$4.89 million for 2025, bringing the total estimated project cost to \$205.1 million.⁶

CLLP's transmission line was placed into service on December 17, 2024, for \$202.9M. An additional other trailing cost of \$0.67M was incurred in 2024. The 2025 final trailing cost incurred is \$4.62M, which brings the total project cost including trailing cost to \$208.28 million. The difference between the estimated and actual project cost is due to the 2024 additional other trailing costs incurred and the 2025 trailing cost forecasts variance. The variance is mainly driven by remediation and claims, and biodiversity-related expenses incurred to meet Environmental Assessment requirements.⁷

In its submission, OEB staff noted that it has no concerns regarding the difference between the estimated trailing cost and the actual trailing cost incurred in 2025, nor with the overall project cost. OEB staff supported CLLP's request to adjust the rate base accordingly.

Findings

The OEB finds that the final \$4.62M of project trailing costs were prudently incurred and accordingly approves a total project cost of \$208.28 million.

3.2 Disposition of the CLLPVA Balance

CLLP requested to dispose of the balance in the CLLPVA. The CLLPVA balance reflects the difference between the revenue requirement associated with the actual rate base and approved rate base for 2025.

Based on the final update for the project costs, the updated CLLPVA balance is \$211,413, which reflects the difference between approved (\$16.74 million) and actual (\$16.95 million) 2025 base revenue requirement. As noted previously, the estimated and actual project cost variance is mainly driven by the remediation and claims, and

⁶ Decision and Order, EB-2024-0216, Attachment 1, Page 1 of 1.

⁷ OEB Staff Submission, EB-2025-0157, pg. 2.

cost relates to biodiversity to meet Environmental Assessment requirements.

CLLP did not include a carrying charge on the \$211,413 CLLPVA balance as it considered the amount to be immaterial.⁸ OEB staff concurred with this approach in its submission.

In an interrogatory response, CLLP stated that it does not intend to use the CLLPVA in the future and requested that the account be discontinued.⁹ The disposition of the account balance will result in an increase in 2026 revenue requirement of \$211,413.

OEB staff had no concerns with CLLP's requests to dispose of the balance of the CLLPVA and discontinue the account.

Findings

The OEB approves CLLP's disposition of the \$211,413 CLLPVA and discontinuance of the account as proposed.

3.3 Revised Long-Term Debt and Update to 2026-2029 Revenue Requirement

The 2026 weighted average long-term debt rate assumed in the 2025-2029 revenue requirement application draft rate order was 4.58%. As a result of actual long-term debt issuances in February 2025, the updated 2026 weighted average long-term debt rate is 4.31%.¹⁰ This rate will remain fixed for the remainder of the rate period. Details on the long-term debt instruments that support CLLP's application are provided at Schedule A to this Decision and Order. Table 1 outlines the previously approved 2026-2029 revenue requirement for CLLP and the updated 2026-2029 revenue requirement reflecting: (i) updated total project cost including trailing cost of \$208.28M; (ii) disposition of the CLLPVA of \$211,413; (iii) an update to the cost of long term debt for actual debt issuances in 2025.

The update results in a slight decrease in 2026-2029 revenue requirement overall. CLLP's total revenue requirement for the 2026-2029 period will decrease from \$66.14 million to \$65.79 million.

⁸ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory – 02 d).

⁹ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory – 02 a) and b).

¹⁰ OEB Staff Submission, EB-2025-0157, pg. 5.

Table 1: Updated 2026-2029 Revenue Requirement (\$M)¹¹

(\$ in millions)	EB-2024-0216 Settlement				Change to Cost of Capital Parameters based on Updated Trailing Costs				Updated Revenue Requirement			
	2026	2027	2028	2029	2026	2027	2028	2029	2026	2027	2028	2029
OM&A	1.08	1.14	1.13	1.15	-	-	-	-	1.08	1.14	1.13	1.15
Depreciation	2.54	2.54	2.54	2.54	(0.04)	(0.04)	(0.04)	(0.04)	2.50	2.50	2.50	2.50
Return on Debt	5.57	5.50	5.43	5.36	(0.23)	(0.22)	(0.22)	(0.21)	5.34	5.28	5.21	5.15
Return on Equity	7.44	7.35	7.25	7.16	0.12	0.12	0.12	0.12	7.56	7.47	7.38	7.28
Income Tax	0.10	0.10	0.10	0.10	0.00	0.00	0.00	0.00	0.10	0.10	0.10	0.10
Base Revenue Requirement	16.73	16.63	16.45	16.31	(0.15)	(0.14)	(0.14)	(0.13)	16.59	16.49	16.32	16.18
Add: DVA Disposition	-	-	-	-	0.21	-	-	-	0.21	-	-	-
Revenue Requirement	16.73	16.63	16.45	16.31	0.06	(0.14)	(0.14)	(0.13)	16.80	16.49	16.32	16.18

The resulting pool allocation of CLLP's 2026-2029 revenue requirement is shown in Table 2.

Table 2: Updated 2026 - 2029 Revenue Requirement by Rate Pool (\$)¹²

	Network	Line Connection	Transformation Connection	UTR Revenue Requirement
2026 Revenue Requirement	\$16,804,298	-	-	\$16,804,298
2027 Revenue Requirement	\$16,487,575	-	-	\$16,487,575
2028 Revenue Requirement	\$16,324,019	-	-	\$16,324,019
2019 Revenue Requirement	\$16,184,802	-	-	\$16,184,802

Findings

The OEB approves the reduction in long term debt cost from the assumed 4.58% incorporated in the 2025 – 2029 revenue requirement to the actual debt cost of 4.31% finalized in February 2025. The OEB accordingly approves the 2026 – 2029 revenue requirement that incorporates the finalized cost of long term debt, project cost and clearance of the CLLPVA summarized in Table 1 above. The OEB is further satisfied that the resultant 2026 – 2029 revenue requirement will be appropriately allocated to the

¹¹ EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory – 02 Updated Exhibit A-04-01 Table 1 – Updated 2026 - 2029 Base and Rates Revenue Requirement

¹² EB-2025-0157, Interrogatory Responses, OEB Staff Interrogatory – 02 Updated Exhibit A-04-01 Table 4 – 2026 - 2029 Rates Revenue Requirement by Rate Pool

UTR Revenue Requirement – Network Pool. The OEB is satisfied that this will result in a just and reasonable revenue requirement.

4. Other

Certain First Nations have been provided with a 1-year period within which they may purchase, collectively, a 49.995% ownership interest in CLLP.

As of the date of this Decision the OEB understands that two First Nations have purchased units totaling just under 10% each and Hydro One Networks Inc. remains the owner of the other approximately 30% of the units allocated to First Nations until those communities move forward with their purchase options. OEB staff recommended in its submission that CLLP provide the OEB updated partnership structure information and organization charts once participants are finalized. CLLP in its reply submission did not object to OEB staff's recommendation.

Findings

The OEB agrees with OEB staff's recommendation and directs CLLP to provide the OEB with updated partnership information and organizational charts as additional First Nations partnerships are entered into.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Chatham x Lakeshore Limited Partnership's 2026 revenue requirement of \$16,804,298 is approved with an effective date of January 1, 2026. CLLP's resultant revenue requirement will be included in the OEB's determination of the 2026 Uniform Transmission Rates for Ontario.
2. Chatham x Lakeshore Limited Partnership's 2027 revenue requirement of \$16,487,575 is approved with an effective date of January 1, 2027. CLLP's resultant revenue requirement will be included in the OEB's determination of the 2027 Uniform Transmission Rates for Ontario.
3. Chatham x Lakeshore Limited Partnership's 2028 revenue requirement of \$16,324,019 is approved with an effective date of January 1, 2028. CLLP's resultant revenue requirement will be included in the OEB's determination of the 2028 Uniform Transmission Rates for Ontario.
4. Chatham x Lakeshore Limited Partnership's 2029 revenue requirement of \$16,184,802 is approved with an effective date of January 1, 2029. CLLP's resultant revenue requirement will be included in the OEB's determination of the 2029 Uniform Transmission Rates for Ontario.
5. The CxL Transmission Line Revenue Requirement Variance Account shall be discontinued, effective January 1, 2026.
6. Chatham x Lakeshore Limited Partnership is directed to provide the OEB with updated partnership information and organizational charts as additional First Nations partnerships are entered into.

DATED at Toronto December 16, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE A
DECISION AND ORDER
CHATHAM X LAKESHORE
LIMITED PARTNERSHIP (CLLP)
EB-2025-0157
DECEMBER 16, 2025

CLLP
Cost of Long-Term Debt Capital
Test Year (2026)
Year ending December 31

Line No.	Offering Date (a)	Coupon Rate (b)	Maturity Date (c)	Principal Amount Offered (\$Millions) (d)	Premium Discount and Expenses (\$Millions) (e)	Net Capital Employed		Effective Cost Rate (h)	Total Amount Outstanding		1/1/2026 Avg. Monthly Averages (\$Millions) (k)	Carrying Cost (\$Millions) (l)	Projected Average Embedded Cost Rates (m)
						Total Amount (\$Millions) (f)	Per \$100 Principal Amount (Dollars) (g)		at 12/31/2025 (\$Millions) (i)	at 12/31/2026 (\$Millions) (j)			
1	28-Feb-25	3.958%	4-Jan-35	56.8	0.2	56.6	99.59	4.01%	56.8	56.8	56.8	2.3	
2	28-Feb-25	4.382%	27-Jan-53	56.8	0.3	56.5	99.52	4.41%	56.8	56.8	56.8	2.5	
3	Subtotal								113.6	113.6	113.6	4.8	
4	Treasury OM&A costs											0.03	
5	Other financing-related fees											0.08	
6	Total								113.6	113.6	113.6	4.9	4.31%

Note 1 - All debt is 3rd party issued debt with fixed rates