

**Hydro One Networks Inc.**

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**LAW**

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**BY EMAIL AND RESS**

January 29, 2026

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

Dear Mr. Murray:

**Re: EB-2025-0254 - Wasaga Distribution Inc. Application for a Service Area Amendment – Hydro One Networks Inc.’s Submission**

In accordance with Procedural Order No.6, issued January 15, 2026, please find attached Hydro One’s Submission.

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

Yours truly,

**HYDRO ONE NETWORKS INC.**

A handwritten signature in black ink, appearing to be "Monica E. Caceres", written in a cursive style.

Monica E. Caceres  
Encls.

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** an application by Wasaga Distribution  
Inc. (WDI) for a service area amendment in respect of 400 45th  
Street South, Town of Wasaga Beach;

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**SUBMISSION OF  
HYDRO ONE NETWORKS INC.**

**January 29, 2026**

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1 **EXECUTIVE SUMMARY**

2 WDI's Service Area Amendment (SAA) does not satisfy the Ontario Energy Board's  
3 (OEB's) public-interest test or the principles governing contested SAAs. Hydro One  
4 Networks Inc. (Hydro One) is the more cost-efficient distributor offering a cost advantage  
5 that exceeds \$3 million over WDI, as detailed in the cost comparison within Table 1 and 2  
6 of this submission. WDI's SAA fails to demonstrate economic efficiency, rationalization of  
7 embedded distribution systems<sup>1</sup>, or mitigation of asset duplication and stranded costs.

8  
9 WDI as the applicant bears the onus of demonstrating that it has met the filing  
10 requirements and the general principles applicable to SAAs to seek an amendment to its  
11 licence and that the amendment is in the public interest, which it has failed to do. Pursuant  
12 to the filing requirements the OEB may consider the application, however, the OEB should  
13 not determine an SAA application until all the required information is filed on the record or  
14 it should deny the relief sought. In this contested SAA, WDI has not provided: an Offer to  
15 Connect, committed cost comparison figures (DCF analysis or comparable projects),  
16 upstream cost considerations from its recent capital expansions, or a complete stranded  
17 asset record. These deficiencies are material in light of the cost comparison outcomes in  
18 Table 1, which confirm WDI has higher fully loaded costs relative to Hydro One.

19  
20 WDI is a trusted embedded distributor; however, this does not relieve WDI of establishing  
21 that the public interest is met by this SAA application which requires service area changes  
22 be consistent with the Board's objectives and prior decisions. WDI's application is a  
23 material departure from the OEB's established SAA principles of economic efficiency,  
24 coordinated investment planning, and cost causality. OEB approval of this SAA would  
25 condone uncoordinated infrastructure development, expose ratepayers to unnecessary  
26 costs, and undermine cost-causality principles. For the reasons set out in this submission,  
27 Hydro One respectfully requests that the Board deny WDI's application.

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<sup>1</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 187.

1 **OVERVIEW**

2 Hydro One is the most efficient distributor, both technically and economically, to serve 400  
3 45<sup>th</sup> Street in Wasaga Beach (the “Subject Area”). The Hydro One connection optimizes  
4 existing infrastructure and provides the greatest benefit to Ontario ratepayers. WDI’s  
5 proposed SAA Application fails to meet the filing requirements, and established principles  
6 governing SAA applications, including satisfying the OEB’s public interest test for a  
7 contested SAA application.

8  
9 **FACTUAL CONTEXT**

10 1. WDI is a fully embedded distributor within Hydro One’s licence-defined service area.<sup>2</sup>  
11 Accordingly, economies of contiguity, scale and density significantly favour Hydro  
12 One.<sup>3</sup>

13  
14 The OEB Decision with Reasons in the Combined Distribution SAA Proceeding RP-  
15 2003-0044 (hereafter referred to as the “OEB Decision with Reasons”) states:

16  
17 The Board recognizes that Ontario’s distribution system is currently  
18 comprised of a number of embedded distributors, created due to historical  
19 circumstances and the legislative and regulatory regime in existence prior  
20 to the break up of Ontario Hydro and restructuring of the sector in 1998.  
21 Subsequently, a number of these embedded systems have been subject  
22 to rationalization through mergers and acquisitions. The Board encourages  
23 service area amendments which contribute to the further rationalization of  
24 embedded distribution systems and elimination of inefficient retail points of  
25 supply in Ontario’s electricity distribution system.<sup>4</sup>

26  
27 Hydro One recognizes and accepts that embedded distribution systems exist. In a  
28 contested SAA between a host distributor and an embedded distributor, the SAA  
29 principles are clear to not encourage or favour amendments that do not rationalize the  
30 existing distribution system and remove inefficiencies, including the continued  
31 proliferation of embedded supply points. These types of SAAs are not desirable nor in  
32 the public interest.

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<sup>2</sup> WDI Electricity Distribution Licence (ED-2002-0544)

<sup>3</sup> Hydro One Intervenor Evidence, October 17, 2025, section 3.

<sup>4</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 187.

- 1 2. The Subject Area currently is within the licenced service area of Hydro One because  
2 of a previous OEB approved application to eliminate all existing Long Term Load  
3 Transfers (“LTLT”). That application was filed jointly by Hydro One and WDI (the Joint  
4 LTLT Application). Consistent with the LTLT elimination principles<sup>5</sup>, the Subject Area  
5 was transferred to Hydro One as Hydro One was already physically serving the  
6 Subject Area through a LTLT arrangement and WDI did not have nearby assets. WDI  
7 tacitly understood it would have been uneconomic for WDI to expand their distribution  
8 supply to serve the Subject Area. In accordance with the OEB Decision in the Joint  
9 LTLT Application, Hydro One incurred costs to acquire minor assets and, on an  
10 ongoing basis, was to provide rate mitigation to the transferred customer that resided  
11 at the Subject Area.<sup>6</sup>  
12
- 13 3. Since as early as August 23, 2022, WDI has been aware of the Subject Area’s  
14 development through a Town of Wasaga Beach Planning Department Notice of Pre-  
15 Consultation Meeting referred to as PRE-C1722.<sup>7</sup> Two weeks later, on September 8,  
16 2022, WDI requested the Sterling Group of Companies (Developer) support for a  
17 future SAA as the Subject Area resides within Hydro One’s service territory.<sup>8</sup>  
18
- 19 4. On January 30, 2024, the Developer contacted WDI to provide WDI a consent letter  
20 to support WDI’s SAA Application (the Consent Letter).<sup>9</sup> According to WDI, the  
21 Consent Letter was initiated, drafted and shared by the Developer without any other  
22 communication between WDI and the Developer despite evidence produced in  
23 response to Hydro One’s motion that approximately 15 months prior, WDI solicited  
24 support from one of the developers.<sup>10</sup> It wasn’t until January 31, 2024, that WDI finally  
25 informed Hydro One of the development and requested consent to a SAA for WDI to  
26 serve the Subject Area.

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<sup>5</sup> EB-2015-0006, Proposed Amendments to the Distribution System Code, February 20, 2015.

<sup>6</sup> EB-2016-0207, Decision and Order, September 22, 2016.

<sup>7</sup> EB-2025-0254, WDI Response to Hydro One Motion Procedural Order 4, November 27, 2025.

<sup>8</sup> EB-2025-0254, WDI Response to Hydro One Reply Submission on Motion Procedural Order 4 – December 4, 2025 – Appendix A.

<sup>9</sup> EB-2025-0254, WDI Application, August 19, 2025, Appendix C.

<sup>10</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -1, part c.

- 1 5. In response, as is customary and reasonable under the circumstances, on March 6,  
2 2024, Hydro One requested a meeting with WDI to assess which utility could provide  
3 the most efficient connection.<sup>11</sup>  
4
- 5 6. Unbeknownst to Hydro One, on April 5, 2024, a second municipal circulation was  
6 issued to WDI, referred to as PRE-C00524 relevant to the development of the Subject  
7 Area.<sup>12</sup> Hydro One only learned of the municipal circulations (Notice of Pre-  
8 Consultation Meetings) through the discovery phase of this proceeding and questions  
9 why WDI did not share this information with Hydro One knowing it was the licenced  
10 distributor for the Subject Area.  
11
- 12 7. Instead, the record before the OEB supports that between 2022 and the filing of this  
13 Application, WDI made capital investments in the area surrounding the Subject Area  
14 despite reliability performance metrics that exceeded OEB standards. Notably, the  
15 WDI 2021 and 2022 SAIDI and SAIFI results were 0.001, respectively for each  
16 indicator, for the WDI feeders near the Subject Area prior to the capital investments  
17 described further below.<sup>13</sup> WDI identified that it consistently met or exceeded OEB  
18 service quality and reliability standards for similarly situated residential developments  
19 within its service territory.<sup>14</sup> Notwithstanding these results, in 2022, WDI 'planned and  
20 commissioned'<sup>15</sup> the capital investment of substation - MS #6 to meet anticipated load  
21 growth, and importantly, in 2022, initiated a multi-phased feeder-tie upgrade strategy  
22 along Morgan Road that was constructed through 2024 and completed in December  
23 2024.<sup>16</sup> The logical inference given the reliability performance metrics was that these  
24 WDI capital investments were to position it for this SAA.  
25
- 26 8. Despite WDI's knowledge since 2022 about this development and its subsequent filing  
27 of this contested SAA in 2025, WDI has not provided Primont (Wasaga 2) Inc. and  
28 Sterling Group of Companies (jointly referred to as the Developers) an Offer to

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<sup>11</sup> Ibid., OEB Staff -11, part 1.

<sup>12</sup> Ibid.

<sup>13</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -6, part c.

<sup>14</sup> EB-2025-0254, WDI Application, August 19, 2025, section 6.1.6.

<sup>15</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, OEB Staff -05.

<sup>16</sup> Ibid., HONI -6, part c.

1 Connect (OTC)<sup>17</sup> and has not made efforts to obtain detailed design information  
2 because WDI indicates the information is not yet available. WDI further states that any  
3 OTC would be premature.<sup>18</sup> Providing an OTC is a minimum requirement pursuant to  
4 the OEB's Filing Requirements for Contested SAAs, which has not been satisfied by  
5 WDI.<sup>19</sup> Conversely, Hydro One has filed an OTC for the Subject Area as is customary  
6 to provide a preliminary OTC based on the information currently available.<sup>20</sup>

7

### 8 **HYDRO ONE SUBMISSIONS**

9 WDI's proposed SAA fails to meet the principles for assessing contested SAA's and  
10 therefore should be denied. Through the Combined Distribution Service Area  
11 Amendments Proceeding (RP-2003-0044) and the Filing Requirements for SAA  
12 Applications<sup>21</sup>, the OEB has developed principles to ensure a consistent approach to the  
13 review of SAA applications outlining that:

14

15 The promotion of economic efficiency in the distribution sector is one of the  
16 Board's guiding objectives in the regulation of the electricity sector. The  
17 Board is persuaded that economic efficiency should be a primary principle  
18 in assessing the merits of a service area amendment application. Economic  
19 efficiency would include ensuring the maintenance or enhancement of  
20 economies of contiguity, density and scale in the distribution network; the  
21 development of smooth, contiguous, well-defined boundaries between  
22 distributors; the lowest incremental cost connection of a specific customer  
23 or group of customers; optimization of use of the existing system  
24 configuration; and ensuring that the amendment does not result in any  
25 unnecessary duplication or investment in distribution lines and other  
26 distribution assets and facilities. The Board recognizes that there may be  
27 applications where all these components of economic efficiency do not  
28 apply.<sup>22</sup>

29

30 In concert with these principles, the OEB also detailed to maintain consistency with the  
31 statutory objectives of the OEB Act, the OEB should:

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<sup>17</sup> Ibid., HONI -2, part b.

<sup>18</sup> Ibid., HONI -2, part d.

<sup>19</sup> Filing Requirements for SAA Applications, March 12, 2007, section 7.5.2.

<sup>20</sup> EB-2025-0254, Hydro One Intervenor Evidence, October 17, 2025, Attachment 5.

<sup>21</sup> EB-2006-0327, Filing Requirements for SAA Applications, March 12, 2007.

<sup>22</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 84.

1 ...consider the protection of the interests of other consumers in the  
2 proposed amendment area, the remaining customers of **each utility, and**  
3 **the interests of electricity consumers throughout the province, over**  
4 **a time period that includes more than the short-term implications of**  
5 **any given action”** [emphasis added].<sup>23</sup>  
6

7 Hydro One’s proposed connection of the Subject Area fully aligns with these SAA  
8 principles and OEB objectives by promoting economic efficiency, avoiding duplication of  
9 assets, and protecting the public interest. By continuing to serve the Subject Area, Hydro  
10 One ensures optimal use of existing infrastructure, supports coordinated long-term  
11 planning, and maintains system reliability without further adding to an embedded service  
12 area. Hydro One’s proposed connection prevents cross-subsidization by adhering to the  
13 principle that benefits follow costs, avoids costly duplication and regulatory inefficiencies,  
14 and upholds the Board’s objective of rationalizing Ontario’s distribution system for the  
15 benefit of all ratepayers.  
16

#### 17 **A. COST COMPARISON OF CONNECTIONS**

18 WDI’s SAA application purports that WDI will be able to connect the Subject Area for \$3.69  
19 million (which included \$1.52 million in civil works such as trenching, duct banks, vaults,  
20 and road crossings)<sup>24</sup> and should therefore be considered more cost-effective than Hydro  
21 One’s connection proposal. However, WDI’s cost comparison evidence is deficient  
22 because it:  
23

- 24 i. fails to consider significant expansions that WDI has undertaken pre-emptively,  
25 either in part or fully, to serve the Subject Area. This is contrary to the Filing  
26 Requirements and OEB jurisprudence on contested SAA’s<sup>25</sup>; and
- 27 ii. is not supported by an OTC with a DCF analysis or, alternatively, supported by  
28 comparable projects thus inhibiting any ability to accurately assess costs burdened  
29 on ratepayers.

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<sup>23</sup> Ibid., para. 63.

<sup>24</sup> EB-2025-0254, WDI Application, August 19, 2025, page 22.

<sup>25</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, and EB-2012-0047, Decision and Order, March 15, 2013.

1 To support Hydro One’s position, Hydro One has developed Table 1 to focus on the  
 2 disputed costs in this proceeding for the OEB’s consideration in its determination of the  
 3 SAA. All costs reflect data as provided by the Applicant in this proceeding and referenced,  
 4 accordingly. Conclusively, upon consideration of all these costs, Hydro One provides the  
 5 most cost-effective connection of the Subject Area by savings of approximately \$3.1M or  
 6 greater to ratepayers. Hydro One acknowledges that the table below focuses strictly on  
 7 the incremental cost that either has been or will be burdened on ratepayers. This does not  
 8 reflect capital contributions calculations as an OTC has not been provided by WDI to  
 9 support testing calculations regarding any capital contributions.<sup>26</sup>

10  
 11

**Table 1 - Connection Costs Burdened on Ratepayers**

Connection Cost Component	Hydro One <sup>27</sup>	WDI <sup>28</sup>
Non-contestable work	\$1,226,835.53 <sup>29</sup>	\$1,952,850.42
Design costs	\$16,718.54 <sup>30</sup>	\$15,240.96
Contestable work	\$1,021,279.91 <sup>31</sup>	\$199,681.70
<b>Subtotal*</b>	<b>\$2,264,833.98</b>	<b>\$2,167,773.07</b>
<b>Disputed Costs</b>		
Civil work related to a premium solution	Premium solution civil costs are not allocated to ratepayers	<b>\$1,520,000<sup>32</sup></b>
Upstream costs	Not Applicable <sup>33</sup>	<b><u>\$1,644,208<sup>34</sup></u></b>
<b>Total</b>	<b><u>\$2,264,833.98</u></b>	<b>\$5,331,981.08</b>
<b>Variance</b>	-	<b>Approx. \$3.1M</b>

<sup>26</sup> EB-2025-0254, WDI Application, August 19, 2025, sec. 3.3, page 14  
<sup>27</sup> Hydro One Multi-Service Connection Cost Agreement, values exclude HST.  
<sup>28</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, for HONI –5.  
<sup>29</sup> Hydro One Multi-Service Connection Cost Agreement, Option A, section 2 - 3, page 14 and 15.  
<sup>30</sup> Ibid. section 1.1, page 14.  
<sup>31</sup> Ibid., section 4 - 5, page 15 and 16.  
<sup>32</sup> Dollar values for the WDI connection are sourced from the WDI SAA Application (EB-2025-0254) as no Offer to Connect has been presented. Hydro One understands WDI’s proposition will be that civil works of \$1.52M will not be burdened on the Developers.  
<sup>33</sup> Hydro One has no upstream costs associated with this subject area connection. All existing assets relied upon have been installed prior to the LTLT Decision (EB-2016-0207, Decision and Order, September 22, 2016) and well before the proposed development of the Subject Area.  
<sup>34</sup> MS #6 (\$5,788M \*21%), equates to 2.1MVA of the usage attributed to the Subject Area as outlined in WDI OEB Staff 5 and HONI – Intervenor Evidence, October 7, 2025, Attachment 2 to 4. This is further detailed in Table 2 of this submission.

1 **Disputed Costs**

2 The disputed costs within the cost comparison are expanded upon within the next section  
3 of Hydro One's submission.

4  
5 **A.1 - UPSTREAM INVESTMENT COSTS**

6 Upstream investment costs pre-emptively incurred by WDI prior to filing this SAA to serve  
7 the Subject Area have been materially omitted from WDI's cost comparison evidence. On  
8 this subject the OEB Combined SAA Decision explicitly states:

9  
10 In all instances, the costs associated with the connection should be the fully  
11 loaded costs, which capture all of the relevant **indirect and direct costs**  
12 **reasonably associated with the project at issue [emphasis added]**, not  
13 merely the price of connection quoted to the prospective connection  
14 customer.<sup>35</sup>

15  
16 The OEB Chapter 7 Filing Requirements that flow from that decision, clearly outline that  
17 financial evaluations of competing offers to connect the Subject Area should include  
18 **"...on-site capital, capital required to extend the distribution system to the customer**  
19 **location, incremental up-stream capital investment required to serve the load..."**  
20 [emphasis added].<sup>36</sup>

21  
22 WDI's evidence disregards this OEB requirement. As detailed through the discovery  
23 process, "WDI's position is that **upstream investments (e.g., MS6, Morgan Road tie)**  
24 **should not be included in the cost comparison** [emphasis added] because they were  
25 planned and implemented for long-term system needs, not for a single development.  
26 Including them would distort the principle of incremental cost comparison under RP-2003-  
27 0044, which focuses on the lowest incremental cost connection rather than sunk costs.<sup>37</sup>  
28 Additionally, WDI explicitly states that it had "always operated under the impression that  
29 this property would revert to WDI once developed".<sup>38</sup> This admission by WDI that it  
30 operated and acted on an impression that the Subject Area would revert back to WDI

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<sup>35</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 236.

<sup>36</sup> Ibid. par. 317 and Section 7.5.3 of the OEB Filing Requirements, March 12, 2007.

<sup>37</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -07, part d.

<sup>38</sup> Ibid., HONI -16.

1 supports Hydro One's position that the upstream investments were to support the  
2 residential development of the Subject Area and should be included in the cost  
3 comparison. WDI has failed to adduce any credible evidence to conclude otherwise, which  
4 is also supported by the factual background of when it first learned of the residential  
5 development and when these capital investments were undertaken.

6  
7 Moreover, WDI's view is that since the costs to expand WDI's system to the Subject Area  
8 were incurred before the filing of this SAA, the costs have already been spent and should  
9 therefore be ignored by the OEB and is not relevant to this proceeding. This supposition  
10 fails, however, to take into account the factual record of this proceeding, detailed in the  
11 subparagraphs to follow, which favours the inclusion of these costs:

- 12
- 13 a) WDI could not serve the Subject Area at the time of the 2016 Joint LTLT Decision,  
14 because it was uneconomical for WDI to expand its distribution system to the  
15 Subject Area<sup>39</sup>;
  - 16 b) WDI knew about the development of the Subject Area since August 23, 2022;
  - 17 c) On September 8, 2022, WDI requested Developer support for a future SAA as the  
18 Subject Area resides within Hydro One's service territory<sup>40</sup>;
  - 19 d) All upstream investments were initiated and commissioned by WDI from 2022  
20 onwards through to late 2024 knowing that there would be a development in the  
21 Subject Area;
  - 22 e) The Subject Area is directly adjacent to all upstream investments that are recently  
23 upgraded WDI infrastructure<sup>41</sup> that had been designed and purpose-built to  
24 accommodate future load growth as outlined in WDI's prefiled evidence;<sup>42</sup> and
  - 25 f) WDI confirmed "the Subject Area was included in [WDI's October 2023] Load  
26 Growth Analysis Report".<sup>43</sup> WDI's October 2023 Load Growth Analysis Report was

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<sup>39</sup> EB-2025-0254, HONI Intervenor Evidence, Oct. 17, 2025, Attachment 1.

<sup>40</sup> EB-2025-0254 –WDI Response to Hydro One Reply Submission on Motion Procedural Order 4 – December 4, 2025 – Appendix A.

<sup>41</sup> EB-2025-0254, WDI Application, August 19, 2025, sec. 3.1, page 13/

<sup>42</sup> Ibid., sec. 1, page 4.

<sup>43</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -08, part g.

1           relied upon to defend the need for the upstream investments in WDI's most recent  
2           rebasings application.<sup>44</sup>

3

4           Given this factual background, it is incorrect and contrary to the OEB principles of a SAA  
5           to define these pre-emptively incurred upstream costs as 'sunk costs' and this position  
6           should be rejected. In a contested SAA, WDI is required to provide their fully loaded costs.  
7           Ignoring the costs associated with the upstream investments that have expanded WDI's  
8           distribution system since 2022, such that it can serve the Subject Area, ignores the facts  
9           of this particular application and narrows the focus to merely the price of connection which  
10          is also contrary to the OEB Chapter 7 Filing Requirements.

11

12          WDI's supposition and position that upstream costs should be ignored in this case also  
13          contradicts OEB SAA jurisprudence and guidance on the treatment of upstream  
14          investments. In a Horizon Utilities (now Alectra) 2012 SAA application, the OEB provided  
15          the following finding regarding the treatment of 'upstream investments' in addressing the  
16          cost comparisons for the SAA.

17

18                 ...[T]he Board finds that Hydro One's work is properly considered as an  
19                 expansion and therefore, in order to provide a fair comparison of  
20                 connection costs, some portion of Hydro One's estimate for the Binbrook  
21                 Loop construction should have been included in its estimate as an  
22                 upstream expansion cost. Given that the estimated costs for Horizon and  
23                 Hydro One, without factoring Hydro One's upstream expansion costs, were  
24                 similar, the exact portion of the Binbrook Loop cost that needs to be added  
25                 to Hydro One's estimate is not critical to this decision as it will result in  
26                 Horizon's cost being lower regardless.<sup>45</sup>

27

28          The finding in the above noted case is consistent with the OEB principles and emphasizes  
29          that connection costs should reflect fully loaded costs, which include both direct and  
30          indirect costs reasonably associated with a connection. This includes upstream  
31          investments required to enable a connection – and is consistent with the principle of cost  
32          causality that customers should bear the costs of infrastructure built to serve them.  
33          Notably, on this point, OEB Staff sought clarity on WDI's cost recovery by inquiring:

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<sup>44</sup> EB-2025-0254, WDI Supplementary Evidence, October 27, 2025, Attachment A- Load Growth Analysis.

<sup>45</sup> EB-2012-0047, Decision and Order, March 15, 2013, page 11.

1           What are WDI's expected costs for the upgrades and how will this cost be  
2           recovered?<sup>46</sup>

3

4           WDI's response to this OEB Staff interrogatory is **N/A**<sup>47</sup> (emphasis added). This is  
5           unresponsive and emphasizes WDI's lack of consideration for cost responsibility of the  
6           upstream investments WDI has undertaken. An adverse inference should be drawn from  
7           WDI's refusal to respond to this question as the costs should be reasonably available to  
8           WDI which should have been produced and left to the parties to argue relevance before  
9           the Board.

10

11          As previously mentioned, WDI also led evidence that it has "always operated under the  
12          impression that this [Subject Area] would revert to WDI once developed."<sup>48</sup> WDI has  
13          provided no credible evidence in this proceeding to substantiate this system planning  
14          assumption. On the contrary, the evidence points to the fact that WDI initiated an inquiry  
15          to the OEB dated April 5, 2016, requesting the OEB's interpretation on whether WDI, the  
16          geographical distributor in a LTLT arrangement at the time, could keep the customer under  
17          the provision of the DSC.<sup>49</sup> On April 28, 2016, the OEB responded and clearly advised  
18          WDI that absent prior commitments regarding capital investments, of which there are  
19          none, they would need to go through a regular SAA process.<sup>50</sup> Therefore, in order to have  
20          the Subject Area transferred back to WDI, WDI would need to satisfy the OEB's SAA  
21          principles to determine that transferring the Subject Area back to WDI would be in the  
22          public interest. WDI's system planning assumption underscores that WDI acted  
23          intentionally to reinforce WDI's upstream investments in the area to defeat the cost inquiry  
24          which it should or ought to have known would arise in a contested SAA.<sup>51</sup>

25

26          The OEB's Decision in EB-2012-0047 emphasizes economic efficiency as a primary  
27          consideration coupled with a focus on the cost causality principle in assessing SAAs.  
28          Upstream expansion costs attributable to the connection, either directly or indirectly, are

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<sup>46</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, OEB Staff -08, part 2.

<sup>47</sup> Ibid.

<sup>48</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -16.

<sup>49</sup> Ibid., Appendix D, Letter from WDI to OEB, dated April 5, 2016.

<sup>50</sup> Ibid., Letter from the OEB's Vice President, Industry Operations and Performance, dated April 28, 2016, page 2.

<sup>51</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -16.

1 not to be excluded from comparative analyses. Excluding these costs under the guise of  
2 'sunk costs' effectively rewards LDCs that pre-emptively-invest and duplicate assets, in  
3 an effort to seek approval of an SAA. Pre-emptive infrastructure expansion prior to filing a  
4 SAA reflects a business -risk and decision. It should not relieve an applicant from the  
5 obligation of including those costs in a SAA process. WDI has taken the position here that  
6 the capital investment costs were forward looking and not related to a specific end-user.

7  
8 As a result, WDI has refused to share those capital costs so the Board could consider in  
9 the event that the Board disagrees with WDI's position. Respectfully, an SAA premised on  
10 over-investment in 'purpose-built' assets, while omitting upstream costs and disregarding  
11 OEB Staff's request for clarity on cost recovery impacts to ratepayers, is inconsistent with  
12 established jurisprudence and contrary to the Board's mandate. Such an approach  
13 introduces material compliance risk and reflects a management-driven decision rather  
14 than a regulatory determination grounded in fairness, transparency, and sound planning  
15 principles.

16  
17 The decision in EB-2012-0047 similarly dealt with a review of evidence relative to the costs  
18 associated with work and whether it was an expansion or enhancement and whether the  
19 costs should have been included as part of the economic evaluation in an SAA. Based on  
20 the evidence in this case, it is Hydro One's position that the Board should reject WDI's  
21 position that these costs are not relevant. The capital investments made by WDI was in  
22 response to notice of an anticipated residential development with more than 500 units  
23 which it learned through participation and receipt of a municipal notice and to support  
24 connection to the Subject Area.<sup>52</sup> Unlike in EB-2012-0047, WDI has not submitted any  
25 credible evidence that it was reasonable for it to have included the Subject Area in its load  
26 forecast which further supports that WDI's expansion costs should be considered in the  
27 evaluation of connection alternatives being proposed in this contested SAA.

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<sup>52</sup> EB-2025-0254 –WDI Response to Hydro One Reply Submission on Motion Procedural Order 4  
– December 4, 2025 – Appendix A, page 8.

**Table 2 - Upstream Investment Cost Proxy**

Upstream Capital Investments	Capital Project Cost
MS#6 Sunnidale Road Substation <sup>53</sup>	\$3,788,000
Subtotal Substation for 2.1 MVA <sup>54</sup> (21% of 10MVA)	\$ 795,480
Morgan Road Feeder Ties <sup>55</sup>	\$ 848,728
<b>Upstream Cost Total Proxy</b>	<b><u>\$1,644,208</u></b>

Hydro One estimates these expansion costs may exceed four million dollars based on forecasts provided in other regulatory proceedings. Hydro One acknowledges these investments may not all have been to serve incremental load but in the absence of WDI's actual cost information, this estimate is reasonable and derived from publicly available information. Irrespective of how much these upstream investments are attributed to the connection, the WDI cost is more costly than Hydro One's once expansion costs are considered.

Table 2 is illustrative of a potential apportionment of these costs and informed by WDI's capital budget reports and WDI's partial response to OEB Staff's interrogatory #5. Hydro One has considered an apportionment of the MS#6 station 10MVA and attributed this to the connection based on the 2.1MVA load forecast of the Subject Area. This would allocate 21% of those upstream costs to this connection which is estimated at \$795,480. The substation works costs have either in part, or fully, been purpose-built to accommodate forecast growth in the area and should be included in the comparative costing analysis.

Additionally, the WDI upstream investment costs for two of the three identified upstream projects are estimated at approximately \$800,000, as demonstrated in Table 2.<sup>56</sup> WDI's evidence is that "The Subject Lands are directly adjacent to recently upgraded WDI infrastructure along Morgan Road, extending from Club Court to Middleton Drive (see Figure 2), part of a purpose- built section of WDI's network designed to accommodate growth within the Town of Wasaga Beach. This infrastructure was specifically planned and

<sup>53</sup> EB-2025-0254, HONI Intervenor Evidence, Oct. 17, 2025, Attachment 3, page 32.

<sup>54</sup> Subtotal Substation for 2.1 MVA (resulting in 21% of the substation costs applied).

<sup>55</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, OEB Staff -05.

<sup>56</sup> WDI Interrogatory Responses, November 7, 2025, OEB Staff -05.

1 constructed to support residential development and provide redundancy in this area and  
2 is currently serving surrounding subdivisions.”<sup>57</sup>

3  
4 Concurrently, WDI’s evidence is also that “no incremental customers can be attributed to  
5 the Morgan Road projects” and that “no further expansions are currently planned in the  
6 vicinity of the Subject Lands, whether within WDI’s or HONI’s service territories.”<sup>58</sup> Given  
7 this conflicting evidence with the paragraph above, it is difficult to ascertain what future  
8 growth these expansions were intended for, if not to serve the Subject Area. The increase  
9 in growth driven by the Subject Area is substantive for WDI. Serving the Subject Area  
10 represents “...an estimated 4.45% increase in WDI’s customer base”.<sup>59</sup> In contrast, WDI  
11 also noted that the WDI 2021 and 2022 SAIDI and SAIFI results are 0.001, respectively  
12 for each indicator, for the WDI feeders near the Subject Area.<sup>60</sup> Further, WDI identifies  
13 that WDI has consistently met or exceeded OEB service quality and reliability standards.  
14 Thus, it is unclear why the investments along Morgan Road were needed now or at all, if  
15 not to serve the Subject Area. Given these particulars, Hydro One’s position to include a  
16 proxy for the direct or indirect upstream costs attributed to the connection associated with  
17 Morgan Road is to have these costs fully allocated to the connection in the illustrative  
18 example provided in Table 2. Cumulatively, the illustrative example provided in Table 2  
19 shows that the Morgan Road feeder work and the MS#6 station combine for an  
20 apportioned upstream cost in excess of \$1.6 million.

21  
22 Including these upstream costs in the cost comparison is reasonable based on the facts  
23 of this case and necessary to preserve cost-causality and cost-effectiveness in the  
24 industry. Moreover, absent the upstream costs, the capital costs to connect the Subject  
25 Area are not demonstrably different. Should the OEB consider some portion of WDI’s  
26 upstream costs, the exact portion of WDI’s upstream costs that need to be added to WDI’s  
27 estimate is not critical to this decision, Hydro One’s cost is still lower regardless.

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<sup>57</sup> EB-2025-0254, WDI Application, August 19, 2025, page 13.

<sup>58</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -8, part b and c.

<sup>59</sup> Ibid., HONI- 3, part 1.

<sup>60</sup> Ibid. HONI -6, part c.

1 **A.2 - WDI HAS NOT MET MINIMUM FILING REQUIREMENTS—OTC NOT FILED**

2 Hydro One has filed an OTC based on the best available information it has which is found  
3 in Exhibit I-02-24, Attachment 1.<sup>61</sup> Filing an OTC not only complies with the OEB's  
4 Contested SAA Filing Requirements, but also provides the customer, the OEB and other  
5 parties to have transparent access to the costs, process and details that underpin Hydro  
6 One's OTC.

7  
8 In the case of WDI, it has been aware of the development for almost four years, brought  
9 this SAA in 2025 but has not filed an OTC which is a mandatory filing requirement. WDI's  
10 evidence is that providing an OTC is too premature and thus has not provided detailed  
11 proposals or specific timelines for connecting the Subject Area.<sup>62</sup> WDI provided no basis  
12 for how this connection is materially different than any other connection across the  
13 province that has preceded it and materially complies with the OEB's SAA mandatory filing  
14 requirements.<sup>63</sup>

15  
16 Notwithstanding this is a filing requirement, the OTC is critical as it details the costs the  
17 utility intends to burden on the connecting customer and other ratepayers, alike. The  
18 review of the OTC by the OEB is a fundamental consideration in assessing economic  
19 efficiency and cost effectiveness, including consideration of cost-causality principles and  
20 protecting the interest of ratepayers.

21  
22 Absent an OTC, and consistent with both PO 6 in this proceeding and the findings from  
23 the Combined SAA Decision (RP-2004-0044), to assess costs and cost responsibility,  
24 specifically with respect to civil costs, Hydro One's submissions is informed by the  
25 following:

26  
27 "Costs developed with respect to other connection projects which are not  
28 contested will serve as a guide in assessing the authenticity of costs associated  
29 with a contested project.<sup>64</sup>"

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<sup>61</sup> EB-2025-0254, HONI Intervenor Evidence, Oct. 17, 2025, Attachment 5.

<sup>62</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -2, part a-d.

<sup>63</sup> Ibid., HONI -9, part h.

<sup>64</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 236.

1 **A.3 - CIVIL COST RESPONSIBILITY**

2 WDI's civil cost methodology has been central to cost comparisons between the utilities,  
3 which were halted by WDI because WDI did not agree with Hydro One's approach. The  
4 proposed solution for the Subject Area requested by the Developer, as outlined by WDI  
5 includes "civil works such as trenching, duct banks, vaults and road crossings" resulting  
6 in a premium solution over the least technical cost solution of overhead.

7  
8 WDI has not provided interrogatory responses or records in this proceeding to  
9 demonstrate audibility that the utility practices implemented to demonstrate 'beneficiary  
10 pays' for civil costs.<sup>65</sup> If applied to the Subject Area, these practices would directly impact  
11 WDI's ratepayers. Without transparent and verifiable methodologies, the OEB cannot  
12 reasonably rely on WDI's evidence to assess the cost recovery impact of the Subject Area  
13 on other ratepayers.

14  
15 At section 6.1.3 of WDI's SAA Application, WDI's evidence reads as follows:

16  
17 WDI presented a total project estimate of \$3.69 million, **which included**  
18 **\$1.52 million in civil works such as trenching, duct banks, vaults, and**  
19 **road crossings.** (emphasis added) ...HONI explained that civil works are  
20 typically excluded from its estimates because they are viewed as developer  
21 costs when a developer elects to install infrastructure underground rather  
22 than overhead. By contrast, WDI's practice is to include all costs to the  
23 developer, regardless of whether the installation is overhead or  
24 underground.

25  
26 It is understood that WDI's position is that civil costs for underground works should **not** be  
27 dismissed from the cost comparison exercise and it advanced this SAA, accordingly. While  
28 on its face this may not be controversial, WDI's evidence in response to Hydro One's  
29 interrogatories on their approach and methodology should be scrutinized. For example, in  
30 response to Hydro One interrogatories on whether civil works such as trenching, duct  
31 banks, vaults and road crossings are shared or have the potential to be shared with other  
32 utilities and how they would segregate and identify said costs, WDI's evidence is that  
33 trenching may be shared with other utilities for coordination but provided no support for

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<sup>65</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI- 5, part b, c, e.

1 how costing impacts will be coordinated in the estimates based on this response.<sup>66</sup>  
2 Similarly, in response to Hydro One interrogatory 1g, WDI states that “**WDI did not**  
3 **confirm civil works cost responsibility at any stage**” [emphasis added]<sup>67</sup> with the  
4 Developer. Furthermore, in response to HONI’s question whether WDI intends to recover  
5 any portion of civil work costs associated with providing an underground (premium)  
6 solution from WDI’s existing distribution ratepayers, WDI failed to provide any meaningful  
7 response or insight on their recovery methodology, nor did they confirm that civil works  
8 costs are not recovered from WDI ratepayers who are not beneficiaries of the  
9 connection.<sup>68</sup> In response to another Hydro One interrogatory which asked WDI to  
10 describe under what circumstances developers have been cost responsible for  
11 underground infrastructure projects in WDI’s service territory<sup>69</sup>, WDI did provide some  
12 clarity from which we can infer how it treats civil costs on other non-contested connection  
13 projects. The WDI evidence can also assist to assess the authenticity of costs that will  
14 likely be recovered from ratepayers if the WDI connection advances. Specifically, on this  
15 question WDI responds that,

16

17 Yes. Developers and their affiliates have completed other underground  
18 projects in WDI’s service territory. In those cases, **WDI included civil**  
19 **works (e.g., trenching, duct banks, vaults) as part of its discounted**  
20 **cash flow (DCF) analysis.** [emphasis added]  
21

22 Absent an OTC, and from the evidence above, it is clear that WDI aims to recover civil  
23 works through distribution revenues as the civil costs are run through the DCF analysis  
24 and offset by the forecast distribution revenue of the Subject Area. As understood,  
25 theoretically, should the revenue streams be sufficient, under the WDI approach the  
26 Developer would not bear any costs for civil works as it would be completely offset by  
27 distribution ratepayers contrary to OEB guidance. This evidence by WDI, further supports  
28 why these costs must be scrutinized as part of the cost comparison analysis for the WDI  
29 proposal.

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<sup>66</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -5, part a and d.

<sup>67</sup> Ibid., HONI -1, part g.

<sup>68</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -5, part e.

<sup>69</sup> Ibid., HONI -1, part k.

1 The OEB Bulletin, dated September 29, 2022 states,

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The OEB believes that, **where such a premium solution is desired, the incremental cost of the investment should be funded through other means, rather than through distribution rates** (e.g., by the municipal shareholder through municipal property taxes similar to the approach recently used in Ottawa). This approach is consistent with the optimal infrastructure solution principle discussed above, **as the ‘premium’ solution would not be the ‘optimal’ solution** (emphasis added) identified in the regional infrastructure plan.<sup>70</sup>

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Hydro One’s proposed connection is consistent with this OEB Bulletin. In addition, Hydro One provides published communications to customers which are transparent and includes detailed information on Hydro One’s full connection process and outlines Hydro One’s approach to civil work responsibilities, which substantiates connection cost estimates and reinforces the ‘beneficiary-pays’ principle that is applied in the OTC.<sup>71</sup>

The infrastructure solution for the Subject Area as advanced by WDI demonstrates a ‘premium solution’ being desired, resulting in an incremental cost that fails to benefit all ratepayers and the beneficiary should be responsible for said costs. This protects ratepayers from subsidizing other beneficiaries of the civil costs that may utilize the trenches for other uses, like fiber optic cable, ensuring cost allocation is equitable across service areas for electricity ratepayers.

Under the Hydro One connection, the costs for civil work are exclusively the accountability of the Developers and will not be recovered or offset by distribution rates via the DCF analysis. Consequently, premium civil costs are not included in Hydro One’s capital cost estimate for the Subject Area that are then offset by distribution revenues through the DCF.

30

31

32

The OEB’s cost comparison is to assess economic efficiency and rational use of the distribution system as a whole. To do so, consideration of whether certain costs should be

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<sup>70</sup> OEB Bulletin, Local Community Preference for Alternative to most Cost-Effective Solution, Sept. 29, 2022, page 3.

<sup>71</sup> EB-2025-0254, Hydro One Interrogatory Responses, November 7, 2025, OEB Staff -05, WDI - 24 and Attachment 1.

1 factored in to further an apples-to-apples comparison (or excluded) and the impacts to  
2 ratepayers as part of the public interest analysis, is part and parcel to the inquiry. This  
3 view is consistent with the OEB's statutory objectives, OEB Bulletins, and other OEB  
4 jurisprudence. Consistent with the EB-2012-0047 Decision, the OEB noted that the  
5 developer is not the final customer and ratepayers should not be paying for costs that  
6 should otherwise be paid by other means.

7  
8 While customer preference is not an overriding factor in this instance, the  
9 Board notes that [the developer], who provided letters in support of [the  
10 LDC], **will not be the end-use consumer once [the development] is**  
11 **completed.**<sup>72</sup> [emphasis added]  
12

13 Similarly, in another SAA between Hydro One and E.L.K. Energy Inc., the OEB explicitly  
14 outlined how costs associated with civil relocation work for a development ought to be  
15 treated:

16  
17 The Customer should not be responsible for relocation charges that  
18 resulted from the expansion of a municipal roadway, charges **that should**  
19 **be a responsibility of the municipality or, if an arrangement has been**  
20 **made, the Developer.**<sup>73</sup> [emphasis added]  
21

22 Absent an OTC and based on the limited information on the record regarding cost  
23 responsibility which includes a response on WDI's past practice, WDI's proposal points to  
24 recovery of civil costs through distribution rates. As such, these costs must definitively be  
25 included in WDI's costs for the connection.

#### 26 27 **A.4 - CUSTOMER PREFERENCE IS NOT A DEFINITIVE FACTOR**

28 Notwithstanding that customer preference is not an overriding factor in the assessment of  
29 a SAA, the evidence relied on by WDI in support of Developer preference should hold no  
30 weight in this proceeding for the reasons that follow. As aforementioned, the Developers  
31 are not the final customer. Additionally, without an OTC from WDI, there is no credible  
32 objective evidence adduced by WDI to support the basis for the Developers preference  
33 other than capital outlay. Through WDI's own admission, it is premature to file an OTC,

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<sup>72</sup> EB-2012-0047, Decision and Order, March 15, 2013, page 11.

<sup>73</sup> EB-2016-0155, Decision and Order, April 27, 2017, page 11.

1 and thus it corresponds that any preference shared by the Developer may also be  
2 premature as it is not based on a fulsome and informed basis. Additionally, the letter of  
3 support provided in prefiled evidence was written almost two years ago (i.e., January 30,  
4 2024).

5  
6 Furthermore, Primont's Intervention Request on October 9, 2025 which included the basis  
7 for their intervention stated, "We are unsure if HONI can switch the load to a different  
8 circuit should there be an issue with the 8kV system, but it would be safe to assume no at  
9 this time until we discover otherwise." On October 17, 2025, Hydro One's Intervenor  
10 Evidence submission confirmed there is upstream capacity available to facilitate the new  
11 development and capabilities to switch the load, addressing Primont Inc.'s uncertainty on  
12 Hydro One's capabilities.<sup>74</sup>

13  
14 Customer preference cannot be meaningfully established absent an understanding of cost  
15 responsibility, maximum refund allowance, system capabilities or the details within the  
16 OTC. Therefore, for the reasons set out above, WDI's evidence on customer preference  
17 should not be relied upon as a factor in the determination of this SAA.

18  
19 **B. HYDRO ONE'S PROPOSAL IS SUPERIOR FROM A SYSTEM PLANNING AND**  
20 **RELIABILITY PERSPECTIVE**

21 Hydro One confirms in its intervenor evidence and interrogatory responses that its position  
22 is predicated on system safety, reliability and prudent planning, consistent with OEB  
23 Decision with Reasons (RP-2003-0044)<sup>75</sup>. There is no reasonable justification for  
24 transferring the Subject Area to WDI from a technical perspective.

25  
26 Firstly, Hydro One is an experienced distributor in design, permit and construction for pole  
27 line upgrades and pole line extensions across the entire province. Through its own  
28 admission, WDI's evidence of purported faster connection timelines,<sup>76</sup> is unsubstantiated  
29 and not based on any formal internal or external benchmarking studies.<sup>77</sup> In 2024, Hydro

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<sup>74</sup> EB-2025-0254, HONI Intervenor Evidence, October 17, 2025, page 15.

<sup>75</sup> EB-2025-0254, Hydro One Interrogatory Responses, November 7, 2025, for OEB Staff -02, part 1.

<sup>76</sup> EB-2025-0254, WDI Application, August 19, 2025, page 15.

<sup>77</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI -14, part a and b.

1 One processed 14,063 new distribution connection requests for residential and small  
2 business low-voltage customers. Of these, 99.94% were completed within five business  
3 days (or as otherwise agreed to by the customer and the distributor), which was better  
4 than the industry target of 90% for the twelfth consecutive year. For context, the number  
5 of new connections completed in 2024 alone by Hydro One almost equates to the entire  
6 residential customer count served by WDI of 14,796 residential customers.<sup>78</sup>

7  
8 Moreover, Hydro One completed a detailed review of its Wasaga Beach new residential  
9 and small business service connection measures for the year of 2024 and identified 100%  
10 of customers were connected on time. Hydro One's connection timelines exceed the  
11 industry target and thus any suggestion that Hydro One cannot provide timely expansion  
12 connection to the Subject Area is without merit.

13  
14 With respect to reliability, Hydro One's existing feeders can accommodate load growth  
15 and capacity at Sunnidale Corners DS F2 and this configuration provides redundancy.<sup>79</sup>  
16 All existing protection devices installed are designed to have fault tolerances for F-class  
17 feeders. In the case of a fault, the load from Sunnidale Corners DS F2 can be transferred  
18 to Duntroon DS F2 through a tie-point located 4.3km from the Subject Area. Rapid  
19 restoration is ensured due to Hydro One's 24/7 outage call center and dispatch of local  
20 crews to restore faults on radial lines or to proceed with the load transfer during the  
21 restoration of the affected equipment, reducing outage times for customers.<sup>80</sup>

22  
23 Hydro One demonstrates operational readiness, with local crews stationed in Stayner,  
24 Ontario which is approximately ten minutes away, providing embedded services to WDI  
25 and serving Hydro One's customers in Clearview, Ontario and maintaining a presence  
26 across numerous surrounding areas.<sup>81</sup> While WDI may claim a marginal reliability benefit  
27 for the subdivision, Hydro One's servicing the Subject Area will deliver superior reliability  
28 over time, particularly as future development and grid modernization occurs within Hydro  
29 One's service territory. As new connections materialize, Hydro One will be positioned to

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<sup>78</sup> 2024 OEB Open Data Residential Customer Count

<sup>79</sup> EB-2025-0254, Hydro One Interrogatory Responses, November 7, 2025, OEB Staff -08 to 09.

<sup>80</sup> Ibid., WDI -08.

<sup>81</sup> Ibid., OEB Staff -05 and WDI -08.

1 efficiently expand feeders and integrate with existing infrastructure, providing both  
2 enhanced reliability and enabling additional connections. This approach offers safeguards  
3 to existing Hydro One customers ensuring scalable infrastructure and upstream  
4 connections, that WDI will be unable to provide the Subject Area.

### 6 **B.1 - WDI EXISTING SYSTEM LOAD CAPACITY CONSTRAINTS CONFIRMED**

7 The Load Growth Analysis Report (Report) prepared for WDI by Essex Energy  
8 Corporation published on October 11, 2023 provides development load results for  
9 substations stating “a new 10MVA substation is recommended to install tapping from the  
10 2M5 feeder to supply the new developments”.<sup>82</sup> This Report was released after WDI  
11 planned and commissioned MS#6 in 2022 demonstrating the current relevance of the  
12 capacity constraints of the embedded distributor.<sup>83</sup>

13  
14 The Report’s 44 kV system loading table<sup>84</sup> demonstrates that conductor loading reaches  
15 100% of capacity when planned and potential loads are included. Similarly, substation  
16 loading exceeds 100% on MS3, MS4, and MS5 under the same conditions. WDI’s 44 kV  
17 system loading table addresses that 2M4 is 105%.

18  
19 Hydro One highlights the Report’s findings that state if WDI were to serve the increasing  
20 development in the Subject Area, the forecast load growth would reach 65 MVA. This  
21 results in the load exceeding the capacity of WDI’s existing substations, including MS6.  
22 To meet WDI’s forecast demand, based on the evidence in the Report, a new 10MVA  
23 substation would be required to tap into the 2M5 supply.

24  
25 WDI has failed to substantively address these system capacity constraints in this  
26 proceeding, limiting the OEB’s ability to determine the future state of WDI reliability if the  
27 Subject Area was within their licensed service territory. Furthermore, this need  
28 underscores the significant upstream investment necessary to maintain reliability and

---

<sup>82</sup> EB-2025-0254, WDI Supplementary Evidence, October 27, 2025, Attachment A- Load Growth Analysis, page 14.

<sup>83</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, OEB Staff -5.

<sup>84</sup> EB-2025-0254, WDI Supplementary Evidence, October 27, 2025, Attachment A- Load Growth Analysis, page 8.

1 system integrity, which must be considered in the Board’s assessment of economic  
2 efficiency and cost causality.

3  
4 **B.2 - WDI UNCOORDINATED INVESTMENTS**

5 The OEB Act addresses the authority of the OEB to define a distributor’s geographic  
6 service territory within where the distributor can distribute electricity. Similarly,  
7 legislation<sup>85</sup>, the Distribution System Code<sup>86</sup>, and licences<sup>87</sup> outline that a distributor must  
8 adhere to these boundaries.

9  
10 WDI’s commitment “to deeper collaboration with HONI in future planning cycles to  
11 enhance coordination and system efficiency”<sup>88</sup> is acknowledged. However, with respect to  
12 existing planning cycles, WDI confirms that in advance of filing the WDI Distribution  
13 System Plan (EB-2023-0055) as both an embedded distributor and neighboring distributor  
14 to Hydro One, “no formal joint planning occurred”<sup>89</sup> with Hydro One. WDI expanded and  
15 upgraded infrastructure along Morgan Road bordering Hydro One’s service territory  
16 without consultation or joint planning. This has resulted in uncoordinated investments that  
17 undermine efficient system development across the service boundary. Uncoordinated  
18 investments by an embedded distributor outside their service area creates future adverse  
19 impacts on the host distributor’s customers for future connections, reliability, and  
20 increases the risk of redundant or stranded assets.

21  
22 Coordination between neighboring and/or embedded distributors optimizes capital  
23 investments by appropriately assessing long-term load growth and designing  
24 infrastructure aligned with regional needs prudently. Pre-emptive expansions undertaken  
25 without consultation trigger unnecessary cost pressures on ratepayers and reduce the  
26 overall effectiveness of system planning across service boundaries as is evidenced by this  
27 WDI SAA application.

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<sup>85</sup> Electricity Act, 1998 – O.Reg.71/02, s.2.4(3)

<sup>86</sup> Distribution System Code, section 6.3--Responsibilities to Other Distributors.

<sup>87</sup> ED-2002-0544, WDI Distribution Licence, ss, 3.1(a), 7.2(a), and Schedule 1.

<sup>88</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI-6, part f.

<sup>89</sup> Ibid. HONI-6, part f.

1 **C. CONFLICTING RECORD FROM WDI ON STRANDED ASSETS IN THE JOINT LTLT**  
2 **APPLICATION AND THIS SAA PROCEEDING**

3 WDI's SAA application asserts public interest reasoning based on "avoidance of stranded  
4 assets" and "cost-efficient expansion". This argument directly conflicts with WDI's own  
5 evidence detailed in the 2016 Joint LTLT Decision, which sought to eliminate uneconomic  
6 expansions and considered stranded assets.

7  
8 The treatment of stranded assets is a consideration in SAA proceedings. The Board has  
9 clarified that stranded asset claims must be assessed based on whether the assets are  
10 genuinely connected or connectable to the project site and form part of the necessary  
11 infrastructure to serve that specific location, which authority is found in the Combined SAA  
12 Decision.<sup>90</sup>

13  
14 The Joint LTLT SAA application required applicants (both Hydro One and WDI) to disclose  
15 any assets that may become stranded. In that application, WDI stated that no assets would  
16 be stranded if the application were approved, i.e., the Subject Area would be served by  
17 Hydro One.<sup>91</sup> WDI's assertion, therefore in this SAA Application, that denying its  
18 amendment would strand existing infrastructure along Morgan Road<sup>92</sup> is inconsistent with  
19 its evidence in the Joint LTLT SAA Application.

20  
21 As detailed in Procedural Order 6, "the only assets at risk of stranding are five poles with  
22 single-phase primary and neutral conductors along Morgan Road that are fully depreciated  
23 and carry no book value. These legacy assets were originally installed by Ontario Hydro  
24 prior to the existence of Hydro One and Wasaga Distribution".<sup>93</sup> These legacy assets along  
25 Morgan Road are at end of useful life serve no customers<sup>94</sup>, and would be required to be  
26 removed or upgraded in the near future, regardless of the outcome in this proceeding,  
27 posing no additional costs to WDI and should therefore have absolutely no bearing on the  
28 determination of this proceeding.

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<sup>90</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 292.

<sup>91</sup> EB-2016-0207, Decision and Order, September 22, 2016, page 2.

<sup>92</sup> EB-2025-0254, WDI Application, August 19, 2025, page 7.

<sup>93</sup> EB-2025-0254, Procedural Order 6, January 15, 2026, page 8.

<sup>94</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI-13, part b and c and HONI 11 b).

1  
2 If WDI made a business decision to install new infrastructure following the OEB's SAA  
3 LTLT Decision (EB-2016-0207), it did so knowing that it could be stranded and assumed  
4 that risk. WDI confirms that these assets, "remains in place as legacy infrastructure and  
5 was not addressed during the Long-Term Load Transfer (LTLT) proceeding, although it  
6 was identified at that time".<sup>95</sup> WDI's t non-disclosure of the stranded assets to Hydro One  
7 or the OEB does not constitute a burden today of removal cost or an SAA in the public  
8 interest of stranded assets. Duplication of assets and oversizing infrastructure is against  
9 the intent of the Board's SAA principles and mandate. The Board states its "ensuring that  
10 the amendment does not result in any unnecessary duplication or investment in  
11 distribution lines and other distribution assets and facilities"<sup>96</sup>.

12  
13 Any purported stranded asset costs should have no bearing on the determination of this  
14 proceeding.

15  
16 **CONCLUSION**

17 WDI's application, which advocates to revise the OEB's SAA principles and change the  
18 OEB's SAA framework<sup>97</sup> is an effort to explain away why it can't meet filing requirements  
19 and should not be condoned. It has the effect (as Hydro One highlights in this proceeding)  
20 to lead to infrastructure duplication and higher costs. An Applicant should be required to  
21 meet the onus of proof in demonstrating why a service area amendment is in the public  
22 interest. WDI has failed to satisfy this test. Moreover, WDI's proposal fails to demonstrate  
23 how transferring the Subject Area to WDI is either technically or economically more  
24 efficient than a Hydro One connection. The record, in fact, supports a different conclusion  
25 when pre-emptive upstream investments and civil work cost responsibility are considered.

26  
27 With respect to the latter, and given WDI's failure to provide an OTC, WDI's approach is  
28 informed by other similar uncontested WDI projects where WDI has confirmed that it has  
29 included civil works in their DCF calculation as a cost that will be offset by distribution

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<sup>95</sup> Ibid., HONI-11 c).

<sup>96</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 84.

<sup>97</sup> EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, Appendix B, page 14.

1 revenues. Hydro One, conversely, does not recover civil works associated with premium  
2 solutions through distribution rates.

3  
4 With respect to upstream costs, WDI's view that these 'purpose-built' investments should  
5 not be considered in this comparison, narrows the true costs incurred by WDI to connect  
6 the Subject Area and distorts the assessment. Importantly, ignoring the 'purpose-built'  
7 upstream infrastructure would introduce uncertainty and confusion for future service area  
8 amendments, encourage investment in advance of system needs and foster costly  
9 regulatory proceedings all of which will increase distribution system costs that are  
10 burdened on ratepayers. Granting the SAA fails to contribute to the further rationalization  
11 of embedded distribution systems and elimination of inefficient retail points of supply in  
12 Ontario's electricity distribution system as set out in the Combined SAA Proceeding.<sup>98</sup>

13  
14 The proposed SAA does not rationalize the distribution system; it perpetuates duplication  
15 of assets and increases the complexity of system coordination. When evaluated on a fully  
16 loaded basis, and as reflected in Table 1 above, Hydro One costs are demonstrably more  
17 economically efficient.

18  
19 This proposed SAA detracts from the long-term objectives of Ontario's electricity sector  
20 by prioritizing short-term considerations over sustainable outcomes. The OEB has  
21 expressly stated that rates "insofar as they are not a predictor of future rates, may  
22 misinform customer preference"<sup>99</sup>, and that demonstrating lower current rates "would not  
23 be a satisfactory demonstration that its costs to serve the amendment area will be lower  
24 on a sustainable basis".<sup>100</sup> Further, the OEB has held that "The preference of a particular  
25 customer or group of customers cannot be relied upon to yield results that are necessarily  
26 in the overall public interest".<sup>101</sup> Hydro One's position aligns with the OEB's objectives,  
27 which include to protect and inform consumer interests, promote economic efficiency and  
28 cost-effectiveness, and facilitate innovation in the electricity sector.

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<sup>98</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 187.

<sup>99</sup> RP-2003-0044, OEB Decision with Reasons, February 27, 2004, para. 86.

<sup>100</sup> Ibid., par. 86.

<sup>101</sup> Ibid., par. 64.

1 Hydro One respectfully acknowledges WDI as a valued embedded distributor and partner  
2 in Ontario's electricity sector. However, WDI's SAA fails to meet the core principles  
3 required for a contested SAA. Approving this application would erode the guidance found  
4 in well-established decisions and filing requirements which govern SAAs without  
5 reasonable justification or notice to incumbent distributors which are required to evaluate  
6 and either consent or oppose an SAA. Moreover, approval of the SAA would signal  
7 support for uncoordinated investments, eroding regional planning integrity and exposing  
8 ratepayers to duplicative costs and reliability risks, thus, weakening the Board's policies  
9 for rational system planning and cost causality in a period of economic growth. The public  
10 interest is therefore best served by denying this SAA and maintaining disciplined,  
11 transparent service area changes consistent with OEB objectives and prior decisions.

12

13 For these reasons, Hydro One respectfully submits that WDI's proposed SAA application  
14 is not in the public interest and should be denied.