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February 12th, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
27-2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

**Re: Wasaga Distribution Inc. – EB-2025-0254
Service Area Amendment Application
WDI Reply Submission**

Dear Mr. Murray,

In accordance with Procedural Order No. 6, issued January 15th, 2026, please find attached Wasaga Distribution Inc.'s (WDI) Reply Submission in the above-noted proceeding.

WDI confirms that generative artificial intelligence tools were used to assist in drafting portions of this submission. WDI has reviewed and verified the accuracy of the content included in the filed materials without reliance on generative artificial intelligence tools.

Should the Board require additional information, please do not hesitate to contact the undersigned.

Respectfully Submitted,

A Karamatic

Ashly Karamatic, CPA
Manager, Financial & Regulatory

EB-2025-0254

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Wasaga Distribution Inc. to Amend Schedule 1 of
an Electricity Distributor License.

WASAGA DISTRIBUTION INC.

REPLY SUBMISSION

February 12, 2026

1. OVERVIEW

1.1 The Service Area Amendment Should Be Approved

Wasaga Distribution Inc. (“WDI”) submits this Reply Submission in response to the submissions of Hydro One Networks Inc. (“Hydro One”) and Ontario Energy Board (“OEB”) staff regarding WDI’s application, filed April 19, 2025, to amend its licensed service area pursuant to section 74 of the *Ontario Energy Board Act, 1998* to include the lands municipally known as 400 45th Street, Wasaga Beach (the “Subject Lands”). Hydro One opposes the application. OEB staff submits that the service area amendment (“SAA”) application is in the public interest and should be approved.

As demonstrated by the evidentiary record filed by WDI, the proposal represents the most economically efficient means of serving the Subject Lands and is in the public interest. OEB staff independently reviewed that record and reached the same conclusion. WDI can serve the proposed development effectively through the use of existing and contiguous distribution infrastructure, at a lower incremental cost, without unnecessary duplication of assets, and without adverse impacts on Hydro One or its ratepayers.

The Subject Lands currently have no permanent electrical service, and approval of the application would not result in the transfer of any existing customers between distributors. The application therefore concerns the servicing of new load only.

The application is supported by the developer and the Town of Wasaga Beach (“Town”). That support aligns with the location of the Subject Lands within the Town’s boundaries and contiguous to WDI’s established service territory, and further reinforces the public-interest outcome supported by the evidence.

1.2 OEB Staff Supports Approval of the Application

OEB staff independently reviewed the evidentiary record filed in this proceeding and submitted that WDI’s SAA request is in the public interest and should be approved by the OEB. Based on its review of WDI’s evidence and Hydro One’s responding evidence, OEB staff concluded that WDI’s proposal:

- is more economically efficient than Hydro One’s,
- has the lowest incremental cost,
- does not result in unnecessary duplication of distribution assets,
- results in the most effective use of existing distribution infrastructure,
- provides a more reliable, looped supply configuration at lower cost, and

- that the density of the proposed subdivision is consistent with that of the surrounding subdivisions served by Wasaga Distribution.¹

OEB staff's conclusions on the evidence support the approval of WDI's application and confirm that it aligns with the OEB's SAA framework.

1.3 Hydro One's Objections Are Not Compelling

Hydro One's submissions do not displace the evidentiary record demonstrating that WDI's proposal represents the most economically efficient means of serving the Subject Lands and is in the public interest.

First, Hydro One's cost comparison arguments depend on attributing previously approved system investments costs to this development. This is not appropriate. These upstream investments were planned independently of the proposed subdivision, approved through WDI's 2024 cost of service proceeding, and should not be included in the incremental connection cost comparison.

Second, Hydro One asserts that WDI's treatment of civil costs is inconsistent with OEB cost-causality and beneficiary-pays principles. These principles apply equally to WDI and HONI. OEB staff addressed the issue of civil cost responsibility in its submission and assessed the competing proposals on a like-for-like basis, excluding civil and other premium costs from the comparative analysis. That is the appropriate approach. On that basis, WDI's proposal remains the lowest incremental cost option.

Third, Hydro One submits that economies of contiguity, scale, and density favour Hydro One because WDI is an embedded distributor. WDI disputes this characterization. The proposed SAA involves a contiguous adjustment to WDI's existing urban service territory and does not create a new embedded service, nor does it replicate or displace existing infrastructure. This type of rationalization aligns with the OEB's SAA principles. WDI's proposal improves economic efficiency, makes effective use of existing infrastructure, and avoids unnecessary duplication of assets.

Fourth, Hydro One suggests that the application is deficient due to the absence of an Offer to Connect ("OTC") or finalized discounted cash flow analysis. However, the purpose of a SAA application is to determine which distributor should serve, not to finalize detailed connection terms. There is sufficient information about cost estimates, system configuration, phasing, timing and customer preferences to compare the competing

¹ EB-2025-0254, OEB staff Submission, January 29, 2026.

proposals to serve the Subject Lands and determine that this SAA application is in the public interest.

1.4 Structure of This Submission

WDI was not invited to file an Argument in Chief at the outset of this proceeding, and therefore has not had an opportunity to summarize its SAA application in light of the expanded evidence in this proceeding (including interrogatory responses and Hydro One evidence).

Accordingly, this Reply submission begins with a brief overview of the relevant facts and applicable principles, followed by targeted responses to the Hydro One submissions and references to OEB staff's analysis where relevant. This approach is intended to assist the OEB by focusing on the matters that are determinative under the OEB's established SAA framework.

2. THE FACTS

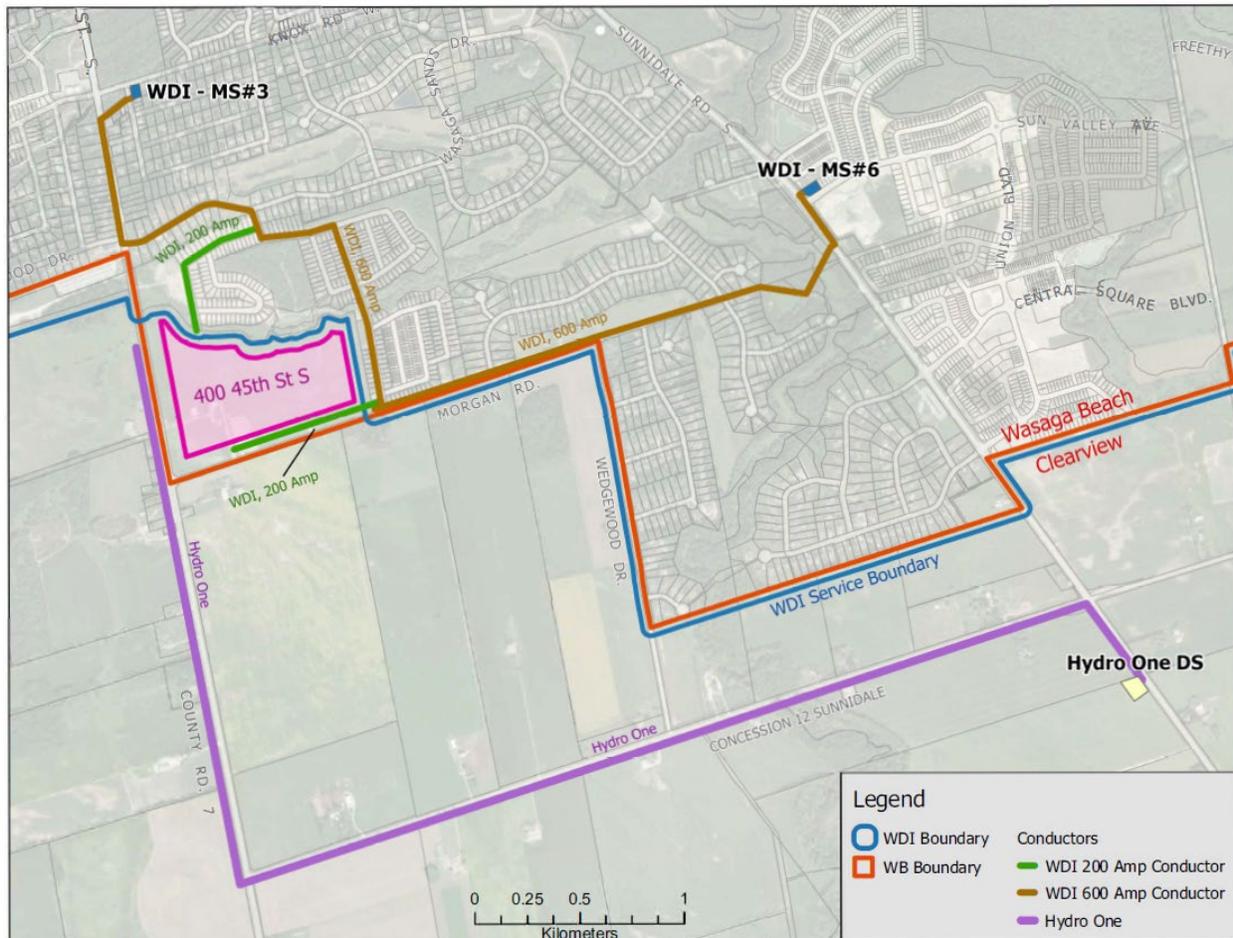
2.1 The Subject Lands and Proposed Development

The Developer's plan contemplates a 660-unit residential subdivision, including single-detached, townhouse, and back-to-back townhouse dwellings, to be constructed in phases over the coming years. WDI is uniquely positioned to serve this new community efficiently and reliably. The Subject Lands are contiguous with WDI-served neighbourhoods and directly adjacent to WDI's upgraded infrastructure along Morgan Road. This system has sufficient capacity to serve the projected 2.1 MW load without upstream investment, ensuring that the connection can be made with minimal incremental cost and maximum use of existing assets.²

The map set out below illustrates the Subject Lands, the surrounding distribution infrastructure, and the direct adjacency of the development to WDI's existing facilities along Morgan Road.³ As can be seen, WDI has dense customers and assets in immediate proximity to the Subject Lands, and the Subject Lands are the only area in this vicinity that lies within the Town's boundaries but not within the current WDI service territory.

² EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp. 10–13.

³ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, Schedule B.



2.2 Historical Service Arrangement

Prior to 2016, the Subject Lands formed part of WDI’s licensed service area. In 2016, the lands were transferred to Hydro One as part of an OEB-directed process to eliminate long-term load transfers.⁴ At that time, the lands were used for agricultural purposes and were not subject to active development.

In 2024, Hydro One removed the permanent electrical service to the Subject Lands at the request of the customer.⁵ The lands are currently vacant, other than a temporary sales office supplied through a temporary connection.

⁴ EB-2016-0207, Decision and Order, September 22, 2016.

⁵ EB-2025-0254, Hydro One Response to OEB staff Interrogatory #1, November 7, 2025.

2.3 Customer and Municipal Engagement

WDI first became aware of the potential development of the Subject Lands through the Town of Wasaga Beach's circulation of a municipal pre-consultation application on August 23, 2022.⁶ At that preliminary stage, the proposal was conceptual and uncertain, as is typical of early pre-consultation notices, many of which do not ultimately proceed.

Consistent with prudent practice, WDI took no further steps at that time beyond advising Sterling Group of Companies (the initial developer) and the municipality that Hydro One was the distributor of record and indicating that, should an SAA later be pursued, WDI would seek stakeholder support. No further communication occurred until January 30, 2024, when Primont Homes, which is jointly advancing the development with Sterling Group of Companies, contacted WDI to request that its licensed service area be amended to include the proposed development. A second municipal pre-consultation application was circulated on April 5, 2024, after WDI had already engaged Hydro One regarding the potential service area amendment.⁷

WDI's application includes a letter from Sterling Group of Companies confirming its preference for WDI as the distributor for the project, as well as confirmation of local support from the Town of Wasaga Beach.⁸ Primont (Wasaga 2) Inc. also filed an intervention request in support of the application.⁹

2.4 Rationale for the Timing of the Application

WDI filed the SAA application in advance of issuing an OTC in order to obtain regulatory certainty regarding the appropriate electricity distributor before detailed distribution system design is finalized and integrated into the municipal planning approval process.¹⁰ No OTC has been prepared because WDI does not yet have detailed subdivision design information that will be finalized through the municipal planning process.¹¹

As described in the evidence, confirming the serving distributor at this stage avoids inefficient duplication of engineering work and enables distribution system design and cost

⁶ EB-2025-0254, WDI response to Hydro One Interrogatory #1(c), November 7, 2025.

⁷ *Ibid.*

⁸ EB-2025-0254, WDI response to OEB staff Interrogatory #2, November 7, 2025.

⁹ EB-2025-0254, Primont Intervention Request, October 9, 2025.

¹⁰ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, p. 4.

¹¹ EB-2025-0254, WDI response to Hydro One Interrogatory #2(d), November 7, 2025.

responsibility arrangements to be developed efficiently within the municipal planning process.¹²

3. OEB SERVICE AREA AMENDMENT PRINCIPLES FAVOUR WASAGA DISTRIBUTION

3.1 Governing Framework

The OEB's principles for assessing SAA applications are set out in its Decision with Reasons in RP-2003-0044.¹³ These principles continue to govern contested SAAs and require the OEB to determine whether an amendment is in the public interest, with economic efficiency as the primary consideration.

Applying those principles to the evidentiary record in this proceeding demonstrates that WDI's proposal best satisfies the OEB's SAA framework.

3.2 Economic Efficiency

3.2(a) OEB Expectations

The OEB has held that economic efficiency is the primary principle in assessing the merits of a SAA application. In RP-2003-0044, the OEB stated:

The Board is persuaded that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. Economic efficiency would include ensuring the maintenance or enhancement of economies of contiguity, density and scale in the distribution network; the development of smooth, contiguous, well-defined boundaries between distributors; the lowest incremental cost connection of a specific customer or group of customers; optimization of use of the existing system configuration; and ensuring that the amendment does not result in any unnecessary duplication or investment in distribution lines and other distribution assets and facilities.¹⁴

The OEB further found that, in the case of contiguous distributors:

... amendments that involve contiguous distribution companies, but that are opposed by the incumbent distributor, may be in the public interest where the

¹² EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, p. 13; EB-2025-0254, WDI response to OEB staff Interrogatory #6, November 7, 2025.

¹³ RP-2003-0044, Decision with Reasons, February 27, 2004.

¹⁴ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 84.

*amendment results in the most effective use of existing distribution infrastructure, and a lower incremental cost of connection for the customer or group of customers.*¹⁵

On this same topic of contiguous distributors and service areas, the OEB explained that:

*In determining the efficiency of a given connection proposal, the Board will be strongly influenced by the extent to which a proponent can demonstrate that the proposed connection is reasonably contiguous to an existing, well-developed electricity distribution system. In such cases, it is very likely that economic efficiency will be served in approving that connection.*¹⁶

The OEB recognized that its guidance would have implications for Hydro One, which often has more rural/less urban service territories, commenting that:

*However, while recognizing certain disadvantages faced by Hydro One in its efforts to attract customers, these circumstances cannot be permitted to compromise the optimized growth of the system as a whole in the areas where most growth actually occurs - that is in the areas within and contiguous to existing urbanized zones currently served by well developed electricity distribution systems. Support for the societal role played by Hydro One must be funded otherwise than in protection of its geographic service area at the expense of orderly growth in the system.*¹⁷

The OEB concluded its comments on this topic as follows:

*The emphasis that the Board places on economic efficiency may have important implications for Hydro One. It is very likely that in many instances new connections will arise that are contiguous or reasonably contiguous to local distribution systems. The fact that the local utility has well developed distribution assets close to the new connect may make it difficult in many cases for Hydro One to provide the most efficient service.*¹⁸

3.2(b) WDI Meets the Economic Efficiency Test

WDI's proposal aligns with the economic efficiency principles articulated by the OEB in RP-2003-0044.

As set out in WDI's evidence and illustrated in the map reproduced above, the Subject Lands are contiguous to WDI's established urban distribution system serving the Town and can be

¹⁵ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 197.

¹⁶ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 237.

¹⁷ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 232.

¹⁸ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 242.

served with the reinforcement of a short section of line without the creation of additional facilities. The proposal involves a logical extension of a well-developed distribution system, consistent with the OEB's principles favouring smooth, contiguous service area boundaries and the efficient use of existing infrastructure rather than the construction of new or extended facilities to serve outlying loads.¹⁹ OEB staff's Submissions appropriately considered these factors – WDI endorses OEB staff's Submissions on this point, including the following:

*OEB staff notes that the density of the proposed subdivision is consistent with that of the surrounding subdivisions served by Wasaga Distribution, whereas the surrounding Hydro One service area appears to be undeveloped rural and agricultural land, consistent with the previous agricultural use of the subject area.*²⁰

and

*All else being equal, reinforcement of existing assets is generally more cost efficient than the construction of new facilities so prior to considering cost information Wasaga Distribution's proposal would appear to be more cost-effective.*²¹

As reflected in the evidentiary record, WDI can serve the initial phase of the development without any incremental upstream investment and with existing system capacity.²² By contrast, Hydro One would be required to extend its facilities before serving any portion of the load. This distinction, as OEB staff point out, would reduce the risk of stranded investment and support economically efficient system expansion.²³

WDI's connection cost evidence demonstrates that its proposal results in the lowest incremental cost for the Subject Lands. On a comparable basis, WDI's cost evidence shows that its proposal is \$96,060.91 (4.3%) lower than Hydro One's. OEB staff independently reviewed this comparison and confirmed that WDI's proposal has the lowest incremental cost.²⁴

¹⁹ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp.11 and 16; EB-2025-0254, OEB staff Submission, January 29, 2026, pp. 4 and 6.

²⁰ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 4.

²¹ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 6.

²² WDI response to OEB Staff Interrogatory #10, November 7, 2025.

²³ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 6.

²⁴ EB-2025-0254, WDI response to Hydro One Interrogatory #5, November 7, 2025. See also Table 1 of the EB-2025-0254 Hydro One Submission (page 8), January 29, 2026, where the non-disputed costs for WDI are lower than Hydro One by \$96,060.

Based on the evidentiary record, both utilities have upstream capacity available to supply the Subject Lands. In neither case was that capacity constructed to serve the Subject Lands.²⁵ Hydro One's assertion that WDI's previously approved upstream investments should be attributed to this development is incorrect. As discussed below, the evidence demonstrates that WDI's recent system investments were planned independently of the Subject Lands.²⁶ If those investments are deemed to be part of the calculation of costs for this new project, then careful consideration would have to also be made of any and all of Hydro One's upstream costs and assets to serve the area (including investments made since 2016 when the Subject Property was transferred to Hydro One). That would introduce a complex and unwarranted investigation for each SAA application, beyond what is contemplated by the OEB's current guiding principles.

Taken together, the evidentiary record demonstrates that WDI's proposal represents the lowest-cost option and the most effective use of existing distribution infrastructure. Consistent with the OEB's jurisprudence, including its findings that a SAA may be approved over the objection of an incumbent distributor where it results in a lower incremental cost of connection and a more efficient system configuration, approval of the application is warranted on economic efficiency grounds.²⁷

3.3 Customer Preference

3.3(a) OEB Expectations

The OEB has held that:

*Customer preference is an important, but not overriding consideration when assessing the merits of an application for a service area amendment. Customer choice may become a determining factor where competing offers to the customer(s) are comparable in terms of economic efficiency, system planning and safety and reliability, demonstrably neutral in terms of price impacts on customers of the incumbent and applicant distributor, and where stranding issues are addressed.*²⁸

²⁵ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 5.

²⁶ EB-2025-0254, OEB staff Submission, January 29, 2026, pp. 4-5; WDI response to OEB Staff Interrogatory #5, November 7, 2025; EB-2023-0055, WDI Cost of Service Decision, February 2, 2024.

²⁷ RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 84 and 197.

²⁸ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 233.

The OEB has cautioned that developers are not the ultimate end-use customers and that developer preference must therefore be weighed carefully, having regard to the potential impacts of a proposed servicing arrangement on other customers and ratepayers.²⁹

3.3(b) Customer Preference Reinforces Efficient Outcome

In this case, customer and municipal preference reinforce, rather than substitute for, the economically efficient outcome. The Developers have expressed a preference for WDI to serve the proposed subdivision, and Primont (Wasaga 2) Inc. filed an intervention request in support of the application. WDI also indicated that the Town has expressed a preference for WDI as the electricity service provider for the Subject Lands.³⁰

WDI's evidence establishes that both the Developers and the Town support the application. OEB staff acknowledged this evidence and noted that, while customer and municipal preference is not determinative on its own, it provides an additional reason to approve WDI's proposal where economic efficiency has already been established.³¹

Moreover, future homeowners within the subdivision, as well as the Town - each the ultimate end-use customers - will benefit from being served by the distributor whose system is already configured to efficiently serve the surrounding urban community, consistent with the OEB's expectation that individual customer preference align with the broader interests of electricity consumers.³² Additionally, new customers will benefit from the fact that WDI has among the lowest distribution rates in Ontario.³³

3.4 Supply Reliability

3.4(a) OEB Expectations

The OEB expects applicants to address any material reliability implications of a proposed SAA with quantitative, rather than anecdotal, evidence. Reliability considerations form part of the public-interest assessment but do not override the primary importance of economic efficiency.³⁴

²⁹ RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 226-227.

³⁰ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp. 20-21; EB-2025-0254, WDI response to OEB staff Interrogatory #2, November 7, 2025.

³¹ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 7.

³² RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 229-233.

³³ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, p. 17; EB-2025-0254, WDI Supplementary Evidence, October 27, 2025, p. 6.

³⁴ RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 267 and 320.

3.4(b) Comparison of WDI and Hydro One

WDI proposes to serve the Subject Lands through a looped supply configuration, while Hydro One proposes a radial configuration.³⁵ WDI has provided evidence showing that, in general, its service is more reliable than Hydro One, with fewer outages and shorter outage durations.³⁶ Hydro One did not provide responding evidence on that point. In total, WDI can be expected to provide a more reliable connection solution than Hydro One.

OEB staff reviewed the comparative reliability evidence and concluded that, while Hydro One's proposal would be sufficient to provide service, WDI's looped configuration would provide enhanced operational flexibility and fault tolerance and result in a more reliable connection at a lower incremental cost.³⁷

4. RESPONSE TO HYDRO ONE NETWORKS INC.

Hydro One's Submissions do not displace the evidentiary record demonstrating that WDI's supply proposal represents the most economically efficient means of serving the Subject Lands and that the SAA application is in the public interest. OEB staff has reached the same conclusion based on the evidentiary record.³⁸

4.1 Cost Comparison

On a comparable basis, the cost evidence demonstrates that WDI's proposal to serve the proposed subdivision is \$96,060.91 (4.3%) lower than Hydro One's proposal.³⁹ WDI's proposal represents the lowest incremental cost connection available for the Subject Lands.

4.1(a) "Premium Solution" Costs Do Not Distinguish the Proposals

Hydro One argues that WDI's proposal involves a "premium solution" involving underground or enhanced civil works and implies that these costs would be borne by WDI's ratepayers.⁴⁰ That implication is incorrect and unsupported by the evidentiary record.

WDI has not asserted that its ratepayers would fund premium civil works selected by the Developers.⁴¹ As explained in WDI's evidence, civil costs were excluded from the comparative analysis in order to ensure a like-for-like comparison of distribution connection

³⁵ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp. 15-16.

³⁶ *Ibid.*

³⁷ EB-2025-0254, OEB staff Submission, January 29, 2026, pp. 7-8.

³⁸ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 8.

³⁹ EB-2025-0254, WDI response to Hydro One Interrogatory #5(a), November 7, 2025.

⁴⁰ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 19.

⁴¹ EB-2025-0254, WDI response to Hydro One Interrogatory #1(g)-(h) and 5(e), November 7, 2025.

costs.⁴² OEB staff accepted this approach and confirmed that, on that comparable basis, WDI's proposal remains the lowest-cost option.⁴³

Hydro One has adduced no evidence that WDI's proposed servicing arrangement would result in inappropriate cost shifting or undermine cost-causality or beneficiary-pays principles. To the extent that premium or non-standard civil works are requested by the Developers, those costs will be addressed through established cost-responsibility mechanisms. Said differently, the same cost allocation rules for any "premium solution" will apply to WDI and Hydro One such that there is no differential impact based on which distributor serves the customer. Accordingly, Hydro One's "premium solution" argument does not distinguish the proposals or detract from the conclusion that WDI's proposal is the most economically efficient option.

4.1(b) Prior System Investments Are Not Attributable to This Project

Hydro One's primary cost argument rests on attributing WDI's prior upstream investments - specifically MS #6 (Sunnidale Road substation) and the Morgan Road feeder upgrades - to this development.

As explained in WDI's interrogatory responses, upstream investments that were planned, reviewed, and approved as part of WDI's broader system planning should be treated as prudent system investments, rather than as costs attributable to a specific development.⁴⁴ Retrospectively assigning such investments to an individual project would improperly blur the distinction between distribution system planning and connection costs and would undermine cost responsibility.

The evidence supports this conclusion. The work on MS#6 and Morgan Road was planned independent of and prior to any knowledge of the Developer's plans for the Subject Lands. These projects were planned in the two years prior to 2021, as set out in the WDI 2022 Capital Budget Report dated November 11, 2021.⁴⁵ The first communication to WDI about the new development was in August 2022, well after the subject projects were planned. These facts contradict Hydro One's argument that "All upstream investments were initiated and commissioned by WDI from 2022 onwards ... knowing that there would be development in the Subject Area".⁴⁶ Hydro One also contradicts itself by arguing on the one hand that MS#6

⁴² EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp. 21-23.

⁴³ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 6.

⁴⁴ EB-2025-0254, WDI response to OEB staff Interrogatory #5, November 7, 2025.

⁴⁵ EB-2025-0254, HONI Intervenor Evidence, October 17, 2025, Attachment 3, pp.1, 31-33.

⁴⁶ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 10.

was built (in part) to serve the Subject Area and then later arguing that even with MS#6, WDI does not have sufficient capacity to serve planned growth in its service territory.⁴⁷

OEB staff reviewed this issue and reached the same conclusion. OEB staff found that the referenced upstream investments were planned independently of the Subject Lands, were undertaken to serve existing and forecast customers within WDI's service territory and were reviewed and approved by the OEB as part of WDI's 2024 cost of service proceeding.⁴⁸ As such, they constitute prudent system investments, not project-specific upstream costs.

This conclusion is consistent with the OEB's direction that connection cost comparisons in SAA proceedings should reflect costs reasonably associated with the project at issue.⁴⁹ It would be unreasonable to reallocate sunk costs or system service investments that were not constructed to enable the specific connection.

If the OEB was to determine that upstream costs already incurred should be part of the consideration of the cost comparison between distributors for a SAA application, then one would expect the SAA Filing Requirements to address this. That is not the case. Introducing this requirement would lead to broad investigation of what system changes and investments have been previously made by each distributor within the system that will serve the new customer(s). That would be unwieldy and unnecessary.

4.2 WDI Has Provided Sufficient Information

4.2(a) Absence of an OTC Does Not Preclude a Determination

Hydro One submits that the OEB's review of this application should be influenced by the fact that WDI has not provided the customer with an OTC.⁵⁰ This position is not supported by the OEB's jurisprudence or the evidentiary record in this proceeding. OEB staff did not view the absence of an OTC as a barrier to approval of the application.⁵¹

The purpose of a SAA application is to determine which distributor should serve a customer or development, based on a comparative assessment of economic efficiency and system configuration, rather than to finalize detailed connection arrangements.⁵² The evidentiary record in this proceeding includes detailed information regarding proposed system

⁴⁷ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 13.

⁴⁸ EB-2025-0254, OEB staff Submission, January 29, 2026, pp. 4-5; EB-2023-0055, WDI Cost of Service Decision, February 2, 2024.

⁴⁹ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 236.

⁵⁰ EB-2025-0254, Hydro One Submission, January 29, 2026, pp. 16-20.

⁵¹ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 8.

⁵² RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 84-85, 197, 237.

configurations, anticipated reinforcements, cost estimates, and service arrangements sufficient to assess economic efficiency.

4.2(b) It Is Not Practical to Finalize an OTC at This Stage

WDI explained that issuing a final OTC is not practical prior to confirmation of the serving distributor and before detailed subdivision design is finalized through the municipal planning process. This sequencing reflects standard practice and avoids the inefficiency of preparing multiple competing detailed designs.⁵³

As WDI noted in its evidence, confirming the distributor first ensures that downstream engineering, construction coordination, and cost responsibility arrangements are developed efficiently and consistently.

4.2(c) Certainty Is Required Now

Certainty regarding the serving distributor is required at this stage to allow the Developers and the Town to proceed with planning approvals, infrastructure coordination, and subdivision design.⁵⁴ Deferring the SAA decision would introduce unnecessary delay and risk inefficient duplication of work, contrary to the OEB's emphasis on economic efficiency.

4.3 Customer Preference Is Relevant in This Case

The Developers have expressed their preference for WDI to serve the proposed subdivision, and Primont (Wasaga 2) Inc. intervened in support of the application. WDI also indicated municipal support from the Town of Wasaga Beach.⁵⁵

Hydro One submits that customer preference should be afforded limited weight.⁵⁶ WDI agrees that customer preference is not determinative on its own. However, where - as here - economic efficiency has been established, the OEB has held that customer and municipal preference may properly reinforce the public-interest conclusion.⁵⁷ OEB staff acknowledged that developer and municipal preference provides an additional reason for WDI to serve the proposed development.⁵⁸

⁵³ EB-2025-0254, WDI response to Hydro One Interrogatory #2, November 7, 2025.

⁵⁴ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, p. 4.

⁵⁵ EB-2025-0254, WDI Service Area Amendment Application, August 19, 2025, pp. 20-21; EB-2025-0254, WDI response to OEB staff Interrogatory #2, November 7, 2025.

⁵⁶ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 20.

⁵⁷ RP-2003-0044, Decision with Reasons, February 27, 2024, para. 233.

⁵⁸ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 7.

4.4 Reliability

Hydro One submits that its proposed radial configuration is sufficient to provide reliable service to the Subject Lands and that reliability considerations do not distinguish the competing proposals. Hydro One further submits that any incremental reliability benefits associated with WDI's proposed looped configuration are unquantified and should be afforded limited weight.⁵⁹

WDI agrees that Hydro One's proposal would be sufficient to provide service. However, the OEB's task is to assess the competing proposals on a comparative basis. As reflected in the evidentiary record, WDI proposes a looped configuration that provides enhanced operational flexibility and fault tolerance relative to a radial configuration. Hydro One does not identify any reliability deficiency in WDI's proposal, but rather disputes the weight that should be given to this advantage. The relative reliability advantages of WDI's proposal support approval of the application within the OEB's established SAA framework.⁶⁰ There is no basis for Hydro One's assertion (made for the first time in argument)⁶¹ that Hydro One will demonstrate superior reliability over time.

OEB staff independently reviewed the evidentiary record and concluded that, while Hydro One's proposal would be sufficient to provide service, WDI's looped configuration would provide enhanced operational flexibility and fault tolerance at a lower incremental cost.⁶² OEB staff therefore found that WDI's proposal offers a reliability advantage, though not a determinative one.

Also on the topic of reliability, Hydro One points to WDI's Load Growth Analysis Report that shows that the utility does not have sufficient capacity to meet all planned growth, even with the new MS #6 substation. Hydro One argues that this calls into question whether WDI can offer reliable service.⁶³

Distributors across Ontario, including Hydro One, are facing challenges with forecasting future growth. That does not mean that reliability is at risk. Investments will be made as needed, including by WDI. There is no reason for the OEB to conclude that Hydro One will be

⁵⁹ EB-2025-0254, Hydro One Submission, January 29, 2026, pp. 21-24.

⁶⁰ RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 87 and 242.

⁶¹ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 22.

⁶² EB-2025-0254, OEB staff Submission, January 29, 2026, pp. 7-8.

⁶³ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 22.

able to meet growing demand, but other distributors will not. WDI addressed Hydro One's troubling position in Supplementary Evidence, which is repeated below:

*HONI's position effectively creates a paradigm in which it must serve all future growth within the service territories of embedded distributors, asserting that doing so is necessary to maintain system safety and resilience. WDI submits that this approach serves to discourage legitimate local expansion and undermines the role of embedded distributors in supporting regional growth. Such tactics should be expressly rejected. HONI should instead be required to provide safe, reliable, and resilient service to its embedded distribution customers, consistent with its obligations under the Distribution System Code and the OEB's expectations for host-embedded coordination.*⁶⁴

4.5 Coordination and Future Planning

Hydro One emphasizes the importance of coordinated regional planning and capacity management in areas experiencing growth.⁶⁵ WDI agrees that effective coordination among distributors and proactive capacity planning are important considerations, particularly in a rapidly developing community such as the Town of Wasaga Beach.⁶⁶

At the same time, the OEB's SAA framework does not require a prior or determinative regional planning recommendation allocating specific lands to a particular distributor. In contested SAA applications, the OEB's assessment is guided by the primary principle of economic efficiency and applied to the evidentiary record to determine which distributor should serve.⁶⁷ Where that record demonstrates that a proposed SAA would result in the most effective use of existing distribution infrastructure and the lowest incremental cost of connection, the absence of a formal regional planning allocation is not a barrier to approval.

OEB staff addressed this issue directly and observed that, while the absence of a regional planning recommendation represents a missed opportunity for coordination, it does not constitute a barrier to determining the appropriate servicing arrangement for the Subject Lands. OEB staff proceeded to assess the competing proposals on the basis of the

⁶⁴ EB-2025-0254, WDI Supplementary Evidence, October 27, 2025, p. 8.

⁶⁵ EB-2025-0254, Hydro One Submission, January 29, 2026, p. 24; EB-2025-0254, Hydro One response to OEB staff Interrogatory #2, November 7, 2025.

⁶⁶ EB-2025-0254, WDI Interrogatory Responses, November 7, 2025, HONI-6(f), OEB Staff 8.3.

⁶⁷ RP-2003-0044, Decision with Reasons, February 27, 2024, paras. 84-85 and 197.

evidentiary record and reached a conclusion on economic efficiency notwithstanding the lack of a regional planning outcome.⁶⁸

WDI remains committed to working collaboratively with Hydro One through ongoing regional and local planning processes to support future growth and to optimize the use of upstream capacity, while ensuring reliable service for its customers. Nothing in this application detracts from that commitment. Rather, approval of a contiguous SAA in this case would be consistent with efficient system development today while preserving the opportunity for continued coordination and joint planning as growth in the region continues.

5. RELIEF REQUESTED

For the reasons set out in these submissions and on the basis of the evidentiary record in this proceeding, WDI respectfully requests that the OEB approve the SAA application pursuant to section 74(1) of the *Ontario Energy Board Act, 1998*, to amend WDI's electricity distribution licence to include the Subject Lands located at 400 45th Street South in the Town of Wasaga Beach.

This relief is consistent with the OEB's established principles governing service area amendments, including the primacy of economic efficiency, the optimization of existing distribution infrastructure, and the avoidance of unnecessary duplication of assets, as articulated in RP-2003-0044.⁶⁹

All of which is respectfully submitted.

⁶⁸ EB-2025-0254, OEB staff Submission, January 29, 2026, p. 8.

⁶⁹ RP-2003-0044, Decision with Reasons, February 27, 2024; EB-2025-0254, OEB staff Submission, January 29, 2026.