

Hydro One Networks Inc.

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**Elise Andrey**

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**BY EMAIL AND RESS**

February 17, 2026

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

Dear Mr. Murray,

**EB-2025-0030 – Hydro One Networks Inc. – Application for 2026 Distribution Rates – Responses to OEB Questions in Procedural Order No. 2**

In accordance with Procedural Order No. 2, Hydro One Networks Inc. (HONI) has provided responses to the OEB's questions in the enclosed. Consistent with the treatment of non-public and forward-looking financial information that was accepted by the OEB to be presumptively confidential in its Partial Decision and Order for this Application<sup>1</sup>, Hydro One requests that the updated Return on Equity (ROE) information in OEB Question – 02 be subject to confidential treatment.

An electronic copy of these responses has been submitted using the OEB's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to read "Elise Andrey".

Elise Andrey

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<sup>1</sup> EB-2025-0030, Partial Decision and Order, December 17, 2025, p. 6

**OEB QUESTION - 01**

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**Question:**

Please confirm whether the projected 2025 Return on Equity (ROE) provided by Hydro One in its Interrogatory Responses<sup>1</sup> includes the costs proposed to be recovered in the Z-factor rate rider.

**Response:**

Confirmed.

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<sup>1</sup> Hydro One Interrogatory Response I-02-08; Hydro One Interrogatory Response I-04-03; Hydro One Interrogatory Response I-05-09

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**OEB QUESTION - 02**

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**Question:**

If the 2025 ROE includes the Z-factor amount, how many basis points of the projected 2025 ROE does the Z-factor amount represent?

**Response:**

The latest forecast of 2025 ROE including the 2025 Z-factor costs is approximately [REDACTED].

If the 2025 Z-factor claim were approved and Hydro One was granted recovery of these costs, Hydro One would record a regulatory asset in Account 1572. The impact of recognizing a regulatory asset equal to the total relief sought in this Application would increase the 2025 ROE by [REDACTED] basis points, resulting in an estimated ROE of approximately [REDACTED].

The 2025 ROE is not considered final until the completion of the audited Distribution financial statements on April 30, 2026. However, based on the requested calculation, Hydro One's achieved ROE is not expected to exceed deemed ROE by 300 basis points even if the Z-factor application is approved.

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**OEB QUESTION - 03**

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**Question:**

Please confirm whether the revenue associated with the Z-factor claim, if approved, is included in the 2025 projected ROE.

**Response:**

Please refer to the response to OEB Question – 02.

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**OEB QUESTION - 04**

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**Question:**

**Key Requirement**

Please provide the latest 2025 forecast ROE or, if available, the actual 2025 ROE. If the impact of the Z-factor (in basis points) has changed, please also provide the updated ROE impact of the Z-factor.

**Response:**

Please refer to the response to OEB Question – 02.

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