Ontario Energy Board | Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2026-0170

HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP

Application for interim electricity transmission revenue requirement to be effective January 1, 2027

BEFORE: **Allison Duff**
Presiding Commissioner

James Sidlofsky
Commissioner

Julia McNally
Commissioner

July 14, 2026

1 OVERVIEW

The Ontario Energy Board (OEB) approves, without a hearing, Hydro One Sault Ste. Marie Limited Partnership’s (HOSSM) request to use its 2026 base revenue requirement of $49.2 million on an interim basis effective January 1, 2027 for one year.

On May 20, 2026, HOSSM applied to the OEB for approval to use its 2026 base revenue requirement on an interim basis for 2027. HOSSM intends to apply for rebasing for 2027 and 2028 as part of a joint rebasing application with Hydro One Distribution and Hydro One Transmission. The proposed joint application will include the disposal of deferral and variance account balances, including the balance in HOSSM’s Earnings Sharing Mechanism (ESM) account relating to 2025 and 2026.

HOSSM requested that the application be approved without a hearing under section 21(4)(b) of the *Ontario Energy Board Act*, *1998* (OEB Act).

This Decision and Order addresses two issues:

- Disposition of the proceeding without a hearing
- Interim revenue requirement

2 CONTEXT AND PROCESS

HOSSM is an OEB-licensed electricity transmitter in the vicinity of Sault Ste. Marie, Ontario.

In 2016, the OEB approved Hydro One Inc.'s acquisition of Great Lakes Power Transmission Inc.[1], and a ten-year deferral period for rebasing of HOSSM's[2] revenue requirement. In the same Decision and Order, the OEB determined that HOSSM would continue with its 2016 revenue requirement and bring forward a separate revenue requirement application, proposing a revenue cap index (RCI) for the deferral period.

In 2019, the OEB approved HOSSM's 2019 revenue requirement and related matters[3], including the proposed Revenue Cap Incentive Rate-setting methodology for the period 2019 to 2026 inclusive. The OEB also approved an ESM account for 2022 to 2026.

HOSSM filed an application with the OEB on June 26, 2025 seeking approval to increase its revenue requirement in 2026 and to dispose of the balance of its ESM account. The OEB approved a total revenue requirement for 2026 of $44.4 million, made up of the base revenue requirement minus a $4.8 million offset for earnings sharing.

On May 20, 2026, at the end of its rebasing deferral period, HOSSM applied for approval to use the 2026 base revenue requirement on an interim basis for 2027, effective January 1, 2027. HOSSM asked that the application be approved without a hearing. The OEB issued a Notice of Application in which it invited interested parties to comment on whether a hearing should be held.

[1] EB-2016-0050, Decision and Order, October 13, 2016.
[2] GLPT's name was changed to Hydro One Sault Ste. Marie Limited Partnership on January 16, 2017.
[3] EB-2018-0218, Decision and Order, June 20, 2019, pp.13-21

3 DISPOSITION OF THE PROCEEDING WITHOUT A HEARING

HOSSM requested that the application be disposed of without a hearing under section 21(4)(b) of the OEB Act. Section 21(4) allows the OEB to proceed without a hearing if no person requests a hearing (a) within a reasonable time set by the OEB after the OEB gives notice of the right to request a hearing; or (b) if no person will be adversely affected in a material way by the outcome of the proceeding, and the applicant has consented to disposing of a proceeding without a hearing.

Findings

The OEB approves the request to proceed without a hearing. The OEB issued a Notice of Application on June 12, 2026, inviting interested parties to comment on whether the OEB should hold a hearing. No person commented or requested a hearing by the stated deadline. The OEB finds it appropriate to proceed without a hearing on the basis of section 21(4)(a) of the OEB Act, and considers it a procedurally efficient approach.

4 INTERIM REVENUE REQUIREMENT

HOSSM's seeks approval to use its 2026 base revenue requirement of $49.2 million for 2027 on an interim basis, effective January 1, 2027.

HOSSM noted that it would be a co-applicant in Hydro One Networks Inc.'s (Hydro One) forthcoming 2028 joint distribution and transmission rate application (2028 JRAP), in which it will propose:

- to retroactively rebase its 2027 revenue requirement through the 2028 JRAP.
- a mechanism to adjust its approved 2028 revenue requirement to account for revenue that should have been collected in 2027.
- that 2028 be treated as HOSSM's rebasing year to align with Hydro One's rate period and the application of the approved incentive rate frameworks.
- to dispose of its deferral and variance account balances, including the balance of the ESM relating to 2025 and any ESM balance relating to 2026.

Findings

The OEB approves the use of the 2026 base revenue requirement in 2027 on an interim basis.

The 10-year deferral period for rebasing HOSSM's revenue requirement will end December 31, 2026. The OEB was expecting the transmitter to file a 2027 rebasing application in the 2026 calendar year. However, the appropriate 2027 rebasing revenue requirement is unknown as there is no evidence in this application regarding the 2027 forecast costs. As such, the OEB finds it appropriate to maintain the 2026 revenue requirement for one year until 2027 information is filed.

The OEB is satisfied that customers will not be negatively affected given that the 2027 revenue requirement is interim and the ESM will continue until the end of the deferred rebasing period. The OEB will determine HOSSM's final 2027 revenue requirement and dispose of its deferral and variance account balances in the proposed 2028 JRAP proceeding.

The OEB notes that this delay in rebasing could cause intergenerational inequity if the final 2027 revenue requirement is higher or lower than the 2026 base revenue requirement. However, the HOSSM revenue requirement is pooled with the revenue requirements of all other licensed and rate-regulated transmitters and recovered from

Ontario transmission customers through the Uniform Transmission Rates (UTRs). Because HOSSM's revenue requirement only made up 2% of the total 2026 revenue requirement for all transmitters,[4] the OEB does not expect the impact of this potential inequity to be material.

[4] EB-2025-0232, Decision and Rate Order, 2026 Uniform Transmission Rates, January 15, 2026, p.4, Table 1

5 IMPLEMENTATION AND ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

The 2027 revenue requirement of $49,246,640 for Hydro One Sault Ste. Marie Limited Partnership is approved on an interim basis, to be included in the calculation of the UTRs effective January 1, 2027.

DATED at Toronto July 14, 2026

ONTARIO ENERGY BOARD

Ritchie Murray

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Ritchie Murray
Registrar