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BY EMAIL AND RESS

September 29, 2026

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

Dear Mr. Murray,

EB-2026-0078 – Waasigan Transmission Line Partnership, by its general partner, Waasigan Transmission GP Inc. for 2027 Transmission Revenue Requirement – Interrogatory Responses

In accordance with Procedural Order No. 1 issued September 3, 2026, please find an electronic copy of responses to interrogatory questions posed by OEB Staff.

An electronic copy of these Interrogatory Responses has been submitted using the Board's Regulatory Electronic Submission System

Sincerely,

Elise Andrey

OEB STAFF INTERROGATORY - 01

Reference:

Ref 1: Exhibit A-2-3, page 1
Ref 2: EB-2023-0198, Decision and Order, page 19
Ref 3: EB-2024-0216, Exhibit C-2-1

Preamble:

In the leave to construct decision for the Waasigan transmission line (EB-2023-0198) the OEB included the following directive: "At the appropriate future proceeding, Hydro One should demonstrate how adopting the ECI-EPC model benefited ratepayers and how overhead functions were reassessed to avoid cost duplication."

Interrogatory:

a) Please provide the capitalized overhead amount for WTLP.

b) Please specify the overhead capitalization rates for WTLP under the ECI-EPC model for each year over the period of 2023 to 2027.

c) Please confirm a weighted average overhead rate is applied to WTLP under the ECI-EPC model. If so:
   i. Please specify the weighted average rate.
   ii. Please explain why a weighted average rate is applied other than a specific rate for each year.

d) Please provide supporting calculations to show the difference in project costs between the ECI-EPC model and the standard delivery model.

e) Please provide supporting calculations to show the difference in rate base between the ECI-EPC model and the standard delivery model.

f) Please clarify if any WTLP related costs have been or are expected to be tracked under the Affiliate Transmission Projects Regulatory Account established in EB-2021-0169. If so, please explain the nature of the tracked costs.

Response:

a) The capitalized overhead component of the rate base in C-01-01 is approximately $12.7M, of which $9.3M is post August 2023 when the ECI-EPC overhead methodology was utilized. Please see EB-2024-0216, the Chatham x Lakeshore

Limited Partnership (CLLP) 2025-2029 Transmission Revenue Requirement Application, Exhibit C-02-01 for additional information.

b) As disclosed in EB-2024-0216, Exhibit C-02-01, Hydro One applies the ECI-EPC overhead methodology recommended by Atrium Economics to projects using the ECI-EPC Model. This methodology has been applied since August 2023, including the Waasigan project.

The blended ECI-EPC overhead rates for the Waasigan project for each year over the period of 2023-2027 are provided in the following table.

Year	**Blended Overhead Rate (OCR)**
2023 (from August)	3%
2024	2%
2025	2%
2026	2%
2027	2%*
** to be confirmed as part of the annual integrated business planning process as previously disclosed in EB-2024-0216 Exhibit C-02-01 and EB-2023-0198 Exhibit B-07-01*	

c) Correct, a weighted average overhead rate is applied to WTLP under the ECI-EPC model.

i. Please see answer to b) above for blended average rate applied to the project

ii. As per the Hydro One processes in alignment with the Atrium Report described in the EB-2024-0216, Exhibit C-02-01 and EB-2024-0216, Exhibit C-02-01, Attachment 1, the blended average overhead rate is revised based on updated common corporate overheads and capital expenditures as part of the annual integrated business planning process.

d) The supporting calculations for the difference in project costs between the ECI-EPC model and the standard delivery model are:

	2023 (Sept onwards)	2024	2025	2026	2027	Total
Direct Capital Expenditures (A)	$18.3M	$49.5M	$218.4M	$159.7M	$9.8M	$455.7M
Standard Overhead (effective rate) (B)	7.92%	6.87%	6.34%	7%*	7%*	
Standard Overhead (C = A x B)	$1.4M	$3.4M	$13.8M	$11.2M	$0.7M	$30.5M
ECI-EPC Overhead applied (D)	$0.5M	$1.0M	$4.4M	$3.2M	$0.2M	$9.3M
Increase in capital costs due to Standard Overhead (E = C – D)	$0.9M	$2.4M	$9.4M	$8.0M	$0.5M	$21.2M

** forecasted*

e) The rate base would be approximately $22.2M higher with the standard overhead, plus the related interest impact:

	2023 (Sept onwards)	2024	2025	2026	2027	Total
Increase in overhead	$0.9M	$2.4M	$9.4M	$8.0M	$0.5M	$21.2M
Impact on capitalized interest	$0.0M	$0.1M	$0.3M	$0.6M	-	$1.0M
Total impact on rate base	$0.9M	$2.5M	$9.7M	$8.6M	$0.5M	$22.2M

f) Certain project related costs, such as the continued construction of Phase 2, have been and are expected to be tracked under the Affiliate Transmission Projects Regulatory Account established in EB-2021-0169. The expenditures of Phase 2 will be included in a future rate hearing when the asset is brought into service.

Costs borne by the Limited Partnership (WTLP) after energization and the transfer of the assets from Hydro One to WTLP, are not expected to be tracked in the regulatory account.

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OEB STAFF INTERROGATORY - 02

Reference:

Ref 1: Exhibit A-3-1, page 12 of 14

Ref 2: EB-2026-0090, Decision and Order, page 13-15

Preamble:

Reference 1 states that a revenue requirement currently forecasted to be $5.35 million is expected to be recorded in the WTLP deferral account upon the Waasigan Project being placed in-service in 2026 (Phase 1). This revenue requirement for 2026 has been included in the 2027 revenue requirement requested in this application. At the time of the draft rate order in this proceeding, WTLP will reflect any updates to the 2026 revenue requirement based on the OEB's decision in this proceeding.

Interrogatory:

a) Given that the WTLPDA has been approved by the OEB in EB-2026-0090, please explain whether it is still necessary to include the 2026 revenue requirement in the proposed 2027 revenue requirement in this application.

b) Please provide a breakdown of the $5.4 million revenue requirement for 2026. For return on capital, please specify return on debt and return on equity.

Response:

a) Yes. The approval of the WTLPDA establishes a deferral mechanism for recording the 2026 revenue requirement, currently forecasted at $5.35 million, but does not itself provide for recovery of that amount. The deferred balance is therefore included in the proposed 2027 revenue requirement, subject to OEB approval, so that it may be recovered through 2027 rates.

b) The table below provides the breakdown of the $5.4 million revenue requirement for 2026.

Revenue Requirement	**2026 ($M)**
OM&A	0.2
Depreciation	0.9
Return on Debt	1.8
Return on Equity	2.4
Income Tax	0.0
Total	**5.4**

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OEB STAFF INTERROGATORY - 03

Reference:

Ref 1: Exhibit A-3-1, page 1

Preamble:

WTLP states that, “The anticipated in-service date for Phase 1 is forecast to be on or about November 15, 2026, while the Phase 2 in-service date is expected in the fourth quarter of 2027.”

Interrogatory:

a) Please confirm if the expected in-service dates for both Phase 1 and Phase 2 remain unchanged since the filing of the application.

b) If WTLP does not expect to meet the stated in-service dates for each respective Phase, please provide any reasons why.

Response:

a) Confirmed. The expected in-service dates for Phase 1 remains on or about November 15, 2026, while the Phase 2 in-service date is expected in the fourth quarter of 2027.

b) Not applicable.

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OEB STAFF INTERROGATORY - 04

Reference:

Ref 1: Exhibit A-3-1, page 4

Preamble:

WTLP states that, “WTLP intends to file a new rate application in mid-2027 that will encompass both phases of the project”, and that WTLP believes this is the best option for ratepayers as cost forecasts will be better refined by mid-2027.

Interrogatory:

a) Does WTLP expect to file a 5-year rate application in 2027 or a single year application similar to the current application?

b) Please provide any reasons for the option mentioned in a.

Response:

a) WTLP expects to file a five-year rate application; however, it has not yet confirmed whether the application will be filed in 2027 or in 2028.

b) In determining whether to file the five-year rate application in 2027 or in 2028, WTLP will consider regulatory efficiency and the best option for ratepayers, taking into account the refinement of cost forecasts.

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OEB STAFF INTERROGATORY - 05

Reference:

Ref 1: Exhibit B-2-1, Section 2.0
Ref 2: EB-2023-0198, Decision and Order, Section 4.3
Ref 3: EB-2023-0198, Exhibit B-7-1

Preamble:

The current forecast cost of the line for Phase 1 is $525 million.

Interrogatory:

a) Please reproduce Table 2 (Phase 1 Line Cost) and Table 3 (Phase 1 Station Cost) in EB-2023-0198, Exhibit B-7-1, page 1 and 2 of 16, to show the current forecast of Phase 1 Line Cost and Phase 1 Station Cost.

b) Please confirm there is no Phase 1 Station Cost included in the proposed revenue requirement in this application.
   i. If confirmed, please explain how the Phase 1 Station Cost will be recovered. Please also specify the in-service date of the Phase 1 Station.

c) Please provide a breakdown and explanation of the current estimate of Phase 1 contingency costs into categories such as land acquisition, engagement and consultation, approvals, permits and authorization.

Response:

a) Phase 1 Line Cost

	As per EB-2026-0078
Materials	$443.5*
Labour	
Equipment Rental & Contractor Costs	
Sundry	
Contingency	$9.8
Overhead	$12.7
Capitalized Interest	$32.0
Real Estate (as per C-1-1-3)	$27.0
Total Phase 1 Line Work	$525

** These four cost components fall within the scope of the fixed price EPC contract for the project. Under the EPC contract, in which performance and payments are based upon completion of discrete sections of scope (i.e. milestones), Hydro One does not have access to the EPC contractor's actual costs broken down into these four cost components*

Hydro One notes that the station expenditures are not included for recovery in this application and are therefore outside the scope of this proceeding. The associated station work will be addressed through Hydro One Networks Inc. 2028-2032 Transmission and Distribution Rate Application.

b) Confirmed. There are no Phase 1 Station Costs included in the proposed revenue requirement in this application.
   i. The Phase 1 Stations Costs will be recovered through Hydro One Networks Inc. 2028-2032 Transmission and Distribution Rate Application. The Phase 1 station work is forecast to be in-service on or about November 15, 2026, consistent with the forecast in-service date for the Phase 1 line work.

c) As described in Exhibit B-2-1, the remaining contingency is for final construction activities and the potential shift in the outages required to bring the project into service. The remaining contingency is not forecast to be required for land acquisition, engagement and consultation, permits, or authorization.

OEB STAFF INTERROGATORY - 06

Reference:

Ref 1: Exhibit B-2-1, page 4 of 4

Preamble:

For Phase 1, the trailing costs are currently forecasted to be $10 million and are expected to mostly be incurred in 2027. The trailing costs are reflected as the in-service additions for 2027.

Interrogatory:

a) Please provide a breakdown of the $10 million trailing costs. Please also specify all assumptions used in forecasting the costs.

b) Please provide the amount of trailing costs that are expected to be incurred in 2026.

Response:

a) The $10 million trailing costs are as follows:

Reclamation	$4.5M
Biodiversity Initiatives & Pollinator Habitat (to meet Environmental Assessment commitments, etc.)	$2.8M
Road Removal and Other Post Construction Activities	$2.5M
Overhead	$0.2M
Total, as per Exhibit B-2-1	**$10M**

b) The vast majority of these costs are expected to be incurred in 2027. Current 2026 estimates of trailing costs are less than $1M.

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OEB STAFF INTERROGATORY - 07

Reference:

Ref 1: Exhibit D-1-1, page 2 of 6

Preamble:

WTLP proposed five performance measures.

Interrogatory:

a) Please clarify if WTLP plans to publish its actual performance of the five measures annually.
    i. If yes, please explain where and when WTLP will publish its performance results.
    ii. If not, please explain why.

Response:

a) WTLP will publish actual performance of the six measures on an annual basis between September and December to align with Hydro One's annual scorecard performance reporting process.
    i. It will be published on the Hydro One website.

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OEB STAFF INTERROGATORY - 08

Reference:

Ref 1: Exhibit D-1-1, page 5

Preamble:

WTLP states that the maintenance cost per circuit kilometre is approximately $260 for 2027. This was determined after considering that there are 190 route kilometres for two circuits resulting in 380 circuit kilometres.

Interrogatory:

a) Please provide a comparison of maintenance costs per kilometre for comparable projects.

b) Please provide an explanation for any differences in costs between those of the Project and the comparable projects.

Response:

a) These costs are aligned with the maintenance expected to be performed on similar Hydro One Networks Inc. (HONI) projects during its first year of operation. The maintenance activities are based on the HONI Transmission Lines maintenance strategy. For a comparison with similar projects please see the response to IR 13.

b) Please see the response to IR 13.

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OEB STAFF INTERROGATORY - 09

Reference:

Ref 1: Exhibit F-2-1, page 6 of 6
Ref 2: Exhibit A-2-2, page 2 of 4

Preamble:

The annual budget for the Managing Director's Office is approximately $0.38 million.

Interrogatory:

a) Please provide a breakdown of the annual budget into categories such as salary, office lease and communication.

b) Reference 1 states that the partnership has a Managing Director. Reference 2 states that WTLP has no employees and that operations and management services are provided by HONI by a service level agreement. Please clarify whether the Managing Director is WTLP's only employee.

c) Please clarify whether the Managing Director is a full-time equivalent of WTLP and whether the costs associated with the Managing Director are allocated 100% to WTLP.
    i. If not, is the Managing Director shared across multiple partnerships? If so, how are the costs associated with the Managing Director allocated among the partnerships?

d) Please clarify where the Managing Director's Office is located.

e) Please provide a comparison of the Managing Director's Office costs for other comparable transmission line partnerships.

Response:

a) The costs of the Managing Directors' Office are broken down as follows: (i) fee for services of Managing Director of $0.18M and (ii) General Partner Board, and related costs of $0.20M.

b) WTLP does not have any individual, direct employees as defined by the Employment Standards Act. WTLP has contracted with Hydro One Networks Inc. (HONI) to provide a resource(s) to perform the tasks required of the Managing Director of WTLP. The current Managing Director for WTLP is an employee of HONI.

c) WTLP pays HONI a fee for the services of a Managing Director, which is $0.18M in 2026. The time spent by the Managing Director, dedicated to WLTP matters, is less than 100% of a full time equivalent.

d) The Hydro One employee serving as Managing Director maintains a dedicated office in Woodstock, Ontario.

e) Cost of the Managing Director's Office (2027 Forecast, $M):

WTLP	B2M LP	NRLP	CLLP
0.38	0.26	0.24	0.25

OEB STAFF INTERROGATORY - 10

Reference:

Ref 1: Exhibit F-3-1, page 3 of 4

Preamble:

The Shared Asset allocation charged to WTLP is estimated by taking the average shared asset allocation amount per net fixed asset amount of B2M LP, NRLP and CLLP and applying this rate against the net fixed asset amount of WTLP.

Interrogatory:

a) Please provide supporting calculations to show how the $0.38 million shared assets usage was derived.

b) Please explain if there is any difference between the methodology of calculating shared assets for WTLP and the methodology for B2M LP, NRLP and CLLP.

Response:

a) The below chart shows the calculation to derive the shared asset allocation for WTLP.

In Dollars	B2M	NRLP	CLLP	Average: B2M, NRLP and CLLP	Rule: For Every $1 of Net Fixed Asset per $ Shared Asset Allocation	Waasigan	Waasigan Shared Asset Allocation
	A	B	C	D=(A+B+C)/3	E=Average Shared Asset Allocation / Average Net Fixed Asset	F	G=F×E
Net Fixed Asset	$449,211,521	$108,728,650	$203,811,993	$253,917,388	$0.0007296	$525,000,000	**$383,043**
Shared Asset Allocation (annual)	$321,493	$88,093	$146,193	$185,260			

b) The methodology for calculating shared assets for WTLP is the same as that used to calculate the shared assets for CLLP. Specifically, CLLP's annual shared asset allocation was calculated using the average ratio of shared asset allocation to net fixed assets for B2M LP and NRLP. This average ratio was then applied to CLLP's net fixed asset balance to determine the annual shared asset allocation amount. As demonstrated above, for WTLP, the average ratio of shared asset allocation to net fixed assets for B2M LP, NRLP and CLLP was used to determine the annual shared asset allocation amount for WTLP.

The shared asset allocation amounts for B2M LP and NRLP were based on the Black and Veatch study submitted in the 2023-2027 Custom IR Application.[1] Since CLLP and WTLP operate in a manner comparable to B2M LP and NRLP as single-asset transmission line partnerships and utilize similar asset classes, the shared asset allocation for these entities was based on the shared asset allocations applied to B2M LP and NRLP, as described above.

[1] EB-2021-0110, Application, Exhibit E-04-08, Attachment 1

OEB STAFF INTERROGATORY - 11

Reference:

Ref 1: Exhibit F-2-1, page 2
Ref 2: Exhibit F-3-1, Table 1, page 2

Preamble:

WTLP states that it intends to enter into a Service Level Agreement (SLA) with Hydro One, as the services that will be procured are not reasonably available in the market in the forms required by WTLP. WTLP further states that, "There are no known service providers that can unilaterally provide these bundled services in this manner. Entering into a multi-vendor management arrangement would engender significant additional management costs. All services to be procured from HONI are done so on a fully allocated cost basis."

Further, WTLP provides a table at Reference 2 detailing services provided in the SLA.

Interrogatory:

a) Has WTLP sought bids from other vendors to confirm that the services procured in the SLA are reasonably priced?

b) How have the costs for the services in the SLA been determined? Is WTLP involved in the cost determination process or are they solely defined by Hydro One?

c) Please provide additional information on the maintenance services that will be covered by the SLA including detailing the specific activities that will be undertaken and the frequency of those activities.

Response:

a) WTLP has not invoked a process to solicit external bids for the basket of services required immediately after energization and during 2027.

b) The costs are derived based on the allocation of HONI's fully loaded costs. Those costs were previously approved by the OEB as part of HONI's rate application EB-2021-0110.

   The allocation was independently performed by Atrium Economics. WTLP representatives met multiple times with officials from Atrium to assist with the formulation of the underlying allocators.

c) Please see I-01-12 (Staff IR 12) for further details on the maintenance activities forecast to be performed.

OEB STAFF INTERROGATORY - 12

Reference:

Ref 1: Exhibit F-2-1, Table 2, page 2

Preamble:

The table below is included in WTLP's application:

Table 2 - Total Estimated Service Level Agreement Costs ($ M)

Description	2026	2027
Maintenance Expenses	0.01	0.10
Shared Asset Allocations	0.05	0.38
Administrative and Corporate Expenses	0.05	0.39
Total Service Level Agreement Costs	**0.11**	**1.67**

Interrogatory:

Please explain what maintenance activities are being undertaken in 2026 and 2027 and the respective costs associated with each activity.

Response:

No specific maintenance activities are planned in 2026. The forecast amount represents a pro-rated portion of annual maintenance costs and is included to cover any unplanned maintenance activities that may arise in 2026.

In 2027, Overhead Transmission Lines Maintenance includes a thermovision patrol ($17,000) and estimated unplanned demand corrective work ($47,000). Vegetation maintenance includes an aerial visual patrol ($14,000) and estimated demand corrective work ($20,000).

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OEB STAFF INTERROGATORY - 13

Reference:

Ref 1: Exhibit F-2-1, Table 1, page 2

Preamble:

WTLP provides the following table detailing its proposed OM&A costs for 2026 and 2027:

Table 1 - Summary of OM&A ($ M)

Description	2026	2027
Estimated SLA Costs	0.11	0.87
Incremental Expenses	0.10	0.80
Total OM&A	**0.22**	**1.67**

Interrogatory:

a) Please provide a comparison of OM&A costs with comparable projects comparing the total OM&A costs and per km OM&A costs.

b) Please provide an explanation for any differences in costs between those of the Project and the comparable projects.

Response:

a) **OM&A Costs (2027 Forecast)**

	WTLP	B2M LP	NRLP	CLLP
Total Costs ($M)	1.67	4.12	1.03	1.14
Km	190	176	76	49
Cost per km ($)	8,789	23,409	13,553	23,265

b) Comparisons of total OM&A costs and costs per km among different partnerships are usually not instructive. The reason is that the costs depend primarily on factors related neither to the operational characteristics of the line nor the length of the line.

Vegetation management is a significant expense. However, for new lines like WTLP and CLLP, there are no vegetation management costs because the right of way was recently cleared during construction.

Similarly, some lines traverse land (like active farmland) that requires a very minimal amount of vegetation management (e.g. NRLP) and therefore this expense is only incurred once every 6 years. For NRLP, 2027 is an “off year” for vegetation management.

B2M is expecting a full segment of vegetation management in 2027 forecast at $1.24M. That portion of the line traverses more wetlands and brush lands which require significant additional costs compared to open farmland.

Furthermore, B2M is in the middle of a 5-year repair program that received OEB approval to spend $1.2M per year including 2027.

Aside from vegetation management, most of the remaining costs are administrative in nature and therefore, vary only modestly based on kilometres of line.

After removing non-recurring costs like vegetation management and extraordinary repairs, the total costs in 2027 for all 4 partnerships are forecast between $1M-$2M. The variance among them relate primarily to cost allocation factors driven in part by total asset value and management logistics (location).

OEB STAFF INTERROGATORY - 14

Reference:

Ref 1: Exhibit G-1-1, page 1 of 6
Ref 2: EB-2024-0063, Decision and Order, page 72

Preamble:

Reference 1 states that at the time of in-servicing Phase 1 of the Waasigan transmission line, WTLP will issue two notes in the amount of $144.4M each, representing 56% of WTLP Phase 1 rate base, bearing interest at 4.32% and 4.91% respectively. These notes are planned to be refinanced during 2027 with debt issued by WTLP. The refinancing debt issue will mirror the terms included in an actual debt issue planned to be issued by Hydro One Inc. to third party public debt investors. This is expected to occur by mid-2027.

Interrogatory:

a) Please explain whether WTLP will update the bearing rates of the two notes (i.e., 4.32% and 4.91%) based on latest information upon issuance at the time of in-servicing Phase 1 assets.

b) Please explain the basis for the assumption that refinancing transaction will occur by mid-2027.

c) Please explain how the indicative issue spreads from Hydro One Inc.'s Medium Term Note dealer group are developed and provide any supporting information regarding the methodology used to determine the proposed spreads for each issuance term.

d) Please explain why WTLP considers the use of Consensus Forecasts and indicative issue spreads to be an appropriate methodology for forecasting the cost of debt, given that the actual cost of debt would be incurred through an actual Hydro One Inc. issuance to third-party public debt investors.

e) In the OEB's Decision and Order in EB-2024-0063, it was determined that actual market-based debt should be used when available in calculating the deemed long-term debt rate. Please discuss whether it is appropriate to forecast the long-term debt rate using the Consensus Forecast other than the actual market-based debt.

Response:

a) At the time of the Draft Rate Order in this proceeding, WTLP intends to update the long-term debt rate based on WTLP's forecast debt financing in 2027, using the September 2026 Consensus Forecast.

b) The refinancing debt issue will mirror the terms included in an actual debt issue planned to be issued by Hydro One Inc. to third party public debt investors. This is expected to occur by mid-2027 because Hydro One Inc. typically issues debt to third party public debt investors one to three times per year, and mid-year is used as a reasonable assumption based on past practices and future borrowing expectations.

c) Indicative issue spreads are the average indicative new issue spreads from the Hydro One Inc. Medium Term Note dealer group. The indicative new issue spreads are the credit spreads that bond dealers expect investors of Hydro One Inc. bonds would pay on a new bond issue. The credit spreads for each issuance term are developed by analyzing the market yields of existing Hydro One Inc. bonds trading in the active secondary market, current market dynamics and recent new bond issues from Hydro One's peers for each issuance term.

d) WTLP considers the use of Consensus Forecasts and indicative issue spreads to be an appropriate methodology for forecasting the cost of debt for an actual Hydro One Inc. issuance to third-party public debt investors. Hydro One is providing a forecast for a Hydro One Inc. debt issuance in advance of the actual debt issuance occurring. The expected timing of the actual issuance of debt is expected to occur by mid-2027 as described in part b) above.

   The Consensus Forecast is sourced from Consensus Economics Inc., which performs a monthly survey of major banks and forecasting institutions. The Consensus Forecast refers to the average of such survey results for each item surveyed.

   The forecast cost of debt for an actual Hydro One Inc. issuance is comprised of the forecast Government of Canada bond yield plus the Hydro One Inc. credit spread applicable to that term. The average indicative new issue credit spread from Hydro One Inc.'s Medium Term Note dealer group are described in part c) above.

e) WTLP's borrowing will be financed at market rates applicable to Hydro One Inc., as described in part b) above and is planned to be updated for the 2028 revenue requirement. To minimize refinancing risk, WTLP plans to issue two tenors of debt, in the 10-year and 30-year terms in 2027, rather than all in the 30-year term, which is what the OEB's deemed long-term debt rate is based upon.

OEB STAFF INTERROGATORY - 15

Reference:

Ref 1: Exhibit H-1-1, page 1 of 4

Preamble:

WTLP requests to establish a Forgone Revenue Deferral Account to record any differences between existing rates revenue requirement recovered as part of existing UTRs of a given year and the actual OEB-approved rates revenue requirement that should be collected under the updated UTRs of a given year.

Interrogatory:

a) Please identify any other transmitter that currently has a similar deferral account approved by the OEB.

b) Please clarify the proposed effective date for this account.

Response:

a) Hydro One is aware of the following cases with a similar deferral account approval:
   - CLLP was approved a Forgone Revenue Deferral Account in EB-2024-0216[1]
   - Upper Canada Transmission Inc was approved a Forgone Transmission Revenue Deferral Account in EB-2020-0150[2]

b) The proposed effective date is January 1, 2027. A revised Draft Accounting Order is provided at Attachment 1 of this interrogatory.

[1] EB-2024-0216, Decision and Order, December 17, 2024 – Schedule A, Attachment 10
[2] EB-2020-0150, Decision and Order, June 17, 2021, pp. 39-40

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TRANSMISSION ACCOUNTING ORDER – FORGONE REVENUE DEFERRAL ACCOUNT

WTLP proposes the establishment of a new "Forgone Transmission Revenue Deferral Account" to record any differences between revenue earned by WTLP under existing Uniform Transmission Rates (UTR) in a given year, and the revenues that would have been received in a given year under the approved UTRs based on OEB-approved rates revenue requirement ("Forgone Revenue"). The account will capture the Forgone Revenue from the first day of the year to the date when the approved rates revenue requirement is reflected in an update to the UTRs.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account "Forgone Transmission Revenue Deferral Account" effective January 1, 2027. WTLP will record interest on the balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	Account Description
DR: 1508	Other Regulatory Assets – Sub account "Forgone Revenue Deferral Account"
CR: 4110	Transmission Services Revenue

To record the difference between the existing rates revenue requirement recovered as part of existing UTRs of a given year and the actual OEB-approved rates revenue requirement that should be collected under the updated UTRs of a given year.

USofA #	Account Description
DR: 1508	Other Regulatory Assets – Sub account "Forgone Revenue Deferral Account"
CR: 6035	Other Interest Expense

To record interest improvement on the principal balance of the "Forgone Revenue Deferral Account".

OEB STAFF INTERROGATORY - 16

Reference:

Ref 1: Exhibit H-1-1, page 2 of 4

Ref 2: Exhibit H-1-1, Attachment 2

Preamble:

WTLP requests to establish an ESM Deferral Account.

Interrogatory:

a) In the draft accounting order, it was stated that the account will be effective January 1, 2025. Please clarify that the account should be effective January 1, 2027.

Response:

a) The proposed effective date of the ESM Deferral Account should be effective January 1, 2027. A revised Draft Accounting Order is provided at Attachment 1 of this interrogatory.

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TRANSMISSION ACCOUNTING ORDER – ESM DEFERRAL ACCOUNT

The Earnings Sharing Mechanism (ESM) Deferral Account shall record 50% of earnings that exceed the regulatory return on equity (ROE) reflected in this Application by more than 100 basis points in any year of the five-year term through WTLP's transmission revenue. WTLP shall use a methodology which is similar to what is outlined in the annual RRR 2.1.5.6 filing. The calculation of actual ROE shall use the actual rate base for that period. The ROE calculation shall be normalized for revenue impacting items such as entries that are recorded in the year which relate to prior years to normalize the in-year net income. The portion of WTLP owned by Hydro One is subject to tax and the associated taxes will be included as part of the calculation of ROE.

The account will be established as Account 2435, Accrued Rate-Payer Benefit effective January 1, 2027. WTLP shall record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this deferral account.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate-Payer Benefit

Initial entry to record the over-earnings realized in any year of the five-year term.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate Payer Benefit

To record interest improvement on principal balance of ESM deferral account.

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OEB STAFF INTERROGATORY - 17

Reference:

Ref 1: Exhibit H-1-1, page 2 of 4

Ref 2: OEB Letter: Accounting and Rates Direction Regarding Bill C-15 for the Reaccelerated Investment Incentive for Capital Cost Allowance, May 6, 2026

Preamble:

WTLP requests to establish a Tax Rate and Rule Changes Variance Account.

Interrogatory:

a) Please confirm if WTLP is aware of the OEB Letter dated May 6, 2026.

b) Please confirm if WTLP is aware that the OEB's generic Account 1592 – PILs and Tax Variances applies to transmitters.

c) Please clarify whether the scope of the proposed Tax Rate and Rule Changes Variance Account is different from the OEB's generic Account 1592 – PILs and Tax Variances.

Response:

a) Confirmed. WTLP is aware of the OEB Letter dated May 6, 2026 and the guidance provided therein.

b) Confirmed. WTLP is aware that the OEB's generic Account 1592 – PILs and Tax Variances applies to electricity transmitters.

c) WTLP confirms that the proposed Tax Rate and Rule Changes Variance Account is intended to be the same as, and not different from, the OEB's generic Account 1592. WTLP further notes that the establishment of this same account was ordered by the OEB in the CLLP proceeding (EB-2024-0216).[1]

[1] EB-2024-0214, Final Order, February 6, 2025

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OEB STAFF INTERROGATORY - 18

Reference:

Ref 1: Exhibit H-1-1, page 3 of 4
Ref 2: Exhibit H-1-1, Attachment 4

Preamble:

WTLP proposed the establishment of a WTLP Transmission Line Revenue Requirement Variance Account.

Interrogatory:

a) Please clarify if the proposed WTLP Transmission Line Revenue Requirement Variance Account is symmetrical or asymmetrical.

b) Please specify the refund of 2026 revenue requirement, less any removal costs, to be returned to ratepayers if the assets are in-serviced after November 15, 2026. For example, if the assets are in-serviced on December 15, 2026. Please provide all supporting calculations.

c) In the draft accounting order, it was stated that the account will be effective January 1, 2026. Please clarify that the account should be effective January 1, 2027.

d) Please clarify if the scope of the account intends to capture the revenue requirement impact resulting from:
    i. Cost variance between the forecast trailing costs and actual spendings
    ii. Cost variance between the forecast capital expenditures (i.e., excluding the forecast trailing costs) and actual spendings
    iii. Timing difference between the estimated in-service date and the actual date

e) Please identify any other transmitter that currently has a similar variance account approved by the OEB.

Response:

a) The proposed WTLP Transmission Line Revenue Requirement Variance Account is intended to operate as a symmetrical account.

b) Below is the comparison if assets in-serviced November 15, 2026, vs December 15, 2026.

Revenue Requirement ($M)	2026 – ISA Dec 15, 2026	2026 – ISA Nov 15, 2026	Variance
OM&A	0.1	0.2	(0.1)
Depreciation	0.9	0.9	0.0
Return on Debt	0.7	1.8	(1.2)
Return on Equity	0.9	2.4	(1.5)
Income Tax	0.0	0.0	0.0
Total	**2.5**	**5.4**	**(2.9)**

c) The proposed effective date of WTLP Transmission Line Revenue Requirement Variance Account should be effective January 1, 2027. A revised Draft Accounting Order is provided at Attachment 1 of this interrogatory.

d) Confirmed. As noted in Exhibit H-01-01, the WTLP Transmission Line Revenue Requirement Variance Account will record the differences between the revenue requirement associated with actual rate base and approved rate base for 2027. As such, the above scenarios captured in the preamble of the question will be included in the account scope.

e) Hydro One is aware of the following cases with a similar deferral account approval:
- CLLP was approved a Transmission Line Revenue Requirement Variance Account in EB-2024-0216.[1]

[1] EB-2024-0216, Decision and Order, December 17, 2024 – Schedule A, Attachment 12

TRANSMISSION ACCOUNTING ORDER - WTLP TRANSMISSION LINE REVENUE REQUIREMENT VARIANCE ACCOUNT

WTLP proposes the establishment of a new "WTLP Transmission Line Revenue Requirement Variance Account" to record the differences between the revenue requirement associated with actual rate base and approved rate base for 2027. In the event the WTLP assets are in-serviced after November 15, 2026, the WTLP Variance Account shall also record the refund of the 2026 revenue requirement, less any removal costs.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account "WTLP Transmission Line Revenue Requirement Variance Account" effective January 1, 2027. WTLP shall record interest on the balance in the sub-account using the prescribed interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	Account Description
DR/CR:1508	Other Regulatory Assets – Sub account "WTLP Transmission Line Revenue Requirement Variance Account"
CR/DR: 4110	Transmission Services Revenue

To record the differences between the revenue requirement associated with the actual rate base related to the in-servicing of WTLP's assets and the revenue requirement associated with the OEB-approved rate base.

USofA #	Account Description
DR/CR: 1508	Other Regulatory Assets – Sub account “WTLP Transmission Line Revenue Requirement Variance Account”
CR/DR: 6035	Other Interest Expense

To record interest improvement on the principal balance of the “WTLP Transmission Line Revenue Requirement Variance Account”.