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BY EMAIL AND RESS

November 9, 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 Limited Partnership, by its general partner, Waasigan Transmission GP Inc. for 2027 Transmission Revenue Requirement – Revised Settlement Proposal

Pursuant to section 11 of the Ontario Energy Board (OEB) *Rules of Practice and Procedure* (Rules), Hydro One Networks Inc. (Hydro One), on behalf of Waasigan Transmission Limited Partnership (WTLP), is filing a Revised Settlement Proposal to correct typographical errors and to remove reference to certain attachments that were never intended to be included with the version previously filed on October 29, 2026. The Revised Settlement Proposal is being filed with the knowledge and support of OEB Staff and the Gwayakocchigewin Limited Partnership (GLP).

As required by section 11.2 of the Rules, the following table depicts the original versus the revised version:

Page	Original Settlement Proposal	Revised Settlement Proposal
2	OVERVIEW…….. SETTLEMENT BY ISSUE…….. […] ATTACHMENTS……...	A. OVERVIEW…….. B. SETTLEMENT BY ISSUE…….. […] C. ATTACHMENTS……...
8	The following summarizes, at a high level, the most significant elements of the Settlement Proposal. The particulars of the Settlement Proposal are detailed by issue in Part B of this Settlement Proposal below. Detailed calculations in support of the settled 2027 rates revenue requirement and its underlying components, as well as the 2027 UTRs and bill impacts, are provided in the Attachments to this Settlement Proposal. The Parties agreed to the following terms:	The following summarizes, at a high level, the most significant elements of the Settlement Proposal. The particulars of the Settlement Proposal are detailed by issue in Part B of this Settlement Proposal below. ~~Detailed calculations in support of the settled 2027 rates revenue requirement and its underlying components, as well as the 2027 UTRs and bill impacts, are provided in the Attachments to this Settlement Proposal.~~ The Parties agreed to the following terms:

9	e) The Parties agree that in 2026 WTLP will record a balance of $5.435 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that $5.435 million will recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the $5.435 million in revenue collected through 2027 UTRs against the $5.435 balance recorded for WTLP's Phase 1 2026 revenue requirement.	e) The Parties agree that in 2026 WTLP will record a balance of ~~$5.435~~ $5.35 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that ~~$5.435~~ $5.35 million will be recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the ~~$5.435~~ $5.35 million in revenue collected through 2027 UTRs against the ~~$5.435~~ $5.35 million balance recorded for WTLP's Phase 1 2026 revenue requirement.
18	[Parties' position on Issue 10 omitted]	**Supporting Parties** OEB staff **Parties Taking No Position** GLP
19-20	The Parties agree that in 2026 WTLP will record a balance of $5.435 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that $5.435 million will recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the $5.435 million in revenue collected through 2027 UTRs against the $5.435 balance recorded for WTLP's Phase 1 2026 revenue requirement.	The Parties agree that in 2026 WTLP will record a balance of ~~$5.435~~ $5.35 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that ~~$5.435~~ $5.35 million will be recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the ~~$5.435~~ $5.35 million in revenue collected through 2027 UTRs against the ~~$5.435~~ $5.35 million balance recorded for WTLP's Phase 1 2026 revenue requirement.
	Attachment 1 to this Settlement Proposal is a revised Draft Accounting Order giving effect to these modifications to the WTLRRVA.	Attachment ~~1~~ 3 to this Settlement Proposal is a revised Draft Accounting Order giving effect to these modifications to the WTLRRVA.

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

Sincerely,



Elise Andrey

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by Waasigan Transmission Limited Partnership for an Order or Orders made pursuant to section 78 of the Act, approving or fixing just and reasonable rates for the transmission of electricity

WAASIGAN TRANSMISSION LIMITED PARTNERSHIP

SETTLEMENT PROPOSAL

October 29, 2026

(Revised November 9, 2026)

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A. OVERVIEW

1.0 INTRODUCTION

This Settlement Proposal is filed with the Ontario Energy Board ("**OEB**") in connection with the application by Waasigan Transmission Limited Partnership ("**WTLP**"), by its general partner, Waasigan Transmission GP Inc. ("**WTGP**"), under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the "**Act**"), seeking approval of WTLP's electricity transmission revenue requirement for the period of November 15, 2026 to December 31, 2026 in which the Phase 1 assets of the Waasigan transmission line are expected to be placed in service, and for the full calendar year of 2027, and of the inclusion of WTLP's approved 2026 and 2027 Phase 1 revenue requirements in the 2027 Uniform Transmission Rates ("**UTRs**"), to be effective January 1, 2027 (the "**Application**").

On December 11, 2013, the Minister of Energy (now the Minister of Energy and Electrification), with the approval of the Lieutenant Governor in Council, made an Order in Council declaring that construction of the Waasigan transmission line was needed in accordance with section 28.6.1 of the Act. Hydro One Networks Inc. ("**HONI**") obtained leave of the OEB to construct the Waasigan transmission line on April 16, 2024 (EB-2023-0198). To meet the in-service timing requirements set by the Independent Electricity System Operator, the Waasigan transmission line is being constructed in two phases. Phase 1, which is the subject of the Application, is comprised of a double circuit 230 kV transmission line spanning approximately 190 km between Lakehead Transmission Station ("**TS**") (in the Municipality of Shuniah) and Mackenzie TS (in the Town of Atikokan), and is forecast to be placed in service on or about November 15, 2026. Phase 2, a single circuit 230 kV transmission line spanning approximately 170 km between Mackenzie TS and Dryden TS, is expected to be placed in service in the fourth quarter of 2027 and will be addressed through a separate rate application. The Waasigan transmission line is intended to support economic development in the area west of Thunder Bay, including the projected growth of the mining sector, by increasing supply and reliability through the alleviation of existing transmission constraints.

WTLP is a limited partnership between HONI, as limited partner, and WTGP, as general partner. Nine First Nation partners have collaborated on and consented to project development and have secured the opportunity to take a total ownership share of

approximately 50% of WTLP through HONI's First Nations Equity Partnership model, and are expected to purchase their ownership units shortly after the Waasigan transmission line is placed in service. The First Nation partners are: Eagle Lake First Nation, Gakijiwanong Anishinaabe Nation, Fort William First Nation, Seine River First Nation, Lac Seul First Nation, Nigigoonsiminikaaning First Nation, Ojibway Nation of Saugeen, Lac des Mille Lacs First Nation, and Wabigoon Lake Ojibway Nation. The first seven of these First Nations are expected to acquire and hold their share of equity in WTLP through a subsidiary wholly owned by Gwayakocchigewin Limited Partnership ("**GLP**").

The OEB assigned proceeding number EB-2026-0078 to this Application. As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

2.0 PROCEDURAL BACKGROUND

WTLP filed the Application on July 3, 2026, and the OEB issued the Notice of Hearing on August 18, 2026. On September 3, 2026, the OEB issued Procedural Order No. 1 which, among other things, (i) approved GLP as an intervenor in this proceeding, eligible to apply for an award of costs, (ii) provided for the development of a proposed issues list by OEB staff and WTLP, and (iii) established a schedule for written interrogatories.

In accordance with the schedule established in Procedural Order No. 1, on September 10, 2026, OEB staff filed an agreed-upon issues list. Then, on September 17, 2026, OEB staff submitted their interrogatories to WTLP. On September 28, 2026 WTLP responded to OEB staff's interrogatories. On October 5 and 6, 2026, OEB staff submitted certain follow-up questions to WTLP, to which WTLP responded on October 7, 2026.

On October 2, 2026, the OEB issued Procedural Order No. 2 and Decision on Issues List ("**Procedural Order No. 2**"), which approved the proposed issues list as filed (the "**Approved Issues List**"), and made provision for a settlement conference to be convened on October 8, 2026 and, if necessary, continued on October 9, 2026. Given that GLP is the only intervenor, the OEB directed that OEB staff be party to the settlement conference and any resulting settlement proposal.

3.0 SETTLEMENT PROCESS

Pursuant to Procedural Order No. 2, a Settlement Conference was convened on October 8, 2026. The Settlement Conference was conducted in accordance with the *OEB's Rules of Practice and Procedure* (the "**Rules**") and the OEB's P*ractice Direction on Settlement Conferences* (the "**Practice Direction**").

Michelle Dagnino of LURA Consulting acted as facilitator for the Settlement Conference.

WTLP, GLP, and OEB staff (the "Parties") participated in the Settlement Conference. All Parties who participated in the Settlement Conference are bound by the confidentiality and settlement privilege requirements that apply to the Settlement Conference.

The Parties reached a complete settlement on all issues on the Approved Issues List, as further described in Part B of this Settlement Proposal.

4.0 SETTLEMENT PROPOSAL PREAMBLE

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings*

and that the rules of the latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted “confidential” to mean that the documents and other information provided during the course of the offers, and Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference. However, the Parties agree that “attendees” is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference; and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

This Settlement Proposal is organized in accordance with the Approved Issues List. This Settlement Proposal provides a brief description of each of the settled issues, together with references to the evidence submitted for the record in this proceeding. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and other components of the record up to and including the date hereof, including the attachments to this document (the “**Attachments**”).

The supporting Parties for each settled issue agree that the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal

as a package. None of the matters in respect of which a settlement has been reached is severable. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as valid settlement subject to any revisions that may be agreed upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not WTLP is a party to such proceeding.

In this Settlement Proposal, where any of the Parties “accept” the evidence of WTLP, or “agree” to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

5.0 SETTLEMENT PROPOSAL OVERVIEW

The Parties are pleased to advise that they have reached a complete settlement on all aspects of the Approved Issues List, as summarized in the following table, and as described in greater detail below.

"Complete Settlement" means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.	Issues Settled: **ALL**
"Partial Settlement" means an issue for which there is partial settlement, as WTLP and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.	Issues Partially Settled: **NONE**
"No Settlement" means an issue for which no settlement was reached. WTLP and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).	Issues Not Settled: **NONE**

The following summarizes, at a high level, the most significant elements of the Settlement Proposal. The particulars of the Settlement Proposal are detailed by issue in Part B of this Settlement Proposal below. ~~Detailed calculations in support of the settled 2027 rates revenue requirement and its underlying components, as well as the 2027 UTRs and bill impacts, are provided in the Attachments to this Settlement Proposal.~~ The Parties agreed to the following terms:

a) With respect to the revenue requirement framework, the Parties accept WTLP's proposal to set its revenue requirement for the Phase 1 portion of the Waasigan transmission line only, comprised of (i) the approximately 45-day in-service period in late 2026, and (ii) the full 2027 calendar year, with an effective date of January 1, 2027. After Phase 2 is in-service, WTLP confirms its intention to file a future rate application, with a minimum term of five years and consistent with the OEB's Custom IR Guidance for Transmitters with a Declining Rate Base, that encompasses both phases of the Waasigan transmission line.

b) With respect to OM&A, the Parties accept WTLP's proposal, subject to a $25,000 reduction to OM&A costs for 2027.

c) With respect to rate base, the Parties accept WTLP's forecast rate base of $514.1M for 2026 and $515.7M for 2027, including approximately $10.0M of Phase 1 trailing costs;

d) With respect to capital structure and cost of capital:
   i. the Parties accept WTLP's deemed capital structure of 60% debt (comprised of 56% long-term debt and 4% short-term debt) and 40% common equity, consistent with the OEB's Decision and Order in the Generic Proceeding – Cost of Capital and Other Matters (EB-2024-0063);
   ii. for 2027, the ROE and short-term debt rates will be updated to reflect the OEB's 2027 cost of capital parameters, and will remain fixed during 2027;
   iii. the 2027 long-term debt rate will be updated to 4.95% based on the September 2026 Consensus Forecast and the average of indicative new issue spreads for September 2026; and
   iv. Except as noted above, there will be no further updates to the cost of capital parameters for 2027;

e) The Parties agree that in 2026 WTLP will record a balance of ~~$5.435~~ $5.35 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that ~~$5.435~~ $5.35 million will be recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the ~~$5.435~~ $5.35 million in revenue collected through 2027 UTRs against the ~~$5.435~~ $5.35 million balance recorded for WTLP's Phase 1 2026 revenue requirement.

f) With respect to deferral and variance accounts, the Parties agree that the Foregone Revenue Deferral Account and the Earnings Sharing Mechanism Deferral Account should be established as proposed in the Application. With respect to the WTLP Transmission Line Revenue Requirement Variance Account ("**WTLRRVA**"), for 2026 the Parties agree that it will be used to account for time-based adjustments to WTLP's 2026 Phase 1 revenue requirement. In the event

that the Phase 1 in-service date is later than the forecast in-service date of November 15, 2026, WTLP shall refund the time-related portion of the 2026 Phase 1 revenue requirement attributable to the period between November 15, 2026 and the actual in-service date, less any removal costs.[1] For 2027, the Parties agree that the WTLRRVA will account for any differences between the revenue requirement associated with actual rate base and the approved rate base for 2027, including cost variance between the forecast trailing costs and actual spendings, cost variance between forecast capital expenditures (excluding trailing costs) and actual spendings, and time-based adjustments to WTLP's 2027 Phase 1 revenue requirement that may arise from the actual Phase 1 in-service date being delayed beyond December 31, 2026, in which case WTLP shall refund the time-related portion of the 2027 Phase 1 revenue requirement attributable to the period between January 1, 2027 and the actual in-service date, less any removal costs. Lastly, in lieu of the proposed Tax Rate and Rules Changes Variance Account, WTLP will establish the OEB's generic Account 1592 – PILs and Tax Variances and its sub-account CCA changes.

g) With respect to performance monitoring and reporting, the Parties accept WTLP's six proposed performance measures (outlined in Section 2.0 of Exhibit D-01-01), and the Parties agree that WTLP will annually publish its actual performance on Hydro One's website, in alignment with Hydro One's annual scorecard performance reporting process.

Based on this Settlement Proposal, the Parties have accepted the following 2026 and 2027 revenue requirements as set out in Table 1 below.

[1] No asset removal costs are forecast for 2026 and 2027. Should any material removal costs actualize, they will be excluded from the refund of the 2026 revenue requirement, and WTLP will provide an explanation for any such costs.

Table 1 - Settled 2026 and 2027 Phase 1 Rates Revenue Requirement ($M)

	2026 and 2027
Proposed Base Revenue Requirement (as filed)	41.818
Settlement Reduction	(0.025)
Settled Base Revenue Requirement	**41.793**[2]
Add: 2026 Revenue Requirement (WTLPDA)	5.35
Settled Rates Revenue Requirement	47.15

The associated bill impacts arising from settlement are the same as those set out in the Application, as summarized in Table 2 below.

Table 2 - Summary of Impacts on Average Transmission Rates and Transmission and Distribution-Connected Customers

	2027 (As Filed)	2027 (Settled)
Rates Revenue Requirement ($M)	47.17	47.15
Net Impact on Average Transmission Rates	1.936%	1.935%
Average Transmission Customer Total Bill Impact	0.247%	0.247%
Typical Hydro One R1 Customer Total Bill Impact (750 kWh)	$0.32	$0.32
Typical Hydro One R1 Customer Total Bill Impact (750 kWh)	0.22%	0.22%
Typical Hydro One GS<50kW Customer Total Bill Impact (2000 kWh)	$0.70	$0.70
Typical Hydro One GS<50kW Customer Total Bill Impact (2000 kWh)	0.15%	0.15%

Based on the foregoing and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB.

[2] The Settled Base Revenue Requirement will be updated in the Draft Rate Order using the 2027 OEB deemed ROE and short-term debt rates, as well as the agreed updated long-term debt rate of 4.95% based on the September 2026 Consensus Forecast and the average of indicative new issue spreads for September 2026.

B. SETTLEMENT BY ISSUE

The subsections below summarize the key components of the comprehensive settlement reached by the Parties, including details on how each of the issues in the Approved Issues List has been addressed either through the Application or through the modifications to WTLP's proposals which have been agreed upon in this Settlement Proposal.

GENERAL

1. Has WTLP responded appropriately to all relevant Ontario Energy Board (OEB) directions from previous proceedings?

Complete Settlement

The Parties accept that WTLP has appropriately responded to the only prior OEB directive, in EB-2023-0198, that "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.[3]

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits A-02-03
Interrogatories	I-01-01
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

[3] EB-2023-0198, Decision and Order, Leave to Construct Application - Waasigan Project, p. 19

2. Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?

Complete Settlement

The Parties agree that all elements of the WTLP's proposed 2026 and 2027 Phase 1 revenue requirements, and their associated total bill impacts, are reasonable. The Parties agree that it is appropriate and reasonable for WTLP's 2026 revenue requirement to be collected as part of the 2027 UTRs.

WTLP further commits to filing a future rate application, with a five-year revenue requirement that encompasses both Phase 1 and Phase 2 of the Waasigan Transmission Line, in its next rate application following the in-service date of Phase 2.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A-03-01; E-01-01; and E-01-01 Att. 1; I-02-01
Interrogatories	I-01-02;
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

3. Is the proposed effective date of January 1, 2027 and proposed timing for inclusion in the Uniform Transmission Rates appropriate?

Complete Settlement

The Parties agree that the proposed effective date of January 1, 2027 and the proposed timing for the inclusion of WTLP's 2026 and 2027 Phase 1 revenue requirements in the UTRs is appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A-02-01; I-02-01; I-04-01; I-04-01 Att. 1; I-04-01 Att. 2
Interrogatories	I-01-02; I-01-03
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

PERFORMANCE

4. Is the proposed monitoring and reporting of performance adequate?

Complete Settlement

The Parties agree that WTLP's proposed performance monitoring is adequate, including the following six proposed performance measures:

1. Transmission System Average Interruption Frequency WTLP Contribution;
2. Transmission System Average Interruption Duration WTLP Contribution;
3. Average System Availability;
4. NERC Vegetation Compliance;
5. Maintenance Cost per Circuit Kilometer; and
6. Annual Achieved Return on Equity.

The Parties agree that WTLP will publish its actual performance on these performance measures on Hydro One's website on an annual basis (between September and December), in alignment with Hydro One's annual scorecard performance reporting process.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit D-01-01
Interrogatories	I-01-07; I-01-08
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

5. Are the proposed expenditure levels for 2027 OM&A appropriate?

Complete Settlement

WTLP agrees to reduce the forecast Managing Director's Office costs by $25,000. Subject to that reduction, the Parties agree that WTLP's proposed 2027 OM&A expenditures are appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibits F-01-01; F-02-01; F-03-01; F-04-01
Interrogatories	I-01-08; I-01-09; I-01-10; I-01-11; I-01-12; I-01-13
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

6. Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?

Complete Settlement

The Parties agree that the proposed income tax amounts included in the revenue requirement are appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit F-06-01; F-06-01 Att. 1
Interrogatories	N/A
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

7. Is the proposed depreciation expense appropriate?

Complete Settlement

The Parties agree that the proposed depreciation expense is appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit F-05-01; F-05-01 Att. 1; F-05-01 Att. 2;
Interrogatories	N/A
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

RATE BASE

8. Are the amounts proposed for rate base appropriate?

Complete Settlement

The Parties agree that WTLP's proposed Phase 1 rate base is appropriate

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit C-01-01; C-01-01 Att. 1 through 4; G-01-01; G-01-03
Interrogatories	I-01-01; I-01-03; I-01-05; I-01-06
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

COST OF CAPITAL AND CAPITAL STRUCTURE

9. Is the proposed capital structure appropriate?

Complete Settlement

The Parties agree that WTLP's proposed capital structure is appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit B-02-01; G-01-01; G-01-02; G-01-03
Interrogatories	I-01-14;
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

10. Is the proposed cost of capital, including updates, appropriate?

Complete Settlement

The Parties agree that WTLP's proposed cost of capital, including updates, is appropriate. In particular, the Parties agree that WTLP will use a long-term debt rate of 4.95% based upon the September 2026 Consensus Forecast and the average of indicative new issue spreads for September 2026. The Parties agree that in the Draft Rate Order WTLP will update its return-on-equity ("**ROE**") and short-term debt rates to align with the OEB's forthcoming 2027 cost-of-capital parameters.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit G-01-01; G-01-02; G-01-03
Interrogatories	I-01-14
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

DEFERRAL AND VARIANCE ACCOUNTS

11. Are the proposed deferral and variance accounts appropriate?

Complete Settlement

The Parties agree that in 2026 WTLP will record a balance of ~~$5.435~~ $5.35 million in the Waasigan Transmission Line Revenue Requirement Deferral Account ("WTLPDA") established in EB-2026-0090 in respect of WTLP's 2026 Phase 1 revenue requirement. The Parties agree that ~~$5.435~~ $5.35 million will be recovered through 2027 UTRs in respect of WTLP's 2026 Phase 1 revenue Requirement. The Parties further agree that, in respect of Phase 1, WTLP will dispose of the WTLPDA by crediting the ~~$5.435~~ $5.35 million in revenue collected through 2027 UTRs against the ~~$5.435~~ $5.35 million balance recorded for WTLP's Phase 1 2026 revenue requirement.

The Parties agree that the proposed Foregone Revenue Deferral Account and the Earnings Sharing Mechanism Deferral Account are appropriate and should be implemented in accordance with the revised draft accounting orders for these two deferral accounts provided in response to OEB Staff Interrogatories 15 and 16 (and attached hereto as Attachments 1 and 2, respectively).

The Parties agree that the proposed WTLP Transmission Line Revenue Requirement Variance Account ("**WTLRRVA**") is appropriate, subject to the following limitations and clarifications:

a) For WTLP's 2026 Phase 1 revenue requirement the WTLRRVA will track and account for only time-related variances in WTLP's actual 2026 Phase 1 revenue requirement that may arise from the Phase 1 in-service date being later than November 15, 2026 as currently projected. In the event that the Phase 1 in-service date is later than the forecast in-service date of November 15, 2026, WTLP shall refund the time-related portion of the 2026 revenue requirement attributable to the

period between November 15, 2026 and the actual Phase 1 in-service date, less any removal costs.[4]

b) For WTLP's 2027 Phase 1 revenue requirement, the WTLRRVA will track and account for any cost variance:
   i. between actual rate base and the approved rate base for 2027, including
      a. between forecast trailing costs and actual spendings;
      b. between forecast capital expenditures (excluding trailing costs) and actual spendings; and
      c. any time-based adjustments to WTLP's 2027 Phase 1 revenue requirement that may arise from the actual Phase 1 in-service date being delayed beyond December 31, 2026, in which case WTLP shall refund the time-related portion of the 2027 Phase 1 revenue requirement attributable to the period between January 1, 2027 and the actual in-service date, less any removal costs.[5]

Attachment ~~1~~ 3 to this Settlement Proposal is a revised Draft Accounting Order giving effect to these modifications to the WTLRRVA.

In lieu of the proposed Tax Rate and Rules Changes Variance Account ("**TRRCVA**"), WTLP will establish the OEB's generic Account 1592 – PILs and Tax Variances. Variances specific to the impact of changes in CCA rules will be recorded in a sub-account of this account, 1592 – PILs and Tax Variances – CCA Changes. The Parties agree that the use of the OEB generic account 1592 and its CCA Changes sub-account will achieve the same purpose as the proposed TRRCVA. The Parties agree that the establishment of generic Account 1592 – PILs and Tax Variances and its sub-account, CCA Changes is authorized by previous OEB Directives and does not require its own accounting order.

[4] No asset removal costs are forecast for 2026 and 2027. Should any material removal costs actualize, they will be excluded from the refund of the 2026 revenue requirement, and WTLP will provide an explanation for any such costs.

[5] No asset removal costs are forecast for 2026 and 2027. Should any material removal costs actualize, they will be excluded from the refund of the 2026 revenue requirement, and WTLP will provide an explanation for any such costs.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit E-01-01, F-01-01, H-01-01; H-01-01 Att. 1 through 4
Interrogatories	I-01-15; I-01-16; I-01-17; I-01-18;
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

COST ALLOCATION AND RATE DESIGN

12. Is the proposed cost allocation appropriate?

Complete Settlement

The Parties agree that the proposed cost allocation is appropriate.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit I-01-01; I-02-01; I-03-01; I-03-01 Att. 1
Interrogatories	N/A
Pre-Settlement Questions	N/A

Supporting Parties

OEB staff

Parties Taking No Position

GLP

C. ATTACHMENTS

The following attachments that have been updated to reflect the terms of settlement are indicated as UPDATED below:

Attachment 1: Exhibit H-01-01-01 (Draft Transmission Accounting Order – Foregone Revenue Deferral Account UPDATED)

Attachment 2: Exhibit H-01-01-02 (Draft Transmission Accounting Order – ESM Deferral Account UPDATED)

Attachment 3: Exhibit H-01-01-04 (Transmission Accounting Order- WTLP Transmission Line Revenue Requirement Variance Account UPDATED)

ATTACHMENT 1

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".

ATTACHMENT 2

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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ATTACHMENT 3

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 following:

2026: Timing-related differences between the revenue requirement reflected in approved rates based on the forecast in-service date for Phase 1 of the transmission line (i.e., November 15, 2026), and the actual revenue requirement if Phase 1 enters service after November 15, 2026. In such circumstances, WTLP shall refund the time-related portion of the 2026 revenue requirement attributable to the period between November 15, 2026 and the actual Phase 1 in-service date, less any removal costs.[1]

2027: Any differences between the revenue requirement associated with actual rate base and the approved rate base, including cost variance between the forecast trailing costs and actual spendings, cost variance between forecasted capital expenditures (excluding trailing costs) and actual spendings, and any time-based adjustments to WTLP's 2027 Phase 1 revenue requirement that may arise from the actual Phase 1 in-service date being delayed beyond December 31, 2026, in which case WTLP shall refund the time-related portion of the 2027 Phase 1 revenue requirement attributable to the period between January 1, 2027 and the actual in-service date, less any removal costs.[1]

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.

[1] No asset removal costs are forecast for 2026 and 2027. Should any material removal costs actualize, they will be excluded from the refund of the 2026 revenue requirement, and WTLP will provide an explanation for any such costs.

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 differences in revenue requirement as described above for 2026 and 2027.

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”.